



PROTEOMICS INTERNATIONAL LABORATORIES LTD
ACN 169 979 971
and Controlled Entity

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2017.

About Proteomics International Laboratories Ltd (PILL)

Medical technology company Proteomics International Laboratories Ltd (Proteomics International; ASX: PIQ) is at the forefront of predictive diagnostics and bio-analytical services. The company specialises in the area of proteomics – the industrial scale study of the structure and function of proteins. It received the world's first ISO 17025 laboratory accreditation for proteomics services, and operates from state-of-the art facilities located on the QEII Medical Campus in Perth, Western Australia. The Company's business model uses its proprietary technology platform across three integrated areas of diagnostics, drug discovery and analytical services.

www.proteomicsinternational.com

FOR FURTHER INFORMATION PLEASE CONTACT

Dr Richard Lipscombe, *Managing Director*: +61 8 9389 1992
Karen Logan, *Company Secretary*: +61 8 9389 1992



Appendix 4D

Half Year Report for the six months to 31 December 2017

PROTEOMICS INTERNATIONAL LABORATORIES LTD
ACN 169 979 971

1. Reporting period

Report for the half-year ended	31 December 2017
Previous corresponding period is the half-year ended	31 December 2016

2. Results for announcement to the market

	Change	\$'000
Revenues from ordinary activities (<i>item 2.1</i>)	Down 17% to	449
(Loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up 39% to	(1,312)
Net (loss) for the period attributable to members (<i>item 2.3</i>)	Up 39% to	(1,312)
Dividends being proposed or declared for the period (<i>item 2.4</i>)	n/a	nil
Dividend record date (<i>item 2.5</i>)	n/a	n/a

Explanation

The decrease in revenue reflects resources being diverted to the pending launch of the PromarkerD diagnostic test allied with normal variation in the timing of analytical services contracts. Operating expenditure was in-line with budget and consistent with FY17, with additional one-off due diligence expenses incurred in relation to securing the strategic alliance with CPR Pharma Services. Significantly, and reflective of the underlying trend, the Consolidated Statement of Cash Flows shows a net cash inflow from operating activities over the period of \$38,396 (2016: net cash outflow \$424,868).

Please refer to the Directors' Report within the attached Financial Report for a detailed explanation of the figures reported above (*item 2.6*)

3. Net tangible assets per security (*item 3*)

	31 December 2017	31 December 2016
Net tangible asset / (liability) backing per ordinary security	0.58 cents	3.15 cents

4. Entities over which control has been gained or lost (*item 4*): Not applicable

5. Dividends or Distributions (*items 5 & 6*): Not applicable

6. Associates and Joint venture entities (*item 7*): Not applicable

7. Foreign entities accounting standard (*item 8*): Not applicable

8. Independent review of the financial report (*item 9*):

The independent review report contains an emphasis of matter in relation to going concern. The emphasis of matter states that on the basis of the factors indicated in the going concern note to the financial statements, there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

The financial information provided in the Appendix 4D should be read in conjunction with the half-year financial statements and Directors' report (attached), which has been prepared in accordance with Australian Accounting Standards.



Proteomics International
LABORATORIES LTD

PROTEOMICS INTERNATIONAL LABORATORIES LTD

ACN: 169 979 971

FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2017**

**FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2017**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Proteomics International Laboratories Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

The Directors present the financial report for the Group for the half-year ended 31 December 2017.

Director Details

The names of the Directors in office at any time during or since the end of the half-year are:

Name	Position
Mr Terry Sweet	Non-Executive Chairman
Dr Richard Lipscombe	Managing Director
Dr John Dunlop	Non-Executive Director
Mr Roger Moore	Non-Executive Director
Mr Paul House	Non-Executive Director (appointed 22 November 2017)

REVIEW OF OPERATIONS

The six months to December 2017 saw the execution of key milestones in Proteomics International's diagnostics and analytics operations. The Group is now strongly positioned for revenue growth.

