



**Proteomics International**

LABORATORIES LTD

**ASX Release**  
**25 January 2018**

**ASX code: PIQ**

## Quarterly Business Update

Medical technology company Proteomics International Laboratories Ltd (Proteomics International; ASX: PIQ) is pleased to provide the following update on its business activities for the three month period to 31 December 2017.

- **PromarkerD predictive diagnostic test to launch in Q1 2018:** Diabetic kidney disease test stepped commercialisation in global markets to commence imminently
- **Partnered with Dimerix to improve the treatment of kidney disease:** PromarkerD test to help evaluate the effectiveness of a promising drug treatment in early phase clinical trials
- **Targeting lung disease with world-renowned Busselton Health Study:** Promarker™ platform to be applied to asthma and chronic obstructive pulmonary disease
- **Part of Australian consortium to receive \$2 million to boost translational medicine:** Improving the productivity and innovative capacity of Australia's biomedical sector
- **Board and business development team strengthened:** New appointments target key international markets
- **Broker coverage:** New commentary on Proteomics International by Alto and SA Capital
- **Revenue from analytical services continues to reduce cash burn:** Future orders strong
- **Options entitlement expires 31 March 2018:** Potential to raise up to \$3.5 million

Proteomics International continues to focus on the global roll-out of PromarkerD, its world-leading test for diabetic kidney disease, and on expanding the application of its Promarker™ technology platform to biomarker discovery. This approach has opened the door to a range of current and potential partnerships in diagnostics, drug development, and clinical trials.

### Operational Highlights

#### **PromarkerD predictive diagnostic test to launch in Q1 2018**

[ASX: 27 November] Commercialisation and licensing remains on track for Proteomics International's world leading predictive diagnostic test for diabetic kidney disease PromarkerD. The test will be launched by Proteomics International's partner, Omics Global Solutions (Puerto Rico, USA) through its distributor in the Dominican Republic, Macrotech Farmacéutica, the exclusive provider of dialysis services in the country. The launch has been rescheduled for 6 March, and the first commercial sale will trigger a milestone payment, then royalties on each test sold, as part of the licensing agreement.

The official launch represents the achievement of a key milestone in Proteomics International's stepped approach to commercialise the test in global markets using a range of platforms. The partnership with Omics Global solutions has involved the manufacture of a new kit version of PromarkerD to produce an in vitro diagnostic (IVD) immunoassay that can be used in clinical laboratories around the world. The existing, validated Laboratory Developed Test (LDT) uses mass spectrometry and the company expects to conclude its next licensing deal for this version of PromarkerD with a certified laboratory in the current quarter. Proteomics International is engaged

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with a number of potential partners to bring PromarkerD to market as a clinical diagnostic test (IVD or LDT) or companion diagnostic (CDx) in mainland USA, Mexico, Japan, Australia, China and Europe.

### **Partnered with Dimerix to improve the treatment of kidney disease**

[ASX 4 December] Proteomics International partnered with innovative drug developer Dimerix Limited (ASX: DXB) for clinical trials of a new treatment for kidney disease. Dimerix has developed a candidate drug therapy for chronic kidney disease, known as DMX-200. The drug has showed promise in early clinical trials, particularly in patients with diabetic kidney disease.

Proteomics International and Dimerix will evaluate the performance of the world-leading PromarkerD test alongside DMX200 in early phase clinical trials for chronic kidney disease. It is expected PromarkerD will be used to explore the response of healthy volunteers to treatment in a Dimerix Phase 1 pharmacokinetic study currently underway at Linear Clinical Research, and in its upcoming Phase 2 trial program. Early disease detection with PromarkerD allows early therapeutic intervention with drugs such as DMX-200, with potentially dramatic savings for global healthcare systems.

If PromarkerD proves successful as a Companion Diagnostic test (CDx) to support the use of DMX-200 as treatment for chronic kidney disease then Dimerix will have the option to licence PromarkerD for ongoing use. Preliminary results will be available during 2018.

### **Targeting lung disease with world-renowned Busselton Health Study**

[ASX: 4 December] Proteomics International joined forces with the Busselton Population Medical Research Institute (BPMRI) to improve the diagnosis and treatment of lung conditions such as asthma and chronic obstructive pulmonary disease. The collaboration will see Proteomics International use its proven Promarker biomarker discovery platform to search for biomarkers for the lung diseases, which cost health care systems tens of billions of dollars a year.

