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**PROTEOMICS INTERNATIONAL LABORATORIES LTD**

**ACN 169 979 971**

and Controlled Entity

**ASX: PIQ**

HALF-YEAR INFORMATION  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2018

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 2018.

**About Proteomics International Laboratories Ltd (PILL)**

Proteomics International (Perth, Western Australia) is a wholly owned subsidiary and trading name of PILL (ASX: PIQ), a medical technology company at the forefront of predictive diagnostics and bio-analytical services. 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 across the globe, whilst using its proprietary Promarker™ technology platform to create a pipeline of novel diagnostic tests.

[www.proteomicsinternational.com](http://www.proteomicsinternational.com)

**FOR FURTHER INFORMATION PLEASE CONTACT**

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

Karen Logan, *Company Secretary*: +61 8 9389 1992

Dirk van Dissel, *Investor Relations*: +61 8 8232 8800



# Appendix 4D

## Half Year Report for the six months to 31 December 2018

**PROTEOMICS INTERNATIONAL LABORATORIES LTD**  
**ACN 169 979 971**

### 1. Reporting period

Report for the half-year ended	31 December 2018
Previous corresponding period is the half-year ended	31 December 2017

### 2. Results for announcement to the market

	Change	\$'000
Revenues from ordinary activities ( <i>item 2.1</i> )	Up 91% to	859
(Loss) from ordinary activities after tax attributable to members ( <i>item 2.2</i> )	Up 36% to	(1,780)
Net (loss) for the period attributable to members ( <i>item 2.3</i> )	Up 36% to	(1,780)
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

The 91% increase in revenue reflects strong growth from analytical services centred on biosimilars and pharmacokinetic testing.

There was a net cash inflow for the half year of \$608,678 (2017 half year: net cash outflow \$84,868), increasing the Company's cash reserves to \$2.93 million.

In light of its strong cash position Proteomics International has continued its elevated expenditure (as compared to FY 2018) in the following areas:

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

The net loss for the period increased 36% as a consequence of these activities, along with an additional one-off accounting loss (of \$249,499) on the sale of the Company's investment in CPR Pharma Services, and a share based payment expense of \$426,516.

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 2018	31 December 2017
Net tangible asset backing per ordinary security	5.6 cents	0.58 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 report has been independently reviewed. The financial report is not subject to a qualified independent review statement.

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**

**ASX: PIQ**

**FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2018**

**FINANCIAL REPORT FOR THE HALF-YEAR ENDED  
31 DECEMBER 2018**

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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 2018 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 2018**

The Directors present the financial report on Proteomics International Laboratories Ltd (ASX: PIQ; Proteomics International or the Company) and the consolidated entity (referred to hereafter as the Group) for the half-year ended 31 December 2018.

### **Director Details**

The names of the Directors in office at any time during or since the end of the half-year are:

<b>Name</b>	<b>Position</b>
Mr Terry Sweet	Non-Executive Chairman
Dr Richard Lipscombe	Managing Director
Dr John Dunlop	Non-Executive Director (retired 22 November 2018)
Mr Ian Roger Moore	Non-Executive Director
Mr Paul House	Non-Executive Director

### **REVIEW OF OPERATIONS**

For the six months to December 2018 Proteomics International's principal activities fall into three key areas:

- (i) Commercialisation of PromarkerD
- (ii) R&D for new diagnostic tests
- (iii) Analytical services on a commercial basis

To implement this strategy, Proteomics International's business model is to continue the commercialisation of PromarkerD whilst using its Promarker™ technology platform to create a pipeline of novel diagnostic tests, and offset the cash burn from R&D and product development through its analytical services revenue, coupled with the R&D tax rebate. This model continues to make optimum use of the Company's resources.

Revenue from Analytical Services grew strongly as Proteomics International expanded its client base in biosimilars testing and pharmacokinetics for clinical trials. The Company also received \$834,400 in research and development rebate which further offsets the cash burn from R&D and product development.

In light of its strong cash position (see below) Proteomics International has continued its elevated expenditure (as compared to FY 2018) in the following areas:

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

At 31st December 2018 the company had cash reserves of \$2.93 million.

## OPERATING RESULTS

### Revenue

Revenue from operating activities for the six months to 31 December 2018 was \$858,818 (31 December 2017: \$448,951) an increase of 91%.

### Expenditure

Consolidated expenses for the six months to 31 December 2018 totaled \$2,662,985 (31 December 2017: \$1,789,079) an increase of 49% and remain in-line with budget as described above.

