



ASX/Media Release

26 April 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 March 2016.

Highlights

- **PromarkerD progress:** 500 patient follow-up validation study underway to further validate PromarkerD's initial ground-breaking results.
- **IVD test kit for PromarkerD:** Assessing development program to produce a clinical pathology In vitro Diagnostic (IVD) test kit for PromarkerD.
- **Therapeutic Drug Discovery Program:** Aims to discover new analgesic and antibiotics drug compounds.
- **Analytical Services operations:** Solid quarter-on-quarter results.
- **Business Development:** Company expands operations in massive Indian biotech market.

March 2016 quarter commentary

The March quarter delivered another period of sound performance for PILL. During the quarter, it embarked on a number of programs utilising its proprietary, disruptive technology platform. This included a development program to produce a standard clinical pathology In vitro Diagnostic (IVD) test kit for PromarkerD, and a drug discovery program with the aim of discovering new painkilling and antibiotic drug compounds. These programs are low cost to PILL and have the potential to deliver highly significant end returns. They will run in parallel with the Company's other ongoing activities.

Highly positive partnering and licensing discussions in relation PromarkerD, the world's first proteomics-derived predictive (prognostic) test for the diagnosis of Diabetic Kidney Disease, remain ongoing with a number of diagnostic and pharmaceutical companies in global markets. PILL also maintained a strong business development focus in the quarter.

PILL's fee-for-service Analytical Services operations generated customer receipts of \$147,000 in the quarter, and remains on target to deliver 25% year-on-year growth. The Company maintains a prudent approach to capital management and at quarter's end had a cash balance of \$1.114 million. The cash position will be augmented by the R&D Tax Incentive payment for the year ending 30 June 2016, expected to be in the order of \$0.75 million. Expenses remained in-line with budget.

PromarkerD Partnering and Licensing Activities

PILL is currently undertaking a follow-up validation study of PromarkerD on a cohort of 500 patients with diabetes. Its aim is to apply the Company's established predictive model (algorithm) to further validate PromarkerD's initial ground-breaking results and advance its application as a Laboratory Developed Test (LDT).

Proteomics International Laboratories Ltd

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The study is being conducted as part of PILL's ongoing discussions with a major global health care company, who is a potential partner for PromarkerD. PILL will provide results of this study when available.

Developing an IVD test kit for PromarkerD

The Company is currently assessing a development program to produce a commercial-ready clinical pathology In vitro Diagnostic (IVD) test kit for PromarkerD. In conjunction with its ongoing partnering and licensing discussions, this program provides PILL with multiple, complementary commercialisation pathways for PromarkerD as a Laboratory Developed Test (LDT), standard clinical pathology IVD test and Companion Diagnostic (CDx).

The Company has begun sourcing antibodies needed for a multiplex ELISA (Enzyme-linked immunosorbent assay), the precursor to an IVD test, and discussions with groups to develop the assay on their platforms are also underway. PILL will update the market on progress of its PromarkerD IVD development program in due course.

Therapeutic Drug Discovery Program

In March the Company advised it had commenced a Therapeutic Drug Discovery program targeting the discovery of new analgesic (painkilling) and antibiotics drug compounds. It will utilise its proprietary proteomics-based technology platform to test 50-100 animal venoms in the program.

PILL's drug discovery process results in a significant reduction in the discovery timeline and cost relative to the traditional drug discovery process. The testing of 'lead' targets identified in the program is expected to take place in Q4, 2016, and the best molecules will then enter pre-clinical development and commence the pathway towards clinical testing and potentially, eventual, commercialisation. Therapeutic drug discovery is a major growth market opportunity for PILL; the peptide therapeutics market is currently estimated to be worth \$17 billion.

Business Development

PILL continues to market its disruptive proteomics-based services. Subsequent to the end of the quarter, it announced the expansion of its operations in the massive Indian biotechnology market, which is forecast to be worth US\$100 billion by 2025. The Company is currently undertaking a trade visit to India to promote its biosimilars analytics and biomarker services in the key biotech centres of Mumbai, Pune, Ahmedabad, Hyderabad and Bangalore. In support of its Indian growth strategy, PILL has also appointed a Regional Sales Manager for India, to drive its business development activities.

In March, Managing Director Dr Richard Lipscombe and Head of Business Development Mr Chuck Morrison presented PromarkerD to key bio-analytical sector decision makers at invitation only events in Boston, San Francisco and San Diego, in the USA.

The Company continues to work with Newsummit Biopharma Co to commercialise PromarkerD in China.

PILL also launched its new company website, which is available at: www.proteomics.com.au or www.proteomicsinternational.com.

ENDS

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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 March 2016

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	147	484
1.2 Payments for (a) staff costs	(94)	(270)
(b) advertising and marketing	(24)	(100)
(c) research and development	(345)	(1,026)
(d) leased assets	(28)	(76)
(e) other working capital	(63)	(337)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	28
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(2)	(6)
1.7 Other – R&D tax rebate	-	309
Net operating cash flows	(400)	(994)

+ 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 (9 months) \$A'000
1.8	Net operating cash flows (carried forward)	(400)	(994)
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	(400)	(994)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	3	131
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	-	(28)
	Net financing cash flows	3	103
	Net increase (decrease) in cash held	(397)	(891)
1.21	Cash at beginning of quarter/year to date	1,511	2,005
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	1,114	1,114

+ 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
4.2 Deposits at call	1,160	1,457
4.3 Bank overdraft	(46)	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,114	1,511

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: **26 April 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.