Proteomics International
LABORATORIES LTD

Annual Report 2020

2020

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

Contents

From the Chair

Dear Fellow Shareholder,

It is my privilege, on behalf of your Board, to introduce Proteomics International's annual report, reviewing activities and achievements for the year ended 30 June 2020.

This year more than ever we are reminded of the value of medical technology and scientific research. I have been proud of the professionalism, flexibility and dedication shown by Proteomics International staff amid the COVID-19 pandemic.

It has been a productive 12 months for the Company, with the focus our flagship diagnostic product - the PromarkerD test for predicting diabetic kidney disease. The Company achieved three pivotal commercialisation milestones over the year, with a successful global study with Janssen Research & Development, validation of an easy-to-use immunoassay version of the test, and CE Mark regulatory approvals for PromarkerD in Europe.

In late 2019, Proteomics International commissioned of a suite of state-of-the-art instruments in our laboratory, as part of a Public Private Partnership to expand the Western Australian Proteomics Facility. This collaboration gives the Company an enhanced ability to identify potentially valuable biomarkers across medicine, veterinary health and agriculture.

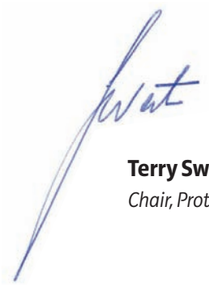
Aided by the equipment upgrade, the Promarker™ R&D pipeline has been expanded targeting new diagnostic tests in areas with significant unmet need. Excitingly, promising proof of concept results have already provided a potential breakthrough for Proteomics International in the effort to create a world-first test for endometriosis.

For the year ahead the team is focused on our commercial goals and to take PromarkerD into the clinic world-wide.

We thank you for your continued investment in Proteomics International Laboratories as we look forwards to realising our vision:

To help create a world where disease is detected early and cured simply.

Yours sincerely,



Terry Sweet
Chair, Proteomics International

Proteomics International Laboratories Ltd

Key Achievements

PromarkerD

- **Immunoassay In Vitro Diagnostic Test (IVD) validated**
  Successful validation makes PromarkerD available on a cost-effective, easy-to-use technology platform servicing the Laboratory Developed Test and IVD markets, with the results presented at the 18th Human Proteome Organization World Congress.
- **Technology transfer opens door to new markets in Europe**
  PromarkerD mass spectrometry technology successfully transferred to clinical diagnostics partner Atturos in Ireland. Test launched in Spain under exclusive licence agreement with Patia Europe.
- **Test effectiveness confirmed in major clinical studies**
  Ongoing collaboration with global pharmaceutical giant Janssen Research & Development showed the power of PromarkerD for predicting diabetic kidney disease in a 3,000-strong international study. These results were co-presented at the world's pre-eminent diabetes conference, the 80th Scientific Sessions of the American Diabetes Association. Separate clinical results published in a peer-reviewed journal demonstrated that PromarkerD has excellent negative predictive value ("rule-out" capability) in patients with type-2 diabetes.
- **First Regulatory Approvals**
  Three European CE Mark registrations achieved covering the high-throughput immunoassay kit PromarkerD (IA), mass spectrometry test PromarkerD (MS), and PromarkerD Hub. TGA regulatory approval secured for PromarkerD software hub as an in vitro diagnostic (IVD) for export use.
- **Intellectual Property portfolio expanded**
  Further patents granted in Brazil, Canada and Indonesia. IP portfolio now includes trade secrets, plus patents and trademarks covering 273 million (59%) of the world diabetes population.

Diagnostics

- **Cutting-edge protein biomarker analysis facility launched**
  Over $4m invested via a Public Private Partnership to provide a world-leading facility that boosts Proteomics International's ability to identify biomarkers and offer analytical services.
- **Successful proof of concept study for diagnostic test for endometriosis**
  Newly-identified biomarkers provided breakthrough for Proteomics International in the effort to create a world-first test for endometriosis. These biomarkers were successfully validated in a proof of concept study performed on 54 women which returned statistically significant results, and the Company has filed a patent on its invention.
- **Diagnostics R&D expanded**
  Promarker™ R&D expanded to include endometriosis, the gastroenteritis-causing *Giardia* parasite, chronic lung conditions, cancer, oxidative stress, plant dieback, diabetic retinopathy and COVID-19.
- **COVID-19 research grants awarded**
  $200,000 in funding awarded to support Proteomics International's R&D programs for a rapid diagnostic test of the SARS-CoV-2 virus, and to isolate biomarkers that give insights into progression of the disease.

Analytical Services & Corporate

- **Revenue from continuing operations sustained**
  Achieved record income exceeding $3m built upon strong analytical services revenue and biomarker focused research grants, in combination exceeding $1.6 million.
- **Revenue driven by diversified business model**
  Contracts secured across pharmacokinetic (PK) testing, biomarker analysis, biosimilars testing, consulting and specialist analytical work (e.g. food product quality control on A2 milk).
- **Enters Western Australian Exporters Hall of Fame**
  In recognition of winning the Health & Biotechnology Award in three of the last four years Proteomics International was inducted into the Western Australian Industry & Export Awards Hall of Fame, exemplifying the global breadth of the company's client base.
- **$3 million raised in heavily oversubscribed Placement**
  Successful capital raising added new institutional, family office and high net worth investors to the share register and provided funds for the commercialisation of PromarkerD, upgraded laboratory instruments and expansion of the diagnostic products pipeline.

Proteomics International

IDENTITY

Proteomics International is a medical technology company specialising in predictive diagnostics and advanced analytical services using proteomics - the industrial scale study of the structure and function of proteins.

MISSION

To improve the quality of lives by the creation and application of innovative tools that enable the improved treatment of disease.

VISION

To help create a world where disease is detected early and cured simply.

Window on the Science

The role of proteins in disease

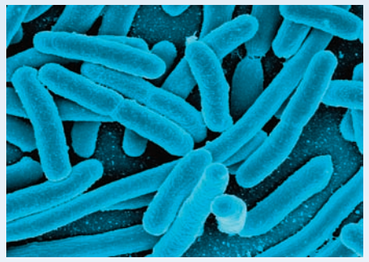
From the common cold to kidney disease, our bodies produce different proteins when we are sick.

Why study proteins?

