



Proteomics International

LABORATORIES LTD

ASX/Media Release

27 July 2017

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 30 June 2017.

- **Validation study confirms PromarkerD can predict diabetic kidney disease better than any current measure.** The Company's test predicted 86% of previously disease-free patients who went on to develop chronic kidney disease within four years.
- Results of the validation study **were presented to world's largest gathering of diabetes experts at the American Diabetes Association's 77th Annual Scientific Sessions.**
- **New potential income stream through analytical services for clinical trials,** the Company now offers a comprehensive suite of new pre-clinical and clinical testing capabilities off the back of world-leading laboratory accreditation.
- **Proteomics International became the world's most accredited protein testing laboratory,** and launched pharmacokinetic and companion diagnostic testing for clinical trials.
- **Largest analytics contract to date (worth A\$200,000) was signed,** and year on year income growth is 28%. PIQ is aiming for its operations to be **cashflow break even by the end of the 2017/18 financial year.**

The Company focused on two areas for the quarter: the clinical validation of its world leading predictive test for diabetic kidney disease, PromarkerD, and increasing its future cash flow through the growth of its analytical services business. The Company's diversified business model allows it to continue the commercialisation of PromarkerD while also aiming to be cashflow break-even by the end of the 2017/18 financial year.

Operational Highlights

Clinical validation study confirms PromarkerD performance

The Company took a major step towards global commercialisation of PromarkerD with a validation study confirming the test can predict diabetic kidney disease better than any current measure. In its follow-up clinical validation study, PromarkerD predicted 86% of previously disease-free patients who went on to develop chronic kidney disease within four years.

The results were presented at the American Diabetes Association's 77th Annual Scientific Sessions in June, the world's largest and most prominent meeting of diabetes experts. The four-year study was conducted in collaboration with The University of Western Australia, and was the largest prospective clinical study on diabetic kidney disease in the community and evaluated PromarkerD with almost 800 patients.

Proteomics International Laboratories Ltd

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The study follows a Frost & Sullivan report released in March that identified PromarkerD as the world's leading test for diabetic kidney disease. The test has the potential to save healthcare systems around the world billions in costs associated with treating diabetic kidney disease, as well as deliver substantial revenues to the Company in the form of licensing fees and royalties.

World leading laboratory launches clinical trials testing

The Company has also advanced the analytical services branch of its business during the quarter with the introduction of new pharmacokinetic and companion diagnostic testing targeting pre-clinical and clinical trials. These services were launched off the back of the Company gaining ISO 17025 Research & Development certification, which includes compliance with the OECD Principles of Good Laboratory Practice (GLP). This extended the company's existing certification for ISO 17025 in the field of Chemical Testing, and makes Proteomics International the world's most accredited protein testing laboratory.

Major analytical services contract in new biosimilars area

Subsequent to the end of the quarter PIQ announced it had entered into a long-term partnership with Dutch/Australian company BiosanaPharma to test a new treatment for allergic asthma. Proteomics International will conduct characterisation analysis of BiosanaPharma's product over a period of 12 months, including what is known as long-term and accelerated stability testing. The agreement marks Proteomics International's largest biosimilars contract to date, and is worth in excess of A\$200,000.

Financial Highlights

Operating cash inflow for the year continued its upward trend reaching \$874,000, a 9% increase on a cash basis compared to the previous year. Combining income from all sources, PIQ's provisional year on year income growth is 28%.

Net operating cash outflow for the quarter was \$575,000 as the Company continued its increased activities for the commercialisation and product development of PromarkerD, and moved towards the roll-out of new analytical services for the clinical trials market. Both these development areas were planned as part of the Company's capital raising in December 2016. Quarterly expenditure was in line with forecast and annual expenditure is on budget.

The Company anticipates its quarterly cash burn will decrease in future quarters as revenues from its new analytical services commence and existing business areas continue to grow, as exemplified by the 14 July announcement of its major analytical services contract in biosimilars. Upfront or milestones payments that PIQ may receive from licences for PromarkerD will further enhance the analytical services income.

At 30 June 2017 the Company has cash reserves of \$1.25 million. On the back of the Company's recent research and development focus it anticipates an R&D Tax Incentive cash rebate of approximately \$750,000, to be received in the September quarter.

ENDS

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About Proteomics International Laboratories Ltd (PILL) (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.

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")

30 June 2017

Consolidated statement of cash flows	Current Quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows related to operating activities		
1.1 Receipts from Customers	184	874
1.2 Payments for		
(a) research & development	(438)	(1,621)
(b) product manufacturing & operating costs	(39)	(138)
(c) advertising & marketing	(59)	(189)
(d) leased assets	(65)	(170)
(e) staff costs	(132)	(617)
(f) administration & corporate costs	(30)	(229)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	4	16
1.5 Interest & other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Government grants & tax incentives	0	572
1.8 Other (provide details if material)	0	0
1.9 Net cash from / (used in) operating activities	(575)	(1,502)
2. Cash flows related to investing activities		
2.1 Payments to acquire:		
(a) property, plant & equipment	(4)	(13)
(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

Consolidated statement of cash flows	Current Quarter \$A'000	Year to date (12 months) \$A'000
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)		
2.6 Net cash from / (used in) investing activities	(4)	(13)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	0	2,013
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	(88)
3.5 Proceeds from borrowings	0	0
3.6 Repayment of borrowings	0	(75)
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
3.10 Net cash from / (used in) financing activities	0	1,850

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash & cash equivalents at beginning of quarter / year to date	1,824	910
4.2 Net cash from / (used in) operating activities (see 1.9 above)	(575)	(1,502)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4)	(13)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	0	1,850
4.5 Effect of movement in exchange rates on cash held	0	0
4.6 Net cash from / (used in) financing activities	1,245	1,245

5. Reconciliation of cash & cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Bank balance	237	218
5.2 Cash deposits	1,008	1,606
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
5.5 Cash & cash equivalents at end of quarter (should equal item 4.6 above)	1,245	1,824

6. Payments to directors of the entity & their associates	Current Quarter \$A,000
6.1 Aggregate amount of payments to these parties included in item 1.2	77
6.1 Aggregate amount of cash flow from loans to these parties included in item 2.3	0

Quarterly report for entities subject to Listing Rule 4.7B

6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
	Executive director remuneration	47
	No-Executive directors' remuneration	30

7.	Payments to related entities of the entity & their associates	Current Quarter \$A,000
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	

8.	Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Add notes as necessary for an understanding of position</i>		
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		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research & development	440
9.2	Product manufacturing & operating costs	40
9.3	Advertising & marketing	50
9.4	Leased assets	65
9.5	Staff costs	140
9.6	Administration & corporate costs	55
9.7	Other (provide details if material)	0
9.8	Net cash from / (used in) financing activities	790

10.	Acquisitions & disposals of business entities (items 2.1(b) & 2.2(b) above)	Acquisitions	Disposals
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:

28th July 2017

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.