### Net position

The Company reported a loss from operating activities for the six months to 31 December 2018 of \$1,780,108 (31 December 2017 loss: \$1,311,648), which includes both the accounting loss of \$249,499 on sale of the Company's investment in CPR Pharma Services Pty Ltd and a share based payment expense of \$426,516.

### Net cash flow

Net cash outflow from operating activities over the period was \$284,971 (2017: net cash inflow \$38,396). Net cash inflow from investing activities was \$902,735 (2017: net cash outflow \$20,144). There was a net cash inflow for the half year of \$608,678 (2017: net cash outflow \$84,868).

Cash and cash equivalents of \$2,925,459 and restricted cash of \$160,000 totaling \$3,085,459 at the end of the period. (30 June 2018: Cash and cash equivalents was \$2,316,781 and restricted cash was \$160,000 totaling \$2,476,781).

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## EVENTS OCCURRING AFTER REPORTING PERIOD

There has been no matter or circumstance which has arisen since 31 December 2018 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2018, of the consolidated entity,
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2018, of the consolidated entity.

## 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 4.

Signed in accordance with a resolution of the Directors.



Terry Sweet  
Chairman

Perth, Western Australia  
Dated 27th February 2019

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF PROTEOMICS  
INTERNATIONAL LABORATORIES LTD

As lead auditor for the review of Proteomics International Laboratories Limited for the half-year ended 31 December 2018, 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, 27 February 2019

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
 COMPREHENSIVE INCOME  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

		Half-Year	
	Note	31 December 2018 \$	31 December 2017 \$
Revenue from continuing operations			
- Services		858,818	448,951
Other Income			
- Grant income		-	24,890
- Interest income		18,679	3,590
- Other income		5,380	-
Employment and labour expenses		(889,093)	(729,485)
Share based payment expense	10	(426,516)	(48,159)
Depreciation expense		(92,855)	(127,391)
Intellectual property maintenance expenses		(61,699)	(20,561)
Interest expense		(15,527)	(32,733)
Laboratory supplies		(219,991)	(267,547)
Professional fees		(266,403)	(235,997)
Travel and marketing expenses		(80,036)	(53,334)
Laboratory access fees		(67,204)	(43,050)
Realised loss in foreign currency translation		(1,903)	(3,268)
Loss on sale of Investment	15	(249,499)	-
Other expenses		(292,259)	(227,554)
<b>(Loss) before income tax for the period</b>		<b>(1,780,108)</b>	<b>(1,311,648)</b>
Income tax (expense) / benefit		-	-
<b>(Loss) after income tax from continuing operations</b>		<b>(1,780,108)</b>	<b>(1,311,648)</b>
<b>Total comprehensive (loss) attributable to equity holders of Proteomics International Laboratories Ltd</b>		<b>(1,780,108)</b>	<b>(1,311,648)</b>
Basic (loss) per share for the half-year attributable to the members of Proteomics International Laboratories Ltd		(\$0.02)	(\$0.02)
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 2018

	Note	31 December 2018 \$	30 June 2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	2,925,459	2,316,781
Trade and other receivables	4	555,482	603,270
Other assets	5	14,442	871,750
<b>TOTAL CURRENT ASSETS</b>		<b>3,495,383</b>	<b>3,791,801</b>
<b>NON-CURRENT ASSETS:</b>			
Property, plant & equipment		296,788	363,979
Other assets	5	160,000	160,000
Investments	15	-	1,177,898
Intangible assets		1,012	1,012
<b>TOTAL NON-CURRENT ASSETS</b>		<b>457,800</b>	<b>1,702,889</b>
<b>TOTAL ASSETS</b>		<b>3,953,183</b>	<b>5,494,690</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Trade and other payables	6	199,664	390,136
Borrowings	8	155,949	147,500
Provisions	7	72,416	73,500
<b>TOTAL CURRENT LIABILITIES</b>		<b>428,029</b>	<b>611,136</b>
<b>NON-CURRENT LIABILITIES:</b>			
Borrowings	8	84,771	164,921
Provisions	7	54,975	42,248
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>139,746</b>	<b>207,169</b>
<b>TOTAL LIABILITIES</b>		<b>567,775</b>	<b>818,305</b>
<b>NET ASSETS</b>		<b>3,385,408</b>	<b>4,676,385</b>
<b>EQUITY</b>			
Issued capital	9	10,432,502	10,369,887
Reserves		916,711	490,195
Accumulated losses		(7,963,805)	(6,183,697)
<b>TOTAL EQUITY</b>		<b>3,385,408</b>	<b>4,676,385</b>

