

**APPENDIX 4D
HALF-YEAR REPORT TO 31 DECEMBER 2020**



PROTEOMICS INTERNATIONAL LABORATORIES LTD
ACN 169 979 971
and Controlled Entity

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

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 2020.

About Proteomics International Laboratories Ltd (PILL)

Proteomics International Laboratories Ltd (Proteomics International; ASX: PIQ), a medical technology company at the forefront of predictive diagnostics and bio-analytical services. Proteomics International's business model centres on the commercialisation of the company's world-leading predictive test for diabetic kidney disease, PromarkerD. The Company offsets the cash burn from R&D and product development through provision of specialist analytical services, whilst using its proprietary Promarker™ technology platform to create a pipeline of novel diagnostic tests.

www.proteomicsinternational.com

FOR FURTHER INFORMATION PLEASE CONTACT

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Appendix 4D

Half Year Report for the six months to 31 December 2020

PROTEOMICS INTERNATIONAL LABORATORIES LTD
ACN 169 979 971

1. Reporting period

Report for the half-year ended	31 December 2020
Previous corresponding period is the half-year ended	31 December 2019

2. Results for announcement to the market

	Change	\$'000
Revenues from operating and other activities (<i>item 2.1</i>)	Down 11% to	840
(Loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up 55% to	(1,868)
Net (loss) for the period attributable to members (<i>item 2.3</i>)	Up 55% to	(1,868)
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

There was a net cash inflow for the half year of \$5,176,323 (2019 half year: net cash inflow \$943,852) due largely to the \$6 million share placement (before transaction costs) and receipts of the R&D Tax Incentive of \$1.1 million.

The Consolidated Statement of Cash Flows shows a net cash outflow from operating activities over the period of \$348,144 (2019: net cash outflow was \$435,596).

At 31 December 2020, the Company had cash reserves of \$7.5 million and current receivables of \$0.5 million.

Operating expenditure was in-line with budget and focused on accelerating the commercialisation of PromarkerD and advancing the Company's diagnostics products pipeline.

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 2020	31 December 2019
Net tangible asset backing per ordinary security	7.9 cents	5.1 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 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 2020**

**FINANCIAL REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2020**

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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 2020 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 2020

The Directors present the financial report of Proteomics International Laboratories Ltd (Proteomics International) for the half-year ended 31 December 2020.

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
Mr Ian Roger Moore	Non-Executive Director
Mr Paul House	Non-Executive Director

REVIEW OF OPERATIONS

The six months to 31 December 2020 saw Proteomics International's principal activities fall into three key areas:

- (i) commercialisation of PromarkerD, the world first predictive test for diabetic kidney disease
- (ii) R&D for new diagnostic tests using the Promarker™ pipeline
- (iii) analytical services on a commercial basis

To implement this strategy, Proteomics International's business model is to focus on 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.

Significant half-year milestones included:

PromarkerD commercialisation

- **PromarkerD validation in multi-centre clinical study:** independent results confirming the effectiveness of the PromarkerD predictive test for diabetic kidney disease were published in the internationally peer-reviewed *Journal of Clinical Medicine* following a joint study with global pharma.
- **First and second distribution agreements for PromarkerD immunoassay test:** Italy and Israel became the first markets for the easy-to-use, high volume technology platform.
- **Regulatory and reimbursement pathways pursued:** the Company is actively engaged with a number of regulatory/reimbursement bodies in several jurisdictions.
- **PromarkerD technical performance results published:** Key Opinion Leader (KOL) engagement continued with the publication of robust assay performance data in two studies in internationally peer-reviewed journals *Clinical Proteomics* and *Proteomes*.
- **Intellectual Property portfolio expands:** patents secured for PromarkerD in Brazil, which has 16.8 million adults with diabetes and Canada, which has 2.8 million. The IP portfolio now includes patents and trademarks covering 273 million (59%) of the world diabetes population.

- **Licence/Distribution discussions for PromarkerD Immunoassay continue:** Proteomics International is in discussions with various prospective partners and continues to receive significant inbound interest for PromarkerD.

Promarker™ pipeline

- **Partnership with QIMR Berghofer Institute to target oesophageal cancer:** collaboration to develop a simple blood test to expand the Promarker™ diagnostics pipeline.

