



Proteomics International
LABORATORIES LTD

ASX/Media Release

25th October 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 September 2017.

- **PromarkerD test published in leading scientific journal *Diabetes Care*.** This is a key milestone in the company's commercialisation strategy and provides a springboard for further licensing deals in the year ahead.
- **PromarkerD US patent expanded to cover all kidney disease** in the world's largest healthcare market, where an estimated 30 million people suffer from chronic kidney disease.
- **R&D tax incentive boosted the balance sheet** with the receipt of nearly \$800,000 in research and development rebate.
- **Revenue from Analytical Services was strong** at \$237,000, exceeding levels achieved in each of the last three quarters.

Proteomics International achieved significant milestones towards global commercialisation of PromarkerD, with the publication of its PromarkerD test results and the expansion of its US patent to all kidney disease.

Operational Highlights

PromarkerD clinical study published in leading diabetes journal

Proteomics International's flagship PromarkerD test was published in *Diabetes Care*, one of the top two diabetes journals globally. This is a key element of the company's commercialisation strategy in engaging with Key Opinion Leaders in the diabetes field.

The publication provides an important verification of PromarkerD test, which can predict the onset of diabetic kidney disease better than any current measure. The clinical study, undertaken as a collaboration between Proteomics International and The University of Western Australia, shows "prediction of rapid decline in renal function independently of recognised clinical risk factors".

The independent review and credibility awarded by this publication builds on the earlier foundation publication of the PromarkerD technology (ASX 8 February), and the presentation of the latest clinical data to the American Diabetes Association in San Diego (ASX 13 June). In combination, these milestones provide a springboard for further licensing deals in the year ahead.

According to the International Diabetes Federation, 415 million adults had diabetes in 2015, estimated to rise to 642 million by 2040. Currently, one in three adult diabetics have chronic kidney disease, which, if unchecked, means the number with chronic kidney disease will increase by 76 million over the period. PromarkerD has the potential to save healthcare systems around the world billions of dollars in costs with predictive and preventative diabetic kidney disease management.

Proteomics International Laboratories Ltd

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US PromarkerD patent expanded to all kidney disease

Proteomics International was granted a new patent in the United States for its diagnostic test for diabetic kidney disease, PromarkerD, that expands cover to all kidney disease. The broader patent provides protection for the use of the PromarkerD panel for all nephropathy in the world's largest healthcare market, covering more than 320 million people.

Kidney disease is the ninth leading cause of death in the United States, accounting for 48,000 deaths a year, with related healthcare spending exceeding US\$50 billion annually. It is estimated that 30 million people in the United States suffer from chronic kidney disease, with about 44% of all new cases of kidney disease are caused by diabetes. The condition has no symptoms in its early stages and can go undetected until it is very advanced.

R&D tax incentive boost

Proteomics International strengthened its balance sheet with receipt of \$786,225 in research and development tax incentive for the 2016-17 financial year. The company was eligible for the Australian Government rebate after spending \$1.82 million on R&D.

The company continues to invest heavily in the commercialisation of its world-leading diabetic kidney disease test, PromarkerD, its biomarker discovery program, and developing new fee-for-service methods.

Financial Highlights

Operating cash inflow from customers was strong for the September quarter at \$237,000, exceeding levels achieved in each of the last three quarters. This primarily reflects increased sales from analytical services for biosimilars and biologics.

There was a net operating cash inflow for the quarter of \$244,000, boosted by the R&D tax rebate. Quarterly expenditure was in line with forecast but with an increase in R&D related to the product development of PromarkerD.

The Company anticipates its quarterly cash burn from ordinary activities will decrease in future quarters as revenues from its new analytical services commence and existing business areas continue to grow. Upfront or milestones payments that Proteomics International may receive from licences for PromarkerD will further enhance the analytical services income.

At 30 September 2017 the Company had cash reserves of \$1.49 million.

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 September 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	237	237
1.2 Payments for		
(a) research & development	(535)	(535)
(b) product manufacturing & operating costs	(32)	(32)
(c) advertising & marketing	(52)	(52)
(d) leased assets	(65)	(65)
(e) staff costs	(142)	(142)
(f) administration & corporate costs	(83)	(83)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	2	2
1.5 Interest & other costs of finance paid	0	0
1.6 Income taxes paid	(5)	(5)
1.7 Government grants & tax incentives	919	919
1.8 Other (provide details if material)	0	0
1.9 Net cash from / (used in) operating activities	244	244
2. Cash flows related to investing activities		
2.1 Payments to acquire:		
(a) property, plant & equipment	(3)	(3)
(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)		
2.6 Net cash from / (used in) investing activities	(3)	(3)

3. Cash flows from financing activities		
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
3.10 Net cash from / (used in) financing activities	0	0

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash & cash equivalents at beginning of quarter / year to date	1,245	1,245
4.2 Net cash from / (used in) operating activities (see 1.9 above)	244	244
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(3)	(3)
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
4.6 Cash & cash equivalents at end of quarter	1,486	1,486

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	616	616
5.2 Cash deposits	870	870
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)	1,486	1,486

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
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 <i>Add notes as necessary for an understanding of position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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: 25th October 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.