



APPENDIX 4D HALF-YEAR REPORT TO 31 DECEMBER 2021

PROTEOMICS INTERNATIONAL LABORATORIES LTD ACN 169 979 971 and Controlled Entities

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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 2021.

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

Dr Richard Lipscombe, *Managing Director*: +61 8 9389 1992

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Dirk van Dissel, *Investor Relations*: +61 408 326 367



Appendix 4D

Half Year Report for the six months to 31 December 2021

PROTEOMICS INTERNATIONAL LABORATORIES LTD
ACN 169 979 971

1. Reporting period

Report for the half-year ended	31 December 2021
Previous corresponding period is the half-year ended	31 December 2020

2. Results for announcement to the market

	Change	\$'000
Revenues from operating and other activities (<i>item 2.1</i>)	Down 23% to	650
(Loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up 69% to	(3,162)
Net (loss) for the period attributable to members (<i>item 2.3</i>)	Up 69% to	(3,162)
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

Consolidated revenue from continuing operations, grants and other income for the six months to 31 December 2021 was \$650,193 (31 December 2020: \$840,033) a decrease of 23%. Revenues from Services was \$631,241, 9% higher than the same period last year (2020: \$577,188).

The Consolidated Statement of Cash Flows shows a net cash outflow for the half year of \$1,055,251 (2020 half year: net cash inflow \$5,176,323 – due to the proceeds of a capital raising). Net cash outflow from operating activities over the period of \$1,183,182 (2020: net cash outflow was \$348,144).

Operating expenditure focused on accelerating the commercialisation of PromarkerD and advancing the Company's diagnostics products pipeline.

At 31 December 2021, the Company had cash reserves of \$4.5 million and current receivables of \$0.2 million.

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 2021	31 December 2020
Net tangible asset backing per ordinary security	4.6 cents	7.9 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

ACN: 169 979 971

INTERIM REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2021**

**INTERIM REPORT FOR THE HALF-YEAR ENDED
31 DECEMBER 2021****TABLE OF CONTENTS**

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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 2021 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 2021

The Directors present the financial report of Proteomics International Laboratories Ltd (Proteomics International) for the half-year ended 31 December 2021.

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 Neville Gardiner	Non-Executive Chair (appointed 16 November 2021)
Dr Richard Lipscombe	Managing Director
Mr Ian Roger Moore	Non-Executive Director
Mr Paul House	Non-Executive Director
Dr Robyn Elliot	Non-Executive Director (appointed 16 November 2021)

Mr Terry Sweet retired as a Non-Executive Director on 25 November 2021.

REVIEW OF OPERATIONS

The six months to 31 December 2021 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 significantly outperforms standard of care tests in predicting future kidney function decline:** A clinical study showed PromarkerD identified 84% of patients who declined – all of whom were missed by current gold standard tests.
- **Diabetes treatment lowers PromarkerD risk score (Janssen Stage 2 results):** Strong positive results from a study with US pharmaceutical company Janssen have shown that the gliflozin class of drugs offer a new treatment option for patients identified by PromarkerD as high-risk for diabetic kidney disease (DKD).
- **Clinical utility study demonstrated appeal of PromarkerD testing to clinicians:** Survey found PromarkerD significantly impacts physicians' prescribing and monitoring decisions, helping to inform treatment decisions to improve clinical outcomes for patients.
- **FDA advised regulatory pathway for PromarkerD in US:** PromarkerD test system to follow a De Novo classification pathway for regulatory approval.

- **Northern Hemisphere manufacturers engaged for PromarkerD Immunoassay test:** Production plans for the PromarkerD assay advanced with manufacturing specialists Biotem and Abcam engaged for large scale production of the test as global sales grow.
- **PromarkerD distribution network expanded to Britain:** Distribution agreement with Apacor Limited (UK) to bring PromarkerD test to patients in England, Scotland and Wales.