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 2018

	Issued Capital Ordinary \$	Reserves \$	(Accumulated Losses) \$	Total Equity \$
<b>Balance as at 1 July 2018</b>	10,369,887	490,195	(6,183,697)	4,676,385
Loss for the period	-	-	(1,780,108)	(1,780,108)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(1,780,108)	(1,780,108)
<b>Transactions with owners in their capacity as Equity Holders</b>				
Equity Issued net of share issue costs	37,615	-	-	37,615
Conversion of Options	25,000	-	-	25,000
Share based payments	-	426,516	-	426,516
	62,615	426,516	-	489,131
<b>Balance as at 31 December 2018</b>	10,432,502	916,711	(7,963,805)	3,385,408
<b>Balance as at 1 July 2017</b>				
	5,935,036	418,428	(4,743,589)	1,609,875
Loss for the period	-	-	(1,311,648)	(1,311,648)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(1,311,648)	(1,311,648)
<b>Transactions with owners in their capacity as Equity Holders</b>				
Share based payments	-	48,159	-	48,159
	-	48,159	-	48,159
<b>Balance as at 31 December 2017</b>	5,935,036	466,587	(6,055,237)	346,386

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 2018

	Half-Year	
	31 December 2018	31 December 2017
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	910,083	449,306
Payments to suppliers and employees	(2,032,609)	(1,172,518)
Interest received	18,679	3,590
Interest paid	(15,527)	(32,733)
Research and Development tax incentive	834,403	790,751
	(284,971)	38,396
<b>Net cash inflow/(outflow) from operating activities</b>		
<b>Cash flows from investing activities</b>		
Payment for property, plant and equipment	(25,664)	(20,144)
Proceeds from sale of investment	928,399	-
	902,735	(20,144)
<b>Net cash inflow/(outflow) from investing activities</b>		
<b>Cash flows from financing activities</b>		
Payment of borrowings	(71,701)	(103,120)
Proceeds from issue of shares	37,615	-
Proceeds from the conversion of options	25,000	-
	(9,086)	(103,120)
<b>Net cash inflow/(outflow) from financing activities</b>		
<b>Net increase/(decrease) in cash and cash equivalents</b>	608,678	(84,868)
<b>Cash and cash equivalents at 1 July 2018</b>	2,316,781	775,140
<b>Cash and cash equivalents at 31 December 2018</b>	2,925,459	690,272

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 2018

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

This interim consolidated financial report does not include all the information and disclosures required in the annual financial report, and should be read in conjunction with the Group's annual financial report for the year ended 30 June 2018.

The half-year financial report was authorised for issue by the Directors on the 27th day of February 2019.

#### (a) Basis of preparation

##### (i) Statement of compliance

The interim consolidated financial report of the group for the six months ended 31 December 2018 has been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The financial report covers Proteomics International Laboratories Ltd and controlled entities as a consolidated entity.

##### (ii) Basis of measurement

The half-year report has been prepared on an accruals basis and under the historical cost convention.

The accounting policies applied in the half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2018 and the corresponding half-year.

A number of new or amended accounting standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of the adoption of the following standards:

- AASB 9 Financial Instruments; and
- AASB 15 Revenue from Contracts with Customers.

The impact of the adoption of these standards and the new accounting policies are disclosed in Note 1 (b) below.

##### (iii) Going concern

For the period ended 31 December 2018 the entity recorded a loss of \$1,780,108 (2017: loss was \$1,311,648), which includes both the realised loss on sale of the entity's investment in CPR Pharma Services Pty Ltd of \$249,499 and a share based payment expense of \$426,516. The Company experienced net cash outflows from operating activities of \$284,971 and net cash inflows from investing activities of \$902,735, a net increase in cash of \$608,678 (2017: net cash outflow was \$84,868).

At 31 December 2018, the entity had total current assets of \$3,495,383 (30 June 2018: total current assets was \$3,791,801).

The Directors believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report for the following reasons:

- The current business development prospects show an increase in activity and should lead to increasing ongoing revenue.
- The excess of current assets over current liabilities is \$3,067,354 as at 31 December 2018.
- The Directors remain committed to the long-term business plan that is contributing to improved results as the business services progress.

