



**Proteomics International**  
LABORATORIES LTD

ASX Release  
25 January 2017

ASX code: PIQ

## Quarterly Business Update

Medtech company Proteomics International Laboratories Ltd (ASX: PIQ) (PILL) is pleased to provide the following update on its business activities for the three month period to 31 December 2016.

PILL is now strongly positioned for growth following a successful capital raising and important developments in both its diagnostic and analytics operations. PILL's breakthrough diagnostic test for diabetic kidney disease, PromarkerD, has demonstrated improved ability to predict a clinically significant decline in kidney function. Commercialisation of the test also progressed with the signing of a production contract. In parallel, the company's analytical services revenue has the potential to double thanks to a new deal to offer specialist analytical testing services for clinical trials.

### Financial Highlights

Half year revenue from all services showed a 38% increase compared to the same period last year, and sales from analytical services remained strong in the December quarter. Net operating cash outflow for the quarter was \$434,000 due in part to an increase in receivables, however, annual expenditure remains on budget.

PILL strengthened its balance sheet with a \$2 million capital raising (before costs). R&D expenditure remained steady and the year to date spend of \$779,000 is eligible for the 43.5% R&D tax offset in the next financial year.

### Operational Highlights

- **Placement and Share Purchase Plan oversubscribed:** Raising a combined \$2 million.
- **Diabetic kidney disease test, PromarkerD, shows improved predictive ability:** Ongoing studies demonstrate further positive results.
- **PromarkerD test kit production deal signed:** Monash Antibody Technologies Facility to produce custom antibodies in strategic commercialisation milestone.
- **Diabetic kidney disease patent granted in Russia:** Russian Federation has the fifth largest number of adults with diabetes in the world.
- **Proteomics International and Linear offer end-to-end testing and clinical trials:** New service has the potential to double PILL's analytical services revenue.
- **Proteomics International wins WA Exporter of the Year award:** Edges out Fortescue Metals Group and shipbuilding giant Austal to take the top prize.

### Placement and Share Purchase Plan oversubscribed

PILL raised \$2 million through a Placement and Share Purchase Plan to accelerate significant developments in its diagnostics and analytical services operations. The oversubscribed Placement raised \$1.44 million with support from existing and new investors. The Share Purchase Plan also received overwhelming support from existing shareholders, and was 36% oversubscribed before scale-backs were applied.

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The funds are being used to support the commercialisation and product development of PILL's flagship diagnostic product PromarkerD, to speed the roll-out of PILL's new analytical testing services for the fast-growing clinical trials market, and for working capital. The additional cash reserves available due to the over-subscription will also allow the company to further strengthen its balance sheet by making a partial repayment of loans advanced by directors of approximately \$65,000.

#### **Diabetic kidney disease test, PromarkerD shows improved predictive ability**

Further positive results from clinical studies confirmed PromarkerD is able to predict diabetic kidney disease up to four years in advance across all major clinical definitions of rapid decline in kidney function.

In a four year 576 person clinical study PILL has shown PromarkerD can correctly predict 95% of the previously kidney disease-free diabetic patients who go on to develop chronic kidney disease. There is currently no available test for predicting the onset of diabetic kidney disease.

PromarkerD can also diagnose diabetic patients already suffering from chronic kidney disease that the current standard tests miss. The results were presented at the International Conference on Functional and Interaction Proteomics: Application in Food and Health in New Delhi, India.

#### **PromarkerD test kit production deal signed**

PILL signed a production contract with Monash Antibody Technologies Facility, marking a strategic milestone in the commercialisation pathway for PromarkerD. The facility will produce the custom antibodies needed for a multiplex ELISA (Enzyme-linked immunosorbent assay), which is the precursor to a pathology lab In vitro Diagnostic (IVD) test.

The deal represents the culmination of a detailed evaluation of global manufacturing options and the required make-up of the kit's components. In undertaking its own development pathway for PromarkerD as an IVD test kit, in conjunction with ongoing partnering and licensing discussions, PILL has multiple, complementary commercialisation pathways for PromarkerD as a Laboratory Developed Test (LDT), standard clinical pathology IVD test and Companion Diagnostic (CDx).

