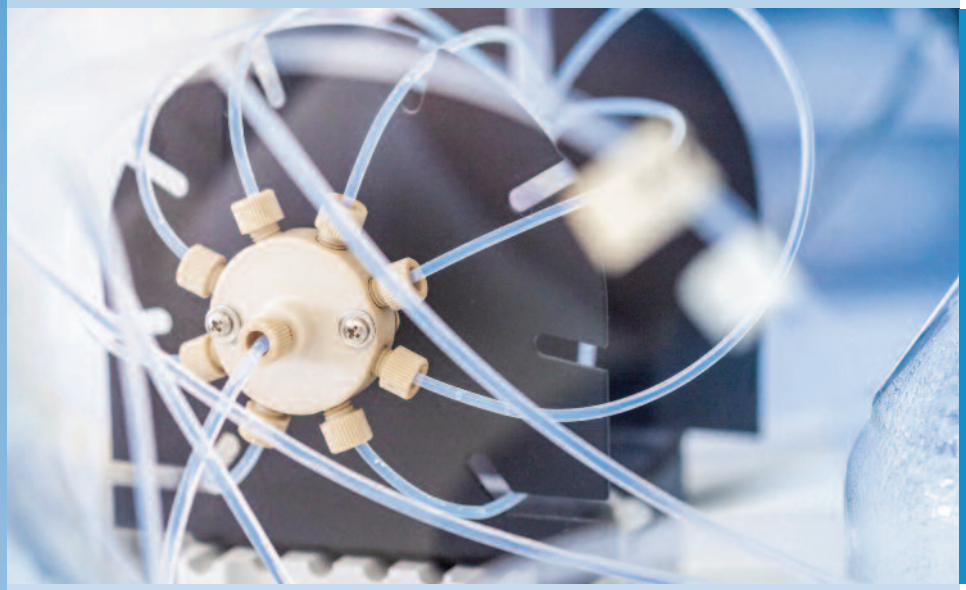
Proteomics International
LABORATORIES LTD



Annual Report 2019

2019

ACN 169 979 971

ASX: PIQ

Corporate Directory

Directors
Mr Terry Sweet - Non-Executive Chairman
Dr Richard Lipscombe - Managing Director
Mr Roger Moore - Non-Executive Director
Mr Paul House - Non-Executive Director

Company Secretary
Ms Karen Logan

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Proteomics International Laboratories Ltd

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From the Chair

Dear Fellow Shareholder,

The 2018-19 financial year has been one of consolidation and realignment for Proteomics International Laboratories Ltd, in which the Company has moved significantly further towards broadscale commercialisation of its flagship diagnostic product, the pioneering PromarkerD test for diabetic kidney disease.

Having clearly established the science behind PromarkerD through peer reviewed clinical studies we are all aware that the next steps in the commercialisation process are adoption of the test by pathology laboratories around the world.

The protein biomarkers applicable to PromarkerD were discovered and developed using a technique called Mass Spectrometry, which requires sophisticated equipment and a high degree of expertise, only available in specialist pathology laboratories. Consequently, enormous effort has been spent this year in developing a so-called Immunoassay In Vitro Diagnostic (IVD) method, which can be readily used by the majority of laboratories worldwide. This process is now in its final stages and described in detail in our 2019 Annual Report Review of Operations.

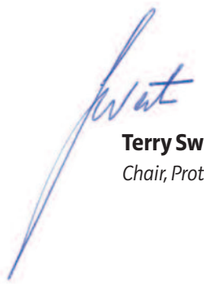
The PromarkerD test is now more versatile and marketable, with the different technology platforms offering more opportunities for future licensing deals. We continue our commercialisation efforts, and dialogue with potential licensees in the huge markets of Europe, Japan, India and US. The execution of transformational licensing agreements with tier-1 diagnostics and pharmaceutical companies remains the key focus for Proteomics International in FY2020.

It is important to note too, that Janssen Pharmaceuticals, a division of Johnson and Johnson, have now demonstrated there is a class of drug (gliflozins) able to treat diabetic kidney disease once diagnosed. It is this drug which we are testing in collaboration with our strategic partner Janssen Research and Development. The results from this exciting collaborative study are due late this calendar year. If a successful correlation can be established, PromarkerD may become a Complementary Diagnostic (CDx) for such drugs, potentially being utilised every time a prescription is issued.

Part of our ongoing strategy is to develop further tests where we see there is a significant unmet medical need - we have discovered new potential biomarkers to test for endometriosis, a painful condition that affects one in ten women in their reproductive years, and for the *Giardia* parasite, which is the leading cause of gastroenteritis worldwide, both of which are currently difficult to diagnose. These two indications each present a significant opportunity for Proteomics International and further developments will take place during the next few months.

Proteomics International has also experienced significant growth in analytical services revenue, led by continued volume in biosimilars and pharmacokinetic testing, as well as specialist analytical work. This includes some of our largest-ever contracts.

We recognise that the pathway to PromarkerD's commercial success has been longer than estimated, but we are confident that all the elements are now in place and progressing well. We thank our shareholders for their patience - with PromarkerD being evaluated by global pharmaceutical and diagnostics companies, biomarker studies for new diseases in the pipeline, and an increasing revenue base, we look forward to a transformative year ahead.



Terry Sweet
Chair, Proteomics International

Proteomics International Laboratories Ltd

Key Achievements

PromarkerD

- **Executed a collaboration agreement with Janssen Research & Development** to accelerate diabetic kidney disease and heart disease drug discovery using PromarkerD. If successful, the PromarkerD test could become a Companion Diagnostic test (CDx) and potentially be used every time this new type of drug for diabetic kidney disease is prescribed.
- **Secured TGA regulatory approval for the PromarkerD software as an in vitro diagnostic (IVD) for export use.** The web-based patient reporting system, incorporating the PromarkerD algorithm, has been developed (in English and Spanish), tested, and approved by the Australian Therapeutic Goods Administration, allowing laboratories anywhere in the world to upload raw test results, and receive the PromarkerD report.
- **Exclusive licence agreement with Patia Europe for Spain** - licence agreement executed from which Proteomics International will receive a royalty on each test sold.
- **PromarkerD featured at the American Diabetes Association 79th Scientific Sessions** - being showcased at the convention attracted further interest in PromarkerD from Key Opinion Leaders and tier 1 diagnostics and pharmaceutical companies.
- **Patent granted in the US for a core PromarkerD biomarker, CD5L, as a potential drug target** - provides additional licensing/partnering opportunities for Proteomics International if a pharma company probes CD5L as a novel drug target for kidney disease.

Diagnostics

- **Development of Endometriosis diagnostic test** - discovered several biomarkers with the potential to test for a disease that is currently difficult to diagnose, but affects one in ten women in their reproductive years and costs $12,000 per year for every person diagnosed.
- **Development of *Giardia* diagnostic test** - identified strain specific biomarkers for the *Giardia* parasite which is the leading cause of infectious gastroenteritis worldwide, with an estimated 280 million people being infected each year. The risk for human health is that some *Giardia* strains that affect pets can cross into humans.

  Analysis remains on-going for both indications, each of which present a significant commercial opportunity.
- **Executed a collaboration with Irish clinical diagnostics company Atturos** to develop novel diagnostic tests to improve patient well-being. Atturos possess an advanced proficiency in mass spectrometry, making them an attractive European partner.

Analytical Services & Corporate

- **Achieved record analytical services revenue** with receipts from customers nearing $1.5 million and maintaining its growth trend with a year on year increase of 25%.
- **Revenue driven by record contracts** in biosimilars and pharmacokinetic (PK) testing:
  - biosimilars - with Biosana Pharma being a major client
  - PK testing - with Linear Clinical Research being a major client

  and continued volume in:
  - specialist analytical work (e.g. food product quality control on A2 milk), and
  - provision of external biomarker analysis services, including companion diagnostics (CDx).
- **Named Western Australia's top health and biotechnology exporter** at the 2018 WA Industry and Export Awards, exemplifying the global breadth of Proteomics International's client base.

Window on the Science

Diabetes is on the rise

There are almost four times as many people living with diabetes today as there were in the 1980s. Rates of diabetes have been fuelled by obesity, poor diet and inactivity, and are increasing the fastest in low and middle-income countries.

108 million

Adults with diabetes in 1980.

4.7%

Global prevalence of diabetes among adults in 1980.

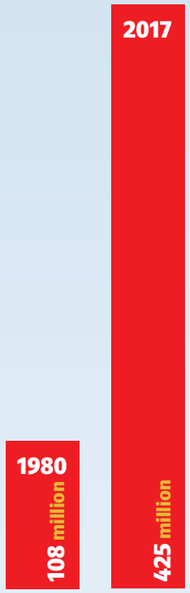
Source: International Diabetes Federation Diabetes Atlas (8th edition) 2017

425 million

Adults with diabetes in 2017.

9.9%

Global prevalence of diabetes among adults in 2017.



$327 billion

Cost of diagnosed diabetes every year in the US alone.

$1 in $7

Proportion of US healthcare budget spent treating diabetes and its complications.

2.3x

Healthcare costs for Americans with diabetes compared to Americans without diabetes.

Source: American Diabetes Association

A growing global health emergency

As diabetes cases increase, the costs associated with managing the condition threaten to overwhelm health systems around the world.

Kidney disease is one of the major complications of diabetes

Diabetic kidney disease can lead to kidney failure requiring either a transplant or a lifetime of dialysis.

1 in 3

Adults with newly diagnosed type 2 diabetes already have chronic kidney disease.

US$89,000

Cost of dialysis per person per year.

Proteomics International Laboratories Ltd

7.5 years

Average life expectancy once dialysis has commenced, however, 20% of patients die within one year.

Source: US Centers for Disease Control and Prevention; US Renal Data System

PromarkerD changing lives

PromarkerD is the world's first predictive diagnostic test for diabetic kidney disease. The test searches for biomarkers in the blood - or protein 'fingerprints' - associated with the onset of the disease. PromarkerD offers patients a choice.

3

Biomarkers in the blood the **PromarkerD** test searches for.

Up to four

Years in advance that **PromarkerD** can predict the onset of clinical symptoms of diabetic kidney disease.

86%

Proportion of otherwise healthy diabetics who go on to develop chronic kidney disease within four years correctly predicted by **PromarkerD.**

21

Drugs for the treatment of diabetic kidney disease currently in clinical trials.

1

In April 2019 Janssen Pharmaceutical's drug canagliflozin was shown in clinical trials to successfully provide renal (kidney) protection - the first new kidney disease drug for nearly 20 years.

Emerging treatments further boost PromarkerD potential

The PromarkerD test is poised to become even more powerful in the coming years as drugs to treat diabetic kidney disease come to market. PromarkerD can be used as a complementary diagnostic test as these drugs become available.

Technology Snapshot

PromarkerD Technology

The PromarkerD Laboratory Developed Test and the In Vitro Diagnostic Test are two versions of Proteomics International's world-leading PromarkerD test for diabetic kidney disease. These two tests utilise mass spectrometry and immunoassay technology to diagnose and prognose kidney function by measuring the concentration of the novel panel of protein biomarkers associated with kidney decline identified by Proteomics International.

Key Terms:

Mass Spectrometry

Mass spectrometry is an analytical technique that is concerned with the separation of matter according to atomic and molecular mass.

Immunoassay

Immunoassay is a quantitative technique that involves the binding reaction between a specific antibody targeted to a protein of interest.

The Tests:

Laboratory Developed Test (LDT)	In Vitro Diagnostic Test (IVD)
Type of technology Either Immunoassay or Mass Spectrometry	**Type of technology** Immunoassay
How it works The PromarkerD LDT analyses the protein fingerprint of a patient's blood to help diagnose and prognose kidney function. Utilising either mass spectrometry or immunoassay technology for analysis, Proteomics International's partners can run the LDT within their own specialist laboratories. Blood results from these analyses are then sent to the PromarkerD Hub to determine the patient's risk of developing diabetic kidney disease in the next 4 years.	**How it works** The PromarkerD IVD uses immunoassay technology to diagnose and prognose kidney function. It can be manufactured as either an immunoassay kit or can be configured to run on an automated machine platform, allowing the analysis of hundreds of blood samples at a time.
Pros - Permits fast adoption of a new test in advanced markets - Does not require regulatory preapproval - Can be used to build market demand prior to wider release of a kit format	**Pros** - Can be used in pathology laboratories around the world, subject to regulatory approval - Easier for laboratories to implement - Can be supplied through existing distribution channels of diagnostic companies - Has the potential to open up new markets, including those in China, India and Japan.
Cons - Test must be performed in a certified laboratory - Every laboratory must set up their own version of the test	**Cons** - Takes longer to reach the market because of manufacture and regulatory approval processes

Proteomics International Laboratories Ltd

Directors' Report

The Directors present their 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 year ended 30 June 2019.

DIRECTORS

The Directors of the Company in office during the financial year and until the date of this report are as follows:

Mr Terry Sweet	(Non-Executive Chairman)	(Appointed 9 June 2014)
Dr Richard Lipscombe	(Managing Director)	(Appointed 9 June 2014)
Dr John Dunlop	(Non-Executive Director)	(Retired 22 November 2018))
Mr Roger Moore	(Non-Executive Director)	(Appointed 14 October 2016)
Mr Paul House	(Non-Executive Director)	(Appointed 22 November 2017)

OPERATING RESULT

To be read in conjunction with the attached Consolidated Financial Report (see page 38).

The operating result for the year was:

		CONSOLIDATED	
	Change	**2019**	**2018**
Loss before income tax	44%	$2,080,275	$1,440,108
Loss for the year	**44%**	**$2,080,275**	**$1,440,108**
Comprising			
Revenue and Other income	**27%**	**$2,736,312**	**$2,150,923**
Expenses	**34%**	**$4,816,587**	**$3,591,031**

The Group's financial report for the year ended 30 June 2019 includes:

- Operating revenue from customer services continued its upward trend reaching $1,468,076, a 25% increase compared to the previous year.
- Combined income from all sources rose 27% to $2.74 million. Revenue from ordinary activities encapsulates income from analytical services, licensing fees, and grant income including the R&D Tax Incentive.
- Operational expenditure focused on the commercialisation of PromarkerD totalled $4.82 million, an increase of 34% taking advantage of the Company's strong cash position which includes a net cash inflow from investing activities of $890,408.
- The loss from ordinary activities is $2.08 million, which reflects normal operational costs and non-cash items of $472,311 (comprising the share based payment expense and accounting loss on the investment sale), and represents a year on year increase of 44%.
- The net cash outflow from operating activities was $1.67 million, an increase of 54%.
- At 30 June 2019 the Company had cash reserves of $1.51 million, and trade and other receivables of $0.68 million. On the back of the Company's research and development focus it anticipates an R&D Tax Incentive cash rebate of $1.14 million, to be received in the December quarter 2019.

DIVIDENDS

No dividend was paid during the year and the Board has not recommended the payment of a dividend.

ISSUED CAPITAL

80,686,965 fully paid ordinary shares (ASX: PIQ) and 3,075,000 unlisted options were on issue as at 30 June 2019.

ANNUAL GENERAL MEETING

In accordance with ASX Listing Rules 3.13.1 and 14.3, Proteomics International advises that its 2019 annual general meeting (AGM) is scheduled to be held on 28 November 2019. The Company encourages shareholders to attend the AGM and receive an update on the strategy and initiatives of the Group.

Review of Operations

A growth cycle based on the Company's strengths

Principal activities

Proteomics International is a pioneering medical technology company operating at the forefront of predictive diagnostics and bio-analytical services. The company specialises in the area of proteomics - the industrial scale study of the structure and function of proteins.

Proteomics International's business model is centred on the commercialisation of the Company's world-leading 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.