Diagnostics development

The Company's world leading predictive diagnostic test for diabetic kidney disease, PromarkerD, has advanced significantly and is launching in Q1 2018 in Central America. This commences the stepped commercialisation of the test in global markets, and builds on the publication of the clinical study results in prestigious scientific journal *Diabetes Care*. These pivotal milestones provide a springboard for further licensing deals in the year ahead, with PromarkerD to be used as a clinical diagnostic test and companion diagnostic. As an example of the latter, Proteomics International has partnered with Australian drug developer Dimerix to help evaluate the effectiveness of its promising drug treatment for diabetic kidney disease in early phase clinical trials.

The US patent for PromarkerD was expanded to cover all kidney disease in the world's largest healthcare market, where an estimated 30 million people suffer from chronic kidney disease. A patent for PromarkerD was also granted in the important Japanese market.

The Promarker™ technology platform will be applied to target lung disease following an agreement with the world-renowned Busselton Health Study. The collaboration will see Proteomics International search for biomarkers for asthma and chronic obstructive pulmonary disease, which cost health care systems tens of billions of dollars a year. The company also has active diagnostics discovery programmes in endometriosis and for the gut parasite giardia.

Analytical services expanding

Proteomics International's analytical services revenue remained steady and is set to grow significantly in the coming quarters. Following strong first quarter revenue, a weaker second quarter also saw substantial new orders related to new analytical services commencing for pharmacokinetic testing. Consequently, the company 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.

Review of Operations continued**Corporate**

As part of its growth strategy Proteomics International added further industry and sector experience to the Board with the appointment of Mr Paul House as Non-Executive Director, along with the engagement of experienced industry executives to support the commercialisation of the PromarkerD test in key markets around the world.

Proteomics International received \$790,000 in a research and development rebate which supplements cash flow from analytical services as part of its business model to minimise cash burn from R&D activities.

The Company also has the potential to raise \$3.4 million in additional funds over the current quarter from the exercise of 17,231,856 PIQ Option entitlements (ASX: **PIQO**, \$0.20 options, expiry 31 March 2018).

OPERATING RESULTS**Revenue**

Revenue from operating activities for the six months to 31 December 2017 was \$448,951 (31 December 2016: \$542,924) a decrease of 17%.

Expenditure

Consolidated expenses for the six months to 31 December 2017 totaled \$1,789,079 (31 December 2016: \$1,493,904) an increase of 20% and remain in-line with budget.

Net position and cash flow

The Company reported a loss from operating activities for the six months to 31 December 2017 of \$1,311,648 (31 December 2016 loss: \$943,646). Net cash inflow from operating activities over the period was \$38,396 (2016: net cash outflow \$424,868).

Cash and cash equivalents \$690,272 and restricted cash \$320,827 totaled \$1,011,099 at the end of the period. (30 June 2017: Cash and cash equivalents \$775,140 and restricted cash \$457,671 totaling \$1,232,811). The Company has the potential to raise further funds in the current quarter by exercise of PIQO options described above.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the Group's state of affairs during or since the end of the reporting period.

EVENTS OCCURRING AFTER REPORTING PERIOD

Subsequent to the reporting period, on 2 February 2018 Proteomics International entered into an MOU with CPR Pharma Services Pty Ltd (CPR) to work together to target the fast growing area of clinical trials, and provide further commercial opportunities for Proteomics International's Promarker™ technology. Proteomics International has further offered to acquire 10% of the fully diluted capital of CPR in return for the issue of four million fully paid ordinary PIQ shares. The offer closes 28 February 2018 and is pending CPR shareholder approval.

Other than this event, there has been no matter or circumstance which has arisen since 31 December 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2017, of the consolidated entity,
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2017, of the consolidated entity.

Review of Operations continued

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the Directors.



Terry Sweet
Chairman

Perth, Western Australia on 16 February 2018

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF PROTEOMICS
INTERNATIONAL LABORATORIES LIMITED

As lead auditor for the review of Proteomics International Laboratories Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Proteomics International Laboratories Limited and the entities it controlled during the period.