Proteins are made up of hundreds or thousands of building blocks called amino acids, strung together in long chains. They do most of the work in cells and are required for the structure, function and regulation of our tissues and organs.

Proteins are produced by the body from 'instructions' encoded in our DNA. But unlike our genes, the type and amount of proteins we produce changes over the course of our lives. Proteins tell us what is happening in our bodies right now. This offers a whole new level of diagnosis and treatment for disease.

Infectious diseases



Microscope image of E. coli bacteria.

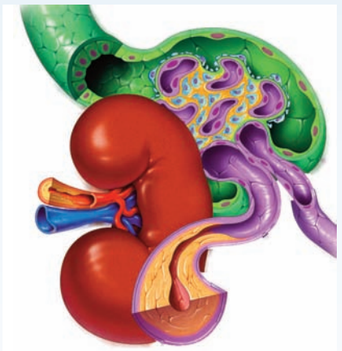
Some diseases involve an infection by microorganisms like bacteria or viruses. The invading pathogen causes the immune system to go into overdrive.

The body produces antibodies, a type of protein that binds to microorganisms to help fight them. These antibodies are specific to the infection, and are stored so that if we get sick again our body has the right protein tools to protect itself.

Non-infectious diseases

Other diseases, such as diabetic kidney disease and endometriosis, are influenced by both our genes and lifestyle. In these non-infectious diseases, the way proteins behave can tell us a lot about what is happening in the body.

In some cases, someone developing a serious disease will be asymptomatic, with physical symptoms presenting only too late. By looking at specific proteins expressed by an individual, diseases can be predicted and treated before serious damage occurs.



The kidney (left). In diabetic kidney disease the glomerulus (purple) is damaged, often without evident symptoms.

Technology Snapshot

The Promarker™ platform

Proteomics International's proprietary technology identifies the proteins that give insight into disease.

Biomarker discovery

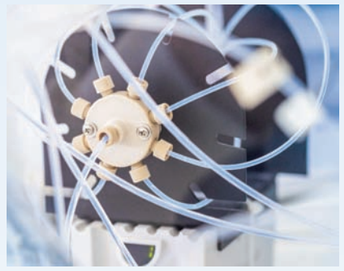
The human body contains an estimated 20,203 genes coding for proteins. However, there are multiple levels of regulation and modification between reading a gene and producing the final protein product. As a result, over 200,000 proteins are predicted to co-exist in the human body, interacting in a complex network.

Proteomics International uses its Promarker™ platform to identify biomarkers - protein 'fingerprints' associated with disease. These biomarkers can be used to diagnose medical conditions, or predict whether a person will develop a disease in the future.

How the Promarker™ platform works

DISCOVERY

Blood samples are collected from patients with and without a disease, such as diabetes or endometriosis.



The proteins in the blood samples are analysed using a mass spectrometer. This instrument is able to find and measure specific low-abundance proteins in a complex sample, comparable to finding one specific person hiding amongst the 7.8 billion people on earth.

Mass spectrometry works by detecting the size of particular proteins, fragmenting the protein into smaller pieces, and then analysing the pieces based on their mass. The mass spectrometer can identify whether particular proteins are present, and how much of them are in each sample.

The samples from people with the target disease are compared to those without the disease. In some cases, protein 'fingerprints' associated with the disease can be identified. These are called biomarkers.

Proteomics International Laboratories Ltd

PROOF OF CONCEPT

The effectiveness of the biomarkers as a test for the target disease are verified in a follow up study. Those biomarkers that prove to be stable and readily detectable are used to develop a test for the disease.

CLINICAL STUDY

The biomarker test is validated in a much larger clinical cohort, enrolling more than 500 people with the target disease.

A successful test that can accurately predict or diagnose disease is an innovative tool enabling the improved treatment of disease.

Changing lives

The Promarker™ platform's strength lies in its ability to be applied to any condition - from chronic health conditions including diabetes, cancer and Alzheimer's disease to acute diseases such as bacterial and viral infections.

Promarker™ technology has already been used to develop the PromarkerD test for predicting diabetic kidney disease, which is being commercialised around the world. Proteomics International is currently researching multiple biomarkers as part of its Promarker™ pipeline. For more information, see the Diagnostics section (page 18).

Post-validation, biomarker tests are commercialisation-ready, helping to create a world where disease is detected early and cured simply.

PromarkerD
CHANGING LIVES

PromarkerD

Proteomics International's PromarkerD test searches for proteins in the blood associated with diabetic kidney disease. The test uses a panel of three biomarkers, combined with clinical factors, to predict the onset of the disease up to four years in advance.

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 2020.

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)
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 40).

The operating result for the year was:

		CONSOLIDATED	
	Change	**2020**	**2019**
Loss before income tax	(16%)	$1,743,770	$2,080,275
Loss for the year	**(16%)**	**$1,743,770**	**$2,080,275**
Comprising			
Revenue and Other income	**10%**	**$3,016,274**	**$2,736,312**
Expenses	**(1.2%)**	**$4,760,044**	**$4,816,587**

The Group's financial report for the year ended 30 June 2020 includes:

- Operating revenue grew 8% to $1.59 million, with analytical services based contract research remaining robust despite economic uncertainties and supplemented by research grants.
- Combined income from all sources rose 10% to $3.02 million, encapsulating revenue from analytical services and research grants, State and Federal COVID-19 stimulus packages and the R&D Tax Incentive.
- Operational expenditure was unchanged at $4.8 million, and focused on the commercialisation of PromarkerD, upgrading of laboratory instruments, and expansion of the diagnostics pipeline.
- The loss from ordinary activities decreased 16% to $1.74 million, which reflects normal operational costs and non-cash items and includes a share based payments expense of $112,715.
- The net cash outflow from operating activities was $384,508, a reduction of 77%.
- At 30 June 2020 the Company had cash reserves of $2.37 million, and trade and other receivables of $0.36 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 2020.