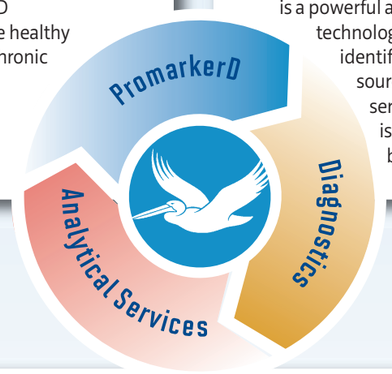
Proteomics International is a wholly owned subsidiary and trading name of Proteomics International Laboratories Ltd (PILL; ASX: PIQ), and operates from state-of-the-art facilities located on the QEII Medical Campus, Perth, Western Australia.

1. PromarkerD

Targeting the global diabetes epidemic, PromarkerD is a predictive diagnostic test for diabetic kidney disease, a progressive disorder found in one in three adults with diabetes. The prevalence of kidney disease is rising rapidly and many patients progress to need dialysis or a kidney transplant. In peer reviewed clinical studies PromarkerD correctly predicted 86% of otherwise healthy diabetics who went on to develop chronic kidney disease within four years[1].

2. Diagnostics

Proteomics International's diagnostics development is made possible by the Company's proprietary biomarker discovery platform called Promarker™, which searches for protein 'fingerprints' in a sample. This disruptive technology can identify proteins that distinguish between people who have a disease and people who do not, using only a simple blood test. It is a powerful alternative to genetic testing. The technology is so versatile it can be used to identify fingerprints from any biological source, from wheat seeds to human serum. The global biomarkers market is expected to exceed USD 118 billion by 2026[2].



3. Analytical Services

Specialist contract research focusing on biosimilars quality control and pharmacokinetic testing for clinical trials. Australia is a global leader in clinical trials due to its efficient regulatory framework and high-quality trial sites, and all samples from each trial require specialist analytical testing. Significantly, the fastest growing class of drugs entering clinical trials is biologics and biosimilars. The global clinical trials market is projected to reach USD 68.9 billion by 2026[3], whilst the market size of the global biosimilar market was valued at USD 5.95 billion in 2017, and is projected to reach USD 71.97 billion by 2027[4].

1. *For further information see the PromarkerD web portal: www.PromarkerD.com*
2. *Grand View Research 2019: Biomarkers Market Size*
3. *Grand View Research 2019: Clinical Trials Market Size*
4. *Markets and Markets 2019: Biosimilars Market by Product*

Proteomics International Laboratories Ltd

1. PromarkerD

The Window on the Science feature of the 2019 Annual Report highlights the burden and challenges of diabetic kidney disease, and how PromarkerD could make a difference.

With this as a backdrop, FY2019 has been a significant year in realigning PromarkerD to ensure this ground-breaking technology is fit for purpose for a diverse global audience that includes diagnostic and pharmaceutical companies, clinical professionals, and of course, patients with diabetes.

The following sections explain how the intellectual property that underpins PromarkerD has been used to build test assays adaptable to the different needs of this audience, and then how the commercialisation pathway is unfolding.

About PromarkerD

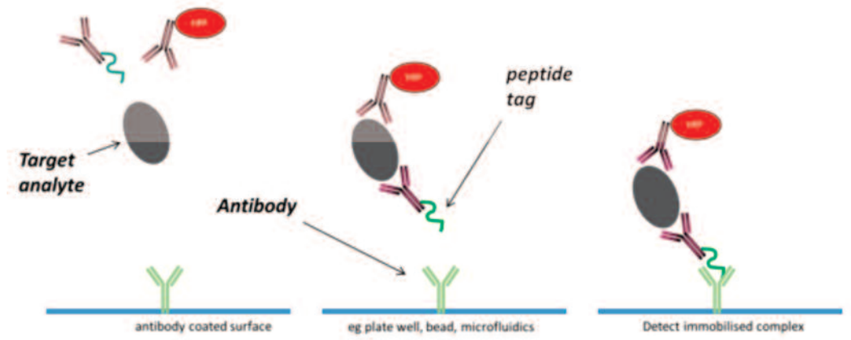
PromarkerD is a predictive diagnostic test for diabetic kidney disease. In published clinical studies, PromarkerD correctly predicted 86% of otherwise healthy diabetics who went on to develop chronic kidney disease within four years. For further information see the PromarkerD web portal: www.PromarkerD.com

Proteomics International's PromarkerD Immunoassay Diagnostic Test (IVD)

Over the past 12 months, Proteomics International has developed its own version of the PromarkerD immunoassay for use in markets such as the US and Australia. This immunoassay has been designed using advanced CaptSure™ technology [TGR Biosciences (Australia)] and complements the initial PromarkerD immunoassay, which is made by partner Omics Global Solutions (Puerto Rico) under licence.

Proteomics International's PromarkerD immunoassay has been developed to be delivered via an enzyme linked immunosorbant-assay (ELISA) format. The testing laboratory can use the PromarkerD immunoassay to measure separately the concentration of the novel panel of three protein biomarkers: Apolipoprotein A4 (ApoA4), CD5 antigen-like (CD5L) and Insulin growth factor binding protein 3 (IGFBP3). The results are then sent to the PromarkerD Hub to determine the patient's risk of developing diabetic kidney disease.

Each immunoassay uses the CaptSure™ technology platform whereby chemically tagged antibodies bind to the target biomarker in solution, and are then immobilised on the surface through the peptide tag. This translates to a more efficient, faster, and simpler assay protocol than standard sandwich immunoassays. This technology can also be readily converted to automated immunoassay platforms.



US President signs executive order to transform kidney disease care

On 10 July 2019, President Trump signed an executive order that aims to improve the lives of the 37 million Americans suffering from kidney disease, expand options for patients and reduce healthcare costs. The first goal of the executive order is to prevent kidney failure whenever possible through better diagnosis, treatment and incentives for preventive care. The initiative also aims to reduce the number of Americans receiving dialysis in dialysis centres and make more kidneys available for transplant. In signing the order, the President said the ground-breaking action would bring new hope to the millions of Americans suffering from kidney disease.

Proteomics International Laboratories Ltd

PromarkerD - Immunoassay Development

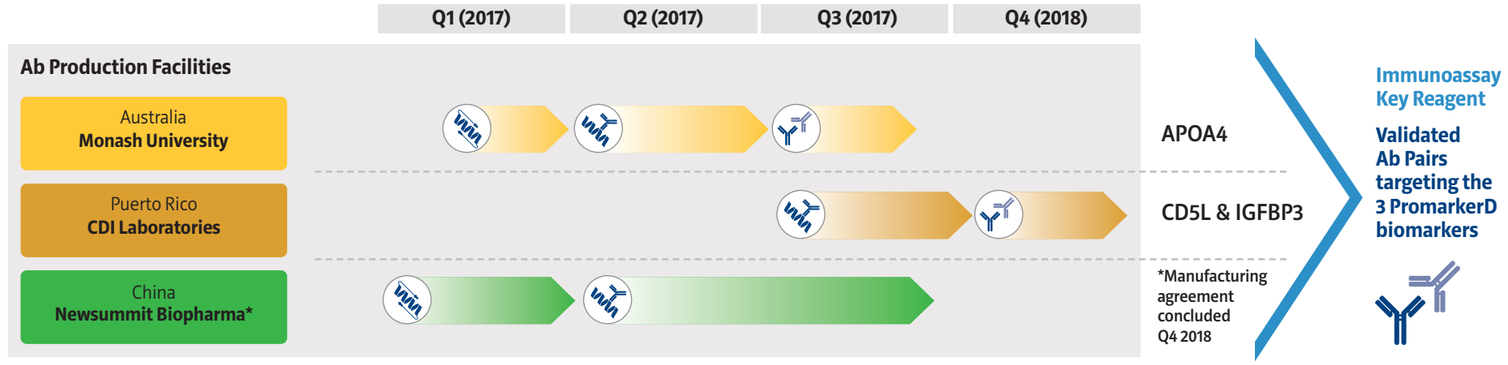
The immunoassay has been used to aid clinical research for over 50 years, and whilst the principles of building these assays are well understood their development remains far from an exact science. Not all biomarkers identified as potential targets for an immunoassay will ultimately be successful, and there are many stages in the process where failures can occur. Proteomics International has worked with world leading teams in Australia and across the globe to move towards its objective of an "off-the-shelf" test for PromarkerD - the PromarkerD immunoassay kit.

Antibody (Ab) Pair Production

AntigenProduction
Recombinant proteins of the 3 PromarkerD biomarker targets
Phases: Gene production, protein expression and purification
Timeframe: ~ 15 weeks

Ab Production
Pool of Ab candidates that bind to the antigen
Phases: Immunisation, fusion, screening, subcloning, purification
Timeframe: ~ 10-20 weeks

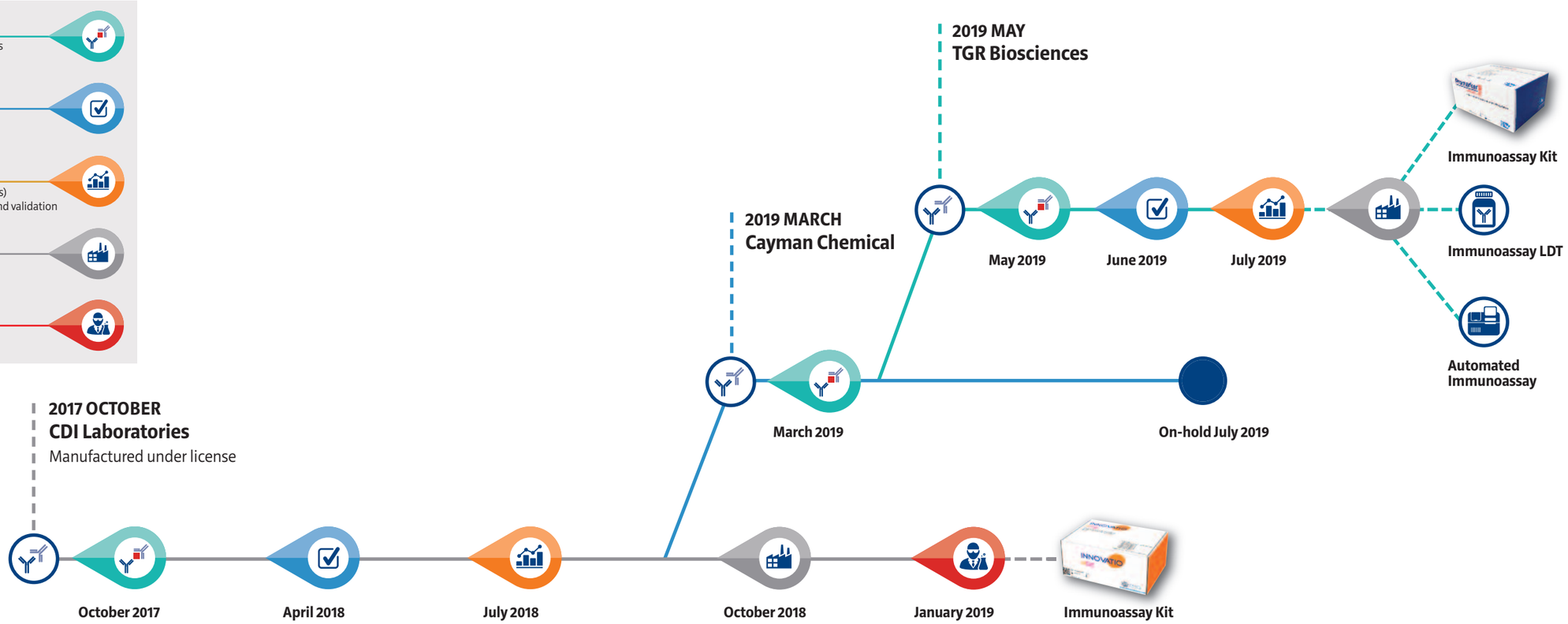
Ab Pair
Validation of complementary Ab pairs for immunoassay development
Phases: Specificity testing
Timeframe: ~ 2 weeks



Proteomics International has engaged multiple Ab production facilities as contingencies.

Immunoassay Production

1. **Development**
   Establish Ab pair configuration and assay parameters
   Optimise assay performance
2. **Validation**
   Validate assay performance (reproducibility, automation, scale up, etc.)
3. **Cross-validation**
   Cross-validation study on test cohort (N=100 patients)
   Mass spec vs immunoassay platform data analysis and validation
4. **QC & Manufacturing**
   Immunoassay reagents stability testing and QC
5. **Tech Transfer**
   Transfer assay know-how to testing lab



Immunoassay Developers - CDI Laboratories (Puerto Rico); Cayman Chemical (USA); TGR Biosciences (Australia). Proteomics International has engaged multiple facilities as contingencies.
Immunoassay Kit (CDI Laboratories) - Manufactured under licence for partner Omics Global Solutions. Product marketed in Dominican Republic as INNOVATIO ND2.

Proteomics International Laboratories Ltd

PromarkerD - Licensing & Strategic Partnerships

As illustrated in the previous section and highlighted in the Technology Snapshot section of the 2019 Annual Report, Proteomics International has now developed both mass spectrometry and immunoassay versions of PromarkerD. This versatility in technology platforms offers more opportunities for future licensing deals, and is critical for the existing discussions that Proteomics International is having with diagnostics and pharmaceutical companies from around the world.

Existing licences and partnerships are summarised in the table shown, with further details in the following section.

Partner	Agreement Type	Start/Term	Promarker Platform	Territory	Market Size	Key Point Summary	Current Status
Janssen Research & Development	Research Collaboration	Nov 2018	MS†	N/A	N/A	• Joint study to test the performance of PromarkerD in predicting decline in kidney function and drug response in patients from Janssen's completed clinical trials. • Collaboration will also evaluate PromarkerD in the new area of predicting heart disease which is a major cause of death in patients with diabetes.	• First analytical phase commenced in February and is nearing completion. Samples will then be unblinded to enable the statistical analysis which is expected to be completed in late 2019. • Further sample analyses dependent on results of first phase.
Patia Biopharma	Licence [Royalties]	June 2018-2021	MS-LDT††	Mexico	12m diabetics	• Patia Biopharma granted licence to sell MS-LDT version of PromarkerD, with biomarker analysis to be carried out by a specified laboratory in Mexico.	• Biomarker analysis could not be initiated by the specified laboratory due to commercial restructure. • Switched to Immunoassay LDT.
		(July 2019)	Immunoassay LDT†††			• Licence extended to immunoassay LDT version of PromarkerD, with biomarker analysis to be provided by an authorised laboratory.	• Roll out pending PromarkerD immunoassay validation by authorised laboratory.
Patia Europe	Licence [Royalties]	Nov 2018-2020	MS-LDT††	Spain	3.6m diabetics	• Patia Europe granted a licence to sell MS-LDT version of PromarkerD, with biomarker analysis to be carried out by a specified laboratory in Spain.	• Roll out pending PromarkerD MS-LDT validation by authorised laboratory.
Atturos	Collaboration	Sep 2018	MS-LDT††	Europe	58m diabetics	• Collaboration to develop PromarkerD MS assay for clinical use in the region.	• Atturos is validating PromarkerD as an MS-LDT in its laboratory. • Completion of validation imminent.
Omics Global Solutions (Omics)	Licence [Upfront + Milestone Payment + Royalties]	Aug 2016-2031*	Immunoassay kit	Dominican Republic	0.52m diabetics	• Omics granted licence to develop and manufacture an immunoassay kit version of PromarkerD. • Immunoassay kit is based on antibodies owned by Proteomics International. • Immunoassay kit was developed by CDI Laboratories (Puerto Rico). • Omics granted licence to sell the immunoassay kits in the Dominican Republic.	• Immunoassay kit development and manufacture completed; product marketed in Dominican Republic as INNOVATIO ND2. • Technical problems have delayed the roll out in Dominican Republic laboratories. • Roll out pending.
		(Mar 2018)	MS-LDT††			• Licence extended to allow Omics to provide MS-LDT version of PromarkerD, with biomarker analysis carried out by Proteomics International.	• Used in 2018, prior to completion of immunoassay kit. On-hold pending use of immunoassay.
PrismHealthDx (PHDx)	Licence [Royalties]	May 2018-2019	MS-LDT††	USA	30m diabetics	• PHDx was granted a licence to provide the MS-LDT version of PromarkerD in the US.	• Rescinded January 2019 due to ongoing roll out delays and commercial restructure. • Negotiations on-going with other groups to secure a new US partner(s).
Newsummit Pharmaceutical Group (NSB)	Manufacture & Commercialise	Nov 2015-2018	Immunoassay kit	China	114m diabetics	• NSB was contracted to develop the antibodies and an immunoassay kit version of PromarkerD for the Chinese market.	• Concluded. Manufacturing contract moved to other suppliers.
Dimerix Bioscience (Dimerix)	Research Collaboration	2017-ongoing	MS†	N/A	N/A	• Joint study to evaluate the use of PromarkerD as a Companion Diagnostic test to support the use of Dimerix's drug treatment for chronic kidney disease.	• On-hold pending clinical trial samples and data.

