



# Proteomics International

LABORATORIES LTD

ASX Release  
27 April 2017  
ASX code: PIQ

## Quarterly Business Update

Medical technology company Proteomics International Laboratories Ltd (ASX: PIQ) (PILL), a leader in predictive diagnostics, is pleased to provide the following update on its business activities for the three month period to 31 March 2017.

PILL has passed significant milestones during the quarter for the company's flagship diagnostic product, the PromarkerD predictive test for diabetic kidney disease. PromarkerD was identified in an independent Frost & Sullivan report as the world leader in diagnostics for diabetic kidney disease, and the test achieved an important validation step with the publication of data underpinning the test. PILL also advanced its commercialisation of the test with its manufacturing and licence partners.

### Financial Highlights

Year to date revenue from all services showed a 40% increase compared to the same period last year and sales from analytical services remained strong in the March quarter. Net operating cash outflow for the quarter was \$463,000 as the company increased its activities for the commercialisation and product development of PromarkerD, and moved towards the roll-out of new analytical services for the clinical trials market. Expenditure was less than forecast due to the leasing of new equipment rather than its purchase. Annual expenditure remains on budget.

R&D expenditure remained steady reflecting PILL's continued activities in developing the PromarkerD prototype alongside research on new diagnostics tests in areas of unmet medical need, and improvements to its disruptive technology platform to provide cutting-edge analytical services. The year to date spend of \$1,183,000 is eligible for the 43.5% R&D tax offset in the next financial year.

### Operational Highlights

- **Independent report identifies PromarkerD as world leading test for diabetic kidney disease:** Frost & Sullivan singled out PILL as the world leader in diagnostics for diabetic kidney disease.
- **PromarkerD test validated by peer-reviewed scientific journal:** Independent review by scientific experts provides a validation of the test and its global applicability.
- **PromarkerD to roll-out in Asia:** Managing director Dr Richard Lipscombe showcased the company's disruptive technology in Shanghai, Hong Kong and Singapore.
- **PILL presented a comprehensive update on PromarkerD commercialisation progress:** Detailed update covers Key Opinion Leader engagement, manufacturing progress, strengthened IP protection, and timeline for sales.
- **Independent Investment Research initiated coverage – releases equity research:** Research report concludes significant upside in both PILL's current and potential future valuations.

Proteomics International Laboratories Ltd

ABN 78 169 979 971

Box 3008, Broadway, Nedlands, WA 6009, Australia

T: +61 8 9389 1992 | E: [enquiries@proteomicsinternational.com](mailto:enquiries@proteomicsinternational.com) | W: [www.proteomicsinternational.com](http://www.proteomicsinternational.com)

### **Independent report identifies PromarkerD as world leading test for diabetic kidney disease**

An independent report by respected research house Frost & Sullivan singled out PILL as the world leader in diagnostics for diabetic kidney disease. The March report, titled *Biomarkers Enabling Diabetes and Obesity Management*, says novel biomarker research “is likely to transform the future of obesity and diabetes management”. It goes on to highlight PromarkerD, PILL’s novel test for diabetic kidney disease, noting its “high adoption potential”. There is currently no available test for predicting the onset of diabetic kidney disease and Frost & Sullivan suggest PILL is one of only two companies in the world developing such a test.

### **PromarkerD test validated by peer-reviewed scientific journal**

The PromarkerD diagnostic test for diabetic kidney disease achieved an important validation step with the publication of data underpinning the test. The publication in February followed an independent review by scientific experts and provides a validation of the test and its global applicability.

The published research proves the efficacy of the process used to develop and test PILL’s PromarkerD protein ‘fingerprint’ that detects the onset of kidney disease in patients with diabetes, to produce a novel diagnostic test that outperforms current gold standards (the ACR and eGFR tests). It was published in the peer-reviewed scientific journal *EuPA Open Proteomics*, the official journal of the European Proteomics Association (EuPA).

### **PromarkerD to roll-out in Asia with China and Singapore patents and commercialisation partners**

PILL has advanced discussions with commercialisation partners in China, Hong Kong and Singapore to bring PromarkerD to the Asian market. Managing director Dr Richard Lipscombe showcased PromarkerD at the China-Australia Biotech Investment forum in Shanghai in March, off the back of the Frost & Sullivan report identifying PILL as the world leader and publication of the data associated with PromarkerD. Today there are 231 million people living with diabetes in Asia alone. PILL has already been granted patents for PromarkerD in China, Singapore, Russia, Australia and the USA.

### **PILL presents comprehensive update on PromarkerD commercialisation progress**

PILL released a detailed update on commercialisation progress for its predictive diagnostic test PromarkerD. The detailed update covers receipt of the first licensing income for PromarkerD, key patents secured and market size, study results and licensing discussions, and lays out the timeline for clinical laboratory prototype manufacture and first commercial sales of the test.

### **Independent Investment Research (IIR) initiated coverage – releases equity research**

IIR is an independent investment research house based in Australia and the United States specialising in the analysis of high quality commissioned research for Brokers, Family Offices and Fund Managers. The IIR report reviews the PILL business model and concludes there is significant discount in the company’s current valuation based on sum of parts and risk adjusted valuation models. The report further stated “the breakthrough diagnostic test (PromarkerD) has the potential to provide PILL with significant upside value”, and went on to reflect “the potential (of PromarkerD) to reduce the occurrence of kidney failure in diabetics and reduce the billions of dollars spent on the treatment of chronic kidney disease worldwide.”