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (b) Accounting policies

In the half-year ended 31 December 2018, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018.

#### **Changes in accounting policies/ New accounting standards and interpretations**

This note explains the impact of the adoption of AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers* on the Group's financial statements.

#### AASB 9 Financial Instruments – Accounting policies Applied in financial year ending 30 June 2019

AASB 9 addresses the classification and measurement of financial assets and applies to financial years commencing on or after 1 January 2018. AASB 9 has been applied by the company from 1 July 2018. AASB 9 introduces an expected credit loss model for impairment of financial assets which replaces the incurred loss model. A simplified impairment model applies to trade receivables with maturities of 12 months or less.

#### AASB 9 Financial Instruments – Impact of Adoption

The Directors of the company consider that the financial assets have been correctly classified and measured at a fair value and therefore no change in fair value needs to be recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. A simplified impairment model was applied to trade receivables and there is no impact on the Group for the period ended 31 December 2018.

#### AASB 15 Revenue from contracts with Customers – Accounting policies Applied in financial year ending 30 June 2019

AASB 15 requires revenue to be recognised when control of goods or services underlying the particular performance obligation are transferred to customers, rather than on a transfer of risk and rewards and applies to financial years commencing on or after 1 January 2018. AASB 15 has been applied by the company from 1 July 2018.

#### AASB 15 Revenue from contracts with Customers – Impact of Adoption

The Directors of the company have determined that there were no outstanding contracts as at 31 December 2018 which would require changes to the revenue recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

#### **New accounting policies**

##### Trade Receivables:

Trade receivables are amounts due from customers for products sold in the ordinary course of business. Trade receivables are measured at the amount of consideration that is unconditional. The Group holds trade receivables with the objective to collect the contractual cash flows and measures them at amortised cost. The Group will apply the simplified impairment methodology permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of receivables.

##### Revenue from Grants and Research & Development:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

The following is a description of the principal activities from which the Group generates this revenue:

- (i) Commercialisation of PromarkerD diagnostic test for kidney disease.
- (ii) Research and Development into new diagnostic testing for specific diseases.
- (iii) Protein and other drug related testing services.

Revenue from Sales of Services:

Revenue is recognised when control of the goods or services underlying the particular performance obligation are passed to the buyer.

The following is a description of the principal activities from which the Group generates this revenue:

- (i) Generic protein drug testing services and pharmacokinetic testing for clinical trials.

### NOTE 2: DIVIDENDS

Since 30 June 2018 no dividend has been paid or declared (31 December 2017: Nil)

### NOTE 3: CASH AND CASH EQUIVALENTS

	<b>31 December 2018 \$</b>	<b>30 June 2018 \$</b>
Cash at bank	375,459	604,335
Deposits at call	<u>2,550,000</u>	<u>1,712,446</u>
Total cash and cash equivalents	<u>2,925,459</u>	<u>2,316,781</u>

### NOTE 4: TRADE RECEIVABLES

Trade receivables	555,482	602,300
Other receivables	<u>-</u>	<u>970</u>
Total trade and other receivables	<u>555,482</u>	<u>603,270</u>

#### (a) Classification of trade and other receivables

Trade debtors 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. The group does not currently have any provision for doubtful debts in respect to their receivables as at 31 December 2018.

#### (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.

**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR  
THE PERIOD ENDED 31 DECEMBER 2018**

	31 December 2018 \$	30 June 2018 \$
<b>NOTE 5: OTHER ASSETS</b>		
<b>Current:</b>		
Research and development tax incentive	-	844,123
Prepayments (i)	<u>14,442</u>	<u>27,627</u>
Total	<u>14,442</u>	<u>871,750</u>
<b>Non-Current:</b>		
Security Deposit (ii)	<u>160,000</u>	<u>160,000</u>
(i) insurance and patent fees (ii) security/guarantee over equipment leases		

**NOTE 6: TRADE AND OTHER PAYABLES**

Trade creditors	114,020	125,880
Other creditors	85,644	162,977
Deferred income	<u>-</u>	<u>101,279</u>
Total trade and other payables	<u>199,664</u>	<u>390,136</u>

(a) Fair value of trade and other payables

Trade payables are unsecured and are usually paid within 60 days of recognition.