DIVIDENDS

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

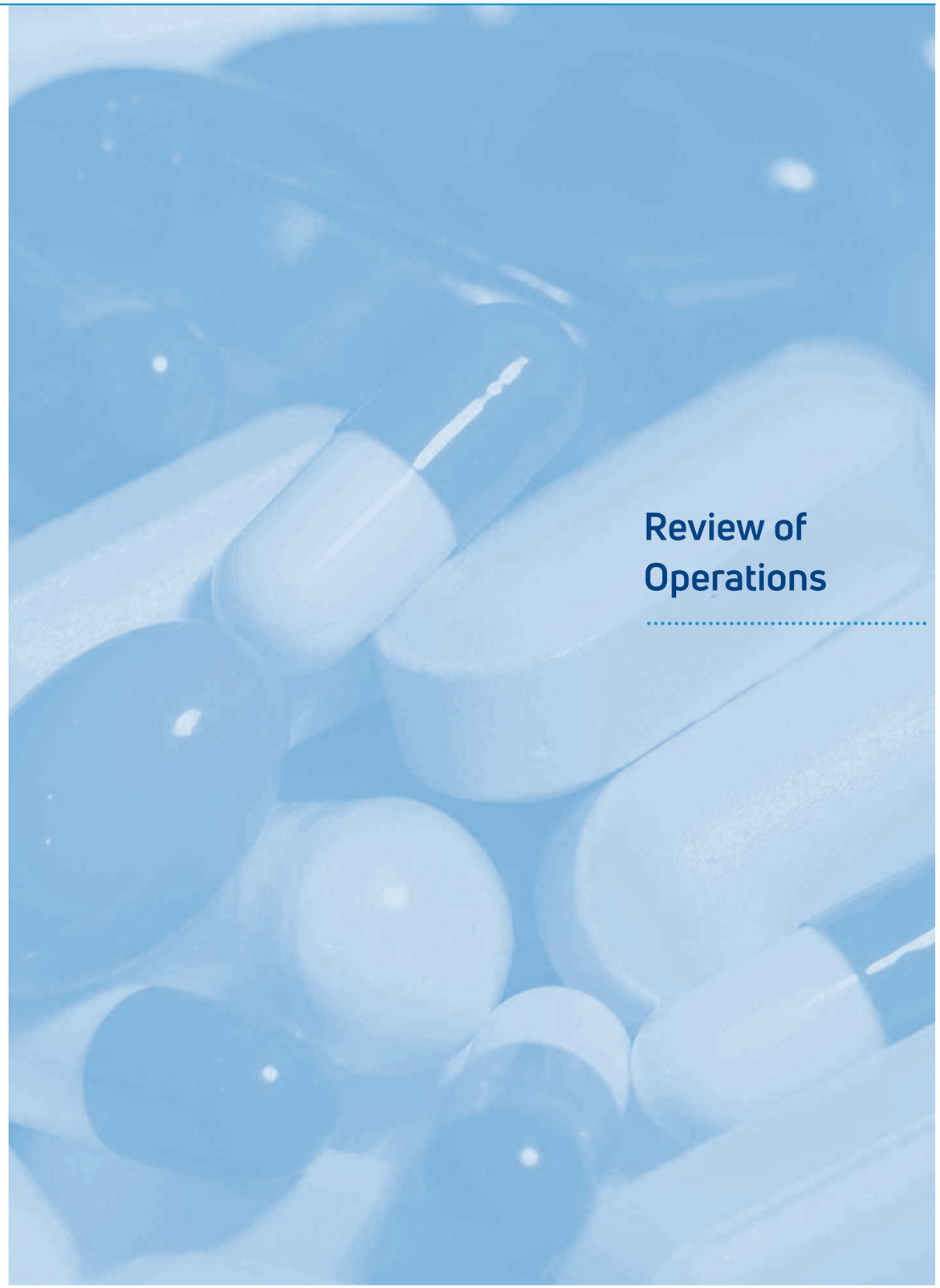
ISSUED CAPITAL

92,405,875 fully paid ordinary shares (ASX: PIQ) and 4,390,279 unlisted options were on issue as at 30 June 2020.

ANNUAL GENERAL MEETING

In accordance with ASX Listing Rules 3.13.1 and 14.3, Proteomics International advises that its 2020 annual general meeting (AGM) is scheduled to be held on 26 November 2020. The Company encourages shareholders to attend the AGM and receive an update on the strategy and initiatives of the Group.

Proteomics International Laboratories Ltd



Review of Operations

Review of Operations

A growth cycle driven by 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 pioneering 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.

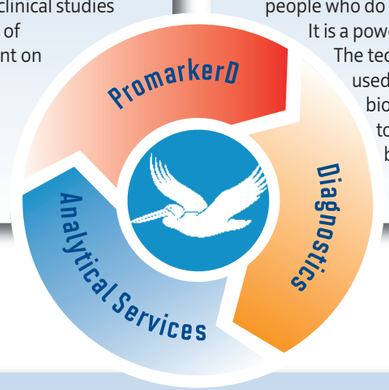
Proteomics International is a wholly owned subsidiary and trading name of Proteomics International Laboratories Ltd (PILL; ASX: PIQ), and operates from state-of-the-art facilities located on the QEII Medical Campus, Perth, Western Australia.

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 a blood sample. 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]. The global proteomics market was valued at USD 24.4 billion in 2017, and is expected to reach USD 72.4 billion by 2025[5].

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*
5. *Allied Market Research 2019: Proteomics Market Outlook 2025*

Proteomics International Laboratories Ltd

PromarkerD

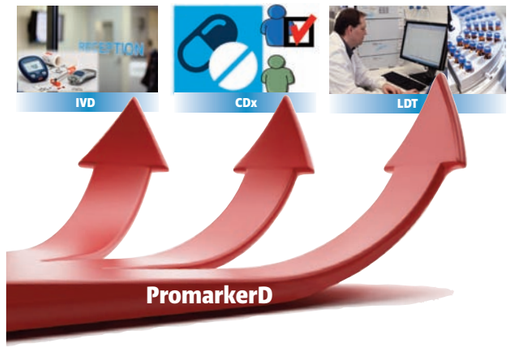
Proteomics International achieved three pivotal milestones in the commercialisation of PromarkerD in 2019-20: a successful global study validating the predictive power of the test in partnership with Janssen Research & Development LLC (Janssen), development and validation of a cost-effective immunoassay version of the test, and regulatory approval of PromarkerD in Europe.

These achievements are ensuring 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.