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 16 February 2018

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	31 December 2017	Half-Year 31 December 2016
Note	\$	\$
Revenue from continuing operations		
- Services	448,951	542,924
Other Income		
- Grant income	24,890	-
- Interest income	3,590	7,334
	<hr/>	<hr/>
Employment and labour expenses	(729,485)	(722,881)
Share based payment expense	(48,159)	(108,061)
Depreciation expense – plant & equipment	(6,034)	(2,836)
Depreciation expense - leased plant & equipment	(121,357)	-
Intellectual property maintenance expenses	(20,561)	(45,593)
Interest expense	(32,733)	(16,383)
Laboratory supplies	(267,547)	(206,554)
Professional fees	(235,997)	(106,042)
Travel and marketing expenses	(53,334)	(59,211)
Laboratory access fees	(43,050)	(51,812)
Realised loss in foreign currency translation	(3,268)	(5,859)
Other expenses	(227,554)	(168,672)
	<hr/>	<hr/>
(loss) before income tax for the period	(1,311,648)	(943,646)
Income tax (expense) / benefit	-	-
	<hr/>	<hr/>
(loss) after income tax from continuing operations	(1,311,648)	(943,646)
	<hr/>	<hr/>
Total comprehensive (loss) attributable to equity holders of Proteomics International Laboratories Ltd	(1,311,648)	(943,646)
	<hr/>	<hr/>
Basic (loss) per share for the half-year attributable to the members of Proteomics International Laboratories Ltd	(\$0.02)	(\$0.02)
Diluted loss per share	N/A	N/A

The consolidated statement of profit or loss and other comprehensive income
 should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

		31 December 2017	30 June 2017
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	690,272	775,140
Trade and other receivables	4	290,544	317,858
Other assets	5	48,471	826,262
TOTAL CURRENT ASSETS		<u>1,029,287</u>	<u>1,919,260</u>
NON-CURRENT ASSETS:			
Plant & equipment		463,959	511,236
Intangible Assets		1,012	1,012
Other assets	5	320,827	457,671
TOTAL NON-CURRENT ASSETS		<u>785,798</u>	<u>969,919</u>
TOTAL ASSETS		<u>1,815,085</u>	<u>2,889,179</u>
LIABILITIES			
CURRENT LIABILITIES:			
Trade and other payables	6	553,292	314,823
Borrowings	7	225,139	219,239
Provisions		48,499	44,785
TOTAL CURRENT LIABILITIES		<u>826,930</u>	<u>578,847</u>
NON-CURRENT LIABILITIES:			
Borrowings	7	607,106	656,156
Provisions		34,663	44,301
TOTAL NON-CURRENT LIABILITIES		<u>641,769</u>	<u>700,457</u>
TOTAL LIABILITIES		<u>1,468,699</u>	<u>1,279,304</u>
NET ASSETS		<u><u>346,386</u></u>	<u><u>1,609,875</u></u>
EQUITY			
Issued capital	8	5,935,036	5,935,036
Reserves		466,587	418,428
Accumulated (losses)		(6,055,237)	(4,743,589)
TOTAL EQUITY		<u><u>346,386</u></u>	<u><u>1,609,875</u></u>

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017**

	Issued Capital Ordinary \$	Reserves \$	(Accumulated Losses) \$	Total Equity \$
Balance as at 1 July 2017	<u>5,935,036</u>	<u>418,428</u>	<u>(4,743,589)</u>	<u>1,609,875</u>
Loss for the period	-	-	(1,311,648)	(1,311,648)
Other comprehensive income	-	-	-	-
Total comprehensive loss	<u>-</u>	<u>-</u>	<u>(1,311,648)</u>	<u>(1,311,648)</u>
Transactions with owners in their capacity as Equity Holders				
Share based payments	-	48,159	-	48,159
	<u>-</u>	<u>48,159</u>	<u>-</u>	<u>48,159</u>
Balance as at 31 December 2017	<u>5,935,036</u>	<u>466,587</u>	<u>(6,055,237)</u>	<u>346,386</u>
Balance as at 1 July 2016	<u>4,048,816</u>	<u>569,716</u>	<u>(3,827,114)</u>	<u>791,418</u>
Loss for the period	-	-	(943,646)	(943,646)
Other comprehensive income	-	-	-	-
Total comprehensive loss	<u>-</u>	<u>-</u>	<u>(943,646)</u>	<u>(943,646)</u>
Transactions with owners in their capacity as Equity Holders				
Equity Issued net of share issue costs	1,902,445	-	-	1,902,445
Conversion of Options	65	-	-	65
Share based payments	-	108,061	-	108,061
	<u>1,902,510</u>	<u>108,061</u>	<u>-</u>	<u>2,010,571</u>
Balance as at 31 December 2016	<u>5,951,326</u>	<u>677,777</u>	<u>(4,770,760)</u>	<u>1,858,343</u>