Corporate

- **Heavily-oversubscribed Placement raised \$6 million:** New UK and Australia-based institutions joined the Company's share register.
- **Proteomics International received \$1.1 million in R&D tax incentive:** cash reserves boosted by Australian Government rebate received in October 2020.

Notably the significant strengthening of the Company's balance sheet is providing capital for implementing expansion strategies to accelerate the commercialisation of PromarkerD, and advance the diagnostic products pipeline.

At 31 December 2020 the company had cash reserves of \$7.5 million and current receivables of \$0.5 million.

OPERATING RESULTS

Revenue

Consolidated revenue from continuing operations, grants and other income for the six months to 31 December 2020 was \$840,033 (31 December 2019: \$949,329) a decrease of 11%.

Expenditure

Consolidated expenses for the six months to 31 December 2020 totalled \$2,708,484 (31 December 2019: \$2,150,879) an increase of 25%.

Net position

The Company reported a net loss for the six months to 31 December 2020 of \$1,868,451 (31 December 2019 loss: \$1,201,550).

Net cash flow

Net cash outflow from operating activities over the period was \$348,144 (2019 net cash outflow \$435,596). Net cash outflow from investing activities was \$17,576 (2019: net cash outflow \$1,346,074).

There was a net cash inflow for the half year of \$5,176,323 due to the proceeds of the capital raising of (net) \$5,573,464 (2019: net cash inflow \$943,852).

Cash and cash equivalents amounted to \$7,541,345 as at 31 December 2020 – with receivables of \$524,714 (30 June 2020: cash and cash equivalents was \$2,365,022 with receivables of \$364,587).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

EVENTS OCCURRING AFTER REPORTING PERIOD

Proteomics International filed a pre-submission package with the US Food and Drug Agency (FDA) to progress the regulatory approvals process for PromarkerD.

Other than that outlined above, there has been no other matter or circumstance which has arisen since 31 December 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2020, of the Company,
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2020, of the Company.

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 24th day of February 2021

DECLARATION OF INDEPENDENCE BY NEIL SMITH 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 2020, 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.



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 24 February 2021

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
 COMPREHENSIVE INCOME
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

		Half-Year	
	Note	31 December 2020 \$	31 December 2019 \$
Revenue from continuing operation			
- Services	1(c)	577,188	925,060
- Research grants		20,221	16,740
Other Income			
- COVID-19 grants and subsidies	1(c)	232,168	-
- Profit on sale of fixed assets		6,204	-
- Interest income		4,252	7,529
Total revenue from continuing operations		840,033	949,329
Employment and labour expenses		1,269,777	997,628
Share based payment expense		147,375	-
Depreciation expense		184,057	181,610
Intellectual property maintenance expenses		89,898	40,669
Interest expense		101	8,270
Interest expense - lease liabilities		3,595	5,392
Laboratory supplies		183,392	271,483
Professional fees		529,523	232,660
Travel and marketing expenses		4,717	43,878
Laboratory access fees		50,163	76,307
Realised loss in foreign currency translation		11,769	7
Other expenses		234,117	292,975
Total expenditure		2,708,484	2,150,879
(Loss) before income tax		(1,868,451)	(1,201,550)
Income tax (expense) / benefit		-	-
(Loss) after income tax from continuing operations		(1,868,451)	(1,201,550)
Total comprehensive (loss) attributable to equity holders of Proteomics International Laboratories Ltd		(1,868,451)	(1,201,550)
Basic (loss) per share for the half-year attributable to the members of Proteomics International Laboratories Ltd		(\$0.02)	(\$0.01)
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 AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	7,541,345	2,365,022
Trade and other receivables	4	524,714	364,587
Other assets	5	50,806	1,387,997
TOTAL CURRENT ASSETS		<u>8,116,865</u>	<u>4,117,606</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,179,956	1,308,277
Right-of-use assets	6	95,869	127,825
Intangible assets		1,012	1,012
TOTAL NON-CURRENT ASSETS		<u>1,276,837</u>	<u>1,437,114</u>
TOTAL ASSETS		<u>9,393,702</u>	<u>5,554,720</u>
CURRENT LIABILITIES			
Trade and other payables	8	558,594	447,688
Lease liabilities	10	66,376	63,799
Provisions	9	128,424	110,984
TOTAL CURRENT LIABILITIES		<u>753,394</u>	<u>622,471</u>
NON-CURRENT LIABILITIES			
Trade and other payables	8	215,114	334,803
Lease liabilities	10	35,046	69,044
Provisions	9	99,859	90,501
TOTAL NON-CURRENT LIABILITES		<u>350,019</u>	<u>494,348</u>
TOTAL LIABILITIES		<u>1,103,413</u>	<u>1,116,819</u>
NET ASSETS		<u><u>8,290,289</u></u>	<u><u>4,437,901</u></u>
EQUITY			
Issued capital	11	18,944,882	13,391,543
Reserves		1,011,305	1,054,100
Accumulated losses		(11,665,898)	(10,007,742)
TOTAL EQUITY		<u><u>8,290,289</u></u>	<u><u>4,437,901</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 2020