ENDS

### **For further information please contact:**

Dr Richard Lipscombe  
Managing Director  
Proteomics International Laboratories Ltd  
T: +61 8 9389 1992  
E: [enquiries@proteomicsinternational.com](mailto:enquiries@proteomicsinternational.com)  
[www.proteomicsinternational.com](http://www.proteomicsinternational.com)

Susan Fitzpatrick-Napier [Media Contact]  
Digital Mantra Group  
T: +61 2 8218 2144  
E: [team@dmgpr.com](mailto:team@dmgpr.com)

**Proteomics International Laboratories Ltd**

ABN 78 169 979 971

Box 3008, Broadway, Nedlands, WA 6009, Australia

T: +61 8 9389 1992 | E: [enquiries@proteomicsinternational.com](mailto:enquiries@proteomicsinternational.com) | W: [www.proteomicsinternational.com](http://www.proteomicsinternational.com)

Greg Wood [Corporate Advisor]  
Managing Director  
K S Capital  
T: +61 416 076 377  
E: [g.wood@kscapital.com.au](mailto:g.wood@kscapital.com.au)

### **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 harnesses its proprietary technology platform to work 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.

## Appendix 4C

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

**Name of entity**

**Proteomics International Laboratories Ltd**

**ABN**

**78 169 979 971**

**Quarter ending ("current quarter")**

**31 March 2017**

<b>Consolidated statement of cash flows</b>	<b>Current Quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows related to operating activities</b>		
1.1 Receipts from Customers	226	690
1.2 Payments for		
(a) research & development	(404)	(1,183)
(b) product manufacturing & operating costs	(38)	(99)
(c) advertising & marketing	(45)	(130)
(d) leased assets	(52)	(105)
(e) staff costs	(112)	(485)
(f) administration & corporate costs	(42)	(199)
1.3 Dividends received (see note 3)	0	0
1.4 Interest received	4	12
1.5 Interest & other costs of finance paid	0	0
1.6 Income taxes paid	0	0
1.7 Government grants & tax incentives	0	572
1.8 Other (provide details if material)	0	0
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(463)</b>	<b>(927)</b>
<b>2. Cash flows related to investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant & equipment	(9)	(9)
(b) businesses (see item 10)	0	0
(c) investments	0	0
(d) intellectual property	0	0
(e) other non-current assets	0	0
2.2 Proceeds from disposal of:		
(a) property, plant & equipment	0	0
(b) businesses (see item 10)	0	0
(c) investments	0	0
(d) intellectual property	0	0
(e) other non-current assets	0	0

<b>Consolidated statement of cash flows</b>	<b>Current Quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
2.3 Cash flows from loans to other entities	0	0
2.4 Dividends received (see note 3)	0	0
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(9)</b>	<b>(9)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	0	2013
3.2 Proceeds from issue of convertible notes	0	0
3.3 Proceeds from exercise of share options	0	0
3.4 Transaction costs related to issues of shares, convertible notes or options	0	(88)
3.5 Proceeds from borrowings	0	0
3.6 Repayment of borrowings	(75)	(75)
3.7 Transaction costs related to loans & borrowings	0	0
3.8 Dividends paid	0	0
3.9 Other (provide details if material)	0	0
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(75)</b>	<b>1850</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash & cash equivalents at beginning of quarter / year to date	2,371	910
4.2 Net cash from / (used in) operating activities (see 1.9 above)	(463)	(927)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(9)	(9)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(75)	1,850
4.5 Effect of movement in exchange rates on cash held	0	0
<b>4.6 Net cash from / (used in) financing activities</b>	<b>1,824</b>	<b>1,824</b>

<b>5. Reconciliation of cash &amp; cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</b>	<b>Current Quarter \$A'000</b>	<b>Previous Quarter \$A'000</b>
5.1 Bank balance	218	1,973
5.2 Cash deposits	1,606	398
5.3 Bank overdrafts	0	0
5.4 Other (provide details)	0	0
<b>5.5 Cash &amp; cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,824</b>	<b>2,371</b>

<b>6. Payments to directors of the entity &amp; their associates</b>	<b>Current Quarter \$A,000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	77
6.1 Aggregate amount of cash flow from loans to these parties included in item 2.3	0

6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
	Executive director remuneration	47
	No-Executive directors' remuneration	30

7.	Payments to related entities of the entity & their associates	Current Quarter \$A,000
7.1	Aggregate amount of payments to these parties included in item 1.2	0
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	0
7.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
	N/A	

8.	Financing facilities available	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Add notes as necessary for an understanding of position</i>		
8.1	Loan facilities	0	0
8.2	Credit standby arrangements	0	0
8.3	Other (please specify)	0	0
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
	N/A		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research & development	400
9.2	Product manufacturing & operating costs	47
9.3	Advertising & marketing	45
9.4	Leased assets	64
9.5	Staff costs	132
9.6	Administration & corporate costs	34
9.7	Other (provide details if material)	60
9.8	Net cash from / (used in) financing activities	782

10.	Acquisitions & disposals of business entities (items 2.1(b) & 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	N/A	N/A
10.2	Place of incorporation or registration		
10.3	Consideration for acquisition or disposal		
10.4	Total net assets		
10.5	Nature of business		

## Compliance Statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

  
Managing Director

Date:

27<sup>th</sup> April 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.