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-Year	
	31 December 2017	31 December 2016
	\$	\$
Cash flows from operating activities		
Receipts from customers	449,306	444,861
Payments to suppliers and employees	(1,172,518)	(1,432,293)
Interest received	3,590	7,334
Interest paid	(32,733)	(16,383)
R&D tax rebate	790,751	571,613
	<u>38,396</u>	<u>(424,868)</u>
Net cash inflow/(outflow) from operating activities		
Cash flows from investing activities		
Payment for property, plant and equipment	(20,144)	-
	<u>(20,144)</u>	<u>-</u>
Net cash (outflow) from investing activities		
Cash flows from financing activities		
Payment of borrowings	(103,120)	-
Proceeds from issue of shares, options etc.	--	2,014,565
Share/Options issue costs	--	(112,055)
	<u>(103,120)</u>	<u>1,902,510</u>
Net cash inflow/(outflow) from financing activities		
Net increase/(decrease) in cash and cash equivalents	(84,868)	1,477,642
Cash and cash equivalents at 1 July 2017	<u>775,140</u>	<u>582,256</u>
Cash and cash equivalents at 31 December 2017	<u>690,272</u>	<u>2,059,898</u>

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

This interim consolidated financial report does not include all the information and disclosures required in the annual financial report, and should be read in conjunction with the Group's annual financial report for the year ended 30 June 2017.

The half-year financial report was authorised for issue by the Directors on 16 February 2018.

(a) Basis of preparation

(i) Statement of compliance

The interim consolidated financial report of the group for the six months ended 31 December 2017 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The financial report covers Proteomics International Laboratories Ltd and controlled entities as a consolidated entity.

(ii) Basis of measurement

The half-year report has been prepared on an accruals basis and under the historical cost convention.

The accounting policies applied in the half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2017 and the corresponding half-year.

(iii) Going concern

For the period ended 31 December 2017 the entity recorded a loss of \$1,311,648 (2016: loss \$943,646) and experienced net cash inflows from operating activities of \$38,396 (2016: net cash outflow \$424,868). At 31 December 2017, the entity had net current assets of \$202,357 (30 June 2017: net current assets of \$1,340,413).

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the entity to continue as a going concern is dependent upon securing additional funding through provision of Analytical services, licencing of the PromarkerD test and the exercise of listed Options, to continue to fund its operational and marketing activities.

Management believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report. Subsequent to period end, the entity expects to receive additional funding via Analytical services contracts, the licencing of the PromarkerD test and the exercise of listed Options.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of asset and settlement of liabilities in the normal course of business for the following reasons:

- There is on-going and increased revenue from current Analytical services, for example, on-going contracts for biosimilars (protein generic drugs) testing.
- Revenue commencing from Analytical services for new pharmacokinetic (PK), pharmacodynamic (PD), and companion diagnostic (CDx) testing services for clinical trials launched in May 2017, and the new alliance with CPR Pharma Services after the reporting period described in Events Occurring After Reporting Period.

- Revenue from Analytical services for contract biomarker discovery using the company's proprietary Promarker platform technology.
- Revenue from licencing of the PromarkerD diagnostic test.
- On the back of the Company's research and development focus it anticipates an R&D tax incentive cash rebate of approximately \$900,000 to be received in the September quarter of 2018.
- There were 17,231,856 listed options (ASX: PIQO) as of 31 December 2017 exercisable at \$0.20 each on or before 31 March 2018 which, if fully exercised, will bring in \$3,446,371. If these options are not exercised, then the entity may need to raise additional funds through a placement with shareholders.

Should the entity not be able to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the ordinary course of a business and at amounts that differ from those stated in the financial statements.

(b) Accounting policies

In the half-year ended 31 December 2017, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2017.

