



ASX/Media Release

21 January 2016

ASX code: PIQ

Quarterly Business Update

Life sciences company Proteomics International Laboratories Ltd (ASX: PIQ) (the Company, PILL) is pleased to provide the following update on its business activities for the three month period to 31 December 2015.

Highlights

- **PromarkerD Commercialisation progress:** Company has now established active, ongoing commercialisation dialogue in key global markets – USA, China and Japan.
- **US Patent granted for PromarkerD:** Critical milestone in the development and commercialisation pathway, and is valid until September 2031.
- **Growth in Analytical Services business:** On target for year-on-year growth of 25%.
- **Company awarded Health and Biotechnology Export Award at Western Australian 2015 Industry and Export Awards.**

December 2015 quarter commentary

The December quarter was another solid quarter for PILL. The Company continued to focus significant effort on the commercialisation of PromarkerD, the world's first proteomics-derived predictive (prognostic) and diagnostic test for the diagnosis of Diabetic Kidney Disease and made further progress on this front. At the same time, the Analytical Services business continued to perform in-line with Company targets, and remains on target to deliver a 25% year-on-year growth. Customer receipts for the quarter, of \$161,000, related to fee-for-service customer contracts in the Analytical Services business. The Company received a R&D Tax Incentive payment of \$309,010 for the year ending 30 June 2015 during the quarter. Expenses remained in-line with budget.

PromarkerD Commercialisation Progress

PILL is pursuing the commercial adoption of PromarkerD as a Laboratory Developed Test (LDT), standard clinical pathology In vitro Diagnostic Test (IVD) and Companion Diagnostic (CDx). During the quarter it continued to progress discussions with major pharmaceutical and health care companies in relation to partnering and licensing opportunities for PromarkerD, and has now established ongoing commercialisation discussions in three of the major global health care markets – USA, China and Japan.

PILL has an Agreement with Chinese biopharmaceutical company Newsummit Biopharma Co. (Newsummit) to commercialise PromarkerD in China, and during the quarter it met with Newsummit in Shanghai to meet with key opinion leaders and for discussions on potential licensing and funding partners. PILL also conducted a number of meetings with pharmaceutical and health care companies in Japan on the commercialisation of PromarkerD in that market. In the US, PILL continued to progress its ongoing discussions with a major global health care company in the December quarter.

PILL is pleased with the progress of its partnering and licensing strategy for PromarkerD, and will provide details on any material progress in due course.

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Patents Granted for PromarkerD

In October, the Company was granted a US patent for PromarkerD for use as both a predictive and diagnostic test for diabetic kidney disease in the USA. The patent is valid until 20 September 2031 and is a key milestone in the development and commercialisation pathway for PromarkerD in the USA – the world’s largest health care market.

The US patent is particularly significant, as there is an increasing level of stringency being applied to diagnostic patent applications. US Federal Courts and The Australian High Court have determined that DNA sequences can no longer be patented. As such PILL, was delighted to have this protein-based patent granted. An Australian patent for PromarkerD was also granted during the quarter (also valid until September 2031) as was a patent in Singapore. PILL is also seeking patent protection for PromarkerD in other major global markets including Europe, China and India.

Company wins WA Industry and Export Award

During the quarter, PILL was awarded the Health and Biotechnology Export Award at The Western Australian 2015 Industry and Export Awards. The award recognised outstanding international success in medical, healthcare, and biotechnology fields for products, technology, equipment or services. The Company was also a finalist at the 2015 Australian Export Awards, and the 2015 Western Australian Innovator of the Year Awards.

Business Development

In the December quarter the Company continued to actively market its Diagnostics and Analytical Services businesses at a number of targeted industry events. These included: the Australian Peptide Conference, Australasian Life Sciences and Healthcare Showcase in Seoul, South Korea, International Biologics and Biosimilars Conference in Baltimore, in the USA, and the World Diabetes Congress in Vancouver, Canada.

Corporate

In October, PILL successfully completed a Non-renounceable Entitlement Issue (Entitlement Issue) to shareholders. The Entitlement Issue was proposed in the IPO prospectus as a ‘loyalty option’ for shareholders at the Record Date, 18 September 2015. Eligible shareholders were able to apply for 1 option for every 4 existing ordinary shares held at a price of A\$0.01 per option, exercisable on or before 31 March 2018 at an exercise price of A\$0.20 each. A total of 8,065,303 options were subscribed for under the Entitlement Issue, leaving a shortfall of 4,580,060 options. The Entitlement Issue was fully underwritten by K S Capital Pty Ltd, and the full shortfall was subsequently placed.

Also in October, James Moses joined the Company’s board as an Executive Director, with responsibility for business relations and external affairs. Mr Moses brings a wealth of market, media, and investor relations experience to complement the existing skill set of the board.

Upcoming Activities

In the coming months PILL plans to continue to focus its business development on generating further growth within the business. It plans to conduct targeted marketing roadshows in the USA and India for the Analytical Services and Biosimilars business. The Company continues to receive a strong level of interest in its Biosimilars testing services and will seek to expand this area of its business.

In the Diagnostics-Biomarkers business, in addition to its ongoing global commercialisation focus with PromarkerD, PILL plans to embark on new biomarker discovery projects for other targeted disease areas. It has also commenced work on a therapeutic drug discovery program utilising its proteomics-based technology platform. The Company will provide details of material progress across these activities in due course.