Promarker™ pipeline and Analytical Services

- **Diagnostics pipeline advanced – Collaboration to develop test for endometriosis:** Proteomics International's rich pipeline of new intellectual property in development was exemplified by a partnership with the University of Melbourne and the Royal Women's Hospital to advance the Company's potential new blood test for endometriosis.
- **Proteomics International secured major analytical services contract for pharmacokinetic testing:** circa \$400,000 contract sees the Company test a novel drug for degenerative and inflammatory diseases.

Corporate

- **R&D tax incentive and manufacturing funding:** Cash reserves further strengthened by \$1.2 million in research and development tax incentive and \$100,000 manufacturing voucher.
- **Director appointments:** Dr Robyn Elliot and Neville Gardiner welcomed to the Board as independent, non-executive Directors.

OPERATING RESULTS

Revenue

Consolidated revenue from continuing operations, grants and other income for the six months to 31 December 2021 was \$650,193 (31 December 2020: \$840,033) a decrease of 23% reflecting the COVID-19 subsidies received in the six months ended 31 December 2020. Revenues from Services was \$631,241, 9% higher than the same period last year (2020: \$577,188).

Expenditure

Consolidated expenses for the six months to 31 December 2021 totalled \$3,812,579 (31 December 2020: \$2,708,484) an increase of 41% due to the ramp up of commercialisation of PromarkerD and other Research and Development activities.

Net position

The Company reported a net loss for the six months to 31 December 2021 of \$3,162,386 (31 December 2020 loss: \$1,868,451).

Net cash flow

Net cash outflow from operating activities over the period was \$1,183,182 (2020 net cash outflow \$348,144). Net cash outflow from investing activities was \$60,009 (2020: net cash outflow \$17,576).

There was a net cash outflow for the half year of \$1,055,251 (2020: net cash inflow \$5,176,323 - due to the proceeds of a capital raising).

Cash and cash equivalents amounted to \$4,549,583 as at 31 December 2021 – with receivables of \$191,151 (30 June 2021: cash and cash equivalents was \$5,604,834 with receivables of \$258,582).

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

On 4 February 2022, the Company announced that it had successfully completed its validation study with QIMR Berghofer Medical Research Institute. The study identified and validated a panel of protein biomarkers with potential to test for oesophageal adenocarcinoma, the most common form of oesophageal cancer in Australia.

On 7 February 2022, the Company announced that its proof-of-concept study identified multiple protein biomarkers with potential to test for obstructive airway disease, including asthma and chronic obstructive pulmonary disease (COPD).

Other than that outlined above there has been no other matter or circumstance which has arisen since 31 December 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2021, of the Company,
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2021, 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.



Neville Gardiner
Chair

Perth, Western Australia on 24th day of February 2022

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY 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 2021, 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.



Ashleigh Woodley
Director

BDO Audit (WA) Pty Ltd
Perth, 24 February 2022

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

		Half-Year	
	Note	31 December 2021 \$	31 December 2020 \$
Revenue from continuing operation			
- Services	1(c)	631,241	577,188
- Research grants and other income		15,153	20,221
Other Income			
- COVID-19 grants and subsidies		-	232,168
- Profit on sale of fixed assets		-	6,204
- Interest income		3,799	4,252
Total revenue from continuing operations		650,193	840,033
Employment and labour expenses		1,915,775	1,269,777
Share based payment expense		179,574	147,375
Depreciation expense		207,102	184,057
Intellectual property maintenance expenses		42,786	89,898
Interest expense		424	101
Interest expense - lease liabilities		1,649	3,595
Laboratory supplies		674,431	183,392
Professional fees		430,306	529,523
Travel and marketing expenses		33,205	4,717
Laboratory access fees		49,474	50,163
Unrealised (gain) loss in foreign currency translation		(1,907)	11,769
Other expenses		279,760	234,117
Total expenditure		3,812,579	2,708,484
(Loss) before income tax		(3,162,386)	(1,868,451)
Income tax (expense) / benefit		-	-
(Loss) after income tax from continuing operations		(3,162,386)	(1,868,451)
Total comprehensive (loss) attributable to equity holders of Proteomics International Laboratories Ltd		(3,162,386)	(1,868,451)
Basic and diluted (loss) per share for the half-year attributable to the members of Proteomics International Laboratories Ltd		(\$0.03)	(\$0.02)