PromarkerD
CHANGING LIVES

PromarkerD Test Available for Global Use

Simple Technology Platform PromarkerD Immunoassay Ready	✓	Seeking certified laboratories to introduce the PromarkerD immunoassay as an LDT
High Statistical Performance	✓	Peer reviewed publications - Analytical & clinical validity evidence
Regulatory Approval in Europe	✓	CE Mark registration received for the PromarkerD Immunoassay CE
Big Pharma Interested	✓	Collaboration with Janssen - Global multi-centre clinical study
Enormous Market	✓	463m adults have diabetes globally - 1 in 3 currently have DKD
Therapeutic Treatments Available	✓	SGLT2 inhibitor class drugs with renal protection approved for type 2 diabetes treatment
Reimbursement	✓	Engaged industry leading consultant to obtain a unique US reimbursement code



About PromarkerD

PromarkerD is a predictive test for the early identification of diabetic kidney disease. In published clinical studies, PromarkerD correctly predicted which otherwise healthy diabetics went on to develop chronic kidney disease within four years.

Further information is available through the PromarkerD web portal: www.PromarkerD.com

PromarkerD - Technology

TECHNOLOGY PLATFORMS

Advanced immunoassay validated

Proteomics International announced the validation of its PromarkerD immunoassay In Vitro Diagnostic Test (IVD) platform in September. The immunoassay has been designed using the advanced Capt*Sure*™ technology (see 2019 Annual Report) and has now commenced production with the Company's manufacturing partners TGR BioSciences (an Abcam Company). Shelf-life and long-term product performance testing will form an ongoing component of the commercial roll-out of the assay.

The successful validation makes the PromarkerD test for diabetic kidney disease available on two technology platforms (mass spectrometry and immunoassay). The PromarkerD immunoassay technology can be used as a Laboratory Developed Test (LDT), manufactured as an In Vitro Diagnostic (IVD) test kit, or configured to run on automated immunoassay platforms to meet the diverse needs of clinical diagnostics laboratories around the world.

Technology transfer opens door to new markets in Europe

Proteomics International and clinical diagnostics firm Atturos successfully transferred the PromarkerD test system to Atturos' laboratories in Ireland. Proteomics International and Atturos scientists undertook a stringent validation process of the PromarkerD method, and demonstrated data equivalence in 100 patient samples analysed in both laboratories. The results of this successful "cross-over" study were presented at the 18th Human Proteome Organization World Congress in Adelaide in September. The achievement made PromarkerD available as a MS-LDT to licence partners in Europe, allowing the Company to launch PromarkerD in Spain under a licence agreement with Patia Europe.

PromarkerD in the Clinic

PromarkerD CHANGING LIVES

TEST RESULTS

Prognostic 16% indicates a moderate risk of decline in kidney function*

* as defined by incident diabetic kidney disease (eGFR <60mL/min/1.73m²) in the next four years. Note: If eGFR level at the time of the test is already <60mL/min/1.73m², then the risk of a further decline in kidney function is defined as an eGFR decline ≥30% in the next four years.

Result Interpretation

Low Risk	Standard diabetes management; Status tested annually.
Moderate Risk	More frequent monitoring; Optimisation of lifestyle factors; Review of glycemic targets and management; Review of non-glycemic risk factors and their management including blood pressure and lipids; Avoidance of potentially nephrotoxic drugs; Utilisation of therapeutic drugs with evidence of renoprotection; Status tested every 3-6 months.
High Risk	Very close monitoring; Intensive management strategies based on those for 'Moderate risk' above with optimisation of treatments for diabetes and other risk factors. Status tested every 3 months.

Interpretation of Risk Scores (based on recommendations from the ADA DKD Consensus report)

PREDICTIVE TEST for DIABETIC KIDNEY DISEASE

PromarkerD patient reports use a traffic light scoring system for optimal performance

A simple blood test that measures three plasma proteins combined with three clinical factors (age, cholesterol, eGFR)

In published clinical studies PromarkerD predicted 86% of otherwise healthy diabetics who went on to develop kidney disease within 4 years

Definitions:

"Promarker" - the proprietary technology used to discover and evaluate proteins for use as diagnostics
"PromarkerD/PromarkerD test system" - the patented predictive diagnostic test for Diabetic Kidney Disease
"PromarkerD (MS)" - the predictive diagnostic test for Diabetic Kidney Disease using Mass Spectrometry
"PromarkerD (IA)" - the predictive diagnostic test for Diabetic Kidney Disease using ImmunoAssay
"PromarkerD Hub" - the proprietary software tool used to calculate the risk of Diabetic Kidney Disease in diabetes patients

Proteomics International Laboratories Ltd

PromarkerD - Regulatory

REGULATORY APPROVALS

CE Mark registration in Europe

Proteomics International achieved CE Mark registration for both the immunoassay (IA) and mass spectrometry (MS) versions of the PromarkerD test. The Company also secured CE Mark registration for the PromarkerD Hub, a software tool used to calculate the risk of kidney disease.

CE The CE Mark provides a significant step for Proteomics International to license and sell PromarkerD throughout the European Union. It provides assurance to European consumers and potential licensing partners that the product has been developed and manufactured to meet EU safety, health and environmental protection requirements. Importantly, these registrations lay the groundwork for future regulatory approvals, including an application to the US FDA.

TGA approval for software IVD

Proteomics International secured TGA regulatory approval for PromarkerD software as an in vitro diagnostic (IVD) for export use. The software was included on the Australian Register of Therapeutic Goods on the 24 July 2019. The remote software hub enables the secure delivery of test results to Proteomics International's partners around the world, and provides an additional level of intellectual property security beyond the company's comprehensive patent portfolio.

Further Regulatory approvals and Reimbursement

The successful production of the PromarkerD immunoassay and its move towards clinical use globally means further regulatory approvals will be required in other jurisdictions. As the party responsible for the manufacture and distribution of a medical device (kit) Proteomics International requires specific quality management systems, of which ISO 13485 is the industry's most widely used international standard. Proteomics International has adopted the ISO 13485 guidelines for PromarkerD and is in the process of acquiring formal certification. Both CE Mark and ISO 13485 demonstrate a commitment to the safety and quality of medical devices, and are recognised in multiple countries world-wide.

In the USA, PromarkerD will initially be sold as a Laboratory Developed Test (LDT) via a CLIA (Clinical Laboratory Improvement Amendments) certified clinical laboratory. To assist routine use Proteomics International will seek FDA regulatory approval for the PromarkerD immunoassay kit under the 'De novo' or '510(k)' pathways. Prior to approval the US FDA requires medical device companies to also comply with FDA 21 CFR Part 820. The US FDA is currently updating these guidelines to harmonise with ISO 13485.

