



Proteomics International

LABORATORIES LTD

ASX Release

26 April 2018

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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 March 2018.

- **Proteomics launches PromarkerD:** Global product launch takes place in the Dominican Republic
- **Strategic alliance and investment in CPR Pharma Services:** Partnership to offer an advanced suite of services to improve drug development in clinical trials
- **PromarkerD patent granted in Japan:** Patent targets 5th highest annual healthcare expenditure on diabetes
- **Proteomics completes Exercise of Options raising \$3.4 million:** Maximum available amount raised with existing option holders exercising 90% of their entitlements

Proteomics International continues to focus on the global roll-out of PromarkerD following the official product launch of the world-leading test for diabetic kidney disease last month. The company is also targeted on expanding the application of its Promarker™ technology platform through a range of current and potential partnerships in diagnostics, drug development and clinical trials.

OPERATIONAL Highlights

Proteomics launches PromarkerD

[ASX: 7 March] Proteomics International's world-leading PromarkerD test for diabetic kidney disease was officially launched in the Dominican Republic. The pioneering diagnostic test was 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. Proteomics International remains engaged with potential partners to bring PromarkerD to market in mainland USA, Mexico, Japan, Australia, China and Europe.

Strategic alliance and investment in CPR Pharma Services

[ASX: 2 February; 5 March] Proteomics International and clinical services specialist CPR Pharma Services have partnered to target the fast-growing area of clinical trials. The alliance sees Proteomics International provide its predictive diagnostics and analytical services capability to complement CPR's position as a regional leader in the provision of clinical services and laboratory testing in clinical trials. The global clinical trials market is projected to reach \$22 billion by 2021.

The partnership will provide further commercial opportunities for the Promarker™ technology, with the application of the proven discovery platform to create new diagnostic tests for drug development. With a complete clinical trial program typically costing \$100 million, a new Promarker™ companion diagnostic test (that helps stratify patients for clinical trials) could save biopharma companies millions of research dollars and help bring treatments to market faster.

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The partnership was cemented with a share swap in which Proteomics International issued 3,868,305 fully paid ordinary PIQ shares to acquire 10% of the fully diluted issued share capital of CPR. Based on the 30 day VWAP of \$0.3045 per share, the stake was valued at \$1.2 million.

PromarkerD patent granted in Japan

[ASX: 29 January] Proteomics International has been granted a patent for PromarkerD in Japan, where annual healthcare expenditure on diabetes is the 5th highest in the world at US\$28 billion. Early detection of diabetic kidney disease is particularly important in Japan because organ transplants are rare. Proteomics International has industry experts leading the commercialisation of PromarkerD in the country, which has 7.2 million adults with diabetes. PromarkerD patents have now been granted in Japan, Australia, China, Russia, Singapore, and the USA, with other major jurisdictions pending (Note: Subsequent to the quarter patents were granted in Europe [ASX: 19 April]).

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 increased to \$206,000 for the March quarter (previous \$151,000). Current and future orders from analytical services are strong, and the company continues to anticipate it will become cash neutral on a monthly basis this financial year. Royalty 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 \$632,000. Expenditure was broadly in line with forecast, with the increase in R&D expenditure including costs for the development of the PromarkerD immunoassay (IVD) kit. The R&D expenditure is eligible for the 43.5% tax incentive which provides a future cash rebate.

At 31 March 2018 the company had cash reserves of \$2.7 million.

Approximately \$1 million of additional proceeds from issues of shares will be recorded in the next quarter from the completion of the exercise of PIQ Options which expired on 31 March (see below).

Proteomics completes Exercise of Options raising \$3.4 million

[ASX: 6 April; 16 April] Proteomics International raised the maximum available amount of \$3.4 million through the exercise of its listed options. Existing option holders exercised 90% of their entitlements, including more than \$1 million exercised by Proteomics International directors.

The underwriter Alto Capital exercised the final 10% of the options outstanding, or \$341,808. Alto Capital had underwritten \$2 million of PIQ options, but the overwhelming support of option holders meant the shortfall was low. The additional funds will help drive the ongoing commercialisation of PromarkerD and accelerate the growth of the business.

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")

31 Mar 2018

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	206	594
1.2 Payments for		
(a) research & development	(479)	(1,336)
(b) product manufacturing & operating costs	(67)	(138)
(c) advertising & marketing	(19)	(100)
(d) leased assets		(59)
(e) staff costs	(131)	(394)
(f) administration & corporate costs	(161)	(269)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	19	23
1.5 Interest & other costs of finance paid	0	(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
1.9 Net cash from / (used in) operating activities	(632)	(773)
2. Cash flows related to investing activities		
2.1 Payments to acquire:		
(a) property, plant & equipment	(76)	(168)
(b) businesses (see item 10)	0	0
(c) investments	(20)	(20)
(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	(12)	(12)
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	(108)	(200)

Consolidated statement of cash flows	Current Quarter \$A'000	Year to date (12 months) \$A'000
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	2,438	2,438
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	(12) 0	(12) 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	2,426	2,426
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash & cash equivalents at beginning of quarter / year to date	1,012	1,245
4.2 Net cash from / (used in) operating activities (see 1.9 above)	(632)	(773)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(108)	(200)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	2,426	2,426
4.5 Effect of movement in exchange rates on cash held	0	0
4.6 Cash & cash equivalents at end of quarter	2,698	2,698
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	2,326	290
5.2 Cash deposits	372	722
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)	2,698	1,012
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	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	37	

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	450
9.2 Product manufacturing & operating costs	45
9.3 Advertising & marketing	50
9.4 Leased assets	0
9.5 Staff costs	140
9.6 Administration & corporate costs	110
9.7 Other (provide details if material)	0
9.8 Net cash from / (used in) financing activities	795

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:

26th April 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.