*Life of PromarkerD patent

MS† = Mass Spectrometry

MS-LDT†† = Mass Spectrometry Laboratory Developed Test

LDT††† = Laboratory Developed Test

PromarkerD - Licensing & Strategic Partnerships

HIGHLIGHTS

Drug development: Janssen Research & Development
In November 2018, Proteomics International signed an agreement with US big pharma company Janssen Research & Development to accelerate diabetic kidney disease drug discovery using PromarkerD. The collaboration is also evaluating how PromarkerD performs in predicting heart disease, another major complication caused by diabetes and a new application for PromarkerD.

Proteomics International began the first stage of analysis, from a Janssen completed clinical trial of its gliflozin drug, in February 2019. In April, it was widely reported that Janssen's canagliflozin drug significantly reduces the risk of renal failure in patients with type 2 diabetes and chronic kidney disease in a phase 3 clinical study. In announcing the results, Janssen stated that canagliflozin is the only medicine in nearly 20 years, and the first diabetes medicine, to demonstrate significant reduction in risk of renal failure, dialysis or kidney transplantation.

The collaboration has the potential to establish PromarkerD as a Complementary Diagnostic (CDx) test for the therapeutic treatment of diabetes complications. If successful, the PromarkerD test could be used every time drugs in the gliflozin class, are prescribed. The collaboration also seeks to use PromarkerD to identify specific "at risk" target populations that will respond to these diabetes therapies.

Assay development (MS-LDT): Atturos
Proteomics International signed an agreement with Irish clinical diagnostics company Atturos in September 2018 that will see the two companies expand the use of mass spectrometry for new diagnostic tests. Atturos is a University College Dublin spin out company founded to commercialise the OCProDx test, a pioneering blood test that can determine whether diagnosed prostate cancer is confined to the prostate.

Assay development (Immunoassay): Omics Global Solutions
The first PromarkerD immunoassay kit was developed by CDI Laboratories (Puerto Rico) in partnership with licence partner Omics Global Solutions. Results verifying the performance of the PromarkerD immunoassay were presented at the 18th Annual Diabetes Technology Meeting in North Bethesda, Maryland, USA on 9 November 2018. The porting of the PromarkerD assay from a mass spectrometry platform to an immunoassay platform represented a significant advance in the commercialisation of the test, and underpinned the development of Proteomics International's advanced immunoassay (see also Technology Snapshot and Figure - PromarkerD Immunoassay Development).

New application of PromarkerD: US patent granted
In February 2019, Proteomics International was granted a US patent for the use of one of the core PromarkerD biomarkers–CD5 antigen-like (CD5L)–as a potential drug target. CD5L could be a novel therapeutic target to treat kidney disease, and the new patent covers methods for identifying such drugs. Further research is required to confirm the role played by CD5L and confirm its viability as a drug target.

This patent for potential drug discovery adds to Proteomics International's existing suite of patents which centre on the use of PromarkerD as a diagnostic test both for diabetic kidney disease and all cause kidney disease.

Countries with PromarkerD patents

Countries with PromarkerD patents pending

Scientific publications describing PromarkerD

Davis TME, Peters KE, Lipscombe R: Apoptosis inhibitor of macrophage (AIM/CD5L) and diabetic kidney disease. Cellular & molecular immunology 2019 May;16(5):521.

Peters KE, Davis WA, Ito J, Winfield K, Stoll T, Bringans SD, Lipscombe RJ, and Davis TME (2017). Identification of Novel Circulating Biomarkers Predicting Rapid Decline in Renal Function in Type 2 Diabetes: The Fremantle Diabetes Study Phase II. Diabetes Care 40, 1548-1555.

Peters KE, Davis WA, Ito J, Winfield K, Stoll T, Bringans SD, Lipscombe RJ, Davis TME (2017). Novel circulating biomarkers predict rapidly declining renal function in type 2 diabetes: The Fremantle Diabetes Study. Diabetes, 66 (Supplement 1).

Bringans SD, Ito J, Stoll T, Winfield K, Phillips M, Peters KE, Davis WA, Davis TME, Lipscombe RJ (2017). Comprehensive mass spectrometry based biomarker discovery and validation platform as applied to diabetic kidney disease. EuPA Open Proteomics 14, 1-10.

Proteomics International Laboratories Ltd

PromarkerD - Intellectual Property

Proteomics International owns three families of patents for PromarkerD in key markets with others pending.

Family One patents relate to use of PromarkerD as a diagnostic test for diabetic kidney disease

Country	Application/ Patent No	Status
"Biomarkers associated with pre-diabetes, diabetes and diabetes related conditions" ▪ Derived from International Patent Application PCT/AU2011/001212 ▪ All patents valid until September 2031		
Australia	2011305050	Granted
Brazil	BR1120130067640	*Pending*
Canada	2811654	*Pending*
China	ZL201180053583.9	Granted
Europe[1]	3151012	Granted "Biomarkers associated with diabetic nephropathy"
Hong Kong	18115912.3	*Pending*
India	3012/DELNP/2013	*Pending*
Indonesia	W00 2013 01585	Granted
Japan	2013-528474	Granted
Russia	2596486	Granted
Singapore	188527	Granted
USA	US 9,146,243	Granted "Method of assessing diabetic nephropathy using CD5 antigen-like"

[1] Validated in France, Germany, Italy, Turkey, Spain, United Kingdom

Family Two patents relate to use of PromarkerD as a diagnostic test for any form of kidney disease

Country	Patent No	Status
"Biomarkers associated with kidney disease" ▪ Patent valid until Sept 2031		
Australia	2015202230	Granted
"Method of Assessing a Subject for Abnormal Kidney Function" ▪ Patent valid until Sept 2031		
USA	US 9,733,259	Granted
"Method for the diagnosis of kidney damage in the early stages" ▪ All patents valid until July 2021		
Europe[2]	EP1410039	Granted/Licensed
USA[2]	US 7,842,463 B2	Granted/Licensed
"Method for predicting the progression of chronic kidney disease by measuring Apolipoprotein A-IV" ▪ Patent valid until Sept 2025		
Europe[2]	EP1941274	Granted/Licensed

[2] Licensed exclusively to Proteomics International from the University of Innsbruck

Family Three patents relate to a method for identifying drugs for abnormal kidney function using of one of the PromarkerD biomarkers ("CD5 antigen like") as a potential drug target

Country	Application No	Status
"Method for Identifying an Agent for Treating Abnormal Kidney Function" ▪ Patent valid until Sept 2031		
USA	10191067B2	Granted

Trademark - Promarker™

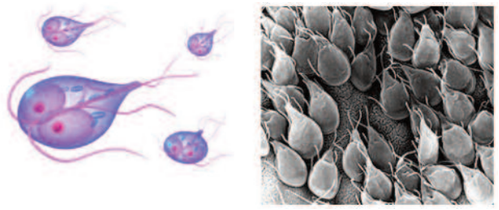
- **Class 44** – Medical diagnostic services (No 1776917)
- **Class 5** – Diagnostic apparatus for medical purposes including diagnostic kits (No 1806616)

Country				Status
Australia	**Israel**	**Mexico**	**Singapore**	Granted
Dominican Republic	**Japan**	**New Zealand**	**USA**	
European Union	**South Korea**	**Russia**		
China				*Pending*

2. Diagnostics

DIAGNOSTICS RESEARCH AND DEVELOPMENT - THE PROMARKER™ PIPELINE

The second target area for company growth is applying the Promarker™ technology platform to create new diagnostic tests for chronic diseases with unmet medical need. Proteomics International continued to invest in research and development to create this new intellectual property. The Company's protein biomarker discovery program is investigating protein 'fingerprints' associated with the following diseases:



Endometriosis

Status update: *Discovery study completed. Proof-of-concept study on-going.*

Proteomics International announced in August 2018 that it had discovered several potential biomarkers in the blood that could be used to test for endometriosis. This gynaecological condition causes chronic pain and infertility but is often difficult to diagnose. The condition affects one in ten women in their reproductive years and costs $12,000 per year for every person diagnosed.

Following the discovery of the biomarkers, the research progressed to a proof-of-concept study to identify candidates with greater statistical confidence. The proof-of-concept study experienced significant delays due to extended instrument breakdowns but is now nearing completion.

If successful the study may lead to patentable intellectual property for a disease that, on average, takes 8.5 years for women to be diagnosed from their first symptoms, and currently does not have a diagnostic tool beyond invasive surgery.

Parasite infection *Giardia*

Status update: *Discovery study completed. Proof-of-concept study being finalised.*

Giardia is a leading cause of infectious gastroenteritis worldwide.

Proteomics International continues its development of an improved diagnostic test for the parasite *Giardia* in collaboration with the Murdoch University Veterinary School and a leading US veterinary company.

The gastro causing parasite *Giardia* is one of the most common parasitic human diseases globally. Surveillance data suggests there are 280 million people worldwide being infected each year. The risk for human health is that some *Giardia* strains that affect pets can cross into humans (zoonotic), whilst others do not (host specific). Current tests have low accuracy and cannot easily differentiate these host specific and zoonotic strains.

Proteomics International has identified strain specific *Giardia* targets using a combination of its Promarker™ platform and bioinformatics techniques. Synthetic mimics of these targets have been manufactured using synthetic peptide chemistry, and these peptides have been used for antibody generation. The resulting antibodies are being assessed for performance in a paired immunoassay format. Prototype assays will then be tested against control samples in order to prove the technical viability of the assay. The commercial viability of the immunoassay will not be known until completion of this last phase, which is expected later this year.

The market opportunity for Proteomics International is that current tests have low accuracy and cannot easily be used to test if pets infected with *Giardia* present a risk to their owners. A strain specific test could readily benefit the US market where according to the Centers for Disease Control and Prevention, the prevalence is an estimated 1.2 million people within the population of the United States.

Asthma and Chronic Obstructive Pulmonary Disease (COPD)

Status update: *Discovery study pending.*

Proteomics International continues to collaborate with the Busselton Population Medical Research Institute to target the diagnosis and treatment of lung conditions such as asthma and chronic obstructive pulmonary disease, which cost healthcare systems tens of billions of dollars a year. The globally-recognised Busselton Health Study is one of the longest running epidemiological research programs in the world and an important resource for accessing patient samples. The discovery program remains pending whilst the Company focuses its resources on PromarkerD clinical studies and its existing diagnostics programs.

3. Analytical Services

Revenue from analytical services continued to be strong driven by volume in two core areas, biosimilars (generic protein drugs) and pharmacokinetic testing for clinical trials. Additional revenue is derived from provision of external biomarker analysis services, including complementary diagnostics (CDx), and from specialist analytical work, such as quality control testing of A2 milk products.

The increase in revenue is exemplified by Proteomics International securing its largest biosimilars contract to date in July 2018. The contract with Dutch/Australian company BiosanaPharma, worth more than $300,000, was to conduct quality control testing and an analytical comparability study on a drug treatment for allergic asthma.

The second and growing driver for revenue is the ongoing partnership with Linear Clinical Research (Australia). Since 2016, Proteomics International has worked in collaboration with Linear to develop pharmacokinetic (PK) testing services to enable end-to-end clinical trial services in Western Australia. Proteomics International recently announced two PK testing contracts with Linear, with a combined value of approximately $400,000, to conduct phase I clinical studies of novel autoimmune disease drugs [26 July 2019].

Export Award win

Proteomics International took out the Health and Biotechnology category of the WA Industry and Export Awards in October 2018. The export award reflected the Company's doubling of export derived revenue to $795,000 for the 2018 financial year, coupled with growth in long-term markets such as India, and expansion into new markets with the first sales to China and the Netherlands.

World's most accredited protein testing laboratory

Proteomics International was the first laboratory in the world to receive ISO/IEC accreditation for proteomics services in 2009 (Accreditation number: 16838). Proteomics International now holds multiple levels of internationally recognised accreditation:

- ISO 17025: 2015 – R&D with Good Laboratory Practice (GLP) overlay
- ISO 17025: 2015 – Chemical Testing

Accreditation recognises Proteomics International's ability to consistently achieve technically valid, traceable and reproducible results. In Australia, accreditation is assessed by NATA (the National Association of Testing Authorities). ISO/IEC 17025 is recognised worldwide as the main ISO standard used by testing and calibration laboratories, and is the most widely used laboratory standard for US Federal testing laboratories. Accreditation means that clients and regulatory authorities can have confidence in test results and helps companies identify reliable service providers.

Proteomics International Laboratories Ltd

Company Operations

DRUG DISCOVERY

Proteomics International has had a long-standing interest in innovative drug discovery, with the Company's first substantial external funding received to develop a novel therapeutic pipeline in 2008. This pipeline became the basis for the Promarker™ technology platform. The drug discovery program is on hold whilst the Company focuses its resources on the commercialisation of PromarkerD, diagnostics, and the provision of analytical services.

CORPORATE ACTIVITY

Proteomics International appointed new corporate advisors Adelaide Equity Partners and Scintilla Capital to help unlock investor value and establish the foundation for further corporate growth [ASX: 14 Nov 2018]. Adelaide Equity is an independent investment bank, specialising in the provision of corporate advisory services for small-mid ASX listed companies in the healthcare, natural resource, industrial and technology sectors, whilst Scintilla Capital is a specialist fund manager focused on high-growth microcap ASX-listed companies that target the disruptive technologies of tomorrow. Adelaide Equity Partners will continue to act as corporate advisors into FY 2020.

Proteomics International received $928,399 from the sale of its shareholding in CPR Pharma Services (CPR) after a binding takeover offer for the company was accepted by CPR's majority shareholder [ASX: 10 September 2018]. In 2018 Proteomics International acquired a 10% stake in the clinical services specialist in return for 3,868,305 ordinary PIQ shares. The sale resulted in an accounting loss of $249,499 (see Financial Statements Notes 4 and 8), but provided a significant boost to Proteomics International's balance sheet which enabled an increase in expenditure during FY 2019 for the commercialisation of PromarkerD.

Non-executive director Dr John Dunlop retired at the close of the Company's 2018 Annual General Meeting held on 22nd November 2018. Dr Dunlop has been a non-executive director since the company was incorporated in 2014, and prior to that served as Chairman of Proteomics International Pty Ltd from its formation in 2001.

STRATEGIC COLLABORATIONS

Proteomics International continues to work closely with the biotechnology and life sciences community across Australia. Strategic collaborations promote the development of scientific knowledge and help Proteomics International realise its scientific and business objectives.

Highlights of the Company's collaborations include:

Harry Perkins Institute of Medical Research (Perkins)

The Perkins is the premier adult medical research institute in Western Australia. Proteomics International is headquartered there and has held close ties with the Perkins since 2006. The Company is currently in discussions with the Perkins to expand the relationship.

Bioplatforms Australia (BPA)

BPA is a federal body instigated as part of the National Collaborative Research Infrastructure Scheme (NCRIS) to facilitate a national capability in the 'omics sciences (genomics, proteomics, metabolomics and bioinformatics). Proteomics International manages the Western Australian node of Proteomics Australia and is currently in discussions with BPA to expand the scope of the node.

