Proteomics International
LABORATORIES LTD

COMPANY NEWSLETTER

January 2018

MESSAGE FROM THE MANAGING DIRECTOR

Welcome to our first newsletter of 2018 - the start of an exciting year for Proteomics International with our world leading diagnostic test for diabetic kidney disease about to launch!

More key milestones in the commercialisation of PromarkerD were achieved in the last quarter, with production of a new kit version of PromarkerD advancing. Proteomics International also partnered with a promising drug developer to use PromarkerD as a companion diagnostic test (“CDx”), to assess patient response to a novel therapy.

With over 20 drugs in development for diabetic kidney disease we believe there will be further similar opportunities, and Proteomics International continues discussions with multiple entities to bring the test to new markets using a range of technology platforms.

To support our growth strategy, in February Proteomics International will conduct another trade visit to India, the world's leading manufacturer of biosimilars, as we highlight our analytical services in biosimilars QC and stability testing, along with our new pharmacokinetic testing services. Please contact us if you would like to organise a meeting.

Finally, I would like to welcome Paul House to the Board. Paul has a fantastic spread of frontline business experience from multi-national corporations, and we look forward to working with him as Proteomics International continues to grow.

Richard Lipscombe, PhD
Managing Director

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PromarkerD predictive diagnostic test to launch in Q1 2018

Commercialisation remains on track for Proteomics International's world leading predictive diagnostic test for diabetic kidney disease PromarkerD. The test will be launched by the company'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 is scheduled 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 company is engaged 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. [Full article]

Globally 422 million people have diabetes and 1 in 3 adult diabetics have chronic kidney disease

The global cost of treating diabetes and its complications is US$825 billion dollars a year

PromarkerD
CHANGING LIVES

www.PromarkerD.com

Laboratory Developed Test (LDT)	In Vitro Diagnostic (IVD)	Companion Diagnostic (CDx)
Certified laboratories can carry out PromarkerD analysis using an LDT. In an LDT, specialised laboratories use mass spectrometers to measure the protein fingerprint in the patient's blood. The data is then sent to the PromarkerD hub for processing and diagnosis.	Pathology laboratories can carry out PromarkerD analysis using an IVD. In an IVD, laboratories use traditional immunoassay technology, standard to all pathology laboratories, to measure the protein fingerprint. The data is then sent to the PromarkerD hub for processing and diagnosis.	PromarkerD can act as a companion diagnostic test to help identify patients for whom a drug will or will not work. A CDx can reduce drug failure rates in clinical trials and also improve patient outcomes by determining the effectiveness of a therapy.

Partnered with Dimerix to improve the treatment of kidney disease

The company partnered with innovative drug developer Dimerix Limited 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 PromarkerD test alongside DMX-200 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 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. [Full article]

Part of Australian consortium to receive $2 million [Full article]

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 the company 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 [Full article]

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 (see profile). 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.

Proteomics International India February Trade Visit

- **Mumbai – Feb 19-20th**
- **Chennai – Feb 22nd**
- **Pune – Feb 21st**
- **Bangalore – Feb 23rd**

Meeting with key decision makers across the biotech and pharma sectors

Please contact us if you would like to organise a meeting

Targeting lung disease with world-renowned Busselton Health Study

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

Current tests for asthma and COPD measure lung function using a device called a spirometer that measures the amount of air a patient can exhale forcefully, however, it is hard to do lung function tests in children younger than five years. Imaging the lungs with chest X-rays and CT scans and responses to treatment can also help diagnosis but are not always definitive.

The partnership 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. [Full article]

Mr Paul House: Non-Executive Director

Mr House joined the Board as a Non-Executive Director, and brings a wealth of commercial and management experience from working with multi-national corporations over the last 25 years.

Paul House has recently returned to Australia after eight years serving as Managing Director, SGS India, where he was responsible for a workforce of approximately 4,500 personnel across 65 locations in India, including 38 laboratories. SGS is the world's leading Testing, Inspection and Certification (TIC) company, and operates a network of offices and laboratories in more than 140 countries. Mr House has also previously held Chief Financial Officer and COO roles, and was Senior Manager for several years at a leading global management consultancy firm.

