



ASX Release
30 October 2018

ASX code: PIQ

Proteomics International

LABORATORIES LTD

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 2018.

- **Roll-out of world leading PromarkerD predictive test for diabetic kidney disease continues:** test being established in labs of licence partners in the USA and Mexico; new licence in Spain
- **Potential biomarkers discovered for endometriosis and *Giardia*:** development of new diagnostic tests from the Promarker™ pipeline progress to the next stages.
- **Proteomics International targets next generation diagnostics in Europe:** Proteomics International teams up with Irish clinical diagnostics company Atturos
- **Revenue increasing:** major Analytical Services contract secured with BiosanaPharma for specialist testing of biosimilars worth over \$300,000
- **Strong Balance Sheet to support company growth:** receipt of \$928k from asset sale and (post quarter) \$834k from R&D Tax offset

OPERATIONAL HIGHLIGHTS - PromarkerD in commercialisation as Promarker™ pipeline develops

Proteomics International's principal activities fall into three key areas: (i) commercialisation of PromarkerD, (ii) R&D for new diagnostic tests, and (iii) analytical services on a commercial basis.

To implement this strategy Proteomics International is continuing its global roll-out of the world-leading PromarkerD predictive diagnostic test for diabetic kidney disease, now licensed in the USA and Mexico. The company is also expanding the application of its Promarker™ technology platform for biomarker discovery to other chronic diseases with significant unmet medical need: notable during the quarter was the discovery of potential biomarkers for endometriosis and the parasite *Giardia*, and these studies have progressed to the next stage of R&D.

(i) Commercialisation of PromarkerD

PromarkerD in the news

Following the June quarter announcements of licensing deals for Proteomics International's lead diagnostic test in the USA and Mexico [ASX 21 June 2018] the PromarkerD technology appeared in both The Australian and SBS online on 7 September, and in the Australian Financial Review on 8 September 2018.

Proteomics International targets next generation diagnostics in Europe

[ASX: 19 September] Proteomics International and Irish clinical diagnostics company Atturos signed an agreement that will see the two companies expand the use of mass spectrometry for new diagnostic tests. Atturos is a University College Dublin spin out company founded to commercialise the OCProDx test, a pioneering blood test that can determine whether diagnosed prostate cancer is confined to the prostate. Europe is a key commercial target for both OCProDx and PromarkerD. Subsequent to the quarter Proteomics International also licensed PromarkerD to Patia Europe for the Spanish market [ASX: 24 October].

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(ii) Diagnostics

Potential biomarkers discovered for endometriosis and *Giardia*

[ASX: 23 August] Proteomics International discovered several potential biomarkers in the blood that could be used to test for endometriosis, a condition that affects one in ten women in their reproductive years and costs \$12,000 per year for every person diagnosed. The research has now progressed to a proof of concept study to identify candidates with greater statistical confidence. If successful, it may lead to patentable intellectual property.

Development of an improved diagnostic test for the parasite *Giardia* continues in collaboration with Murdoch University Veterinary School and a leading US veterinary company. The test under development is strain specific and could be used to test if pets infected with *Giardia* present a risk to their owners. A proof of concept study is currently underway for this project.

Proteomics International also received ethics approval for a discovery study to identify biomarkers for asthma and chronic obstructive pulmonary disease (COPD), which together cost healthcare systems tens of billions of dollars a year.

(iii) Analytical Services

Revenue increasing with major contract secured from BiosanaPharma

[ASX: 17 July] The company announced an analytical testing contract with BiosanaPharma worth over \$300,000, making it Proteomics International's largest biosimilars contract to date. The study will examine BiosanaPharma's good manufacturing practice (GMP) production run to establish product quality by comparison against existing reference products from around the world.

FINANCIAL HIGHLIGHTS - Proteomics International strengthens Balance Sheet

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. This model continues to make optimum use of the company's resources.

Operating cash inflow from customers increased 62% to \$363,000 for the September quarter (previous \$224,000). Current and future orders from analytical services are strong, and royalty payments that Proteomics International receives from licences for PromarkerD will further enhance future cash flows.

There was a net operating cash outflow for the quarter from operating activities of \$601,000. In light of its strong cash position (see below) the company has increased its expenditure in the following areas:

- Development spending relating to the roll-out of the Laboratory Developed Test (mass spectrometry) version of PromarkerD
- R&D spending relating to the completion of the kit (immunoassay) version of PromarkerD
- Business development and commercialisation costs for the roll-out of PromarkerD

The outflow for the September quarter also includes annual corporate and operating costs which will average out through FY19.

At 30 September 2018 the company had cash reserves of \$2.6 million.

This does not include the R&D Tax Incentive cash rebate of approximately \$834,403 received in October [ASX: 17 October].

Strong Balance Sheet to support company growth

[ASX: 12 September and 5 October] Proteomics International bolstered its balance sheet with \$928,399 received from the sale of its shareholding in CPR Pharma Services. Proteomics International incurs a \$249,000 accounting loss on the transaction (however the MOU with CPR remains in place targeting diagnostics and analytical services for clinical trials [ASX: 2 February]).

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Subsequent to the end of the reporting period Proteomics International also received \$834,403 in R&D Tax Incentive [ASX: 17 October].

Combining the R&D tax offset with the cash sale of its CPR asset and the 100% conversion of quoted PIQO options earlier in the year, Proteomics International now has a strong cash position in excess of \$3 million to support the commercialisation of PromarkerD and development of further diagnostic tests using the Promarker™ technology platform.

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 September 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	363	363
1.2 Payments for		
(a) research & development	(594)	(594)
(b) product manufacturing & operating costs	(64)	(64)
(c) advertising & marketing	(56)	(56)
(d) leased assets	0	0
(e) staff costs	(159)	(159)
(f) administration & corporate costs	(82)	(82)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	6	6
1.5 Interest & other costs of finance paid	(15)	(15)
1.6 Income taxes paid	0	0
1.7 Government grants & tax incentives	0	0
1.8 Other (provide details if material)	0	0
1.9 Net cash from / (used in) operating activities	(601)	(601)
2. Cash flows related to investing activities		
2.1 Payments to acquire:		
(a) property, plant & equipment	(10)	(10)
(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	928	928
(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	918	918

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	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	(39)	(39)
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	(39)	(39)
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash & cash equivalents at beginning of quarter / year to date	2,317	2,317
4.2 Net cash from / (used in) operating activities (see 1.9 above)	(601)	(601)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	918	918
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(39)	(39)
4.5 Effect of movement in exchange rates on cash held	0	0
4.6 Cash & cash equivalents at end of quarter	2,595	2,595
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	1,245	605
5.2 Cash deposits	1,350	1,712
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)	2,595	2,317
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	95	
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	51	
No-Executive directors' remuneration	44	

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	500
9.2 Product manufacturing & operating costs	50
9.3 Advertising & marketing	50
9.4 Leased assets	55
9.5 Staff costs	140
9.6 Administration & corporate costs	55
9.7 Other (provide details if material)	0
9.8 Total estimated cash outflows	850

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 October 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.