Australian Research Council Training Centre for Personalised Therapeutics Technologies

This recently funded national $3.1 million Industrial Transformation Training Centre (ITTC) sees Proteomics International work with university-based researchers to provide industry training through the application of the PromarkerTM technology to Complementary Diagnostics. The centre is hosted by the University of Western Australia, Monash University and the University of Melbourne. The Centre commenced activities this year.

Accelerating Australia

This national consortium covering academia, industry and health care providers, received $1m in October 2017 from MTP Connect (the Medtech and Pharma Growth Centre) to build a cohesive and collaborative early stage biomedical translation ecosystem. As a commercial partner, Proteomics International enjoys early access to new ideas and products. Accelerating Australia is led by the Centre for Entrepreneurial Research and Innovation based in Western Australia. The Centre's activities are on-going.

Dr Bill Parker Memorial Industrial Scholarship

In 2017, the Company launched the Dr Bill Parker Memorial Industrial Scholarship in memory of its cofounder. The inaugural winner, Imogen Sorby from Perth Modern School, completed her one-year placement with the Company in 2018, and is currently undertaking an undergraduate degree at the University of New South Wales. In 2019, Breanna Fernandes from Perth Modern School won the scholarship. Breanna is currently undertaking work experience with Proteomics International prior to undertaking her undergraduate degree.

Trade and industry events

Proteomics International attended a number of targeted industry and scientific events over the year including:

- American Diabetes Association conference, San Francisco (Jun 2019)
- BIO International Convention, Philadelphia (Jun 2019)
- 121 Tech Investment Hong Kong (Jun 2019)
- BioPlatforms Australia (May 2019)
- Australia's Medtech Conference, Melbourne (May 2019)
- Lorne Proteomics, Victoria, Australia (Feb 2019)
- Ausbiotech, Brisbane (Nov 2018)
- Western Australia Industry & Export Awards (Oct 2018)
- Proteomics International India Trade Visit (Sep 2018)

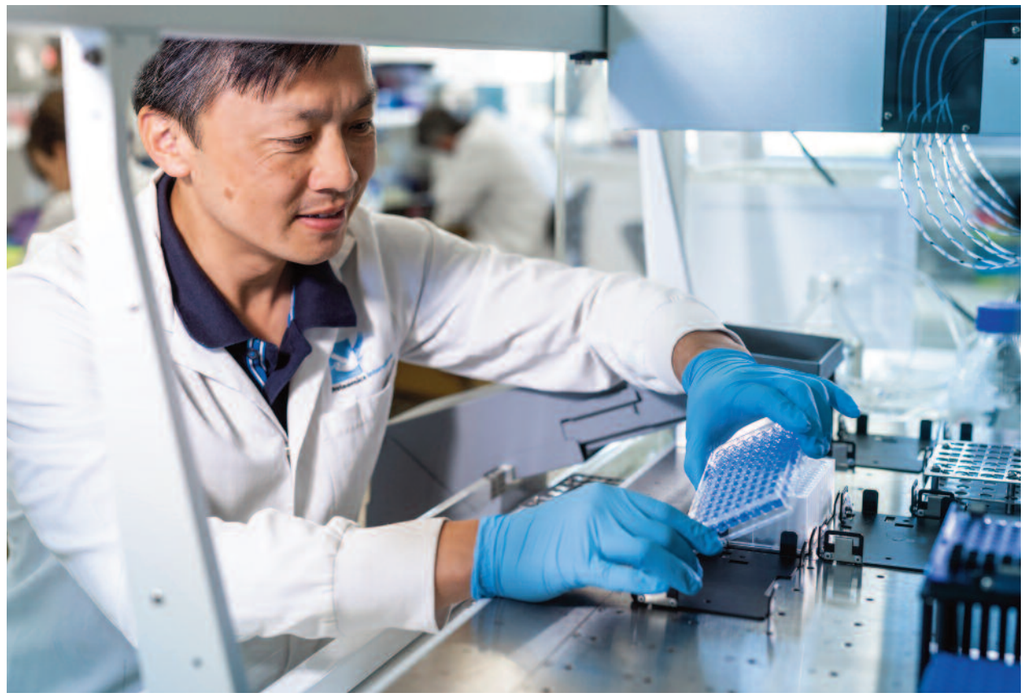
Publications resulting from Proteomics International's strategic collaborations

Moodley YP, Corte TJ, Oliver BG, Glaspole IN, Livk A, Ito J, Peters K, Lipscombe R, Casey T, Tan DBA: Analysis by proteomics reveals unique circulatory proteins in idiopathic pulmonary fibrosis. Respirology (Carlton, Vic) 2019; accepted for publication 8th August 2019

Nolan AN, Mead RJ, Maker G, Bringans S, Chapman B, Speers SJ: Examination of the temporal variation of peptide content in decomposition fluid under controlled conditions using pigs as human substitutes. Forensic science international 2019;298:161-168

Peters K, Casey T, Bringans S, Davis W, Button E, Lipscombe R, Davis T. PromarkerD: A Novel Test for Predicting Rapid Decline in Renal Function in Type 2 Diabetes. Journal of Diabetes Science and Technology, vol. 13, 2: pp. 293-409. First Published March 1, 2019. Diabetes Technology Society Meeting 8-10 Nov 2018, Maryland, USA.

Perth Biotech goes global with pioneering kidney disease test. Export case study. Austrade 2019.



SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report and the financial statements.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

On 26 July 2019, Proteomics International announced it had secured two major contracts to conduct pharmacokinetic analyses. The contracts, with a combined value of approximately $400,000, form part of Proteomics International's ongoing partnership with Linear Clinical Research for pharmacokinetic testing for clinical trials. The phase I clinical studies will examine the safety performance of novel autoimmune disease drugs for two pharmaceutical companies in China, with the studies to be undertaken over the next 3-10 months.

Proteomics International secured TGA regulatory approval for the PromarkerD software as an in vitro diagnostic (IVD) for export use. The PromarkerD software hub enables the delivery of results of the proprietary PromarkerD algorithm to Proteomics International's partners around the world [ASX: 28 July 2019].

The Company was also granted a patent for PromarkerD in Indonesia, where there are 10.3 million adults with diabetes [ASX: 28 July 2019].

LIKELY DEVELOPMENTS

Proteomics International will continue to pursue the commercialisation of its lead diagnostic test, PromarkerD in global markets. Potential licence partners are global and regional diagnostic companies, diagnostic service providers, and drug developers. In jurisdictions where licences have already been granted, the focus will be on increasing the adoption of the test by engaging with Key Opinion Leaders and the broader network of clinical service providers.

As for any novel test, market penetration cannot be predicted accurately, hence for each licence it is not possible to quantify the financial impact on Proteomics International in any given timeframe. Nonetheless, PromarkerD has the potential to spare millions of people from the cost of dialysis, saving each health care system billions of dollars. Consequently, the Company believes that ultimately the financial impact of each licence will be significant.

The development pipeline for new diagnostic tests will progress using the Promarker™ technology platform, with the intention of creating new intellectual property that can be licensed in future years.

These R&D and commercialisation activities will continue to be underpinned by the analytical services operations. Fee-for-service revenue continues to grow and Proteomics International anticipates further growth.

ENVIRONMENTAL REGULATIONS

The Company is subject to environmental regulation and other licences in connection with its research and development activities utilising the facilities at the Harry Perkins Institute of Medical Research. The Company complies with all relevant Federal, State and Local environmental regulations. The Board is not aware of any breach of applicable environmental regulations by the Company.

GREENHOUSE GAS AND ENERGY DATA REPORTING

The Company has assessed the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007 and the Group is not currently subject to any reporting obligations.

GOVERNANCE

The Board of Directors is responsible for the operational and financial performance of the Company, including its corporate governance. The Company believes that the adoption of good corporate governance adds value to stakeholders and enhances investor confidence.

Proteomics International's corporate governance statement is available on the Company's website, in a section titled 'Corporate Governance'.

Proteomics International Laboratories Ltd

Board of Directors and Operational Team

BOARD OF DIRECTORS
Terry Sweet – Non-Executive Chairman (Independent)
Richard Lipscombe – Managing Director
Roger Moore - Non-Executive Director (Independent)
Paul House - Non-Executive Director (Independent)

INFORMATION ON DIRECTORS

Director	Experience	Special Responsibilities	Particulars of Director's interest in securities of the Company	
			Shares	Options
Mr Terry Sweet FAICD 	Terry has been a Director of several listed companies over the past 30 years in both executive and non-executive capacities. These companies include XRF Scientific Ltd, where he was Managing Director for 4 years, Western Biotechnology Ltd, Heartlink Ltd, and Scientific Services Ltd. Originally trained as a chemist, his interests and expertise now lie in the area of development and supervision of a culture of Board integrity, commensurate with technology commercialisation. Terry is a Fellow of the Australian Institute of Company Directors and has been involved with the Company for 5 years.	Chairman	2,348,000	400,000
Dr Richard Lipscombe PhD (London), MA (Oxford) 	Richard, a co-founder of the Company, is a highly practised business manager and protein chemist expert in analysing biomolecules using proteomics techniques. He has an extensive expertise in chemistry, immunology, mass spectrometry, peptide synthesis, high performance computing and robotics. Richard has international experience in both science and business gained over a 30-year period in Australia, USA and the UK, including work in hospital and academic laboratories and commercial organisations. He completed his chemistry degree (MA) at Oxford University, his PhD in immunology at London University and was a Post-Doctoral scientist (molecular immunology) in a large research institution in Australia (Telethon Kids Institute). After managing the Protein Analysis Facility at the University of Western Australia, he co-founded Proteomics International Pty Ltd in 2001. Richard is well published in peer review journals, and holder of several patents. Richard has been with the Company for over 18 years.	Managing Director	19,011,204	-
Mr Roger Moore R (Denmark), BPharm (U. Syd) 	Roger has 40 years' experience in the international pharmaceutical industry, including almost 30 years as President of Novo Nordisk Japan (Novo Nordisk is the world's largest manufacturer of insulin and a global leader in diabetes care). Roger established Novo's organisation in Japan as the first employee in 1977, and worked for the company until his retirement as Chairman at the end of 2007. From 2000, Roger was appointed Senior Vice President, Japan and Oceania Region, responsible for Novo Nordisk's business in Japan, Australia, New Zealand and the Pacific. He was also appointed a member of the Senior Management Board, Novo Nordisk A/S. In 2007 Mr Moore was awarded the Knight's Cross of the Order of the Dannebrog (R) by Queen Margrethe II of Denmark. Roger joined the Board in October 2016.	Nil	627,000	200,000
Mr Paul House GAICD, BCom (UWA) 	Paul previously served eight years as the Managing Director of SGS India, where he was responsible for a workforce of approximately 4,500 personnel across 65 locations in India, including 38 laboratories. SGS is the world's leading Testing, Inspection and Certification (TIC) company, and operates a network of offices and laboratories in more than 140 countries. Paul has previously held Chief Financial Officer and Chief Operating Officer roles, and was Senior Manager for several years at a leading global management consultancy firm. Paul has a track record for delivery of business performance targets, revenue growth, margin improvement, market share and productivity, across multiple services, markets and borders. Paul joined the Board in November 2017.	Nil	488,094	200,000

CURRENT AND FORMER DIRECTORSHIPS

Directors' Name	Current Directorships	Former Directorships (last 3 years)
Terry Sweet	Nil	Nil
Richard Lipscombe	Nil	Nil
John Dunlop	Nil	Nil
Roger Moore	Nil	Nil
Paul House	Nil	Nil

COMPANY SECRETARY

Ms Karen Logan BCom, Grad Dip AppCorpGov, FCIS, FGIA, F Fin, GAICD

Karen Logan is a Chartered Secretary with over 15 years' experience in assisting small to medium capitalised ASX-listed and unlisted companies with compliance, governance, financial reporting, capital raising, merger and acquisition, and IPO matters. She is presently the principal of a consulting firm and secretary of a number of ASX-listed companies, providing corporate and accounting services to those clients.

MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2019, and the numbers of meetings attended by each Director were:

Directors	Full Meetings of Directors A	B
Mr Terry Sweet	10	11
Dr Richard Lipscombe	11	11
Dr John Dunlop +	4	4
Mr Ian Roger Moore	11	11
Mr Paul House	11	11

A = Number of meetings attended
B = Number of meetings held during the time the Director held office
+ = Retired 22 November 2018

The Board meets regularly on an informal basis in addition to the above meetings.

Directors have determined that the Company is not of sufficient size to merit the establishing of separate sub-committees and all decisions are made by the full Board.

Proteomics International Laboratories Ltd

OPERATIONAL TEAM

Proteomics International has established and maintained a highly qualified, multi-lingual team with well-balanced commercial and scientific expertise. The senior management group comprises:

Head of Business Development
John C. Morrison
John C. Morrison has over 35 years' experience in life sciences, biotechnology, and diagnostic industries. John has a degree in chemistry and an MBA from Boston University. He has held several management positions while at NEN Life Sciences and DuPont before focusing his last 15 years in Business Development at Perkin Elmer. John successfully executed many licensing deals and several global acquisitions while in that role. John is based in Massachusetts, USA and joined the Company in May 2014.

Chief Operating Officer
Dr Pearl Tan
Pearl joined Proteomics International in 2013 to lead the commercialisation of its patented 2-tag technology (used for the measurement of oxidative stress). Pearl has a background in research and completed her PhD in Biochemistry and Molecular Biology at The University of Western Australia. Pearl is now working with the business development team to commercialise the PromarkerD test. Pearl is responsible for managing the Company's technical operations.

Research Manager
Dr Scott Bringans
Scott has over 20 years' experience in protein chemistry and mass spectrometry, and leads the diagnostics program encompassing PromarkerD. Alongside this is the development of novel methodology to add to Proteomics International's technology platform and continually expanding the fee-for-service and quality testing portfolio. Scott has been with the Company for 12 years.

Laboratory Manager
Dr Kerryn Garrett
Kerryn joined Proteomics International in 2019 as the Laboratory Manager overseeing laboratory operations and quality for all analytical services and R&D projects. Kerryn brings a key set of expert skills from her extensive experience in the diagnostic pathology industry and the regulatory elements of accreditation agency NATA. Kerryn also has over 25 years of research background in various diseases using a wide range of molecular and genetic technologies.

Material Business Risks

The Group has identified the below specific risks that could impact upon its future prospects.

Commercialisation Risk

The Company is relying on its ability and that of its partners to develop and commercialise its products and services in order to create revenue. Any products or services developed by the Company will require extensive clinical testing, regulatory approval and significant marketing efforts before they can be sold and generate revenue. The Company's efforts to generate revenue may not succeed for a number of reasons including issues or delays in the development, testing, regulatory approval or marketing of these products or services.

In addition, developing direct sales, distribution and marketing capabilities will require the devotion of significant resources and require the Company to ensure compliance with all legal and regulatory requirements for sales, marketing and distribution.

A failure to successfully develop and commercialise these products and services could lead to a loss of opportunities and adversely impact on the Company's operating results and financial position. In addition, for those countries where the Company may commercialise its products or services through distributors or other third parties, the Company will rely heavily on the ability of its partners to effectively market and sell its products and services.

Further, even if the Company does achieve market commercialisation of any of its products and services, it may not be able to sustain it or otherwise achieve commercialisation to a degree that would support the ongoing viability of its operations.

Drug Market Risk

The research and development process typically takes from 10 to 15 years from discovery to commercial product launch. This process is conducted in various stages in order to test, along with other features, the effectiveness and safety of a product. There can be no assurance that any of these products and services will be proven safe or effective.

Accordingly, there is a risk at each stage of development that the Company will not achieve the goals of safety and/or effectiveness and that the Company will have to abandon a product.