	Issued Capital Ordinary \$	Reserves \$	(Accumulated Losses) \$	Total Equity \$
Balance as at 1 July 2020	13,391,543	1,054,100	(10,007,742)	4,437,901
Loss for the period	-	-	(1,868,451)	(1,868,451)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(1,868,451)	(1,868,451)
Transactions with Equity Holders in their capacity as Equity Holders				
Equity Issued net of share issue costs	5,553,339	-	-	5,553,339
Reclassification of option reserve	-	(210,295)	210,295	-
Option entitlement issue	-	20,000	-	20,000
Conversion of Options	-	125	-	125
Share based payments expense	-	147,375	-	147,375
	5,553,339	(42,795)	210,295	5,720,839
Balance as at 31 December 2020	18,944,882	1,011,305	(11,665,898)	8,290,289
Balance as at 1 July 2019				
	10,537,267	713,007	(8,263,972)	2,986,302
Loss for the period	-	-	(1,201,550)	(1,201,550)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(1,201,550)	(1,201,550)
Transactions with Equity Holders in their capacity as Equity Holders				
Equity Issued net of share issue costs	2,530,649	-	-	2,530,649
Conversion of Options	65,578	-	-	65,578
Share based payments expense	-	328,623	-	328,623
	2,596,227	328,623	-	2,924,850
Balance as at 31 December 2019	13,133,494	1,041,630	(9,465,522)	4,709,602

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 2020

	31 December 2020 \$	Half-Year 31 December 2019 \$
Cash flows from operating activities		
Receipts from customers and other income	669,460	542,766
Payments to suppliers and employees	(2,156,965)	(2,102,790)
Interest paid	(3,696)	(13,662)
Interest received	4,252	7,529
Withholding tax paid in overseas locations	-	(4,101)
Research and Development tax incentive	1,138,815	1,134,662
	(348,144)	(435,596)
Net cash (outflow) from operating activities		
Cash flows from investing activities		
Payment for property, plant and equipment	(31,741)	(1,346,074)
Proceeds from sale of property, plant and equipment	14,165	-
	(17,576)	(1,346,074)
Net cash inflow (outflow) from investing activities		
Cash flows from financing activities		
Repayment of borrowings	-	(164,931)
Repayment of lease liabilities	(31,421)	(34,400)
Proceeds from issue of shares	5,573,464	2,859,272
Proceeds from the conversion of options	-	65,578
	5,542,043	2,725,522
Net cash inflow (outflow) from financing activities		
Cash and cash equivalents at 1 July	2,365,022	1,511,430
Net increase in cash and cash equivalents	5,176,323	943,852
Cash and cash equivalents at 31 December	7,541,345	2,455,282

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 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report of Proteomics International Laboratories Ltd and its subsidiaries (the Company) was authorised for issue in accordance with a resolution of the Directors on the 24th day of February 2020. This half-year financial report does not include all the information and disclosures required in the annual financial report, and therefore should be read in conjunction with the annual financial report for the year ended 30 June 2020.

The Company is a public company limited by shares and incorporated and domiciled in Australia, and whose shares are traded on the Australian Securities Exchange.

(a) Basis of preparation

The principle accounting policies adopted for the preparation of these half-year financial statements are set out below.

(i) Statement of compliance

The consolidated financial report of the Company for the six months ended 31 December 2020 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

This half-year financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

The Company is a for profit Company for the purpose of preparing the half-year financial statements.

The half-year financial statements of the Company also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

(ii) Basis of measurement

The half-year financial report has been prepared on an accruals basis and are based on historical costs other than investments which are recorded at fair value.