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 2021

		31 December 2021 \$	30 June 2021 \$
	Note		
CURRENT ASSETS			
Cash and cash equivalents	3	4,549,583	5,604,834
Trade and other receivables	4	221,923	301,048
Other assets	5	103,005	1,431,928
TOTAL CURRENT ASSETS		<u>4,874,511</u>	<u>7,337,810</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,081,739	1,196,876
Right-of-use assets	6	31,957	63,913
Intangible assets		1,012	1,012
TOTAL NON-CURRENT ASSETS		<u>1,114,708</u>	<u>1,261,801</u>
TOTAL ASSETS		<u>5,989,219</u>	<u>8,599,611</u>
CURRENT LIABILITIES			
Trade and other payables	8	411,377	263,687
Deferred income		183,932	270,552
Lease liabilities	10	35,049	69,046
Provisions	9	193,728	175,752
TOTAL CURRENT LIABILITIES		<u>824,086</u>	<u>779,037</u>
NON-CURRENT LIABILITIES			
Deferred income		183,002	99,403
Provisions	9	133,586	111,749
TOTAL NON-CURRENT LIABILITIES		<u>316,588</u>	<u>211,152</u>
TOTAL LIABILITIES		<u>1,140,674</u>	<u>990,189</u>
NET ASSETS		<u><u>4,848,545</u></u>	<u><u>7,609,422</u></u>
EQUITY			
Issued capital	11	19,317,162	19,095,227
Reserves	13	1,350,879	1,171,305
Accumulated losses		(15,819,496)	(12,657,110)
TOTAL EQUITY		<u><u>4,848,545</u></u>	<u><u>7,609,422</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 2021

	Issued Capital Ordinary \$	Reserves \$	(Accumulated Losses) \$	Total Equity \$
Balance as at 1 July 2021	19,095,227	1,171,305	(12,657,110)	7,609,422
(Loss) for the period	-	-	(3,162,386)	(3,162,391)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(3,162,386)	(3,162,391)
Transactions with Equity Holders in their capacity as Equity Holders				
Equity Issued net of share issue costs	221,935	-	-	221,935
Share based payments expense	-	179,574	-	179,574
	221,935	179,574	-	401,509
Balance as at 31 December 2021	19,317,162	1,350,879	(15,819,496)	4,848,545
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

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 2021

	Half-Year
	31 December
	2021
	2020
	\$
	\$
Cash flows from operating activities	
Receipts from customers and other income	727,425
Payments to suppliers and employees	(3,152,489)
Interest paid	(2,073)
Interest received	3,799
Research and Development tax incentive	1,240,156
Net cash (outflow) from operating activities	<u>(1,183,182)</u>
Cash flows from investing activities	
Payment for property, plant and equipment	(60,009)
Proceeds from sale of property, plant and equipment	-
Net cash (outflow) from investing activities	<u>(60,009)</u>
Cash flows from financing activities	
Repayment of lease liabilities	(33,995)
Proceeds from issue of shares	221,935
Proceeds from the conversion of options	-
Net cash inflow from financing activities	<u>187,940</u>
Cash and cash equivalents at 1 July	5,604,834
Net increase (decrease) in cash and cash equivalents	<u>(1,055,251)</u>
Cash and cash equivalents at 31 December	<u><u>4,549,583</u></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 2021

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 2022. 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 2021.

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 2021 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) 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.

The fair value of the shares and options granted in relation to employees and key management personnel are recognised as a share based payments expense in the statement of profit or loss and other comprehensive income 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 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Share based payments (continued)

Share-based payments compensation benefits are provided to employees and key management personnel via performance rights issues.

The fair value of the rights granted under the agreement are recognised as a share based payments expense in the statement of profit or loss and other comprehensive income with a corresponding increase in the equity in the statement of financial position.