Intellectual Property

The following are considered to be risks to the Company's intellectual property:

(i) General

The patent protection that the Company may obtain varies from product to product and country to country and may not be sufficient, including maintaining product exclusivity. Patent rights are also limited in time and do not always provide effective protection for products and services: competitors may successfully avoid patents through design innovation, the Company may not hold sufficient evidence of infringement to bring suit, or the infringement claim may not result in a decision that the rights are valid, enforceable or infringed.

Legislation or regulatory actions subsequent to the filing date of a patent application may affect what an applicant is entitled to claim in a pending application and may also affect whether a granted patent can be enforced in certain circumstances. Laws relating to biotechnology remain the subject of ongoing political controversy in some countries. The risk of changed laws affecting patent rights is generally considered greater for the biotechnology field than in other longer established fields.

(ii) Entitlement to Priority

In order for material disclosed in a patent application to be entitled to the priority date of a corresponding earlier filed application (e.g. a provisional application), there must be adequate support or disclosure of such material in the provisional application. Subject matter in a patent application that is not so disclosed in the earlier application is not entitled to the claim to priority, which may affect patentability of the subject invention, or the validity of any patent that may be granted.

(iii) Securing a Patent

The claims in a pending application cannot be considered predictive of claims in a granted patent. Examination in certain jurisdictions such as the USA and the European Patent Office are often more stringent than other countries and all pending claims may be subject to amendment during the pendency of an application. Thus, during pendency of any patent application, an applicant cannot reliably predict whether any claims will ultimately be granted or what the scope of any granted claims will be. Furthermore, whilst the scope of claims granted in one country may assist, it cannot be relied upon for predicting the scope of claims granted in another country.

All patent searches are dependent on the accuracy and scope of the databases used for the search and, in particular, the manner in which information in the databases is indexed for searching purposes.

Patent applications may have been filed by third parties based on an earlier priority date and the existence of such applications may not be known for up to about 18 months after they were filed. Such earlier-filed applications may constitute prior art that adversely affects patentability or claim scope of a patent matter listed herein. Given the timing of and the approach taken to the examination of patent applications, if any prior art in this 18-month period does exist, it is unlikely that it will be located in searches conducted by official Patent Offices.

Delays may occur during pendency, due to unpredictable events that the application cannot control. The net effect of such delays may be to decrease the time from the date of patent grant to the end of the patent term and thus adversely affect the effective lifetime of enforceability of the patent.

Proteomics International Laboratories Ltd

Patents and pending applications can be subject to opposition or other revocation proceedings, that vary from country to country, and which cannot be predicted in advance.

Reliance on Key Personnel

The Company's ability to operate successfully and manage its potential future growth depends significantly upon its ability to attract, retain and motivate highly-skilled and qualified research, technical, clinical, regulatory, sales, marketing, managerial and financial personnel. The competition for qualified employees in the life science industry is intense and there are a limited number of persons with the necessary skills and experience.

The Company's performance is substantially dependent on Dr Lipscombe and the other members of its senior management and key technical staff to continue to develop and manage the Company's operations. The loss of or the inability to recruit and retain high-calibre staff could have a material adverse effect on the Company. The Company also relies on the technical and management abilities of certain key Directors and employees, consultants and scientific advisers. The loss of any of these Directors, employees, consultants or scientific advisers could have an adverse effect on the business and its prospects.

Regulatory Risk

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions that govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its shares. In addition, there is a risk that legal action may be taken against the Company in relation to commercial matters.

Funding Risk

While the Company believes it will have sufficient funds to meet its operational requirements for the next 12 months, the Company may in the future seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources, joint ventures, collaborations with other life science companies, licensing arrangements, production sharing arrangements or other means.

The Company's capital requirements depend on numerous factors and, having regard to the early stage of development and the nature of its products and services, the Company is currently unable to precisely predict if, and what amount of, additional funds may be required. Factors, which may influence the Company's possible need for further capital, include such matters as:

- the costs and timing of seeking and obtaining regulatory approvals;
- the costs of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights;
- the effects of competing product, clinical, technological and market developments; and
- the terms, timing and consideration, if any, of collaborative arrangements or licensing of products and services;

There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back development and research programmes as the case may be.

Insurance Risk

The Company may not be able to maintain insurance for service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims. If the Company fails to meet its clients' expectations, the Company's reputation could suffer and it could be liable for damages. The Company gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.

Exchange Rate Risk

The Company is exposed to movements in foreign exchange rates. The Company does not hedge against movements in the exchange rate. However, significant changes in currencies may impact on the Company's margins and earnings adversely.

Dependence on Key Relationships

The Company currently has strategic business relationships with other organisations that it relies upon for key parts of its business, such as obtaining the use of the mass spectrometers, chromatography systems and other equipment important to the Company's activities. The loss or impairment of any of these relationships could have a material adverse effect on the Company's results of operations, financial condition and prospects, at least until alternative arrangements can be implemented. In some instances, however, alternative arrangements may not be available or may be less financially advantageous than the current arrangements.

Remuneration Report

REMUNERATION REPORT (Audited)

The Remuneration Report is set out under the following main headings:

A Principles Used to Determine the Nature and Amount of Remuneration
B Remuneration Governance
C Details of Remuneration
D Directors' Agreements
E Share-Based Compensation
F Additional Information
G Additional disclosure relating to key management personnel
H Transactions with the key management personnel

The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001.*
The remuneration arrangements detailed in this report are for Non-Executive and Executive Directors as follows:

- Mr Terry Sweet — Non-Executive Chairman (independent)
- Dr Richard Lipscombe — Managing Director
- Dr John Dunlop — Non-Executive Director (retired 22 November 2018)
- Mr Ian Roger Moore — Non-Executive Director (independent)
- Mr Paul House — Non-Executive Director (independent)

The Board members above make up the total number of key management personnel for the purpose of this report.

Proteomics International Laboratories Ltd

REMUNERATION REPORT (continued)

A. Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Company's remuneration framework is to ensure reward for performance is competitive and appropriate for the results delivered and set to attract the most qualified and experienced candidates.

Remuneration levels are competitively set to attract the most qualified and experienced directors in the context of prevailing market conditions.

The directors recognise that at this stage of the Company's development and in a period where the Company is making losses the objectives are to align the interests of the Board with shareholders and to attract, motivate and retain high performing individuals. The Board believes that this can be achieved through the following framework:

- the remuneration has a mix of components through salary and share options; and
- the remuneration has been set in consultation with key management personnel (other than the relevant director whose remuneration is being discussed) taking into account the size of the Company and its current position in the market.

The Company has not obtained independent advice on the remuneration policies and practices of the key management personnel or sought the assistance of an external consultant on the current market for similar roles, level of responsibility and performance of the Board. The Board may consider this in the future should the need arise.

Non-Executive Directors

Fees and payments to the Non-Executive Directors reflect the demands which are made on and the responsibilities of the Directors. The Non-Executive Directors' fees and payments are expected to be reviewed annually by the Board. The Non-Executive Chairman's fees are determined based on competitive roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

The Non-Executive Directors' fees and payments have been set based on the experience of the director in the Company's field of operations, and level of activity required to be undertaken by the director in the management of the Company. The Chairman currently receives a fixed fee for his services as a Director.

The Company's Non-Executive Directors' remuneration package contains the following key elements:
- primary benefits - monthly director's fees; and
- options - issued following shareholder approval at the 2018 Annual General Meeting.

The Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $500,000 per annum and was approved by shareholders prior to listing on the ASX.

No retirement benefits are provided other than compulsory superannuation.

Non-Executive Remuneration Mix

The following table sets out the non-executives' remuneration mix for the year ended 30 June 2019:

Fixed	"At Risk"	Total
$	$	$
166,242	179,062	345,304

REMUNERATION REPORT (continued)

Executive Directors

The Company's Executive Director's remuneration packages contain the following key elements:

- primary benefits - salary via an agreement plus superannuation.

The combination of these components comprises the Executive Director's total remuneration.

Executive Remuneration Mix

The following table sets out the executives' remuneration mix for the year ended 30 June 2019:

Fixed $	"At Risk" $	Total $
202,575	-	202,575

The shareholders approved the Director Fee Plan at the 2018 Annual General Meeting, where (subject to shareholder approval) directors fees can be settled by the issue of shares.

CONSOLIDATED ENTITY PERFORMANCE AND LINK TO REMUNERATION

Given the nature, size and scale of the Group and its current position with regard to profitability and share price, the Board has determined that a direct link between remuneration and the Company's performance is difficult to achieve and not realistic.

USE OF REMUNERATION CONSULTANTS

The Company has not engaged a remuneration consultant during the year.

VOTING AND COMMENTS MADE AT THE COMPANY'S ANNUAL GENERAL MEETING

At the 2018 Annual General Meeting, more than 75% of votes cast were in favour of adoption of the Company's remuneration report for the 2018 financial year. The Company did not receive any comments at the Annual General Meeting on its remuneration report.

B. Remuneration Governance

The Board is primarily responsible for making decisions and recommendations on:

- the over-arching executive remuneration framework;
- the operation of the incentive plans which apply to the executive director and non-executives including the performance hurdles;
- the remuneration levels of executives; and
- Non-Executive Director fees.

REMUNERATION REPORT (continued)

C. Details of Remuneration

Details of the remuneration of the Directors of the Group is set out below:

	Short-Term Benefits		Post-Employment Benefits	Other Long-Term Benefits	Share Based Benefits		Percentage Remuneration consisting of Options	Performance Related
	Directors Fees	Salary	Superannuation	Annual Leave	Options	Total		
2019	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Non-Executive Directors								
Terry Sweet	54,000	-	5,130	-	89,531	148,661	60%	60%
John Dunlop (i)	14,285	-	1,357	-	-	15,642	-	0%
Ian Roger Moore	36,000	-	3,420	-	44,765	84,185	53%	53%
Paul House (ii)	48,630	-	3,420	-	44,766	96,816	46%	46%
Executive Director								
Richard Lipscombe	-	185,000	17,575	4,569	-	207,144	-	0%
TOTAL	152,915	185,000	30,902	4,569	179,062	552,448	32%	32%

	Short-Term Benefits		Post-Employment Benefits	Other Long-Term Benefits	Share Based Benefits		Percentage Remuneration consisting of Options	Performance Related
	Directors Fees	Salary	Superannuation	Annual Leave	Performance rights[iii]	Total		
2018	**$**	**$**	**$**	**$**	**$**	**$**	**%**	**%**
Non-Executive Directors								
Terry Sweet	50,000	-	4,750	-	-	54,750	-	-
John Dunlop	30,000	-	2,850	-	(10,239)	22,611	0%	0%
Ian Roger Moore	30,000	-	2,850	-	-	32,850	-	-
Paul House (ii)	18,308	-	1,739	-	-	20,047	-	-
Executive Director								
Richard Lipscombe	-	170,000	16,150	7,946	(38,394)	155,702	0%	0%
TOTAL	128,308	170,000	28,339	7,946	(48,633)	285,960	0%	0%

(i) Retired 22 November 2018.

(ii) Fees include settlement of liability with shares in lieu of cash as per Director Fee Plan. Refer to Section E.

(iii) Performance rights lapsed in the years ended 30 June 2017 and 30 June 2018, and were written back to the share based payment expense in the year ended 30 June 2018.

REMUNERATION REPORT (continued)

D. Directors' Agreements

On appointment the Non-Executive Directors sign a letter of appointment with the Company which outlines the Board's policies and terms regarding their appointment including the remuneration relevant to the office of director. A summary of each Director's terms is listed below:

Mr Terry Sweet *(Chairman)*

Particulars	Terms
Term of the agreement	No fixed term - subject to periodic re-election at the AGM
Base remuneration	$54,000
Superannuation	Statutory rate
Bonus payable	N/A
Termination of agreement	None specified

Dr John Dunlop *(Non-Executive Director)*

Particulars	Terms
Term of the agreement	No fixed term - subject to periodic re-election at the AGM
Base remuneration	$14,285 (for the period until retirement)
Superannuation	Statutory rate
Bonus payable	N/A
Termination of agreement	Resigned 22 November 2018

Mr Ian Roger Moore *(Non-Executive Director)*

Particulars	Terms
Term of the agreement	No fixed term - subject to periodic re-election at the AGM
Base remuneration	$36,000
Superannuation	Statutory rate
Bonus payable	N/A
Termination of agreement	None specified

Mr Paul House *(Non-Executive Director)*

Particulars	Terms
Term of the agreement	No fixed term - subject to periodic re-election at the AGM
Base remuneration	$36,000
Superannuation	Statutory rate
Bonus payable	N/A
Termination of agreement	None specified

Remuneration and other terms of employment for the Executive Directors are formalised in services agreements. The major provisions relating to remuneration are set out below.

Dr Richard Lipscombe *(Managing Director)*

Particulars	Terms
Term of the agreement	No fixed term
Base remuneration	$185,000
Superannuation	Statutory rate
Bonus payable	At the absolute discretion of the Board
Leave entitlements	30 days annual leave and no long-service leave
Termination of agreement	1 month (incapacitated / ill / unsound mind), 1 month (serious or persistent breaches), immediate (conviction / major criminal offence)

Other Long Term Benefits

No other long term benefits are payable.

Proteomics International Laboratories Ltd

REMUNERATION REPORT (continued)

E. Share-based Compensation

At the 2018 Annual General Meeting is was agreed to issue options to the non-executive directors as follows:

Director		Number of Options	Grant Date	Expiry Date	Exercise Price	Fair Value at grant date[1]
Terry Sweet		200,000	22 Nov 2018	22 Nov 2021	0.50	$44,206
		200,000	22 Nov 2018	22 Nov 2022	0.67	$45,325
	Total	400,000				$89,531
Roger Moore		100,000	22 Nov 2018	22 Nov 2021	0.50	$22,103
		100,000	22 Nov 2018	22 Nov 2022	0.67	$22,662
	Total	200,000				$44,765
Paul House[2]		100,000	22 Nov 2018	22 Nov 2021	0.50	$22,103
		100,000	22 Nov 2018	22 Nov 2022	0.67	$22,663
	Total	200,000				$44,766

1. The Options were issued as a reward and incentive and vested immediately. Refer Note 14.

2. Issue of Shares in lieu of cash.
On 22 November 2018 the Group issued 113,094 fully paid ordinary shares (calculated using a rolling monthly 30 day VWAP) at $0.24 per share to Paul House in lieu of his outstanding director fees of $27,167 covering the period November 2017 to September 2018; these shares had a Fair Value of $48,630 on grant date.

REMUNERATION REPORT (continued)

F. Additional Information

While earning and shares price movements are not linked to remuneration, the performance of the Company over the year ended 30 June 2019 is summarised below (note that EBITDA and non-cash calculations are not in strict compliance with Australian International Financial Reporting Standards (AIFRS) as the loss for the period is adjusted for tax, interest, depreciation, and the non-cash items fair value movement in derivatives and share based payments expense):

	2019 $
Total income	2,736,312
EBITDA and non-cash	(1,644,239)
EBIT	(2,053,217)
Profit/(Loss) after tax	(2,080,275)

The factors that are considered to affect total shareholder return ('TSR') are summarised below:

	2015 $	2016 $	2017 $	2018 $	2019 $
Share price at listing date ($A)	0.20	0.20	0.20	0.20	0.20
Share price at financial year end ($A)	0.34	0.27	0.16	0.20	0.35
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.04)	(0.03)	(0.02)	(0.02)	(0.03)

G. Additional disclosure relating to key management personnel

Shareholding

The number of shares in the Company held during the year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Director	Balance at the start of the year	Received as part of remuneration	Other changes during the year	Balance at the end of the year
2019				
Terry Sweet	2,348,000	-	-	2,348,000
Richard Lipscombe	19,011,204	-	-	19,011,204
John Dunlop	5,804,188	-	-	5,804,188
Ian Roger Moore	627,000	-	-	627,000
Paul House (i)	375,000	-	113,094	488,094

(i) Refer to E above

Option holding

The number of options in the Company held during the year by each director and other members of the key management personnel of the consolidated entity, including their personally related parties, is set out below:

Director	Balance at the start of the year	Received as part of remuneration	Other changes during the year	Balance at the end of the year
2019				
Terry Sweet	-	400,000	-	400,000
Richard Lipscombe	-	-	-	-
John Dunlop	-	-	-	-
Ian Roger Moore	-	200,000	-	200,000
Paul House	-	200,000	-	200,000

Proteomics International Laboratories Ltd

REMUNERATION REPORT (continued)

H. Transactions with key management personnel

The Company entered into the following transactions with key management personnel during the year:

(i) Loans from directors

There were no loans entered into with key management personnel during the year.