New and amended standards adopted by the entity

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australia Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

There may be some changes to the disclosures in the 30 June 2017 annual report as a consequence of any new or amended Accounting Standards and Interpretations.

Impact of standards issued but not yet applied by the entity

The 30 June 2017 annual report disclosed that Proteomics International Laboratories Limited anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those Accounting Standards and Interpretations issued but not yet applied at that date, and this remains the assessment as at 31 December 2017.

The Group has reviewed all new Accounting Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business.

NOTE 2: DIVIDENDS

Since 30 June 2017 no dividend has been paid or declared (31 December 2016: Nil)

NOTE 3: CASH AND CASH EQUIVALENTS

	31 December 2017	30 June 2017
	\$	\$
Cash at bank	290,272	225,140
Deposits at call	<u>400,000</u>	<u>550,000</u>
Total cash and cash equivalents	<u>690,272</u>	<u>775,140</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

	31 December 2017 \$	30 June 2017 \$
NOTE 4: TRADE RECEIVABLES		
Trade receivables	268,638	214,870
Other receivables	<u>21,906</u>	<u>102,988</u>
Total trade and other receivables	<u>290,544</u>	<u>317,858</u>

(a) Classification of trade and other receivables

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

The trade receivables are generally due for settlement within 60 days and therefore are classified as current. The group does not currently have any provision for doubtful debts in respect to their receivables as at 31 December 2017.

(b) Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

NOTE 5: OTHER ASSETS

Current:

Research and development tax incentive	-	790,751
Prepayments (ii)	<u>48,471</u>	<u>35,511</u>
Total	<u>48,471</u>	<u>826,262</u>

Non-Current:

Restricted Cash Deposits (i)	320,827	457,671
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- (i) security/guarantee over leased equipment
- (ii) insurance and patent fees

NOTE 6: TRADE AND OTHER PAYABLES

Trade creditors	326,868	135,885
Other creditors	<u>226,424</u>	<u>178,938</u>
Total trade and other payables	<u>553,292</u>	<u>314,823</u>

(a) Fair value of trade and other payables

Trade payables are unsecured and are usually paid within 60 days of recognition.

The carrying amount of trade and other payables are assumed to be the same as their fair values, due to their short-term nature.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 31 DECEMBER 2017**

	31 December 2017 \$	30 June 2017 \$
NOTE 7: BORROWINGS		
Current:		
Finance Leases (b)	225,139	219,239
Non-Current:		
Finance Leases (b)	240,714	289,764
Loans – directors (a)	<u>366,392</u>	<u>366,392</u>
	607,106	656,156

(a) Directors Loans:

(i) Terms of the borrowings

The accounting parent entered into a loan agreement with three directors of Proteomics International Laboratories Ltd during the year ended 30 June 2015 to provide the Company with funding for working capital purposes. The loan is provided on the following terms:

Particulars	Terms
Principal	\$441,891
Interest rate	4%
Maturity	April 15, 2019
Repayment	At maturity in cash or in shares at the higher of \$0.20 and the 30-day volume weighted average price

The Company has therefore assessed the accounting treatment for the transaction as a debt and classified the value as a borrowing.

(ii) Security

The borrowing is unsecured and there are no covenants in place for the loan.

(b) Finance Leases:

Commitments in relation to finance leases are payable as follows:

Minimum lease payments	523,659	673,008
Future finance charges	<u>(57,806)</u>	<u>(164,005)</u>
Recognised as a liability	465,853	509,003
Lease Liability – current	225,139	219,239
Lease Liability – non-current	<u>240,714</u>	<u>289,764</u>
Recognised as a liability	<u>465,853</u>	<u>509,003</u>

(i) Terms of the Finance Leases

The company leases laboratory equipment under finance lease agreements expiring within three years.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 31 DECEMBER 2017**

NOTE 8: ISSUED CAPITAL

	31 December 2017	30 June 2017	31 December 2017	30 June 2017
	Shares	Shares	\$	\$
Share Capital				
Ordinary Shares	58,998,710	58,998,710	5,935,036	5,935,036
Total consolidated issued capital				

(a) Movement in share capital

Date	Details	Number of Shares	\$
1/07/2017	Opening balance	58,998,710	5,935,036
31/12/2017	Closing balance	58,998,710	5,935,026

There were no movements in share capital during the period to 31 December 2017.