(d) 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 July 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 2021 no dividend has been paid or declared (31 December 2020: Nil)

	31 December 2021 \$	30 June 2021 \$
NOTE 3: CASH AND CASH EQUIVALENTS		
Cash at bank	1,549,583	554,834
Deposits at call	<u>3,000,000</u>	<u>5,050,000</u>
Total cash and cash equivalents	<u>4,549,583</u>	<u>5,604,834</u>

NOTE 4: TRADE AND OTHER RECEIVABLES

Trade receivables	351,065	434,170
Less: Expected credit losses (c)	(159,914)	(175,588)
Other receivables - GST Receivable	<u>30,772</u>	<u>42,466</u>
Total trade and other receivables	<u>221,923</u>	<u>301,048</u>

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

NOTE 4: TRADE AND OTHER RECEIVABLES (continued)

(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 calculated to be \$159,914 as at 31 December 2021 (30 June 2021 \$175,588).

	31 December 2021 \$	30 June 2021 \$
NOTE 5: OTHER ASSETS		
Current:		
Research and development tax incentive	-	1,290,899
Patent fee advances	-	10,585
Prepayments (i)	<u>103,005</u>	<u>130,444</u>
	<u>103,005</u>	<u>1,431,928</u>

(i) comprises prepaid insurance, subscription and consulting/professional costs.

NOTE 6: RIGHT-OF-USE ASSET

Right-of-use asset	191,737	191,737
Accumulated depreciation	<u>(159,780)</u>	<u>(127,824)</u>
	<u>31,957</u>	<u>63,913</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.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

	31 December 2021 \$	30 June 2021 \$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Cost (i)	2,507,038	2,447,034
Accumulated depreciation	<u>(1,425,299)</u>	<u>(1,250,158)</u>
Closing Net Book Value	<u>1,081,739</u>	<u>1,196,876</u>
Reconciliation:		
Opening net book value (i)	1,196,876	1,308,277
Additions	60,009	205,166
Disposals	-	(7,961)
Depreciation charge	<u>(175,146)</u>	<u>(308,606)</u>
Closing Net Book Value	<u>1,081,739</u>	<u>1,196,876</u>

(i) includes capitalised leased assets.

NOTE 8: TRADE AND OTHER PAYABLES

Current:

Trade payables	237,822	142,273
Other payables	<u>173,555</u>	<u>121,414</u>
	<u>411,377</u>	<u>263,687</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 2021

	31 December 2021 \$	30 June 2021 \$
NOTE 9: PROVISIONS		
Current:		
Fringe Benefits tax	-	771
Employee benefits – annual leave	<u>193,728</u>	<u>174,981</u>
	<u>193,728</u>	<u>175,752</u>
Non-Current:		
Employee benefits – long service leave	<u>133,586</u>	<u>111,749</u>

NOTE 10: LEASE LIABILITY

Current:		
Lease liability	<u>35,049</u>	<u>69,046</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 2021 and 31 December 2021.

NOTE 11: ISSUED CAPITAL

	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$
Ordinary Shares	105,665,875	105,205,875	19,317,162	19,095,227

Movements in share capital

Date	Details	Number of Shares	\$
01/07/2021	Opening balance	105,205,875	19,095,227
02/08/2021	Exercise of options (i)	50,000	25,000
04/11/2021	Exercise of options (ii)	400,000	200,000
	Less: Transaction costs		<u>(3,065)</u>
31/12/2021	Closing balance	105,655,875	19,317,162

- (i) Corporate Advisors Alto Capital and Adelaide Equity Partners exercised 50,000 options.
- (ii) Director A options exercised by Ian Roger Moore, Terry Sweet and Paul House.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

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 2021	30 June 2021
	Number of Options	Number of Options
Options exercisable at \$0.67 each (i)	400,000	400,000
Options exercisable at \$0.50 each (ii)	2,840,279	2,890,279
Options exercisable at \$0.50 each	-	400,000
Options exercisable at \$0.50 each (iii)	1,250,000	1,250,000
Options exercisable at \$0.50 each (iv)	400,000	400,000
Options exercisable at \$0.75 each (v)	1,100,000	1,100,000
Options exercisable at \$0.75 each (vi)	1,100,000	1,100,000
Options exercisable at \$1.75 each (vii)	500,000	500,000
Options exercisable at \$1.44 each (viii)	300,000	-
Options exercisable at \$1.16 each (ix)	150,000	-
Total issued options	8,040,279	8,040,279