**NOTE 7: PROVISIONS**

**Current:**

Employee benefits – annual leave	<u>72,416</u>	<u>73,500</u>
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**Non-Current:**

Employee benefits – long service leave	<u>54,975</u>	<u>42,248</u>
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**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR  
THE PERIOD ENDED 31 DECEMBER 2018**

	31 December 2018 \$	30 June 2018 \$
<b>NOTE 8: BORROWINGS</b>		
<b>Current:</b>		
Finance Leases	<u>155,949</u>	<u>147,500</u>
<b>Non-Current:</b>		
Finance Leases	<u>84,771</u>	<u>164,921</u>
 <u>Finance Leases:</u>		
Commitments in relation to finance leases are payable as follows:		
Within one year	174,455	174,455
Later than one year but no later than five years	<u>86,803</u>	<u>174,030</u>
Minimum lease payments	261,258	348,485
Less: Future finance charges	<u>(20,538)</u>	<u>(36,064)</u>
Recognised as a liability	240,720	312,421
Lease Liability – current	155,949	147,500
Lease Liability – non-current	<u>84,771</u>	<u>164,921</u>
Recognised as a liability	<u>240,720</u>	<u>312,421</u>

Terms of the Finance Leases:

The Group leases laboratory equipment under finance lease agreements expiring within three years.



## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

**NOTE 9: ISSUED CAPITAL**

	31 December 2018 Shares	30 June 2018 Shares	31 December 2018 \$	30 June 2018 \$
Share Capital				
Ordinary Shares	80,311,965	80,098,871	10,432,502	10,369,887
Total consolidated issued capital				

**(a) Movement in share capital**

Date	Details	Number of Shares	\$
1/07/2018	Opening balance	80,098,871	10,369,887
22/11/2018	Issue of shares (i)	113,094	37,615
3/12/2018	Exercise of options (ii)	100,000	25,000
31/12/2018	Closing balance	80,311,965	10,432,502

- (i) Issued to Director Paul House in lieu of cash payment for director's fees and pursuant to the Director Fee Plan. The issue of shares was approved by shareholders at the annual general meeting held on 22 November 2018.
- (ii) Consultant Canary Capital exercised 100,000 options before the option expiry date.

**(b) 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 10: OPTIONS ON ISSUE**

	31 December 2018 Number of Options	30 June 2018 Number of Options
Options exercisable at \$0.25 each (i)	400,000	500,000
Options exercisable at \$0.30 each (ii)	1,750,000	1,750,000
Options exercisable at \$0.35 each (i)	500,000	500,000
Options exercisable at \$0.50 each (iii)	400,000	-
Options exercisable at \$0.67 each (iv)	400,000	-
Total	3,450,000	2,750,000

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

### NOTE 10: OPTIONS ON ISSUE (continued)

Options outstanding as at 31 December 2018 have the following expiry date and exercise price:

<u>Grant Date</u>	<u>Expiry Date</u>	<u>Exercise Price</u>	<u>No. Options</u>
31/05/2017 (i)	31/05/2019	\$0.25	400,000
30/11/2017 (ii)	31/10/2019	\$0.30	650,000
31/03/2018 (ii)	31/03/2020	\$0.30	1,100,000
08/03/2018 (i)	08/03/2020	\$0.35	500,000
21/11/2018 (iii)	22/11/2021	\$0.50	400,000
21/11/2018 (iv)	22/11/2022	\$0.67	400,000

- (i) Unlisted – issued to consultants, Canary Capital, for nil consideration and being for part consideration for services rendered.
- (ii) Unlisted – employee options issued to employees for nil consideration under an Employee Incentive Option Plan.
- (iii) 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.
- (iv) 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.

#### (a) Fair Value of Employee Options

<u>Particulars</u>	<u>Input A</u>	<u>Input B</u>
Number of employee options	650,000	1,100,000
Valuation date	3 November 2017	22 May 2018
Expiry date	31 October 2019	31 May 2020
Underlying share price used	\$0.175	\$0.18
Exercise price	\$0.30	\$0.30
Risk-free rate	1.9%	2.05%
Volatility	100%	100%
Dividend yield	nil	nil
Valuation per Option	\$0.060	\$0.074

These Employee Options are valued at \$120,400 and this amount was included in the share based payment expense for the year ended 30 June 2018.

The Company has used the Black Scholes Model to value the Employee Options.