The half-year financial statements are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(b) Significant accounting policies

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(c) Revenue recognition and other income

Revenue is recognised when or as the Company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled.

The following is a description of the principal activities from which the Company generates its revenue and other income:

(i) Grant and equivalent/other income including the Research & Development Tax incentive

Grant and equivalent/other income are recognised at their fair value where it is probable that the grant and equivalent/other income will be received. The Company is eligible to claim, and receive, a tax credit for its R&D activities.

The R&D tax credit received in the six months to December 2020 amounted to \$1,138,815.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Revenue from contracts with customers – Commercialisation of PromarkerD

Revenue from commercialisation of PromarkerD is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a product or service to a customer.

(iii) Revenue from contracts with customers – Sales of Analytical and Other Services

Revenue from the provision of analytical and other services is recognised in the accounting period in which the services are rendered.

If services rendered by the company exceed the payment received, a contract asset is recognised. If the payment received exceeds the services rendered, a contract liability is recognised.

In some circumstances, analytical and other services are bundled together with provision of sales of services and products. The sale of products is a separate performance obligation and transaction price is allocated to the products and services on a relative stand-alone basis.

(iv) Federal and State COVID-19 grants and subsidies

COVID-19 grants and subsidy receipts are recognised as other income rather than offsetting expenses to which they relate.

(d) Joint arrangements

The Company entered into a collaborative joint arrangement with the University of Western Australia during the year ended 30 June 2020 for the expansion and operation of the Western Australian Proteomics Facility.

The collaboration agreement is not structured through a separate entity. Both parties to the arrangement will operate independently with each party maintaining independent rights to the assets of the collaboration and liabilities resulting from activities under the arrangement will be several, and not joint and several. The arrangement has therefore been classified as a joint operation and the Company recognises its direct right to the jointly held assets, liabilities, revenues and expenses in accordance with AASB 11 Joint Arrangements.

(e) Share based payments

Share-based payments compensation benefits are provided to employees, directors and consultants via the issues of shares and/or options.

The fair value of the shares and options granted as compensation benefits are recognised as either a share based payments expense or financial advisory fee in the statement of profit or loss and other comprehensive income with a corresponding increase in the equity in the statement of financial position.

Share-based payments compensation benefits are provided to consultants for capital raising via the issues of shares and/or options.

The fair value of the shares and options granted in relation to capital raisings are recognised as a share based payments expense and offset against equity in the statement of financial position as a transaction cost.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Adoption of new and revised standards

The Company has adopted new and revised Accounting Standards that are mandatory for the current reporting period.

The Directors have also reviewed new and revised standards and interpretations in issue not yet adopted that are relevant to the Company and effective for the reporting periods beginning on or after 1 January 2021.

The Directors have determined that there is no material impact of the new and revised standards and interpretations in issue not yet adopted and therefore no material change is necessary to the Company's accounting policies.

NOTE 2: DIVIDENDS

Since 30 June 2020 no dividend has been paid or declared (31 December 2019: Nil)

	31 December 2020	30 June 2020
	\$	\$
NOTE 3: CASH AND CASH EQUIVALENTS		
Cash at bank	1,491,345	2,315,022
Deposits at call	6,050,000	50,000
Total cash and cash equivalents	<u>7,541,345</u>	<u>2,365,022</u>

NOTE 4: TRADE AND OTHER RECEIVABLES

Trade receivables	524,714	328,662
Other receivables - GST Receivable	-	<u>35,926</u>
Total trade and other receivables	<u>524,714</u>	<u>364,587</u>

(a) Classification of trade and other receivables

Trade receivables 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.

(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.

(c) The Company has adopted the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit loss is deemed to be \$nil (30 June 2020 \$nil).

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

	31 December 2020 \$	30 June 2020 \$
NOTE 5: OTHER ASSETS		
Current:		
Research and development tax incentive	-	1,138,815
Contract asset	-	134,398
Patent fee advances	17,026	-
Unsecured Loans (i)	-	57,500
Prepayments (ii)	<u>33,780</u>	<u>57,284</u>
	<u>50,806</u>	<u>1,387,997</u>

(i) unsecured loans to selected employees.

(ii) comprises prepaid insurance, subscription and travel/conference costs.