Movements in options issued

Date	Details	Average exercise price	Number of options
01/07/2021	Opening balance	\$0.62	8,040,279
20/07/2021	Options issued	\$1.16	150,000
20/07/2021	Options issued	\$1.44	300,000
02/08/2021	Options exercised	\$0.50	(50,000)
04/11/2021	Options exercised	\$0.50	(400,000)
31/12/2021	Closing balance	\$0.67	8,040,279

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

NOTE 12: OPTIONS (continued)

Issued options outstanding as at 31 December 2021 have the following expiry date and exercise price:

<u>Grant Date</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>No. Options</u>
21/11/2018 (i)	22/11/2022	\$0.67	400,000
27/03/2020 (ii)	27/03/2023	\$0.50	2,840,279
11/05/2020 (iii)	01/05/2023	\$0.50	400,000
18/08/2020 (iv)	18/08/2023	\$0.50	1,250,000
02/11/2020 (v)	02/11/2022	\$0.75	1,100,000
02/11/2020 (vi)	02/11/2022	\$0.75	1,100,000
30/04/2021 (vii)	30/04/2023	\$1.75	500,000
20/07/2021 (viii)	01/06/2024	\$1.44	300,000
20/07/2021 (ix)	12/07/2024	\$1.16	150,000

- (i) 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.
- (ii) Unlisted – issued to corporate advisors – Alto Capital and Adelaide Equity Partners for services provided.
- (iii) Unlisted – employee options issued to employees for nil consideration under an Employee Incentive Option Plan.
- (iv) Unlisted – issued to consultant, Candour Advisory Pty Ltd for services provided.
- (v) Unlisted – issued to consultant, Euroz Hartleys Securities Ltd for services provided.
- (vi) Unlisted – issued to consultant, Candour Advisory Pty Ltd for services provided.
- (vii) Unlisted – issued to consultant, Euroz Hartleys Securities Ltd for services provided.
- (viii) Unlisted – issued to key management personnel (CCO) under Employee Incentive Options Plan.
- (ix) Unlisted – issued to key management personnel (CFO) under Employee Incentive Options Plan.

(viii) Fair Value of Employee Incentive Options – Chief Commercialisation Officer (CCO).

These options were issued on 20 July 2021 pursuant to the terms of an Employee Incentive Options Plan and are issued in tranches of 100,000 options with differing vesting dates.

The assessed fair value at grant date was determined using a Black-Scholes Model with the following key inputs:

<u>Particulars</u>	<u>Tranche 1</u>	<u>Tranche 2</u>	<u>Tranche 3</u>
Number of CCO options	100,000	100,000	100,000
Valuation date	20 July 2021	20 July 2021	20 July 2021
Expiry date	1 June 2024	1 June 2024	1 June 2024
Vesting date	1 June 2022	1 June 2023	1 June 2024
Underlying share price used	\$1.015	\$1.015	\$1.015
Exercise price	\$1.44	\$1.44	\$1.44
Risk-free rate	0.13%	0.13%	0.13%
Volatility	75%	75%	75%
Dividend yield	nil	nil	nil
Valuation per Option	\$0.3905	\$0.3905	\$0.3905

These CCO options will expire on 1 June 2024 (the expiry date) and, once vested, may be exercised at any time prior to the expiry date. Options not so exercised shall lapse on the expiry date.

Total determined value for these CCO options is \$117,142 and the amount allocated to the share based payment expense in the statement of profit or loss and other comprehensive income in the period ended 31 December 2021 is \$32,433.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

NOTE 12: OPTIONS (continued)

(ixi) Fair Value of Employee Incentive Options – Chief Financial Officer (CFO).