(b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

NOTE 9: OPTIONS ON ISSUE

(a) Summary of Options	31 December 2017	30 June 2017
	Number of Options	Number of Options
Options exercisable at \$0.20 each	17,231,856	17,231,856
Options exercisable at \$0.25 each	500,000	-
Options exercisable at \$0.30 each	650,000	-
	18,381,856	17,231,856

No options expired during the period to 31 December 2017.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR
THE PERIOD ENDED 31 DECEMBER 2017**

NOTE 9: OPTIONS ON ISSUE (continued)

Options outstanding as at 31 December 2017 have the following expiry date and exercise price:

<u>Grant Date</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>No. Options</u>
08/04/2015	31/03/2018	\$0.20	3,110,000
29/10/2015	31/03/2018	\$0.20	12,621,856
13/12/2016	31/03/2018	\$0.20	1,500,000
17/06/2017 (i)	17/07/2019	\$0.25	400,000
17/08/2017 (i)	17/07/2019	\$0.25	100,000
03/11/2017 (ii)	31/10/2019	\$0.30	650,000

- (i) Unlisted - Issued to investor relations advisor, Canary Capital, for nil consideration and being for part consideration for services rendered.
- (ii) Unlisted - Employee options issued to employees of the company for nil consideration and under an Employee Incentive Option Plan.

(b) Fair Value of Employee Options

<u>Particulars</u>	<u>Input</u>
Number of employee options	650,000
Valuation date	3 November 2017
Expiry date	31 October 2019
Underlying share price used	\$0.17
Exercise price	\$0.30
Risk-free rate	1.9%
Volatility	100%
Dividend yield	nil

The value placed on the Employee Options is \$0.06 per Employee Option and in total is \$39,000. This amount has been included in the share based payment expense in the six months to 31 December 2017. The company has used the Black Scholes Model to value the Employee Options.

NOTE 10: SEGMENT INFORMATION

The Board monitors the operations of the Company as one single segment. The actual to budget items and a detailed profit or loss are reported to the board to assess the performance of the Group.

The Board has determined that strategic decision making is facilitated by evaluation of the operations of the legal parent and subsidiary which represent the operational performance of the group's revenues and the research and development activities as well as the finance, treasury, compliance and funding elements of the Group.

NOTE 11: RELATED PARTIES

Transactions with related parties are consistent with those disclosed in the 30 June 2017 annual report.

NOTE 12: COMMITMENTS

Commitments are consistent with those disclosed in the 30 June 2017 annual report.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

NOTE 13: CONTINGENT LIABILITIES

The Group is not aware of any material contingent liabilities as at 31 December 2017.

NOTE 14: EVENTS OCCURRING AFTER REPORTING PERIOD

Subsequent to the reporting period, on 2 February 2018 Proteomics International entered into an MOU with CPR Pharma Services Pty Ltd (CPR) to work together to target the fast growing area of clinical trials, and provide further commercial opportunities for Proteomics International's Promarker™ technology. Proteomics International has further offered to acquire 10% of the fully diluted capital of CPR in return for the issue of four million fully paid ordinary PIQ shares. The offer closes 28 February 2018 and is pending CPR shareholder approval.

Other than this event, there has been no matter or circumstance which has arisen since 31 December 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2017, of the consolidated entity,
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2017, of the consolidated entity.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes in accordance with the Corporations Act 2001:

1. Comply with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001, and other mandatory professional reporting requirements; and
2. Give a true and fair view of the financial position of the consolidated entity as at 31 December 2017 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Proteomics International Laboratories Ltd will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Managing Director and Chairman required by section 295A of the Corporations Act 2001.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.



Terry Sweet
Chairman

Dated at Perth, Western Australia this 16th day of February 2018.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Proteomics International Laboratories Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Proteomics International Laboratories Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink. The signature consists of the letters 'BDO' in a stylized, blocky font, followed by a cursive signature that appears to read 'Glyn O'Brien'.

Glyn O'Brien

Director

Perth, 16 February 2018