(ii) Consultancy services

Ian Roger Moore provided business development services in the amount of $11,286 on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

SHARES UNDER OPTION

Unissued ordinary shares of PILL under option as at 30 June 2019 were as follows:

Date options granted	Expiry date	Exercise price	Number under option
17/08/2017	17/07/2019	$0.25	25,000
3/11/2017	31/10/2019	$0.30	650,000
8/03/2018	8/03/2020	$0.35	500,000
22/05/2018	31/05/2020	$0.30	1,100,000
22/11/2018	22/11/2021	$0.50	400,000
22/11/2018	22/11/2022	$0.67	400,000
			3,075,000

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.
The options are exercisable at any time before the expiry date.
Options that were converted into shares during the year was 475,000 (2018: 17,231,856).

INSURANCE OF OFFICERS

During the financial year the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company and any subsidiary against a liability incurred as a Director or Officer to the extent permitted by the Corporations Act 2001. Due to a confidentiality clause in the policy, the amount of the premium has not been disclosed.
The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.
No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001* .

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties, where the auditors' expertise and experience with the Company are important.
There were no non-audit services provided by the auditor (BDO Audit (WA) Pty Ltd) during the 2019 or 2018 financial years.

AUDITOR

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001.*

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached.

This report is made in accordance with a resolution of the Directors.

Terry Sweet
Chairman
Perth, Western Australia
Dated 30 August 2019

Proteomics International Laboratories Ltd

Auditor's Independence Declaration

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Subiaco, WA 6008
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Australia

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

As lead auditor of Proteomics International Laboratories Limited for the year ended 30 June 2019, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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, 30 August 2019

Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Revenue from continuing operations			
- Services	5	1,468,076	1,176,457
Other income			
- Grant income		78,458	103,277
- Interest income		48,248	26,607
- Other income	2 (b)	2,127	459
- Research and development tax incentive	2 (a)	1,139,403	844,123
Employment and labour expenses	2 (c)	(1,932,914)	(1,596,329)
Share based payments expense	14	(222,812)	(71,767)
Depreciation expense		(188,293)	(235,690)
Intellectual property maintenance expenses		(87,900)	(81,750)
Interest expense		(27,058)	(61,739)
Laboratory supplies		(578,445)	(466,695)
Professional fees		(486,877)	(429,652)
Travel and marketing expenses		(227,292)	(104,011)
Laboratory access fees		(144,050)	(126,258)
Realised loss in foreign currency translation	2 (b)	(1,903)	(5,157)
Fair Value loss on investment	4 (b)	(249,499)	-
Other expenses		(669,544)	(411,983)
(Loss) before income tax		(2,080,275)	(1,440,108)
Income tax (expense) / benefit	3 (a)	-	-
(Loss) after income tax from continuing operations		(2,080,275)	(1,440,108)
Total comprehensive loss for the year		(2,080,275)	(1,440,108)
Total comprehensive loss attributable to equity holders of Proteomics International Laboratories Ltd		(2,080,275)	(1,440,108)
Basic loss per share for the year attributable to the members of Proteomics International Laboratories Ltd	25	(0.03)	(0.02)
Diluted loss per share		N/A	N/A

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Proteomics International Laboratories Ltd

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Notes	Consolidated Entity 2019 $	Consolidated Entity 2018 $
CURRENT ASSETS			
Cash and cash equivalents	4	1,511,430	2,316,781
Trade and other receivables	6	501,395	603,270
Other assets	7	1,229,700	871,750
TOTAL CURRENT ASSETS		3,242,525	3,791,801
NON-CURRENT ASSETS			
Property, plant and equipment	9	213,677	363,979
Other assets	7	163,681	160,000
Investments	8	-	1,177,898
Intangible assets		1,012	1,012
TOTAL NON-CURRENT ASSETS		378,370	1,702,889
TOTAL ASSETS		3,620,895	5,494,690
CURRENT LIABILITIES			
Trade and other payables	10	303,064	390,136
Borrowings	12	146,591	147,500
Provisions	11	99,424	73,500
TOTAL CURRENT LIABILITIES		549,079	611,136
NON-CURRENT LIABILITIES			
Borrowings	12	18,330	164,921
Provisions	11	67,184	42,248
TOTAL NON-CURRENT LIABILITIES		85,514	207,169
TOTAL LIABILITIES		634,593	818,305
NET ASSETS		2,986,302	4,676,385
EQUITY			
Issued capital	13	10,537,267	10,369,887
Reserves	15	713,007	490,195
Accumulated losses	16	(8,263,972)	(6,183,697)
TOTAL EQUITY		2,986,302	4,676,385

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

CONSOLIDATED ENTITY 30 JUNE 2019

	Notes	Issued Capital Ordinary $	Reserves $	Retained Earnings (Accumulated Losses) $	Total Equity $
Balance at 1 July 2018		10,369,887	490,195	(6,183,697)	4,676,385
Loss for the year		-	-	(2,080,275)	(2,080,275)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(2,080,275)	(2,080,275)
Transactions with Equity Holders in their capacity as Equity Holders					
Equity issues net of share issue costs	13	48,630	-	-	48,630
Conversion of Options	13	118,750	-	-	118,750
Share based payments expense	14	-	222,812	-	222,812
		167,380	222,812	-	390,192
Balance as at 30 June 2019		10,537,267	713,007	(8,263,972)	2,986,302

CONSOLIDATED ENTITY 30 JUNE 2018

	Notes	Issued Capital Ordinary $	Reserves $	Retained Earnings (Accumulated Losses) $	Total Equity $
Balance at 1 July 2017		5,935,036	418,428	(4,743,589)	1,609,875
Loss for the year		-	-	(1,440,108)	(1,440,108)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(1,440,108)	(1,440,108)
Transactions with Equity Holders in their capacity as Equity Holders					
Equity issues net of share issue costs	13	1,157,926	-	-	1,157,926
Conversion of Options	13	3,276,925	-	-	3,276,925
Share based payments expense	14	-	71,767	-	71,767
		4,434,851	71,767	-	4,506,618
Balance as at 30 June 2018		10,369,887	490,195	(6,183,697)	4,676,385

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Cash flows from operating activities			
Receipts from customers		1,570,175	886,347
Payments to suppliers and employees		(4,171,235)	(2,829,120)
Interest paid		(27,058)	(61,739)
Research and development tax incentive		834,403	790,751
Grant income		78,458	103,277
Interest received		48,248	26,607
Net cash (outflow) from operating activities	4 (a)	(1,667,009)	(1,083,877)
Cash flows from investing activities			
Sale of Investment in CPR Pharma Services	8	928,399	-
Payments for property, plant and equipment		(37,991)	(50,483)
Net cash inflow (outflow) from investing activities		890,408	(50,483)
Cash flows from financing activities			
Proceeds from the conversion of options		118,750	3,276,925
Repayment of borrowings		(147,500)	(600,924)
Net cash inflow (outflow) from financing activities		(28,750)	2,676,001
Cash and cash equivalents at the beginning of the financial year		2,316,781	775,140
Net increase (decrease) in cash and cash equivalents		(805,351)	1,541,641
Cash and cash equivalents at the end of the financial year	4 (a)	1,511,430	2,316,781

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Proteomics International Laboratories Ltd (the Company) for the financial year ended 30 June 2019 was authorised for issue in accordance with a resolution of directors on 30 August 2019.

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

The nature of the operations and principal activities of the Company are described in the Director's report above.

(a) Basis of preparation

The principle accounting policies adopted for the preparation of financial statements are set out below. These accounting policies have been applied consistently to all periods presented unless otherwise stated.

(i) *Statement of compliance*

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* , Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* .

The Company is a for profit entity for the purpose of preparing the financial statements.

The financial statements of the Company also comply with the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

(ii) *Basis of measurement*

These financial statements have been prepared on an accruals basis and are based on historical cost other than investments which are recorded at fair value. The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar unless otherwise stated.

(iii) *Going Concern*

For the year ended 30 June 2019 the entity recorded a loss of $2,080,275 (2018: loss $1,440,108) and had net cash outflows from operating activities of $1,667,009 (2018: net cash outflows $1,083,877).

The Directors believe there are sufficient funds to meet the Group'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 $2,693,446 as at 30 June 2019;
- The R&D tax incentive of $1,139,403 (refer note 2(i)), which has been recorded in other receivables in the statement of financial position is expected to be received by December 2019;
- The Directors remain committed to the long-term business model which offsets cash burn from R&D and product development through the continuing growth in analytical services revenue; and
- The budgets and forecasts reviewed by the Directors for the next twelve months anticipate the business will continue to produce improved results, and shows the Group can meet its debts as and when they fall due.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

(b) Segment Information

Operating Segments – AASB 8 requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. This is consistent to the approach used for the comparative period.

Operating segments are reported in a uniform manner which is internally provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors.

An operating segment is a component of the group that engages in business activity from which it may earn revenues or incur expenditure, including those that relate to transactions with other group components. Each operating segment's results are reviewed regularly by the Board when making decisions about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

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.

(c) Estimates and judgements

The preparation of the financial statements requires the use of accounting estimates and judgements which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involve a degree of judgement or complexity in preparing the financial information. Facts and circumstances may come to light after the event which may have significantly varied the assessment used, and which may result in a materially different value being recorded at the time of preparing these financial statements.

(i) Fair value

The fair value of financial instruments that are not traded in an active market is determined using a valuation technique. The Company uses its judgement in selecting the method, inputs and assumptions embedded in the calculation based on information available at the time of the transaction. The key assumptions in this financial report are as follows:

- Fair value of options issued – the Company has assessed the volatility within the Black Scholes model. This is considered to be a reasonable basis for assessing the potential movements in the share price over time as they represent a selected industry average. Options with market conditions have been valued using a Barrier up-and-in Trinomial Option Pricing model.

(ii) Deferred taxes

Deferred tax assets have not been brought to account as it is not considered probable that the Company will make taxable profits over the next 12 months. The Company will make a further assessment at the next reporting period.

(iii) Impairment of assets

The Company assesses the impairment of assets at each reporting date by evaluating conditions specific to the asset that may lead to impairment. The assessment of impairment is based on the best estimate of future cash flows available at the time of preparing the report. However, facts and circumstances may come to light in later periods which may change this assessment if these facts had been known at the time.

(iv) R&D recognition

The Company recognises income and a receivable for the R&D tax refund. The amount is estimated based on the submitted claim, which may change once assessed by the Australian Taxation Office.

(d) Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

Intercompany Transactions

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

(e) Revenue recognition and other income

As a result of adoption of AASB 15 - Revenue from contracts with Customers, the Group has changed its accounting policy for revenue recognition from 1 July 2018 as detailed below.

Revenue is recognised when or as the Group transfers control of goods or services to a customer, at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

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

(i) Grants and Research & Development Tax Incentive

Grants from the Government are recognised at their fair value where it is probable that the grant will be received and the group will comply with all attached conditions.

A company within the group is eligible to claim a tax credit for its qualifying research and development activities (research & development tax incentive). An amount is recognised as a receivable in the accounting period which is designed to match the benefit of the tax credit with the costs for which it is intended to compensate.

(ii) Revenue from contracts with customers - Commercialisaton of PromarkerD

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

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

Revenue from the provisions of analytical and other services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer received and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. The services are usually billed and paid for on a monthly basis. The performance obligation is the supply of analytical and other services over the contractual term which represents a series of distinct goods and services that are substantially the same pattern of transfer such that they would be recognised over time.

If services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised. If a contract includes an hourly fee charge out model, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

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

(f) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the statement of profit or loss and other comprehensive income as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (i.e. debt for equity swap), a gain or loss is recognised in the statement of profit or loss and other comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(g) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, and are recognised in respect of employees' services up to the end of the reporting period, are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities are presented as current liabilities in the statement of financial position, described as other payables, and comprise provision for annual leave and provision for long service leave.

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the statement of profit or loss and other comprehensive income.

Contributions to the Group's superannuation fund and other independent superannuation funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(h) 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 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 equity in the statement of financial position. The total amount to be expensed is determined by reference to the fair value of the rights granted, which excludes the impact of any service and non-market conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimate of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to the original estimates, if any, in the statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity in the statement of financial position.

(i) Foreign currency translation and transactions

The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

(j) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

(i) When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

(ii) When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

(k) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is current when:

(i) it is expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is expected to be realised within twelve months after the reporting period; or
(iv) the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within twelve months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

(l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the statement of cashflows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

(m) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are usually due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are then recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method.

The Group applies the AASB 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(n) Property, plant and equipment

The Group's accounting policy for plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives.

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under finance lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

(o) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

Management has decided not to adopt AASB 16 for the year ended 30 June 2019. Any new leases entered into after 1 July 2019 will be accounted for having regard to AASB 16 - refer Note 1(w).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

(p) Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(r) Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(s) Issued capital
Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Earnings per share
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of Proteomics International Laboratories Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(u) Goods and Services Tax (GST) and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in either other receivables or in other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the tax authority are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

(v) New Accounting Standards and Interpretations
Adoption of new accounting standards
In the year ended 30 June 2019 the Group has reviewed all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018.

New standards impacting the Group that have been adopted from 1 July 2018 are:
- AASB 15 - Revenue from Contracts with Customers (AASB 15); and
- AASB 9 - Financial Instruments (AASB 9).

The Group has chosen to adopt the cumulative effect method for the above new standards and as such, the comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

Other new and amended standards and Interpretations issued by the AASB have been determined by the Group to have no impact, material or otherwise, on its business and therefore no further changes, other than those mentioned above, are necessary to the Group's accounting policies. No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

Impact of new accounting standards
The accounting policies of the Group are consistent with those disclosed in the 30 June 2018 financial statements except for the impact of the new or amended standards and interpretations effective 1 July 2018. The effects of initially applying the new standards on the Group's financial statements are as follows:
- The adoption of AASB 15 has resulted in changes in accounting policies and disclosures in the financial statements but has had no significant impact on the amount of revenue recognised for the Group in the current or previous periods. Refer note 1 (e) for the new revenue recognition accounting policy
- The adoption of AASB 9 has resulted in changes in accounting policies but has no significant impact on the Group's trade receivables as at 1 July 2018. The investment in CPR Pharma Services Pty Ltd as held on 1 July 2018 was reclassified to fair value through profit or loss. Refer below for the new financial instruments accounting policy.

Adoption of AASB 9 and new accounting policy for financial instruments
The Group has adopted AASB 9 with a date of initial application of 1 July 2018 and has elected not to restate its comparatives. As a result, the Group has changed its accounting policy for financial instruments from 1 July 2018 as detailed below.

Recognition and derecognition
Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows and are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:
- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

All income and expenses relating to financial assets that are recognised in the profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

(v) New Accounting Standards and Interpretations (continued)

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments.

Impairment

The Group assess on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses (ECL) using a provision matrix.

For long term trade receivables, the ECL is based on either the 12-month or lifetime ECL. The 12-month ECL is the proportion of lifetime ECL's that results from default events on a financial instrument that are possible within 12 months after the reporting date. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset is in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

(w) New Accounting Standards not yet Mandatory

The following Australian Accounting Standards that have recently been issued but are not yet mandatory, have not been early adopted by the Group.

AASB 16 Leases - This standard eliminates the operating and financial lease classifications for leases currently accounted for under AASB 117 Leases. AASB 16 requires requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use in its statement of financial position for most leases.