Medical reimbursement costs for diagnostics tests are covered by different policies worldwide. A primary target for Proteomics International is to secure a specific reimbursement code for PromarkerD in the USA, and to achieve this the Company is currently engaging with key industry stakeholders via a specialist US consultant.

PromarkerD - Clinical

CLINICAL RESULTS

Effectiveness of PromarkerD confirmed in international study with global pharma

A global, multi-centre study of 3,000 people confirmed the effectiveness of PromarkerD as a predictive test for diabetic kidney disease. The collaborative study with Janssen applied the PromarkerD test system to patient samples from the CANVAS completed phase 3 clinical trial of patients with type 2 diabetes.

Retrospective analysis of blood samples from the completed clinical trial showed that patients predicted by PromarkerD to be at high-risk of chronic kidney disease were 13.5 times more likely than the low-risk group to develop the disease. The study provides international validation of previous findings that PromarkerD is able to correctly predict a clinically significant decline in kidney function up to four years in advance. The results were presented at the world's leading diabetes conference, the 80th Scientific Sessions of the American Diabetes Association (ADA), in June.

The PromarkerD 'virtual booth' at the 80th Scientific Sessions of the American Diabetes Association (ADA) in June.

To visit the PromarkerD virtual product display please see: **www.PromarkerD.com/product**

The science behind PromarkerD

- PromarkerD was able to predict renal function decline in the four-year CANVAS trial of patients (N>3000) with type 2 diabetes and at high risk of cardiovascular disease.

  Baseline PromarkerD moderate-risk and high-risk scores were increasingly prognostic for incident CKD (odds ratio 5.29 and 13.52 versus low-risk, respectively; both P<0.001).

- PromarkerD was able to predict renal function decline in the four-year Fremantle Diabetes Study of community-based patients (N~1000) with type 2 diabetes.

  Four-year risk of developing DKD at the optimal score cut-off: 86% sensitivity, 78% specificity (AUC = 0.88), 98% negative predictive value or "rule-out" capability).

  Across the two clinical studies, 10-28% of patients experienced a clinically significant decline in kidney function during the four years.

Long term studies are required to ascertain how current interventions can improve late stage outcomes. Nonetheless current medical understanding is that early intervention and management of chronic kidney disease has long term benefits; existing chronic kidney disease is associated with heart disease, stroke, anaemia, increased levels of infections and lower quality of life; kidney damage is not repairable and if left unchecked provides a permanent significant risk of developing end stage renal disease (ESRD).

Proteomics International Laboratories Ltd

PromarkerD - Clinical

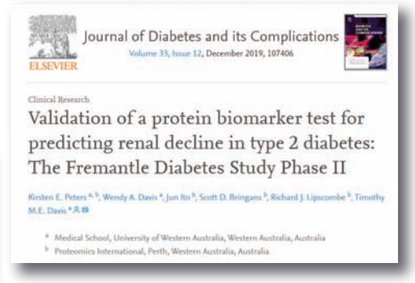
Collaboration Expansion

Determining a direct relationship between PromarkerD and patient outcomes is a complex process with extensive data analysis required over the large clinical data set. Janssen and Proteomics International have extended their collaboration to examine the PromarkerD score in patient samples after treatment to assess if patients display an improved prognosis, i.e. does their PromarkerD risk score decrease?

Significantly, samples will be tested using the higher throughput PromarkerD immunoassay, PromarkerD (IA), instead of the mass spectrometry platform, PromarkerD (MS). Use of PromarkerD (IA) may provide important results to support Proteomics International's future FDA regulatory applications. In addition to DKD outcomes, the ability of PromarkerD to predict cardiovascular outcomes is also being investigated. Results will be presented during FY21.

Clinical results published in peer-reviewed journal

Clinical validation results for PromarkerD were published in the peer-reviewed *Journal of Diabetes and its Complications* in September. In community-based diabetes patients PromarkerD correctly predicted 86 per cent of people who went on to develop chronic kidney disease during the four years of the study. Importantly, the results showed PromarkerD also has an excellent negative predictive value or "rule-out" capability, with the test correctly predicting 98 per cent of people who did not go on to develop diabetic kidney disease within four years. The research was conducted in collaboration with The University of Western Australia Medical School.



Treatments for diabetic kidney disease

- SGLT2 inhibitors, known as Gliflozins, are a new class of glucose-lowering oral drugs for diabetes
- On 30 September 2019, Canagliflozin (Invokana™) became the first drug in 20 years to approved for the treatment diabetic kidney disease
- FDA approved SGLT2 inhibitors for type 2 diabetes treatment include:
  - Empagliflozin (Boehringer Ingelheim/ Eli Lilly & Co.)
  - Dapagliflozin (AstraZeneca/ Bristol-Myers Squibb)
  - Canagliflozin (Janssen Pharmaceuticals)
- The gliflozins all appear to exhibit renal-protective properties, significantly lowering risk of renal failure, dialysis or kidney transplantation, and renal or cardiovascular death in high-risk patient patients
- New guidelines from the American Diabetes Association (Standards of Medical Care in Diabetes 2020) recommend use of SGLT2 inhibitors in type 2 diabetes patients as an additional agent for lowering glucose - and for lowering cardiovascular and renal risk in patients predisposed to these complications.

Early detection can significantly help reduce DKD progression and prevent serious kidney damage

Potential for PromarkerD as a complementary diagnostic (CDx)

- The ability for early identification of at-risk patients who should be prescribed renal-protective drugs now
- The monitoring of patients as treatment progresses to show the benefit of that treatment

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.

PromarkerD - Market

PromarkerD Patent Coverage

The patents cover use of the test for diabetic kidney disease (DKD) unless otherwise stated.