These options were issued on 20 July 2021 pursuant to the terms of an Employee Incentive Options Plan and are issued in tranches of 50,000 options with differing vesting dates.

The assessed fair value at grant date was determined using a Black-Scholes Model with the following key inputs:

Particulars	Tranche 1	Tranche 2	Tranche 3
Number of CFO options	50,000	50,000	50,000
Valuation date	20 July 2021	20 July 2021	20 July 2021
Expiry date	12 July 2024	12 July 2024	12 July 2024
Vesting date	12 July 2022	12 July 2023	12 July 2024
Underlying share price used	\$1.015	\$1.015	\$1.015
Exercise price	\$1.16	\$1.16	\$1.16
Risk-free rate	0.13%	0.13%	0.13%
Volatility	75%	75%	75%
Dividend yield	nil	nil	nil
Valuation per Option	\$0.4558	\$0.4558	\$0.4558

These CFO options will expire on 1 June 2024 (the expiry date) and, once vested, may be exercised at any time prior to the expiry date. Options not so exercised shall lapse on the expiry date.

Total determined value for these CFO options is \$68,372 and the amount allocated to the share based payment expense in the statement of profit or loss and other comprehensive income in the period ended 31 December 2021 is \$18,796.

(b) Options - Unissued

	31 December 2021 Number of Options	30 June 2021 Number of Options
Director C Options exercisable at \$1.72 each (i)	375,000	-
Director D Options exercisable at \$2.29 each (ii)	375,000	-
Total Unissued options	750,000	-

Unissued options outstanding as at 31 December 2021 have the following expiry date and exercise price:

Grant Date/Valuation Date	Expiry Date	Exercise Price	No. Options
(i) 31/12/2021	31/12/2024	\$1.72	375,000
(ii) 31/12/2021	31/12/2025	\$2.29	375,000

Fair Value of Director C and Director D Options.

These unissued options were granted 15 November 2021 to newly appointed non-executive directors Dr Elliot and Mr Gardiner as an effective and efficient method of supplementing non-executive director's fees.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

NOTE 12: OPTIONS (continued)

Although these unissued options is subject to shareholder approval at the next AGM date, expected to be 24 November 2022, they have been valued at the grant/valuation date, as follows:

Particulars	Director C	Director D
Number of options	375,000	375,000
Valuation date	31 December 2021	31 December 2021
Expiry date	31 December 2024	31 December 2025
Underlying share price used	\$1.22	\$1.22
Exercise price	\$1.72	\$2.29
Risk-free rate	0.13%	0.13%
Volatility	75%	75%
Dividend yield	nil	nil
Valuation per Option	\$0.4818	\$0.4894

The value placed on these unissued Director C options is \$180,668 and the amount allocated to the share based payment expense in the statement of profit or loss and other comprehensive income in the period ended 31 December 2021 is \$22,221.

The value placed on these unissued Director D options is \$183,584 and the amount allocated to the share based payment expense in the statement of profit or loss and other comprehensive income in the period ended 31 December 2021 is \$22,574.

The Company has used the Simple European Call Option Model to value the Director C and Director D options.

	31 December 2021 \$	30 June 2021 \$
NOTE 13: RESERVES		
Share based payments reserve comprising:		
Payments to consultants	783,666	783,666
Employee share scheme	208,577	208,577
Director A & B options	179,062	179,062
Director C & D options (i)	44,795	-
Options - Key Management Personnel (ii)	51,229	-
Performance Rights - Key Management Personnel (a)	56,171	-
Performance Rights - Employees (b)	<u>27,379</u>	-
	<u>1,350,879</u>	<u>1,171,305</u>

(i) Refer Note 12 (b) for further details

(ii) Refer Note 12 (a) for further details

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

NOTE 13: RESERVES (continued)

(a) Performance Rights issued to Key Management Personnel

<u>Class of performance rights</u>	<u>Number issued to Chief Commercialisation Officer</u>	<u>Number issued to Chief Financial Officer</u>
Tranche 1 performance rights	11,774	11,521
Tranche 2 performance rights	11,774	11,574
Milestone A performance rights	50,000	Nil
Milestone B performance rights	50,000	Nil
Milestone C performance rights	100,000	50,000

Tranche 1 performance rights - subject to continuous service under the Employment Contract – issued on 20 July 2021 and will vest on 1 July 2022.

