



Proteomics International

LABORATORIES LTD

ASX Release

30 July 2018

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 2018.

- **New licence deal for PromarkerD in the USA:** Agreement with PrismHealthDx (PHDx) targets the world's biggest spending country on diabetes care
- **New licence deal for PromarkerD in Mexico:** Agreement with Patia Biopharma brokered by the philanthropic Carlos Slim Foundation amid Mexico's diabetes epidemic
- **Patent granted in Europe for PromarkerD:** Patent covers 400 million people in Britain, Germany, France, Italy, Spain and Turkey
- **Escalating demand for Proteomics International's analytical services:** Specialist laboratory testing for both biosimilar generic drugs and for clinical trials produce record quarterly sales
- **Proteomics International approaches cash flow positive:** The June quarter showed a small accounting loss, with two of the three months profitable (unaudited)

Proteomics International has signed license agreements to launch its world-leading PromarkerD predictive test for diabetic kidney disease in key international markets - the United States and Mexico. Concurrently, Proteomics International experienced a bumper quarter for its specialist analytical services, resulting in record quarterly sales.

OPERATIONAL HIGHLIGHTS - PromarkerD commercialisation ramps up

PromarkerD is the first test able to predict the onset of diabetic kidney disease, and has the potential to save lives and healthcare system billions of dollars in treatment and dialysis costs. In peer-reviewed clinical studies PromarkerD predicted a decline in kidney function up to four years in advance.

New licence deal for PromarkerD in the USA

[ASX: 28 May; 21 June] Proteomics International signed a deal to launch its PromarkerD predictive test for diabetic kidney disease in USA. The test will be offered to patients through a partnership with precision medicine and diagnostic services company PrismHealthDx (PHDx), who will launch the "Laboratory Developed Test" (LDT) version of PromarkerD in its specialist certified laboratories. This version permits fast adoption of a new test in advanced markets.

PHDx will launch PromarkerD nationally making the test available to the more than 30 million people across America living with diabetes, with first sales anticipated to be in two to four months. The licence is exclusive for one year and Proteomics International will receive a royalty on all tests sold.

New licence deal for PromarkerD in Mexico

[ASX: 18 June; 21 June] Proteomics International signed a licence agreement with Patia BioPharma for Mexico where diabetes is responsible for one in seven deaths, killing more people than cancer. Patia BioPharma is a Mexican biotech company focused on promoting personalised preventive medicine across Latin America. The licence is again for the LDT version of PromarkerD, and the deal

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was brokered by philanthropic organisation the Carlos Slim Foundation. The licence is exclusive for three years and Proteomics International will receive a royalty on all tests sold.

Mexico has one of the highest rates of diabetes in the world, with 13 million adults suffering from the condition. In 2016 the Mexican health ministry declared the diabetes epidemic a national health emergency. Through Patia's network, PromarkerD will initially be introduced to private hospitals and private clinics, and then expanded into government hospitals and Carlos Slim Foundation programs. First sales are anticipated to be in three to five months.

European PromarkerD patent granted for diabetic kidney disease

[ASX: 19 April] Proteomics International continued to strengthen its intellectual property position with the grant of a patent for PromarkerD in the major European countries of Britain, Germany, France, Italy, Spain and Turkey. The patent covers more than 400 million people across the six countries, or 5% of the global population. The European patent came into effect on 21 March 2018 and will extend until 20 September 2031. It complements patents already granted in the USA, Australia, Japan, Russia, Singapore and China.

Key Opinion Leader (KOL) Engagement

[ASX: 21 June] The company attended the American Diabetes Association 78th Scientific Sessions (Orlando, USA) and will continue to engage with industry KOLs to help drive the adoption of PromarkerD in key markets around the world.

Escalating demand for analytical services

Proteomics International's analytical business grew strongly in the fourth quarter exemplified by the recently announced contract with BiosanaPharma for biosimilars (generic protein drugs) quality control testing [ASX: 17 July]. The partnership with Linear Clinical Research for pharmacokinetic (PK) testing for clinical trials [ASX: 15 Nov 2016] also started contributing strongly to sales with the completion of the first PK studies within Proteomics International's laboratories.