- Derived from International Patent Application PCT/AU2011/001212
- All patents valid until September 2031

Country	Patent/ Application No.	Status	Diabetes Prevalence [1]
Australia [2]	2011305050	Granted	1,288,300
Brazil	BR1120130067640	Granting	16,780,800
Canada	2811654	Granted	2,793,500
China	ZL201180053583.9	Granted	116,446,900
Europe [2,3]	3151012	Granted	59,322,100
Hong Kong	18115912.3	*Pending*	723,400
India	3012/DELNP/2013	*Pending*	77,005,600
Indonesia	W00 2013 01585	Granted	10,681,400
Japan	2013-528474	Granted	7,390,500
Russia	2596486	Granted	8,288,500
Singapore	188527	Granted	640,400
USA [2,4]	US 9,146,243	Granted	30,987,900
			332,349,300 Total

[1] International Diabetes Federation (IDF) Atlas 9th Edition 2019 [Age group 20-79 years; Total = Diagnosed (48.7%) + Undiagnosed (51.3%)].

[2] Australia, Europe, USA patent extended to cover use of the test for any form of kidney disease (NB Further studies are required to prove efficacy of PromarkerD for applications beyond DKD)

[3] Covers France, Germany, Italy, Spain, Turkey, and the United Kingdom, which cumulatively have 29.6 million adults with diabetes.

[4] USA patent further extended to cover method for identifying drugs for abnormal kidney function using one of the PromarkerD biomarkers (CD5L).

Promarker™ Trademark Coverage

The Promarker™ technology platform used to develop PromarkerD can be used to identify unique protein biomarkers "fingerprints" in any biological system.

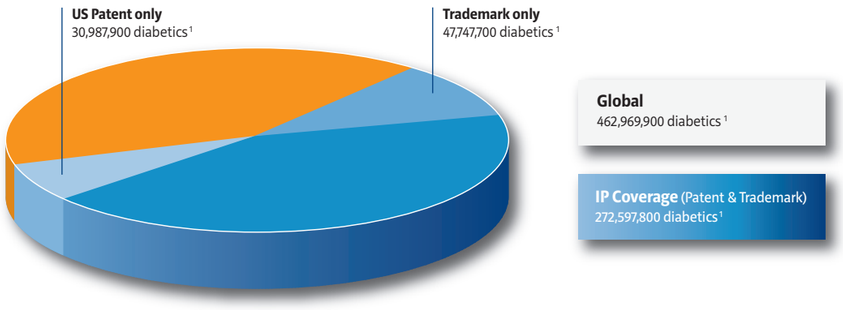
Country	Status
Australia I China I Dominican Republic I Europe [1] I Israel I Japan I Mexico I New Zealand I Russia I Singapore I South Korea I USA	Granted
China	*Pending*

Class 44 – Medical diagnostics services (No. 1776917) & Class 5 – Diagnostic apparatus for medical purposes including diagnostics kits (No. 1806616)

[1] Trademark covers all of European Union, representing an additional 29.8 million adults with diabetes beyond the European patents.

Total Addressable Market

The total potential addressable markets for clinical pathology laboratories (it is expected the PromarkerD test may be performed once per year per patient on average (Standard of care: High-risk patients are tested every 3-6 months; Low-risk every 2 years)).



Assumptions: [1] International Diabetes Federation (IDF) Atlas 9th Edition 2019 [Age group 20-79 years; Total = Diagnosed (48.7%) + Undiagnosed (51.3%)].

Proteomics International Laboratories Ltd

PromarkerD - Market

THE MARKET

The International Diabetes Federation estimates there are 463 million adults living with diabetes globally - currently 1 in 3 develop diabetic kidney disease (DKD). At the current rate of growth there will be a 51% increase to 700 million people living with diabetes by 2045.

Intellectual Property portfolio expanded

Proteomics International continued to strengthen its intellectual property portfolio, in the form of patents, trademarks and trade-secrets, which provide the foundation for licensing discussions. In 2019-20, the Company secured a patent for PromarkerD in Indonesia, which is home to more than 10 million people with diabetes—the sixth highest in the world. Subsequent to the end of the financial year, the company also secured patents for the potentially substantial markets of Brazil, which has 16.8 million adults with diabetes, and Canada, which has 2.8 million. Together the Company's granted patents and trademarks cover 273 million (59%) of the addressable diabetes patient population globally.

Business Model for PromarkerD

Due to the prevalence of diabetes and diabetic kidney disease the potential revenue from a test for diabetic kidney disease is considerable.

Proteomics International is actively pursuing identified global and regional licensing opportunities for PromarkerD across jurisdictions covered by its patents and trademarks and is currently in commercialisation discussions with several different parties.

The Company's business model is to out-license its intellectual property to diagnostics providers and to receive a royalty on each test sold. Proteomics International will also sell the specialist reagents required to perform each test, whilst the PromarkerD hub regulates use of the test by each provider. Under this model the licensee will cover the capital expenditure to distribute and promote PromarkerD within their network, thus removing a significant cost burden from Proteomics International.

Proteomics International is targeting a test price to the patient of between US$55 and US$150 (test price of US$55 is based on use of existing American Medical Association CPT billing codes for similar analytes to the PromarkerD panel; test price of US$150 is based on stakeholder engagement responses (Proteomics International market access study conducted by independent US consultant)). Standard industry royalty rates for out-licensing of intellectual property for diagnostics typically range from 5-15%.

As part of the global launch for PromarkerD, the Company elected to first license in several smaller geographic jurisdictions, being Mexico (PromarkerD (MS)), Dominican Republic (licence to develop own PromarkerD (IA)) and most recently in Spain (PromarkerD (MS)). However, sales of the test in these jurisdictions are on-hold with clinics and hospitals unable to offer the test due to the COVID-19 pandemic.

