Proteomics International Laboratories Ltd

ASX/Media Release
31 July 2015

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 30 June 2015.

Highlights

- **IPO and ASX listing:** Successful $3.05m IPO and ASX listing completed in April.
- **Ground-breaking milestone in Diagnostics (Biomarker) business:** PILL produced and validated the world's first proteomics-derived predictive test for the diagnosis of diabetic kidney disease.
- **Continued growth in Analytical Services business:** Multiple new contracts signed in the quarter.
- **Patent accepted for Diagnostic Test for Diabetic Kidney Disease:** Expected to be granted in August 2015 and will be valid until September 2031.
- **Key management appointment:** Global Head of Business Development appointed.

June quarter commentary

The June 2015 quarter was a positive quarter for PILL, highlighted by the successful completion of its IPO, and listing on the ASX on 16 April. The Company raised $3.05 million in its IPO via the issue of 15.25 million shares at 20c per share.

PILL's primary focus in the quarter was on completing its IPO. Notwithstanding, it still received customer receipts of $145,000 in the period, the majority of which were from its Analytical Services business. This was broadly in line with customer receipts from previous quarters. It is also noted that customer receipts from a number of new Analytical Services contracts announced post listing are not fully reflected in the Company's cash flow position as at June 30.

With the benefit of an increased focus and expenditure on business development post listing, it is the Company's intention to grow its customer base and income from its Analytical Services business.

Net operating cash flows were impacted by extraordinary one-off expenses in the quarter, mainly in relation to the costs associated with the IPO.

Analytical Services

During the quarter, PILL was successful in securing a number of new contracts in its Analytical Services business, in areas such as biosimilars and quality control testing of food proteins.

These included a contract with The a2 Milk Company to provide protein analysis for the a2 Milk brand of fresh milk products to validate protein composition and for quality control purposes. Another agreement is with a major Middle Eastern-based biopharmaceutical company to provide analysis of the client's biosimilar drugs for quality control and comparability of product. This is PILL's largest single contract to date in the biosimilars market.

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Diagnostics (Biomarkers)

During the quarter, PILL announced it had produced and validated a predictive test for the diagnosis of diabetic kidney disease (DKD), called PromarkerD. The test represents a global breakthrough in the diagnosis and treatment of DKD and is the world's first proteomics-derived predictive (prognostic) test for the diagnosis of the disease. There is currently no available test for predicting the onset of DKD.

The potential global medical benefits and cost savings from the predictive test are huge. Diabetes is the fastest growing health issue in the world today and is the largest cause of kidney disease - 35% of adults in the USA with diabetes have chronic kidney disease. The ability to accurately predict the onset of DKD via a simple blood test and then provide appropriate clinical treatment to prevent the onset of the disease has the potential to save health care systems globally billions of dollars annually.

PILL advises that it continues to engage in positive discussions with major pharmaceutical companies in relation to partnering and licensing opportunities for PromarkerD. These discussions continue to advance and the Company will provide details on their progress in due course.

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. It represents a massive global market estimated to be worth $20.8 billion by 2018.

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. Analytical services: Specialist contract research, analytical testing and consultancy - fee for service model.

2. 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 $40.8 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.

Rule 4.7B

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")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.1	Receipts from customers	145	688
1.2	Payments for (a) staff costs	(139)	(318)
	(b) advertising and marketing	(6)	(17)
	(c) research and development	(328)	(688)
	(d) leased assets	-	-
	(e) other working capital	(293)	(443)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	8	12
1.5	Interest and other costs of finance paid	(1)	(9)
1.6	Income taxes paid	(1)	(13)
1.7	Other – R&D tax refund	-	111
	Net operating cash flows	**(615)**	**(677)**

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (12 months) $A'000
1.8	Net operating cash flows (carried forward)	**(615)**	**(677)**
	Cash flows related to investing activities		
1.9	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**	**(615)**	**(677)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	3,050	3,050
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	221
1.18	Repayment of borrowings	(113)	(196)
1.19	Dividends paid	-	-
1.20	Other – Share issue costs	(261)	(429)
	Net financing cash flows	2,676	2,646
	Net increase (decrease) in cash held	2,061	1,969
1.21	Cash at beginning of quarter/year to date	(56)	36
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**2,005**	**2,005**

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	106
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	63
Non-executive directors' remuneration	44

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

Issue of Employee Shares
On 8 April 2015, the Company issued a total of 828,952 fully paid ordinary shares in Proteomics International Laboratories Ltd (**PILL**) to employees of Proteomics International Pty Ltd (**PIPL**) in consideration for options they held in PIPL.

Conversion of Convertible Instruments
On 8 April 2015, the Company converted 560,000 convertible notes with a face value of $1 per note into 5,600,000 Shares. In addition, the Company converted 25,000 convertible notes with a face value of $1 per note into 2,500,000 options in PILL exercisable at $0.20 each and expiring on 31 March 2018.

Issue of Shares and Options to Financial Adviser and Lead Manager
On 8 April 2015, the Company issued 152,500 Shares and 610,000 options exercisable at $0.20 each and expiring 31 March 2018 to the Lead Manager.

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.

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	55	50
4.2	Deposits at call	1,950	-
4.3	Bank overdraft	-	(106)
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.23)	**2,005**	**(56)**

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		

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: **31 July 2015**
Managing Director

Print name: **Dr Richard Lipscombe**

Notes

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

2 Commentary on the cash flow for the period is included in the accompanying update and accordingly the Appendix 4C should be read in conjunction with that report.

3 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.