FINANCIAL HIGHLIGHTS - Proteomics International approaches cash flow positive

Proteomics International's business model is to continue the commercialisation of PromarkerD whilst using its Promarker™ technology platform to create a pipeline of novel diagnostic tests, and offset the cash burn from R&D and product development through its analytical services revenue, coupled with the R&D tax rebate.

Operating cash inflow from customers increased to \$224,000 for the June quarter (previous \$206,000). Sales for analytical services jumped to \$535,000 (unaudited) for the quarter, as compared to \$628,000 for the first three quarters combined, and current and future orders from analytical services are strong.

There was a net operating cash outflow for the quarter of \$542,000. Expenditure was broadly in line with forecast, with an increase in R&D spending relating to the roll-out of the Laboratory Developed Test version of PromarkerD, and an increase in business development activities.

At 30 June 2018 the company had cash reserves of \$2.5 million. In addition trade receivables were in excess of \$400,000 (FY17 \$215,000). The Company's continued investment in research and development means it also anticipates an R&D Tax Incentive cash rebate of approximately \$900,000, to be received in Q2 FY19.

On an accrued basis the June quarter showed a small accounting loss, with two of the three months profitable (unaudited): income \$630,000; expenses \$885,000; provision for R&D tax incentive \$225,000; net loss \$30,000.

First royalties from the new licences of PromarkerD are expected later in 2018, and will further grow the company's revenue streams.

ENDS

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About Proteomics International Laboratories (PILL) (www.proteomicsinternational.com)

Proteomics International (Perth, Western Australia) is a wholly owned subsidiary and trading name of PILL (ASX: PIQ), a medical technology company 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 Perth's QEII Medical Campus.

Proteomics International's business model is centred on the commercialisation of the company's world-leading test for diabetic kidney disease, PromarkerD, whilst using its proprietary Promarker™ technology platform to create a pipeline of novel diagnostic tests, and offset the cash burn from R&D and product development through its analytical services.

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 Jun 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	224	818
1.2 Payments for		
(a) research & development	(546)	(1,882)
(b) product manufacturing & operating costs	(38)	(176)
(c) advertising & marketing	(35)	(135)
(d) leased assets	0	(59)
(e) staff costs	(164)	(558)
(f) administration & corporate costs	(70)	(339)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	4	27
1.5 Interest & other costs of finance paid	0	(8)
1.6 Income taxes paid	0	(5)
1.7 Government grants & tax incentives	83	1,002
1.8 Other (provide details if material)	0	0
1.9 Net cash from / (used in) operating activities	(542)	(1,315)
2. Cash flows related to investing activities		
2.1 Payments to acquire:		
(a) property, plant & equipment	(121)	(289)
(b) businesses (see item 10)	0	0
(c) investments	0	(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	0	(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	(121)	(321)

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	1,008	3,446
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	(171) 0	(183) 0
3.5 Proceeds from borrowings	0	0
3.6 Repayment of borrowings	(370)	(370)
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	467	2,893

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash & cash equivalents at beginning of quarter / year to date	2,698	1,245
4.2 Net cash from / (used in) operating activities (see 1.9 above)	(542)	(1,315)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(121)	(321)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	467	2,893
4.5 Effect of movement in exchange rates on cash held	0	0
4.6 Cash & cash equivalents at end of quarter	2,502	2,502

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	630	2,326
5.2 Cash deposits	1,872	372
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)	2,502	2,698

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	86
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	39

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 7.1 and 7.2	
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	490
9.2 Product manufacturing & operating costs	40
9.3 Advertising & marketing	50
9.4 Leased assets	0
9.5 Staff costs	160
9.6 Administration & corporate costs	60
9.7 Other (provide details if material)	0
9.8 Total estimated cash outflows	800

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:

30th July 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.