#### **Diabetic kidney disease patent granted in Russia**

PILL was granted a patent for PromarkerD in the Russian Federation. Russia has the fifth largest number of adults with diabetes in the world (16.6 million), behind China, India, the USA and Brazil. The patent came into effect on August 10, 2016, and will extend until September 20, 2031. Patent protection for PromarkerD has already been granted in the USA, Australia, Singapore and China, with patents pending in other major global jurisdictions.

#### **Proteomics International and Linear offer end-to-end testing and clinical trials**

PILL signed a partnership agreement with Linear Clinical to offer a comprehensive analytical testing and clinical trial package. The new service targets the fast-growing biopharmaceuticals and oncology markets, and has the potential to double PILL's analytical services revenue.

Commencing in Q3 FY17, PILL will offer advanced bioanalytical testing for clinical trials performed at Linear. The company will test the patient response to drugs (pharmacokinetic testing), analysing blood samples to determine how long a drug stays in a person's system. It will become one of only three companies to provide this specialist testing in Australia.

#### **Proteomics International wins WA Exporter of the Year award**

PILL's outstanding international success was recognised with the award of State Exporter of the Year at the Western Australian Industry and Export Awards in October. The company beat Fortescue Metals Group and shipbuilding giant Austal to take out the top prize, and also won the Health and Biotechnology category for the second year running.

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**About Proteomics International Laboratories (PILL)**

Proteomics International is a wholly owned subsidiary and trading name of PILL (ASX: PIQ), a medical technology company focused on proteomics – the industrial scale study of the structure and function of proteins. In the last few years, proteins have become the drug class of choice for the pharmaceutical industry because of their intimate role in biological systems. Thus proteomics technology is now playing a key role in understanding disease, from finding new diagnostic biomarkers to determining drug targets, and discovering new biopharmaceutical drugs.

PILL is recognised as a global leader in the field of proteomics. It received the world's first ISO 17025 laboratory accreditation for proteomics services, and operates from state-of-the art facilities at the Harry Perkins Institute of Medical Research in Perth, Western Australia. The company's business model uses its proprietary technology platform across three integrated areas, each massive growth markets:

- 1. Diagnostics:** Biomarkers of disease and personalised medicine - focus on diabetic kidney disease.  
By 2020 the biomarkers market is estimated to double in size to \$45.6 billion, and the personalised medicine market is forecast to be worth over \$149 billion.
- 2. Analytical services:** Specialist contract research fee-for-service model – focus on biosimilars QC.  
The global biosimilars market is expected to reach \$6.2 billion by 2020, almost trebling from its 2015 level, as it seeks to replicate the multiple billion dollar blockbuster drugs that are coming off patent.
- 3. Drug discovery:** Therapeutic peptide drug discovery - focus on painkillers and antibiotics.  
The global peptide therapeutics market is currently estimated to be worth \$18 billion and is expected to increase by over 10% per year during 2016-2025.

In combination these areas offer, respectively, medium term products, near term cash flow, and blue sky potential by harnessing one complementary workflow centred on proteins.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

**Proteomics International Laboratories Ltd**

**ABN**

**78 169 979 971**

**Quarter ended ("current quarter")**

**31 December 2016**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	225	465
1.2 Payments for		
(a) research and development	(390)	(779)
(b) product manufacturing and operating costs	(21)	(61)
(c) advertising and marketing	(54)	(85)
(d) leased assets	(28)	(53)
(e) staff costs	(132)	(373)
(f) administration and corporate costs	(37)	(158)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	572
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(434)</b>	<b>(464)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	2,013	2,013
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(88)	(88)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>1,925</b>	<b>1,925</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	880	910
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(434)	(464)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,925	1,925

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>2,371</b>	<b>2,371</b>

5.	Reconciliation of cash and 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 balances	1,973	484
5.2	Call deposits	398	396
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,371</b>	<b>880</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

67

-

Executive director remuneration	43
Non-executive directors' remuneration	24

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

N/A

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
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. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	490
9.2 Product manufacturing and operating costs	60
9.3 Advertising and marketing	57
9.4 Leased assets	28
9.5 Staff costs	155
9.6 Administration and corporate costs	37
9.7 Other (provide details if material)	450
<b>9.8 Total estimated cash outflows</b>	<b>1299</b>

Note


9.7 Equipment purchases for analytical services (\$385,000) and loan repayments (\$65,000)

10. <b>Acquisitions and disposals of business entities</b> <b>(items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity	-	-
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:

  
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**Managing Director**

Date: **25 January 2017**

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.