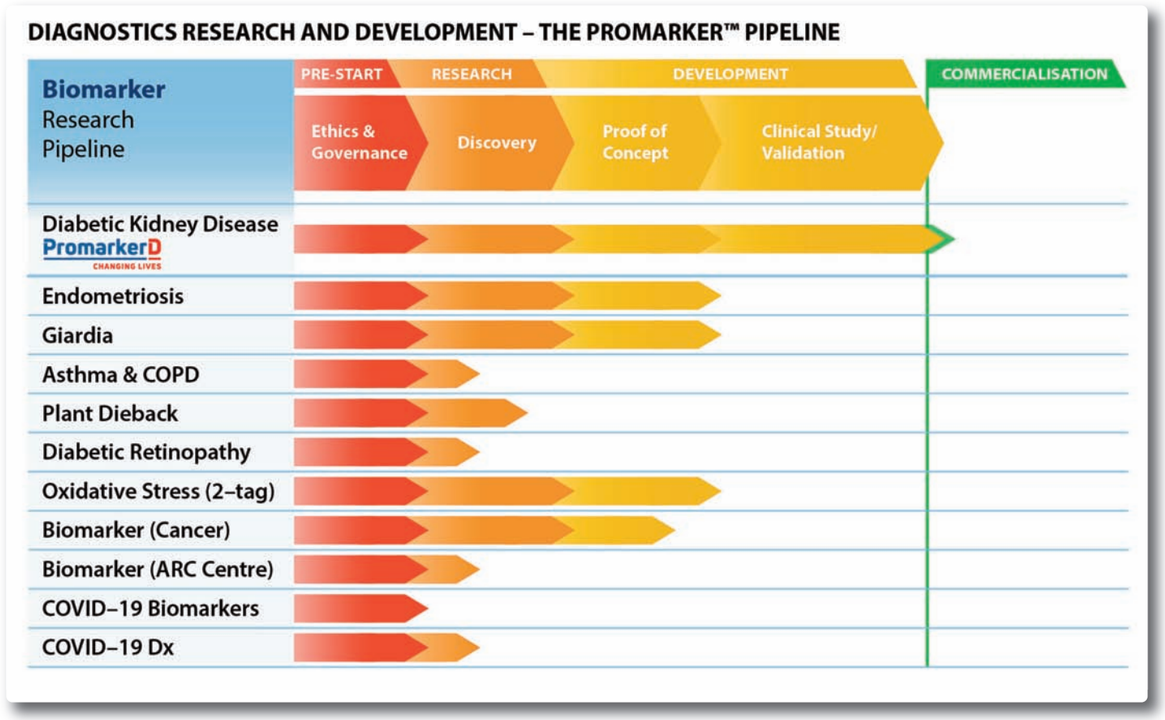
The launch into these initial jurisdictions has allowed Proteomics International to create brand awareness and prove PromarkerD in real-life clinical settings, both of which are important for future licensing opportunities in larger geographic areas.

Countries with PromarkerD patents *Countries with PromarkerD patents pending*

Diagnostics

This year Proteomics International has sought to expand its diagnostics (Dx) portfolio by proactively vetting biomarker discovery and diagnostics development opportunities. The Company continues to target new diagnostic tests for chronic diseases with significant unmet need and market opportunity across medicine, veterinary health and agriculture.

This led to the expansion of diagnostics R&D pipeline using the Promarker™ platform. Fully-funded research programs are now in place for endometriosis, the Giardia parasite (the leading cause of infectious gastroenteritis worldwide), chronic lung conditions, cancer, oxidative stress, diabetic retinopathy, plant dieback disease and COVID-19.



The Promarker™ R&D pipeline and typical timeline is as follows:
Ethics & governance approval (3 months),
Discovery (6 months),
Proof of concept (6 months),
Clinical studies/Validation (12 months).

Proteomics International Laboratories Ltd

Diagnostics

Endometriosis
Status update: *Proof-of-concept study completed, clinical studies pending. Patent application filed.*

In March, Proteomics International announced it had identified and filed a patent application describing a panel of novel protein biomarkers with the potential to be developed into a simple blood test for endometriosis.

The proof-of-concept study analysed 54 women across three groups: patients with endometriosis; healthy individuals and, importantly, patients with symptoms but no clinical diagnosis, to identify protein biomarkers that were statistically significant markers for disease.

Endometriosis occurs when the tissues that line the uterus spread outside of the uterine cavity and surround other organs. The debilitating disease affects one in nine Australian women, with the current gold standard for detection being a surgical procedure. Direct medical costs (outpatient and hospitalisation) associated with endometriosis in the United States surpass US$17.3 billion annually.

Given the large unmet medical need and the only existing diagnostic tool being invasive surgery, Proteomics International believes there will be significant commercial interest in this program post successful clinical study validation.

Giardia (causing gastroenteritis)
Status update: *Proof-of-concept study completed, validation study pending.*

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.

Giardia is a leading cause of infectious gastroenteritis worldwide and one of the most common parasitic human diseases. The risk for human health is that some *Giardia* strains that affect pets can cross into humans (zoonotic), whilst others do not (host specific). Surveillance data suggests there are 280 million people worldwide being infected each year.

Proteomics International has identified strain specific *Giardia* targets and developed a prototype immunoassay, which is pending validation using field samples. This aspect has been delayed by the COVID-19 pandemic. The commercial viability of the assay will not be known until completion of this last phase, which is expected later in 2020.

There is a large market opportunity for Proteomics International given 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.

Asthma & COPD
Status update: *Ethics approval received, discovery study underway.*

Proteomics International received ethics approval for a discovery study to identify biomarkers for asthma and chronic obstructive pulmonary disease, which cost healthcare systems tens of billions of dollars a year.

The study is in collaboration with the Busselton Population Medical Research Institute, which gives Proteomics International access to the globally-recognised Busselton Health Study, first established in 1966 and one of the longest running epidemiological research programs in the world. The discovery phase has recently commenced using the Promarker™ pipeline.

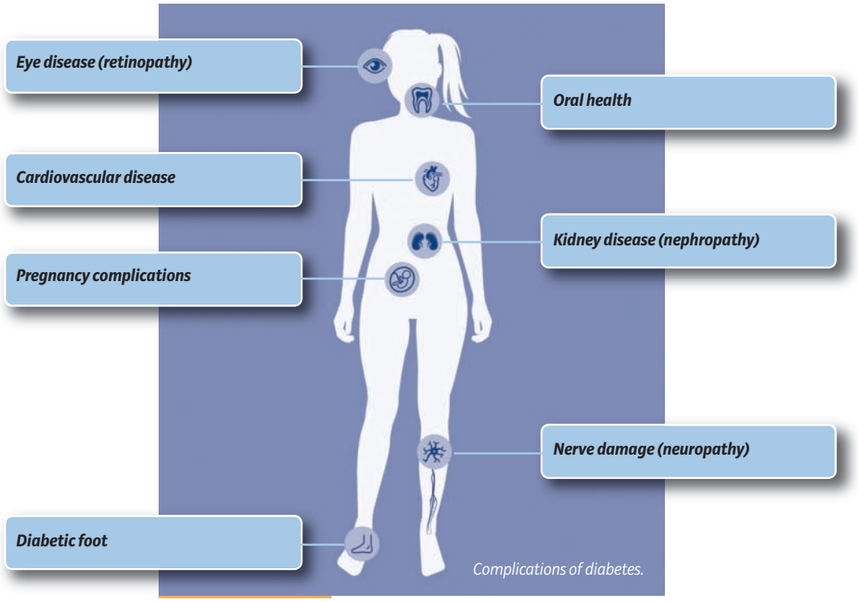
Plant dieback
Status update: *Discovery study underway.*

The Company's approach to developing diagnostic tests and identifying potential drug targets is not limited to human medicine. Proteomics International has an ongoing collaboration with the Centre for Crop and Disease Management at Curtin University to target the plant pathogen *Phytophthora cinnamomi*, which is responsible for plant dieback.