The Group will adopt AASB 16 from 1 July 2019. The impact of this adoption is currently in the process of being assessed by the Group, however the impact has yet to be quantified.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

2. LOSS FOR THE YEAR

Loss for the full year included the following:	Notes	Consolidated Entity 2019 $	Consolidated Entity 2018 $
(a) R&D Tax incentive income (i)		1,139,403	844,123
(b) Other expenses (income)			
Unrealised foreign exchange (gains)		(2,127)	(459)
Realised foreign exchange losses		1,903	5,157
Fair value loss on investment		249,499	-
(c) Employee and labour expenses			
Salary and wages		1,631,377	1,273,345
Other personnel costs		96,743	176,358
Superannuation		153,934	120,697
Increase in leave liabilities		50,860	26,662
		1,932,914	1,597,062
Share based payments expense		222,812	71,767
		2,155,726	1,668,829

(i) R&D Tax incentive income

The Company undertakes a substantial amount of research in its daily activities. The Company has registered its activities and is able to claim a tax incentive (rebate) each year based on eligible research and development costs incurred during a financial year. The amount of the incentive (rebate) is included as an income item in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019, and the corresponding receivable included in the consolidated statement of financial position. The receipt of the tax incentive will occur in the year ended 30 June 2020.

3. INCOME TAX EXPENSE / (BENEFIT)

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
(a) Income tax expense / (benefit)		
Current tax / (over provision in prior year)	-	-
Deferred tax	-	-
(b) Numerical reconciliation of income tax to prima facie tax		
(Loss) from continuing operations	(2,080,275)	(1,440,108)
Tax at the Australia tax rate 27.5% (2018 27.5%)	(572,076)	(396,030)
Tax effect of the amounts that are not deductible / (taxable) in calculating taxable income		
- Share based payments	61,273	19,736
- Research and development tax incentive	(313,336)	(232,134)
- Withholding tax paid in overseas locations	-	2,892
- Reduction in loss for tax incentive	824,139	605,536
	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

3. INCOME TAX EXPENSE / (BENEFIT) (continued)

(c) Tax losses

Unused tax losses for which no deferred tax assets have been recognised	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Australian losses	2,081,773	1,801,493
Potential tax benefit at 27.5% (2018 27.5%)	572,488	495,411

The tax benefits of the above deferred tax assets will only be obtained if:
(i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
(ii) the Company continues to comply with the conditions for deductibility imposed by law; and
(iii) no changes in income tax legislation adversely affects the Company in utilising the benefits.

(d) Unrecognised temporary differences

Provisions	(4,372)	1,872
Accruals	50,860	26,662
Tax losses	2,081,773	1,801,493
	2,128,261	1,830,027

4. RECONCILIATION OF CASH

	Notes		
Cash at bank		461,430	604,335
Deposits at call		1,050,000	1,712,446
		1,511,430	2,316,781

(a) Reconciliation of loss after income tax to net cash flows from operations activities

Loss for the year		(2,080,275)	(1,440,108)
Depreciation		188,293	235,690
Share and option based payments expense	14	222,812	71,767
Share issue in lieu of cash payment		48,630	-
Sale of investment in CPR Pharma Services Pty Ltd		(928,399)	-
(Increase) / decrease in trade and other debtors		101,875	(285,412)
(Increase) / decrease in other assets		816,267	232,211
Increase / (decrease) in trade and other creditors		(87,072)	75,313
Increase / (decrease) in provisions		50,860	26,662
		(1,667,009)	(1,083,877)

(b) Non-cash financing and investing activities

On 30 September 2018, the Company sold all of its investment in CPR Pharma Services Pty Ltd (CPR) for cash proceeds of $928,399. An accounting loss on disposal of investments of $249,499 is included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019.

During the year ended 30 June 2018, the Company issued a total of 3,868,305 fully paid ordinary shares to CPR in exchange for transfer of 10% of the fully diluted issued share capital of CPR. The Company received 112,397 fully paid ordinary shares in CPR and the fair value was determined by the Directors to be $1,177,898.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

5. REVENUE

The Group has disaggregated revenue into various categories which is intended to:
- Depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors; and
- Enable users to understand the relationship with revenue information in the statement of profit or loss and other comprehensive income.

	Consolidated Entity 2019
Product Type	
PromarkerD licence fees	175,685
Analytical Services	1,292,391
	1,468,076
Timing of Transfer of Goods and Services	
Point in time	-
Over Time	1,468,076
	1,468,076
Primary Geographic Markets	
Australia and NZ	823,825
USA (and Territories)	282,614
Europe	257,768
India	75,393
SE Asia	28,476
	1,468,076

6. TRADE AND OTHER RECEIVABLES

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Trade receivables	464,922	602,300
Other receivables	36,473	970
	501,395	603,270

(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 Group has adopted the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The expected credit loss is deemed to be $nil.

7. OTHER ASSETS

Current:		
Research and development tax incentive (note 2(i))	1,139,403	844,123
Export Market Development Grant (i)	54,749	-
Prepayments (ii)	35,548	27,627
	1,229,700	871,750
Non-current:		
Security Deposit - equipment leases	163,681	160,000
	163,681	160,000

(i) to be paid in respect of the 2017-2018 financial year
(ii) comprises prepaid insurance and prepaid patent legal fees

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

8. INVESTMENTS

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Shares in CPR Pharma Services Pty Ltd	-	1,177,898
	-	1,177,898

On 30 September 2018, the Company sold all of its investment in CPR Pharma Services Pty Ltd for cash proceeds of $928,399.

9. PROPERTY, PLANT AND EQUIPMENT

Cost (i)	844,379	806,388
Accumulated depreciation	(630,702)	(442,409)
Closing Net Book Value	213,677	363,979
Reconciliation:		
Opening net book value	363,979	511,236
Additions	37,991	88,433
Disposals	-	-
Depreciation charge	(188,293)	(235,690)
Closing Net Book Value	213,677	363,979

(i) includes capitalised leased assets

10. TRADE AND OTHER PAYABLES

Trade payables	224,757	125,880
Other payables	71,447	162,977
Deferred Income	-	101,279
Contract Liability - refer Note 1(e)	6,860	-
	303,064	390,136

(a) Classification of trade and other payables
Trade payable are unsecured and are usually paid within 60 days or recognition and therefore are 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.

11. PROVISIONS

Current:		
Employee benefits - annual leave	99,424	73,500
Non-current		
Employee benefits - long service leave	67,184	42,248

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

12. BORROWINGS

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Current:		
Finance Leases (b)	146,591	147,500
Non-current		
Loans from Directors (a)	-	-
Finance Leases (b)	18,330	164,921
	18,330	164,921
(a) Loans from Directors:		
Movement in loans from directors:		
Opening balance	-	366,392
- Amounts borrowed	-	-
- Amounts repaid	-	(366,392)
Closing balance	-	-

Terms of the Borrowings

The company entered into a loan agreement with three Directors of Proteomics International Laboratories Ltd during the year ended 30 June 2015 to provide the Company with funding for working capital purposes. The loan was unsecured and was provided on the followings terms:

Particulars	Terms
Principal	$441,891
Interest rate	4%
Maturity	April 15, 2019
Repayment	In cash at any time (Company) or at maturity in cash or in shares at the market price

The loan was repaid in full during the year ended 30 June 2018.

(b) Finance Leases:		
Commitments in relation to finance leases are payable as follows:		
Within one year	155,142	174,455
Later than one year but no later than five years	18,889	174,030
Minimum lease payments	174,031	348,485
Future finance charges	(9,110)	(36,064)
Recognised as a liability	164,921	312,421
Lease Liability - current	146,591	147,500
Lease Liability - non-current	18,330	164,921
Recognised as a liability	164,921	312,421

Terms of the Finance Leases
The company leases laboratory equipment under finance lease agreements expiring within three years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

13. ISSUED CAPITAL

	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary Shares	80,686,965	80,098,871	10,537,267	10,369,887
Total consolidated issued capital				

Movement in share capital

Date	Details	Number of shares 2019	Amount $
1/07/2018	Opening balance	80,098,871	10,369,887
22/11/2018	Issue of shares (i)	113,094	48,630
3/12/2018	Exercise of options (ii)	100,000	25,000
7/01/2019	Exercise of options (ii)	100,000	25,000
22/01/2019	Exercise of options (ii)	100,000	25,000
20/05/2019	Exercise of options (ii)	75,000	18,750
20/06/2019	Exercise of options (ii)	100,000	25,000
30/06/2019	Closing balance	80,686,965	10,537,267

(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 475,000 options during the year.

Date	Details	Number of shares 2018	Amount $
1/07/2017	Opening balance	58,998,710	5,935,036
5/02/2018	Exercise of options	556,250	111,250
15/02/2018	Exercise of options	134,800	26,960
8/03/2018	Exercise of options	1,436,171	287,234
23/03/2018	Exercise of options	2,115,564	423,113
29/03/2018	Exercise of options	5,030,582	1,006,116
8/03/2018	Issue of shares (i)	3,868,305	1,177,898
6/04/2018	Exercise of options	6,249,448	1,249,890
16/04/2018	Exercise of options	1,709,041	341,808
	Less: Transaction costs		(189,418)
30/06/2018	Closing balance	80,098,871	10,369,887

(i) issued to CPR Pharma Services Pty Ltd.

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.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

14. OPTIONS

(a) Options - Issued	2019 Options	2018 Options
Options exercisable at $0.25 each	25,000	500,000
Options exercisable at $0.30 each	1,750,000	1,750,000
Options exercisable at $0.35 each	500,000	500,000
Options exercisable at $0.50 each	400,000	-
Options exercisable at $0.67 each	400,000	-
Total issued options	3,075,000	2,750,000

Movement in options issued

	2019 Average exercise price	2019 Number of Options	2018 Average exercise price	2018 Number of Options
As at 1 July	$0.30	2,750,000	$0.20	17,231,856
Exercised during the period	$0.25	(475,000)	$0.20	(17,231,856)
Issued during the period (i)	$0.25	-	$0.25	500,000
Issued during the period (ii)	$0.30	-	$0.30	1,750,000
Issued during the period (i)	$0.35	-	$0.35	500,000
Issued during the period (iii)	$0.50	400,000	-	-
Issued during the period (iv)	$0.67	400,000	-	-
As at 30 June	$0.26	3,075,000	$0.30	2,750,000

Issued options outstanding at the end of the year have the following expiry date and exercise price:

Grant Date	Expiry Date	Exercise Price	No. Options
17/08/2017 (i)	17/07/2019	$0.25	25,000
3/11/2017 (ii)	31/10/2019	$0.30	650,000
8/03/2018 (i)	8/03/2020	$0.35	500,000
22/05/2018 (ii)	31/05/2020	$0.30	1,100,000
22/11/2018 (iii)	22/11/2021	$0.50	400,000
22/11/2018 (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 of the Company 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

14. OPTIONS (continued)

(a) Fair Value of Employee Options

Particulars	Input A	Input B
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	1.90%	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 Director A and Director B Options

Particulars	Director A	Director B
Number of 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

These Director A and Director B Options are valued at $179,062 and this amount is included in the share based payment expense for the year ended 30 June 2019.
The Company has used the Black Scholes Model to value the Director A and Director B Options.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

14. OPTIONS (continued)

(b) Options - Unissued

	2019 Options	2018 Options
Consultant Options - Adelaide Equity Partners Limited	1,250,000	-
Consultant Options - Scintilla Funds Management Pty Ltd	500,000	-
Total Unissued options	1,750,000	-

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 the 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"). 1,250,000 options are to be issued to Adelaide Equity Partners Limited while 500,000 options are to be issued to Scintilla Funds Management Pty Ltd. The issue of Consultant Options is subject to Proteomics International Laboratories Limited shares achieving a 20 day VWAP of $0.45. As at the date of this report, the Consultant Options remain unissued, but are valued as follows:

Particulars	Adelaide Equity Partners	Scintilla Funds Management
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	$0.32	$0.32
Exercise price	$0.50	$0.50
Risk-free rate	2.13%	2.13%
Volatility of 20-day VWAP	30%	30%
Dividend yield	nil	nil
Valuation per Option	$0.025	$0.025

The value placed on these Consultant Options is $43,750 and this amount is included in the share based payment expense for the year ended 30 June 2019.

The Company has used the Barrier-up-and-in Trinomial Option Pricing Model to value the Consultant Options.

(c) Share based payments expense

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Share based payments expense comprising:		
Employee options	-	120,400
Director options	179,062	-
Consultant options	43,750	-
Performance rights (i)	-	(48,633)
	222,812	71,767

(i) Performance rights lapsed in the year ended 30 June 2017, and were written back to the share based payment expense in the year ended 30 June 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

15. RESERVES

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Share based payments reserve (a) comprising:		
(i) Payments to consultants	203,250	159,500
(ii) Employee share scheme	120,400	120,400
(iii) Director A & B options	179,062	-
Option reserve (b)	210,295	210,295
	713,007	490,195

(a) Share based payments reserve

(i) Share based payments to consultants:	2019 Options	2018 Options	2019 $	2018 $
(a) Consultants - listed options	-	-	-	-
(b) Consultants - unlisted options	2,275,000	1,000,000	203,250	159,500

Movements in share based payments to consultants: (a) - listed options

There were no movements during the year ended 30 June 2019. Movements for the year ended 30 June 2018 are shown in the table below.

Date	Details	Number of options	$
1/07/2017	Opening balance	1,500,000	-
31/03/2018	Exercise of options	(1,500,000)	-
30/06/2018	Closing balance	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

15. RESERVES (continued)

Movements in share based payments to consultants: (b) - unlisted options

Date	Details	Number of options	$
1/07/2018	Opening balance	1,000,000	159,500
13/11/2018	Issue of unlisted options	1,750,000	43,750
3/12/2018	Exercise of options	(100,000)	-
7/01/2019	Exercise of options	(100,000)	-
22/01/2019	Exercise of options	(100,000)	-
20/05/2019	Exercise of options	(75,000)	-
20/06/2019	Exercise of options	(100,000)	-
30/06/2019	Closing balance	2,275,000	203,250

Date	Details	Number of options	$
1/07/2017	Opening balance	500,000	159,500
8/03/2018	Issue of unlisted options	500,000	-
30/06/2018	Closing balance	1,000,000	159,500

Refer to Note 14 for further information.

(ii) Employee share scheme	2019 Options	2018 Options	2019 $	2018 $
Employee unlisted options	1,750,000	1,750,000	120,400	120,400

Movements:

Date	Details	Number of options	$
1/07/2018	Opening balance	1,750,000	120,400
30/06/2019	Closing balance	1,750,000	120,400

Date	Details	Number of options	$
1/07/2017	Opening balance	-	-
8/03/2018	Issue of unlisted options	650,000	39,000
8/03/2018	Issue of unlisted options	1,100,000	81,400
30/06/2018	Closing balance	1,750,000	120,400

Refer to Note 14 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

15. RESERVES (continued)

(iii) Director A & B options	2019 Options	2018 Options	2019 $	2018 $
Director A & B unlisted options	800,000	-	179,062	-

Movements:

Date	Details	Number of options	$
1/07/2018	Opening balance	-	-
22/11/2018	Issue of Director A unlisted options	400,000	88,412
22/11/2018	Issue of Director B unlisted options	400,000	90,650
30/06/2019	Closing balance	800,000	179,062

Refer to Note 14 for further information.

(b) Option reserve

	2019 Option	2018 Option	2019 $	2018 $
Total consolidated issued options listed	-	-	210,295	210,295

Movements in options reserve - listed options

Date	Details	Number of options	$
1/07/2018	Opening balance	-	210,295
30/06/2019	Closing balance	-	210,295

Date	Details	Number of options	$
1/07/2017	Opening balance	17,231,856	210,295
31/03/2018	Exercise of options	(17,231,856)	-
30/06/2018	Closing balance	-	210,295

16. ACCUMULATED LOSSES

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Opening balance	(6,183,697)	(4,743,589)
Loss for the year	(2,080,275)	(1,440,108)
Closing balance	(8,263,972)	(6,183,697)

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

17. FINANCIAL RISK MANAGEMENT

The activities of the Company and its subsidiary (the Group) expose the Group to a variety of financial risks (including interest rate risk, credit risk and liquidity risk). The Group's overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. However, the Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk, aging analysis for credit risk and at present are not exposed to price risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external advisors where necessary. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Company.