NOTE 6: RIGHT-OF-USE ASSET

Right-of-use asset	191,737	191,737
Accumulated depreciation	<u>(95,868)</u>	<u>(63,912)</u>
	<u>95,869</u>	<u>127,825</u>

The Company entered into a facility licence agreement with the Harry Perkins Institute of Medical Research, whereby the Company was granted the right to occupy laboratory and office premises for a period of three years commencing 1 July 2019.

The Company has recognised this as a right-of-use asset.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

Cost (i)	2,273,609	2,257,098
Accumulated depreciation	<u>(1,093,653)</u>	<u>(948,821)</u>
	<u>1,179,956</u>	<u>1,308,277</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

	31 December 2020 \$	30 June 2020 \$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT (continued)		
Reconciliation:		
Opening net book value	1,308,277	213,677
Additions	31,741	1,394,936
Disposals	(14,165)	-
Profit on sale	6,204	-
Depreciation charge	<u>(152,101)</u>	<u>(299,796)</u>
Closing Net Book Value	<u>1,179,956</u>	<u>1,308,277</u>

(i) includes capitalised leased assets

NOTE 8: TRADE AND OTHER PAYABLES

Current:

Trade payables	108,068	181,996
Other payables	165,944	77,940
Deferred Grant Income	<u>284,582</u>	<u>187,752</u>
	<u>558,594</u>	<u>447,688</u>

Non-current:

Deferred Grant Income	<u>215,114</u>	<u>334,803</u>
	<u>215,114</u>	<u>334,803</u>

(a) Classification of trade and other payables

Trade payables are unsecured and are usually paid within 60 days of recognition and therefore classified as current.

(b) Fair value of trade and other payables

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

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

	31 December 2020 \$	30 June 2020 \$
NOTE 9: PROVISIONS		
Current:		
Fringe Benefits tax	771	456
Employee benefits – annual leave	<u>127,653</u>	<u>110,528</u>
	<u>128,424</u>	<u>110,984</u>
Non-Current:		
Employee benefits – long service leave	<u>99,859</u>	<u>90,501</u>
 NOTE 10: LEASE LIABILITY		
Current:		
Lease liability	<u>66,376</u>	<u>63,799</u>
Non-Current:		
Lease liability	<u>35,046</u>	<u>69,044</u>

The Company entered into a facility licence agreement with the Harry Perkins Institute of Medical Research, whereby the Company was granted the right to occupy laboratory and office premises commencing 1 July 2019. The Company has recognised a lease liability as at 30 June 2020 and 31 December 2020.

NOTE 11: ISSUED CAPITAL

	31 December 2020 Shares	30 June 2020 Shares	31 December 2020 \$	30 June 2020 \$
Ordinary Shares	104,905,875	92,405,875	18,944,882	13,391,543

Movements in share capital

Date	Details	Number of Shares	\$
01/07/2020	Opening balance	92,405,875	13,391,543
23/10/2020	Issue of shares (i)	12,500,000	6,000,000
	Less: Transaction costs		<u>(446,661)</u>
31/12/2020	Closing balance	104,905,875	18,944,882

(i) Issued following placement to UK and Australian-based institutions, sophisticated and professional investors.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

NOTE 11: ISSUED CAPITAL (continued)

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 12: OPTIONS

(a) Options - Issued

	31 December 2020 Number of Options	30 June 2020 Number of Options
Options exercisable at \$0.50 each	400,000	400,000
Options exercisable at \$0.50 each	3,040,279	3,040,279
Options exercisable at \$0.50 each	550,000	550,000
Options exercisable at \$0.50 each	1,250,000	-
Options exercisable at \$0.67 each	400,000	400,000
Total issued options	5,640,279	4,390,279

Movements in options issued

Date	Details	Average exercise price	Number of options
1/07/2020	Opening balance	\$0.46	4,390,279
18/08/2020	Options issued (v)	\$0.50	1,250,000
31/12/2020	Closing balance	\$0.47	5,640,279

Issued options outstanding as at 31 December 2020 have the following expiry date and exercise price:

Grant Date	Expiry Date	Exercise Price	No. Options
21/11/2018 (i)	22/11/2021	\$0.50	400,000
21/11/2018 (ii)	22/11/2022	\$0.67	400,000
27/03/2020 (iii)	27/03/2023	\$0.50	3,040,000
11/05/2020 (iv)	01/05/2023	\$0.50	550,000
18/08/2020 (v)	18/08/2023	\$0.50	1,250,000