Tranche 2 performance rights - subject to continuous service under the Employment Contract – issued on 20 July 2021 and will vest on 1 July 2023.

Milestone A performance rights – subject to the receipt of the Company of payment for a specified number of PromarkerD patient tests billed in the USA – issued on 20 July 2021 and will lapse within 3 years of commencement of the employment contract.

Milestone B performance rights – subject to the receipt of the Company of payment for a specified number of PromarkerD patient tests billed for any country (excluding the USA) – issued on 20 July 2021 and will lapse within 3 years of commencement of the employment contract.

Milestone C performance rights – subject to Company achieving an annual net profit target set by the Board and independently verified by the Company's auditors – issued on 20 July 2021 and will lapse after 3 full financial years of commencement of the employment contract.

Each performance right automatically converts into one ordinary share on vesting at an exercise price of nil. The executives do not receive any dividends and are not entitled to vote in relation to the Performance Rights during the vesting period.

If an executive ceases to be employed by the Company within this period, the rights will be forfeited.

The fair value of these performance rights at grant date was estimated by taking the market price of the Company's shares on that date less the present value of expected dividends that will not be received by the executives on their rights during the vesting period. The fair value is estimated at \$301,092 and the amount allocated to the share based payment expense in the statement of profit or loss and other comprehensive income in the period ended 31 December 2021 is \$56,171.

(b) Performance Rights issued to Employees

<u>Class of performance rights</u>	<u>Number</u>
Class A performance rights	47,778
Class B performance rights	47,778
Class C performance rights	47,778

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

NOTE 13: RESERVES (continued)

(b) Performance Rights issued to Employees - continued

Class A performance rights - subject to continuous service under the Employment Contract – issued on 13 December 2021 and will vest on 30 June 2022.

Class B performance rights - subject to continuous service under the Employment Contract – issued on 13 December 2021 and will vest on 30 June 2023.

Class C performance rights - subject to continuous service under the Employment Contract – issued on 13 December 2021 and will vest on 30 June 2024.

The fair value placed on these performance rights is \$161,967 and the amount allocated to the share based payment expense in the statement of profit or loss and other comprehensive income in the period ended 31 December 2021 is \$27,379.

NOTE 14: KEY MANAGEMENT PERSONNEL (KMP) AND RELATED PARTIES

Other than the CCO and CFO options outlined at note 12(a) above, the Performance Rights to KMP outlined at note 13 (a) above, and the Director C and D options outlined at note 12 (b) above, there were no other transactions with KMP or related parties in the period to 31 December 2021.

NOTE 15: COMMITMENTS

Commitments are consistent with those disclosed in the 30 June 2021 annual report.

NOTE 16: CONTINGENT LIABILITIES

The Company is not aware of any material contingent liabilities as at 31 December 2021.

NOTE 17: EVENTS OCCURRING AFTER REPORTING PERIOD

On 4 February 2022, the Company announced that it had successfully completed its validation study with QIMR Berghofer Medical Research Institute. The study identified and validated a panel of protein biomarkers with potential to test for oesophageal adenocarcinoma, the most common form of oesophageal cancer in Australia.

On 7 February 2022, the Company announced that its proof-of-concept study identified multiple protein biomarkers with potential to test for obstructive airway disease, including asthma and chronic obstructive pulmonary disease (COPD).

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 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2021, of the Company,
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2021, 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 2021 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 Chief Financial Officer 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.



Neville Gardiner
Chairman

Dated at Perth, Western Australia this 24th day of February 2022.

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 2021, 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 ended on that date, a summary of significant 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2022 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*.

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.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink. The signature starts with the letters 'BDO' in a stylized, cursive-like font. Below this, there is a large, fluid signature that appears to read 'Ashleigh Woodley'.

Ashleigh Woodley

Director

Perth, 24 February 2022