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About Proteomics International Laboratories (PILL)

PILL is an ASX listed (ASX: PIQ) life science company focused on the area of proteomics – the industrial scale study of the structure and function of proteins. Proteomics is an integral part of the biotechnology and life sciences industries and plays a key role in understanding disease and biological systems.

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

- 1. Diagnostics:** Biomarkers of diseases and personalised medicine - focus on diabetic kidney disease and Alzheimer's disease. The biomarkers market is estimated to double in size to \$45.6 billion by 2020.
- 2. Analytical services:** Specialist contract research, analytical testing and consultancy - fee for service model. The specialist proteomics market alone represents a massive global market estimated to be worth \$20.8 billion by 2018.
- 3. Drug discovery:** Therapeutic drug discovery with a focus on painkillers and antibiotics. The peptide therapeutics market is currently estimated to be worth \$17 billion.

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

Proteomics International Laboratories Ltd

ACN

169 979 971

Quarter ended ("current quarter")

31 December 2015

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|--|---|----------------------------|---------------------------------------|
| 1.1 | Receipts from customers | 161 | 337 |
| 1.2 | Payments for (a) staff costs | (94) | (176) |
| | (b) advertising and marketing | (58) | (76) |
| | (c) research and development | (379) | (681) |
| | (d) leased assets | (28) | (48) |
| | (e) other working capital | (131) | (302) |
| 1.3 | Dividends received | | |
| 1.4 | Interest and other items of a similar nature received | 12 | 19 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | (2) | (4) |
| 1.7 | Other – R&D tax rebate | 309 | 309 |
| Net operating cash flows | | (210) | (622) |

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

| | | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|------|---|------------------------------------|--|
| 1.8 | Net operating cash flows (carried forward) | (210) | (622) |
| 1.9 | Cash flows related to investing activities | | |
| | Payment for acquisition of: | | |
| | (a) businesses (item 5) | - | - |
| | (b) equity investments | - | - |
| | (c) intellectual property | - | - |
| | (d) physical non-current assets | - | - |
| | (e) other non-current assets | - | - |
| 1.10 | Proceeds from disposal of: | | |
| | (a) businesses (item 5) | - | - |
| | (b) equity investments | - | - |
| | (c) intellectual property | - | - |
| | (d) physical non-current assets | - | - |
| | (e) other non-current assets | - | - |
| 1.11 | Loans to other entities | - | - |
| 1.12 | Loans repaid by other entities | - | - |
| 1.13 | Other | - | - |
| | Net investing cash flows | - | - |
| 1.14 | Total operating and investing cash flows | (210) | (622) |
| | Cash flows related to financing activities | | |
| 1.15 | Proceeds from issues of shares, options, etc. | 128 | 128 |
| 1.16 | Proceeds from sale of forfeited shares | - | - |
| 1.17 | Proceeds from borrowings | - | - |
| 1.18 | Repayment of borrowings | - | - |
| 1.19 | Dividends paid | - | - |
| 1.20 | Other – Share issue costs | - | - |
| | Net financing cash flows | 128 | 128 |
| | Net increase (decrease) in cash held | (82) | (494) |
| 1.21 | Cash at beginning of quarter/year to date | 1,593 | 2,005 |
| 1.22 | Exchange rate adjustments to item 1.20 | - | - |
| 1.23 | Cash at end of quarter | 1,511 | 1,511 |

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.24 | Aggregate amount of payments to the parties included in item 1.2 | (69) |
| 1.25 | Aggregate amount of loans to the parties included in item 1.11 | - |
| 1.26 | Explanation necessary for an understanding of the transactions | |
| | Executive director remuneration | (41) |
| | Non-executive directors' remuneration | (28) |

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Financing facilities available

Add notes as necessary for an understanding of the position.

| | Amount available \$A'000 | Amount used \$A'000 |
|---------------------------------|-------------------------------------|--------------------------------|
| 3.1 Loan facilities | - | - |
| 3.2 Credit standby arrangements | - | - |

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|------------------------------------|-------------------------------------|
| 4.1 Cash on hand and at bank | 54 | 58 |
| 4.2 Deposits at call | 1,457 | 1,535 |
| 4.3 Bank overdraft | - | - |
| 4.4 Other (provide details) | - | - |
| Total: cash at end of quarter (item 1.23) | 1,511 | 1,593 |

Acquisitions and disposals of business entities

| | Acquisitions (Item 1.9(a)) | Disposals (Item 1.10(a)) |
|---|---------------------------------------|-------------------------------------|
| 5.1 Name of entity | Not applicable | Not applicable |
| 5.2 Place of incorporation or registration | | |
| 5.3 Consideration for acquisition or disposal | | |
| 5.4 Total net assets | | |
| 5.5 Nature of business | | |

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: **21 January 2016**
Managing Director

Print name: **Dr Richard Lipscombe**

Notes

- 1 Research and development represents those costs associated with R&D activities.

- 2 Preparation:

The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position.

The quarterly report is unaudited.

The definitions in, and provisions of, AASB 107: Cash Flow Statements apply to this report except for the paragraphs of the Standard set out below.

- 20.1 reconciliation of cash flows arising from operating activities to operating profit or loss.
- 51 itemised disclosure relating to maintaining operating capacity
- 52 itemised disclosure relating to segment reporting.

+ See chapter 19 for defined terms.