The Group holds the following financial instruments:

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Financial assets		
Cash and cash equivalents	1,511,430	2,316,781
Trade and other receivables (a)	683,352	602,300
R&D tax incentive (b)	1,139,403	844,123
Investments	-	1,177,898
	3,334,185	4,941,102
Financial liabilities		
Trade and other payables (c)	(303,064)	(312,209)
Borrowings	(164,921)	(312,421)
	(467,985)	(624,630)

(a) excludes GST receivables and prepayments
(b) the receipt of the 2019 R&D tax incentive will occur in the year ended 30 June 2020
(c) excludes GST payable and employee benefits

The main purpose of the financial instruments is to fund the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments for the purpose of limiting exposure to operational risk shall be undertaken. The main risks arising from the Group are cash flow (interest rate risk, liquidity risk and credit risk). The Board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Market Risk

(i) Cash flow and interest rate risk

The Group's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the group to cash flow interest rate risk. The Company does not consider this to be material to the Group and has therefore not undertaken any further analysis of risk exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

17. FINANCIAL RISK MANAGEMENT (continued)

The following sets out the Group's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods.

Details	Note	Weighted Average Interest Rate	Total $
30 June 2019 Consolidated			
Financial assets			
Cash and cash equivalents		3.19%	1,511,430
30 June 2018 Consolidated			
Financial assets			
Cash and cash equivalents		1.15%	2,316,781

All other financial instruments have either a zero coupon rate or a fixed interest rate.

Sensitivity

At 30 June 2019, if interest rates had increased by 0.25% or decreased by 0.25% from the year end rates with all other variables held constant, post-tax loss for the year would have been $6,636 lower / ($6,636) higher (2018 changes of 0.25% / 0.25%: $3,600 lower/ ($3,600) higher), mainly as a result of higher / lower interest income from cash and cash equivalents.

(ii) Foreign currency risk

The Group is exposed to movements in foreign exchange due to the number of clients that the Group currently works with overseas.

Exposure

	30 June 2019		30 June 2018	
	USD	JPY	USD	JPY
Trade receivables	182,620	240	160,027	14

Sensitivity

The sensitivity of the profit or loss to changes in exchange rates arising in mainly USD/AUD denominated financial instruments and

	Impact on post tax profits		Impact on equity	
	2019 $	2018 $	2019 $	2018 $
USD/AUD exchange rate - increase 5%	(11,571)	(9,400)	11,571	9,400
USD/AUD exchange rate - decrease 15%	42,915	29,580	(42,915)	(29,580)

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

17. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. Otherwise, if there is no independent rating, the board assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by the managing director. Sales to retail customers are required to be settled in cash (in part, in advance) or using major financial institutional payment processes, to mitigate credit risk.

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Financial assets		
Cash and cash equivalents	1,511,430	2,316,781

The Group's financier has an A2 Moody's rating.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Group's exposure to the risk of changes in market interest rates relates primarily to cash assets and floating interest rates. The Group does not have significant interest-bearing assets (other than cash) and is not materially exposed to changes in market interest rates due to the unprecedented low interest rates.

The Directors monitor the cash-burn rate of the Group on an ongoing basis against budget. As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group has no access to credit standby facilities or arrangements for further funding or additional capacity in its borrowing arrangements.

The financial liabilities the Group had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturitie

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

17. FINANCIAL RISK MANAGEMENT (continued)

(i) Assessment of contractual cash flows

Contractual maturities of financial liabilities As at 30 June 2019	Less than 6 Months $	6 - 12 Months $	Between 1 and 2 years $	Between 2 and 5 years $	Total Contractual Cash Flows $	Carrying Amount $
Non-derivatives						
Trade payables	224,757	-	-	-	224,757	224,757
Borrowings	87,228	67,914	18,889	-	174,031	164,921
Total non-derivative	311,985	67,914	18,889	-	398,788	389,678

Contractual maturities of financial liabilities As at 30 June 2018	Less than 6 Months $	6 - 12 Months $	Between 1 and 2 years $	Between 2 and 5 years $	Total Contractual Cash Flows $	Carrying Amount $
Non-derivatives						
Trade payables	125,880	-	-	-	125,880	125,880
Borrowings	87,228	87,228	155,130	18,889	348,475	312,421
Total non-derivative	213,108	87,228	155,130	18,889	474,355	438,301

(ii) Financing arrangements

The Group has a $50,000 overdraft facility with its financial institution in place as at 30 June 2019.

(d) Fair Value Estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement and for disclosure purposes.

The carrying value less impairment provision of receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

(e) Capital management

When managing capital, the Board's objective is to ensure the Group continues as a going concern was well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board is constantly adjusting the capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, the board may issue new shares, sell assets to reduce debt or consider payment of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position although there is no formal policy regarding gearing levels.

The Group has no formal financing and gearing policy or criteria having regard to the early status of its development and low level of activity.

There were no changes in the Group's approach to the capital management during the year ended 30 June 2019.

The Group is not subject to any externally imposed capital requirements.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

18. CONSOLIDATED ENTITIES

Name of entity	Class of share	Country of Incorporation	Equity Holding 2019 %	Equity Holding 2018 %	Cost of Company 2019 $	Cost of Company 2018 $
Accounting Parent						
Proteomics International P/L		Australia	100	100	5,250,000	5,250,000
Legal Parent						
Proteomics International P/L	Ordinary	Australia	-	-	-	-

19. REMUNERATION OF AUDITORS

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
(a) Audit services		
- BDO Audit (WA) Pty Ltd	43,848	36,637
(b) Non-audit services		
- BDO Corporate Finance	-	-
- BDO Audit (WA) Pty Ltd	-	-

No non-audit services have been provided by BDO during the year ended 30 June 2019.

20. COMMITMENTS

Laboratory access fees		
Within one year	48,700	74,700
Later than one year but no later than five years	-	74,700
Later than five years	-	-
	48,700	149,400

The Company pays fees to access strategic locations to use laboratories and specialised equipment to undertake its operations.

21. RELATED PARTIES

(a) Key management personnel (KMP) compensation		
Short-term employee benefits	337,915	285,663
Post-employment benefits	35,471	48,930
Director A and B Options	179,062	-
Share based payments (credit)	-	(48,633)
	552,448	285,960

The directors of the group comprise the key management personnel.
Compensation is paid to the directors individually.

21. RELATED PARTIES

(b) Options disclosure to KMP's
The disclosure that relates to options terms and conditions and the valuation inputs can be found at Note 14.

(c) Transactions with KMP's
During the year ended 30 June 2019, consultancy services were provided by Ian Roger Moore for business development in the amount of $11,286 (2018 $2,715) on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

No loans were provided by Key Management Personnel during the year ended 30 June 2019. Loans provided by Key Management Personnel during the year ended 30 June 2018 are set out below:

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
Beginning of the year	-	366,392
Loans advanced	-	-
Loans repaid (ii)	-	(366,392)
	-	-
Interest charges (i)	-	12,446
Interest paid	-	(7,328)

(i) Interest has been accrued and is in trade and other payables.
(ii) Loans were repaid to R. Lipscombe and the LUK Trust.

22. DIVIDENDS
The directors have not paid or declared a dividend during the financial year ended 30 June 2019.

23. CONTINGENT LIABILITIES
The Company is not aware of any material contingent liabilities for the year ended 30 June 2019.

24. SEGMENT REPORTING
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.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

25. EARNINGS PER SHARE

	Consolidated Entity 2019 $	Consolidated Entity 2018 $
(loss) attributable to ordinary shareholders	(2,080,275)	(1,440,108)
Weighted average number of ordinary shares*	80,326,284	60,692,192
Earnings per share	($0.03)	($0.02)

*Includes the effect of the transactions (under continuation accounting) for the purpose of the comparative earnings per share calculation.

26. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 26 July 2019, Proteomics International announced it had secured two major contracts to conduct pharmacokinetic analyses. The contracts, with a combined value of approximately $400,000, form part of Proteomics International's ongoing partnership with Linear Clinical Research for pharmacokinetic testing for clinical trials. The phase I clinical studies will examine the safety performance of novel autoimmune disease drugs for two pharmaceutical companies in China, with the studies to be undertaken over the next 3-10 months.

Proteomics International secured TGA regulatory approval for the PromarkerD software as an in vitro diagnostic (IVD) for export use. The PromarkerD software hub enables the delivery of results of the proprietary PromarkerD algorithm to Proteomics International's partners around the world [ASX: 28 July 2019].

The Company was also granted a patent for PromarkerD in Indonesia, where there are 10.3 million adults with diabetes [ASX: 28 July 2019]. Other than the above, there have been no subsequent events which would have a material effect on the Group's operations.

Other than the above, there have been no subsequent events which would have a material effect on the Group's operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2019

27. PARENT ENTITY INFORMATION

The following details information related to the legal parent entity, Proteomics International Laboratories Ltd, as at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2019 $	2018 $
Current assets	2,893,557	3,411,253
Non-current assets	163,681	1,337,898
Total Assets	3,057,238	4,749,151
Current liabilities	70,936	72,766
Non-current liabilities	-	-
Total Liabilities	70,936	72,766
Total Equity	2,986,302	4,676,385
(Loss) for the year	(561,941)	(441,103)
Other comprehensive income / (loss) for the year	-	-
Total other comprehensive (loss) for the year	(561,941)	(441,103)

Contingent liabilities of the parent entity

The Company is not aware of any material contingent liabilities for the year ended 30 June 2019.

Commitments of the parent entity

The Company does not have any on-going commitments.

28. INTERESTS IN OTHER ENTITIES

The Group does not currently have any interests in other entities.

29. DEED OF CROSS GUARANTEE

The Group has not currently entered into a deed of cross guarantee.

30. ASSETS PLEDGED AS SECURITY

Other than the cash Security Deposits for the finance leases (refer Note 7), the Group has no assets that have been pledged as security.

Proteomics International Laboratories Ltd

Directors' Declaration

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flow, consolidated statements of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:

   (a) comply with Accounting Standards, the *Corporations Regulations 2001, other mandatory professional reporting requirements*; and

   (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated entity;

   (c) comply with International Financial Reporting Standards as disclosed in Note 1.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The remuneration disclosures included in the Director's Report (as part of the Remuneration Report) for the year ended 30 June 2019, comply with section 300A of the *Corporations Act 2001*.

4. The Directors have been given the declarations by the Managing Director required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Terry Sweet
Chairman

Perth, Western Australia

Dated: 30 August 2019

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the members of Proteomics International Laboratories Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Proteomics International Laboratories Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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* (the Code) that are relevant to our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Share Based Payments

Key audit matter	*How the matter was addressed in our audit*
During the financial year ended 30 June 2019, the Group issued options to consultants and key management personnel, which have been accounted for as share-based payments, as disclosed in Note 14 of the financial report. The Group's policy for accounting for share-based payments and significant judgements applied to these arrangements are disclosed in Notes 1(c) and 1(h) of the financial report. Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of share-based payments, we consider the Group's accounting for share-based payments to be a key audit matter.	Our procedures included, but were not limited to: • Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Holding discussions with management to understand the share-based payment transactions in place; • Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Involving our valuation specialists to assess the reasonableness of management's valuation inputs, where necessary; • Assessing the allocation of the share-based payment expense over the relevant vesting period; and • Assessing the adequacy of the related disclosures in Notes 1(c), 1(h) and 14 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 28 to 35 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Proteomics International Laboratories Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

Neil Smith

Director

Perth, 30 August 2019

Shareholder Information

Details of securities as at 23 August 2019:

Top holders

The 20 largest registered holders of fully paid ordinary shares as at 23 August 2019 were:

Fully paid ordinary shares

	Name	No. of Shares	%
1.	Richard John Lipscombe	10,074,614	12.49
2.	Richard John Lipscombe <Luk A/C>	8,186,590	10.15
3.	Xylo Pty Ltd <Parker Family A/C>	4,208,784	5.22
4.	John Sutherland Richardson Dunlop	3,855,188	4.78
5.	Sparrow Holdings Pty Ltd <Sweet Super Fund A/C>	2,335,500	2.89
6.	Scintilla Strategic Investments Limited	2,250,000	2.79
7.	HSBC Custody Nominees (Australia) Limited	2,087,054	2.59
8.	Randolph Resources Pty Ltd	1,949,000	2.42
9.	Littlejohn Embrey Engineering Pty Ltd	1,635,500	2.03
10.	Ocean Mist Pty Ltd <Waterford Super Fund A/C>	1,400,000	1.74
11.	Slade Technologies Pty Ltd <Embrey Family Superfund A/C>	1,364,500	1.69
12.	Darlene Valerie Gould	877,904	1.09
13.	BFM Superannuation Fund Pty Ltd	800,000	0.99
14.	Bjouxz Pty Ltd <The Loz Super Fund A/C>	750,000	0.93
15.	Patricia Marton	714,694	0.89
16.	Camberwell Gynaecology Clinic Pty Ltd <Skinner Super Fund A/C>	649,400	0.8
17.	Marie Joyce Bohringer	635,393	0.79
18.	Moore & Sotomi Investments Pty Ltd <Roger Moore Family A/C>	627,000	0.78
19.	Bowtrust Pty Ltd	578,848	0.72
20.	J A Botha Pty Ltd	578,847	0.72
		45,558,816	56.50

Distribution schedule

A distribution schedule of each class of equity security as at 23 August 2018

Fully paid ordinary shares

Range	Holders	Units	%
1 - 1,000	86	14,097	0.02
1,001 - 5,000	150	449,455	0.56
5,001 - 10,000	126	1,091,736	1.35
10,001 - 100,000	390	13,658,678	16.93
100,001 - Over	113	65,472,999	81.14
Total	880	80,686,965	100.00

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial shareholder	Number of Shares
Richard John Lipscombe and associated entities	19,011,204
Mr John Sutherland R Dunlop	5,804,188
Xylo Pty Ltd <The Parker Family A/C>	4,208,784

Unlisted securities

Unlisted options

Class	Expiry Date	Exercise Price ($)	Number of Options	Number of holders
Consultant Options	8 March 2020	0.35	500,000	1
Employee Options	31 October 2019	0.30	650,000	4
Employee Options	31 May 2020	0.30	1,100,000	12
Director A Options	22 November 2021	0.50	400,000	3
Director B Options	22 November 2022	0.67	400,000	3

Unmarketable parcels

Holdings less than a marketable parcel of ordinary shares (being 1,786 as at 23 August 2019):

Holders	Units
109	45,741

Voting Rights

The voting rights attaching to ordinary shares are:

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.

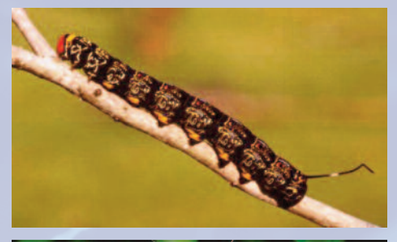
Options do not carry any voting rights.

On-Market Buy Back

There is no current on-market buy-back.

Why are proteins important?

Genomes are static - the genes we are born with are the genes we die with, but the protein make up in our bodies differs from cell to cell and changes considerably over time. Cells use the instructions in our genes to make proteins. Proteins are the operational molecules of life and carry out the functions of living organisms.



The caterpillar and the butterfly have exactly the same genome. The proteins that their cells make are why they are different. Looking at the differences in protein composition can tell us about the state of life, and health, of any organism.

Proteomics is the study of proteins on an industrial scale.

www.proteomicsinternational.com

Design: Castledine & Castledine

PILL

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