Mr House has a track record for delivery of business performance targets, revenue growth, margin improvement, market share and productivity, across multiple services, markets and borders. He will work with the Board and Mr Chuck Morrison, Proteomics International's US-based Head of Business Development, to find business expansion opportunities and develop strategic alliances across the company's activities.

PIQ stock options

PIQO listed options expire at the end of March. The options have an exercise price of $0.20 and if fully exercised will raise $3.5 million dollars for the company.

Options exercise forms will be dispatched at the end of February. Please note that trading will cease in the options on 26 March, and the latest date for receipt of applications is 29 March due to the Easter weekend.

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.

PROTEOMICS – FAST FACT PANEL

COMPANY CONTACTS

Dr Richard Lipscombe
Managing Director

Mr Chuck Morrison
Head of Business Development

Mr Shane Herbert
Customers Services Manager

Dr Pearl Tan
Chief Operating Officer

Dr Scott Bringans
Research Manager

Mr Paul Hart (Canary Capital)
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Cash Position
A$1.01 million (31/12/2017)

Option Code
ASX: PIQO

Issued Capital – Ordinary shares
59.0 million

Market Capitalisation based on share price of 30 cents
A$17.7 million

Proteomics International is a wholly owned subsidiary of Proteomics International Laboratories Limited (ASX: PIQ)

FOR FURTHER INFORMATION PLEASE CONTACT:

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SA CAPITAL

Coverage Update

RESEARCH NOTE

December 2017

Proteomics International Laboratories Ltd

PIQ: ASX: A$0.24

Recommendation: Buy

Price Target: A$0.45 retained

- **Launch of its PromarkerD diagnostic test in February 2018**
- **Potential strong deal flow and cash flow from PromarkerD in 2018**
- **Cash flow neutral in 2018**
- **Significant profit forecast for 2019**

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CAPITAL STRUCTURE

Share Price	A$0.24
Fully Paid Ordinary Shares	58,998,710
Market Capitalisation	A$14.2M (at 24c)
Listed Options*	17.2M
Cash (as at 30 Sept)	A$1.5M
Debt (as at 30 Sept)	A$0.7M
Enterprise Value	A$15.0M

* Options exercisable at $0.20c each on or before 31 March 2018 to raise A$3.4M

BOARD OF DIRECTORS

Chairman	Mr Terry Sweet
Managing Director	Dr Richard Lipscombe
Non-Executive Director	Dr John Dunlop
Non-Executive Director	Mr Roger Moore
Non-Executive Director	Mr Paul House

TOP SHAREHOLDERS

Richard Lipscombe	27.5%
Dunlop/Randolph Res PL	9.2%
XYLO PL	9.0%
HSBC Nominees	3.1%
Sparrow Holdings PL	1.8%

COMPANY OVERVIEW

- Specialist MedTech and Life Sciences company focused on the application of **proteomics** - the industrial scale study of the structure and functions of proteins
- Global leader in Predictive Diagnostics and Analytical Services
- Revenue generating - Established 2001
- Western Australia Exporter of the Year 2016
- World’s most accredited protein testing laboratory
- Proven technology with established IP

HIGHLIGHTS

- PromarkerD - world leading predictive diagnostic test for diabetic kidney disease to launch in Q1 2018
- Launch likely to trigger more PromarkerD licensing deals and potential roll out in the massive US market
- New Analytical Services launched in fast growing clinical trials market - boost to future revenue streams
- Growing revenue from Analytical Services drives development of new Diagnostic tests
- Experienced Board and Management team recently strengthened by Paul House joining as a Non-Executive Director.

Share Performance

Financial Summary

Year end 30 June	2015A	2016A	2017A	2018E	2019E
Total Revenue (A$M)	0.6	0.8	1.1	1.7	2.2
EBITDA (A$M)	(1.1)	(1.3)	(1.5)	(0.5)	1.0

NB Does not include any PromarkerD Licencing revenue