The deal gives Proteomics International access to the globally-recognised Busselton Health Study, one of the longest running epidemiological research programs in the world. This unique collection of accumulated data and biological specimens will allow Proteomics International to rule out confounding variables that hide subtle differences, and look for new markers for disease that others may never see.

Preliminary results from the study are expected in mid 2018. If successful, a new diagnostic test could be available in two to three years. Proteomics International will have the right to commercialise any diagnostic markers found, with BPMRI receiving a royalty on use of the test.

### **Part of Australian consortium to receive \$2 million to boost translational medicine**

[ASX: 26 October] Proteomics International joined some of the nation's top research institutes in the 'Accelerating Australia' consortium that received federal funding to boost entrepreneurship in the biomedical sector and help to translate medical research. The consortium is an opportunity for Proteomics International to be involved in the development of the next generation of medical technologies and gives the company early access to new ideas and products.

### **Board and business development team strengthened**

[ASX: 22 November] Proteomics International added depth to the company's management team with the appointment of three world-class executives who will help expand the business and commercialise the PromarkerD test in key markets around the world. The company welcomed Paul House, who joined the Board after eight years as managing director of SGS India, where he was responsible for a workforce of 4500 people across 65 locations. SGS is the world's leading Testing, Inspection and Certification (TIC) company. Proteomics International also engaged industry experts Eric Button and Masafumi Yoshimoto to promote the sale of PromarkerD in the key markets of the USA and Japan.

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## Broker Coverage

An updated research report on Proteomics International was released by SA Capital in December. The company was also reviewed by Alto Capital in The Bull, an Australian market outlook newsletter ([www.thebull.com.au/premium/a/71781-18-share-tips---15-january-2018.html](http://www.thebull.com.au/premium/a/71781-18-share-tips---15-january-2018.html)). Links to both features are available on the Proteomics International website.

## Financial Highlights

Proteomics International's business model is to use its analytical services revenue, coupled with the R&D tax rebate, to offset cash burn from R&D and PromarkerD product development.

Operating cash inflow from customers reduced to \$151,000 for the December quarter (previous \$237,000), however, this reflects timing of trade receivables and is consistent with FY17. Importantly, current and future orders are strong as new analytical services commence [ASX: 9 May 2017]. Consequently the company forecasts a significant rise in revenue in Q3 FY18, and continues to forecast it will become cash neutral on a monthly basis this financial year. Upfront or milestone payments that Proteomics International may receive from licences for PromarkerD will further enhance future cash flows.

There was a net operating cash outflow for the quarter of \$385,000, and expenditure was in line with forecast.

At 31 December 2017 the company had cash reserves of \$1.011 million.

Proteomics International anticipates up to \$3.5 million in additional funds will be received over the current quarter from the exercise of 17,231,856 PIQ Option entitlements. The options are exercisable at \$0.20 and will expire at 5:00pm (WST) on 31 March 2018 (with Options Exercise Forms despatched in February).

ENDS

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### About Proteomics International Laboratories Ltd (PILL) ([www.proteomicsinternational.com](http://www.proteomicsinternational.com))

Proteomics International is a wholly owned subsidiary and trading name of PILL (ASX: PIQ), a medical technology company focused on proteomics – the industrial scale study of the structure and function of proteins. In the last few years, proteins have become the drug class of choice for the pharmaceutical industry because of their intimate role in biological systems. Thus proteomics technology is now playing a key role in understanding disease, from finding new diagnostic biomarkers to determining drug targets, and discovering new biopharmaceutical drugs.

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PILL is recognised as a global leader in the field of proteomics. It received the world's first ISO 17025 laboratory accreditation for proteomics services, and operates from state-of-the art facilities at the Harry Perkins Institute of Medical Research in Perth, Western Australia. The company's business model harnesses its proprietary technology platform to work across three integrated areas, each massive growth markets:

- 1. Diagnostics:** Biomarkers of disease and personalised medicine - focus on diabetic kidney disease.  
By 2020 the biomarkers market is estimated to double in size to \$45.6 billion, and the personalised medicine market is forecast to be worth over \$149 billion.
- 2. Analytical services:** Specialist contract research – focus on biosimilars QC and pharmacokinetic testing for clinical trials.  
The global biosimilars market is expected to reach \$10.5 billion by 2022, having surpassed \$3.3 billion in 2016 as it seeks to replicate the multiple billion dollar blockbuster drugs that are coming off patent.
- 3. Drug discovery:** Therapeutic peptide drug discovery - focus on painkillers and antibiotics.  
The global peptide therapeutics market is currently estimated to be worth \$18 billion with a chronic need to find new drugs to combat bacterial infections.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Proteomics International Laboratories Ltd