#### (b) Fair Value of Consultant Options – Canary Capital

<u>Particulars</u>	<u>Tranche A</u>	<u>Tranche B</u>
Number of consultant options	500,000	500,000
Valuation date	31 May 2017	31 May 2017
Expiry date	31 May 2019	8 March 2020
Underlying share price used	\$0.165	\$0.25
Exercise price	\$0.25	\$0.35
Risk-free rate	1.65%	1.65%
Volatility	100%	100%
Dividend yield	nil	nil
Valuation per Option	\$0.071	\$0.112

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

### NOTE 10: OPTIONS ON ISSUE (continued)

These Consultant Options are valued at \$159,500 and was included in the share based payment expense for the year ended 30 June 2017. 100,000 of the Tranche A Consultant Options were exercised on 3 December 2018 – balance of Tranche A Consultant Options outstanding as at 31 December 2018 is 400,000. The Company has used the Black Scholes Model to value the Consultant Options.

#### (c) Fair Value of Consultant Options – Adelaide Equity Partners Limited and Scintilla Funds Management Pty Ltd

The Company has agreed, pursuant to a corporate advisory mandate, the terms of which were announced to ASX on 14 November 2018, to issue a total of 1,750,000 unlisted options exercisable at \$0.50 each on or before 14 November 2021 ("Consultant Options"), of which 1,250,000 options are to be issued to Adelaide Equity Partners while 500,000 options are to be issued to Scintilla Funds Management. The issue of Consultant Options is subject to PIQ shares achieving a 20 day VWAP of \$0.45. As at the date of this report, the Consultant Options have not yet been issued, but are valued as follows:

<b>Particulars</b>	<b>Adelaide Equity Partners</b>	<b>Scintilla Funds Management</b>
Number of consultant options	1,250,000	500,000
Valuation date	14 November 2018	14 November 2018
Expiry date	14 November 2021	14 November 2021
Underlying share price used	\$0.34	\$0.34
Exercise price	\$0.50	\$0.50
Risk-free rate	1.50%	1.50%
Volatility	85%	85%
Dividend yield	nil	nil
Valuation per Option	\$0.142	\$0.142

The value placed on these Consultant Options is \$247,454 and is included in the share based payment expense for the period ended 31 December 2018.

The Company has used the Black Scholes Model to value the Consultant Options.

#### (d) Fair Value of Director A and Director B Options

<b>Particulars</b>	<b>Director A</b>	<b>Director B</b>
Number of consultant options	400,000	400,000
Valuation date	22 November 2018	22 November 2018
Expiry date	22 November 2021	22 November 2022
Underlying share price used	\$0.35	\$0.35
Exercise price	\$0.50	\$0.67
Risk-free rate	1.50%	1.50%
Volatility	85%	85%
Dividend yield	nil	nil
Valuation per Option	\$0.221	\$0.227

The value placed on these Director A and Director B Options is \$179,062 and is included in the share based payment expense for the period ended 31 December 2018.

The Company has used the Black Scholes Model to value the Director A and Director B Options.

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018

### NOTE 11: SEGMENT INFORMATION

The Board monitors the operations of the Company as one single segment. The actual to budget items and a detailed profit or loss are reported to the board to assess the performance of the Group.

The Board has determined that strategic decision making is facilitated by evaluation of the operations of the legal parent and subsidiary which represent the operational performance of the group's revenues and the research and development activities as well as the finance, treasury, compliance and funding elements of the Group.

### NOTE 12: RELATED PARTIES

Transactions with related parties are consistent with those disclosed in the 30 June 2018 annual report.

### NOTE 13: COMMITMENTS

Commitments are consistent with those disclosed in the 30 June 2018 annual report.

### NOTE 14: CONTINGENT LIABILITIES

The Group is not aware of any material contingent liabilities as at 31 December 2018.

### NOTE 15: INVESTMENTS

The Company sold its investment in CPR Pharma Services Pty Ltd on 30 September 2018 for cash proceeds of \$928,399. A loss on disposal of investments of \$249,499 is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period to 31 December 2018.

### NOTE 16: EVENTS OCCURRING AFTER REPORTING PERIOD

There has been no matter or circumstance which has arisen since 31 December 2018 that has significantly affected or may significantly affect:

- (a) the operations, in financial periods subsequent to 31 December 2018, of the consolidated entity,
- (b) the results of those operations, or
- (c) the state of affairs, in financial periods subsequent to 31 December 2018, of the consolidated entity.

## 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 2018 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

Perth, Western Australia  
Dated 27th February 2019

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Proteomics International Laboratories Ltd

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Proteomics International Laboratories Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, 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 2018 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 2018 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, looped 'N' and 'S'.

Neil Smith

Director

Perth, 27 February 2019