- (i) Unlisted – Director A options issued to Directors - Terry Sweet, Ian Roger Moore and Paul House – for nil consideration and issued as a reward and incentive.
- (ii) Unlisted – Director B options issued to Directors - Terry Sweet, Ian Roger Moore and Paul House – for nil consideration and issued as a reward and incentive.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

NOTE 12: OPTIONS (continued)

- (iii) Unlisted – issued to corporate advisors – Alto Capital and Adelaide Equity Partners for services provided.
- (iv) Unlisted – employee options issued to employees for nil consideration under an Employee Incentive Option Plan.
- (v) Unlisted – issued to consultant, Candour Advisory Pty Ltd for services provided.

- (v) Fair Value of Corporate Advisory Options – Candour Advisory Pty Ltd.

These options (Corporate Advisory Options) were granted on 22 April 2020 pursuant to the terms of an investor relations and corporate advisory agreement.

Although the issue of these options occurred on 18 August 2020, they have been valued at the grant date, as follows:

Particulars	Candour Advisory Pty Ltd
Number of corporate advisory options	1,250,000
Valuation date	22 April 2020
Expiry date	18 August 2023
Underlying share price used	\$0.29
Exercise price	\$0.50
Risk-free rate	0.27%
Volatility	80%
Dividend yield	nil
Valuation per Option	\$0.118

The value placed on these Corporate Advisory Options is \$147,500 and this share based payment expense is included in statement of profit or loss and other comprehensive income in the period ended 31 December 2020. The Company has used the trinomial 'up-and-in' barrier option pricing model to value the Corporate Advisory Options.

(b) Options - Unissued

	31 December 2020	30 June 2020
	Number of Options	Number of Options
Options exercisable at \$0.50 each	-	1,250,000
Options exercisable at \$0.75 each (i)	1,100,000	-
Options exercisable at \$0.75 each (ii)	1,100,000	-
Total Unissued options	2,200,000	1,250,000

Unissued options outstanding as at 31 December 2020 have the following expiry date and exercise price:

Grant Date	Expiry Date	Exercise Price	No. Options
02/11/2020	02/11/2022	\$0.75	1,100,000
02/11/2020	02/11/2022	\$0.75	1,100,000

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

NOTE 12: OPTIONS (continued)

- (i) Unlisted – issued to Euroz Hartleys Securities Limited, for nil consideration and being for advisory services to be rendered over a six month period following completion of the share placement by the Company in October 2020. The value placed on these options is \$60,000 and represents a cost in relation to the capital raising. An amount of \$20,000 has been expensed as financial advisory fees in the Statement of Profit or Loss and Other Comprehensive Income in the period ended 31 December 2020, with the remaining \$40,000 to be expensed as financial advisory fees in the period to end 30 June 2021.
- (ii) Unlisted – issued to Candour Advisory Pty Ltd, for nil consideration and being for advisory services rendered in relation to the share placement by the Company in October 2020. The value placed on these options is \$60,000 and represents a cost in relation to the capital raising, and as such, this share based payment is included in share issue costs in the period ended 31 December 2020.

NOTE 13: RELATED PARTIES

There were no transactions with related parties in the period to 31 December 2020.

NOTE 14: COMMITMENTS

Commitments are consistent with those disclosed in the 30 June 2020 annual report.

NOTE 15: CONTINGENT LIABILITIES

The Company is not aware of any material contingent liabilities as at 31 December 2020.

NOTE 16: EVENTS OCCURRING AFTER REPORTING PERIOD

Proteomics International filed a pre-submission package with the US Food and Drug Agency (FDA) to progress regulatory approvals for PromarkerD.

The impacts of the coronavirus SARS-CoV-2 and COVID-19 pandemic (COVID-19) on the Company's operations is being monitored. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is changeable and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Other than that outlined above, there has been no other matter or circumstance which has arisen since 31 December 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2020, of the Company,
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2020, of the Company.

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 2020 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 24th day of February 2021.

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 2020, 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, and 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 2020 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 the *Corporations Regulations 2001*.

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 2020 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 black ink, appearing to read 'Neil Smith'. The signature is written in a cursive style with a large loop at the end.

Neil Smith

Director

Perth, 24 February 2021