ABN

78 169 979 971

Quarter ending ("current quarter")

31 December 2017

Consolidated statement of cash flows	Current Quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows related to operating activities</b>		
1.1 Receipts from Customers	151	388
1.2 Payments for		
(a) research & development	(322)	(857)
(b) product manufacturing & operating costs	(39)	(71)
(c) advertising & marketing	(29)	(81)
(d) leased assets	6	(59)
(e) staff costs	(121)	(263)
(f) administration & corporate costs	(25)	(108)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	2	4
1.5 Interest & other costs of finance paid	(8)	(8)
1.6 Income taxes paid	0	(5)
1.7 Government grants & tax incentives	0	919
1.8 Other (provide details if material)	0	0
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(385)</b>	<b>(141)</b>
<b>2. Cash flows related to investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant & equipment	(89)	(92)
(b) businesses (see item 10)	0	0
(c) investments	0	0
(d) intellectual property	0	0
(e) other non-current assets	0	0
2.2 Proceeds from disposal of:	0	0
(a) property, plant & equipment	0	0
(b) businesses (see item 10)	0	0
(c) investments	0	0
(d) intellectual property	0	0
(e) other non-current assets	0	0
2.3 Cash flows from loans to other entities	0	0
2.4 Dividends received (see note 3)	0	0
2.5 Other (provide details if material)	0	0
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(89)</b>	<b>(92)</b>

Note: Due to a change in Accounting Standards leased equipment costs have moved from 1.2(d) to 2.1(a)

<b>Consolidated statement of cash flows</b>	<b>Current Quarter</b>	<b>Year to date</b>
	<b>(\$A'000)</b>	<b>(12 months)</b>
	<b>(\$A'000)</b>	<b>(\$A'000)</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	0	0
3.2 Proceeds from issue of convertible notes	0	0
3.3 Proceeds from exercise of share options	0	0
3.4 Transaction costs related to issues of shares, convertible notes or options	0	0
3.5 Proceeds from borrowings	0	0
3.6 Repayment of borrowings	0	0
3.7 Transaction costs related to loans & borrowings	0	0
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	0	0
<b>3.10 Net cash from / (used in) financing activities</b>	<b>0</b>	<b>0</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash & cash equivalents at beginning of quarter / year to date	1,486	1,245
4.2 Net cash from / (used in) operating activities (see 1.9 above)	(385)	(141)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(89)	(92)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	0	0
4.5 Effect of movement in exchange rates on cash held	0	0
<b>4.6 Cash &amp; cash equivalents at end of quarter</b>	<b>1,012</b>	<b>1,012</b>

<b>5. Reconciliation of cash &amp; cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current Quarter</b>	<b>Previous Quarter</b>
	<b>(\$A'000)</b>	<b>(\$A'000)</b>
5.1 Bank balance	290	616
5.2 Cash deposits	722	870
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
<b>5.5 Cash &amp; cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,012</b>	<b>1,486</b>

<b>6. Payments to directors of the entity &amp; their associates</b>	<b>Current Quarter</b>
	<b>(\$A,000)</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	47
6.1 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
Executive director remuneration	47
Non-Executive directors' remuneration	30

<b>7. Payments to related entities of the entity &amp; their associates</b>	<b>Current Quarter \$A,000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	0
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
N/A	

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	0	0
8.2 Credit standby arrangements	0	0
8.3 Other (please specify)	0	0
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research & development	400
9.2 Product manufacturing & operating costs	40
9.3 Advertising & marketing	50
9.4 Leased assets	0
9.5 Staff costs	140
9.6 Administration & corporate costs	120
9.7 Other (provide details if material)	0
<b>9.8 Net cash from / (used in) financing activities</b>	<b>750</b>

<b>10. Acquisitions &amp; disposals of business entities (items 2.1(b) &amp; 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	N/A	N/A
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

## Compliance Statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Managing Director

Date:

25<sup>th</sup> January 2018

Print Name:

Dr Richard Lipscombe

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. The quarterly report is unaudited.
4. The following items are additional items in AASB 107 but have not been included in this report:
  - 20.1 reconciliation of cash flows arising from operating activities to operating profit or loss.
  - 51 itemised disclosure relating to maintaining operating capacity.
  - 52 itemised disclosure relating to segment reporting.