The pathogen has already infected over one million hectares of Australian bushland, and also infects premium crops such avocados, macadamias and pineapples. *Phytophthora* attacks the roots of vegetation and inhibits them from being able to take up water and nutrients, resulting in death (termed Dieback). The estimated cost to the Australian economy is $160 million per year for damage to natural vegetation alone.

Current investigations are focused on proteomic analysis (determining the protein maps) of the life stages of the organism and how it infects its host. This has the potential to identify weaknesses in the pathogen that could be targeted to help eradicate this disease.

Diagnostics



Complications of diabetes.

Diabetic retinopathy
Status update: *Ethics approval received, discovery study underway.*

Following the success of its diabetic kidney disease project, Proteomics International signed a new collaboration agreement with The University of Western Australia to seek early markers for diabetic retinopathy.

Diabetes adversely affects the body's blood vessels leading to a range of complications including heart (cardiovascular), kidney (nephropathy), nerve (neuropathy) and eye (retinopathy) damage. Currently a third of patients with diabetes have diabetic retinopathy - vision impairment caused by damage to blood vessels at the back of the eye.

Diabetic retinopathy is the major cause of blindness in the USA, responsible for approximately 20,000 new cases each year, but finding and treating diabetic retinopathy early can reduce the risk of blindness by 95%. An early diagnosis has the ability to transform quality of life outcomes, with commensurate billion-dollar socioeconomic benefits.

This collaboration is applying the Promarker™ platform to look for prognostic markers in the blood that can identify patients at risk of retinopathy, especially sight-threatening retinopathy. The program will again utilise the Fremantle Diabetes Study which provided the rich sample repository that led to PromarkerD.

Oxidative stress (2-tag)
Status update: *Status update: Proof-of-concept study completed, clinical validation pending. Commercialisation discussions underway.*

Proteomics International has been in a long-term collaboration with The University of Western Australia to develop methodology that could become the next generation of medical diagnostic tests. The patented technology called "2-tag" measures the oxidative stress in a system.

Every person has a base level of oxidative stress at all times - the human body requires oxidative stress to function. However, very high levels of oxidative stress can be dangerous and have been linked to a wide range of chronic diseases including stroke, heart attack, Parkinson's disease, and muscular dystrophy and muscle damage.

2-tag extends Proteomics International's existing technology platform to zoom further into the molecular landscape to examine not only the number and type of proteins in a sample but subtle "decorations" on the proteins themselves.

The technology has now matured with the 2-tag test demonstrating proof of concept with several publications targeting Duchenne muscular dystrophy and new exploratory work in aquaculture and sports management. The Company's intellectual property consists of granted patents in the USA (US 8,043,824 B2) and Australia (AU2006/001757) directed to a "Method to determine the redox {oxidation} state of proteins ('2-tag')".

Proteomics International is currently examining commercial opportunities to exploit this innovative technology.

Proteomics International Laboratories Ltd

Diagnostics

Biomarkers for cancer
Status update: *Proof-of-concept study completed, clinical validation pending. In-licensing discussions underway.*

Proteomics International is in discussion with a pre-eminent Australian medical research institute to in-license a novel mass spectrometry-based cancer diagnostic test. The Company will provide further details as this develops.

Novel disease biomarkers - ARC Centre for Personalised Therapeutics Technologies
Status update: *Ethics approval received, discovery study underway. In-licensing discussions underway.*

The Australian Research Council Centre for Personalised Therapeutics Technologies is a $3.1 million Federally funded Industrial Transformation Training Centre (ITTC) in which Proteomics International is working alongside leading university-based researchers to apply the Promarker™ technology to Complementary Diagnostics.

Proteomics International is in advanced discussion with other consortium members for a discovery project in an area of significant unmet medical need. The Company will provide further details as this develops.

COVID-19 biomarkers
Status update: *Ethics approval pending, method development underway prior to the discovery study.*

The program is for the identification of protein biomarkers for COVID-19 disease susceptibility and response.

According to the World Health Organisation, 80% of people with COVID-19 disease have no symptoms or just a mild infection, whereas 14% of infections are severe and require oxygen and 6% are critical infections requiring ventilation. The difference could be due to protein 'fingerprints' in the patient's blood. These biomarkers have the potential to become a simple blood test that predicts which patients are at greatest risk of requiring significant medical intervention.

Proteomics International has teamed up with respiratory physicians to analyse collections of blood samples taken from patients at diagnosis to (a) identify whether there are biomarkers in mild COVID-19 patients that are protective in that individual, and (b) determine if there are biomarkers that predict a severe or critical infection. The identification of such biomarkers could provide a new diagnostic test for clinicians to triage patients when they present with first diagnosis, enabling better planning and allocation of limited hospital resources. This is an area of significant unmet need in global COVID-19 diagnostics.

COVID-19 diagnostic
Status update: *Ethics approval received, discovery study underway.*

The second program is for research into the development of a rapid, non-invasive diagnostic test for direct detection of the SARS-CoV-2 virus in patients. The new diagnostic test is targeting detection of the virus in saliva because it is easy to collect and analyse. The successful development of a new diagnostic test for infections due to COVID-19 could provide a significant improvement in testing capabilities nationally and worldwide.

In May, Proteomics International was awarded two grants worth a combined $200,000 under the Western Australian COVID-19 Research Grants Program to support these two projects.

Cutting-edge protein biomarker analysis facility launched

Proteomics International joined forces with Bioplatforms Australia and The University of Western Australia to launch a cutting-edge proteomics facility to explore biological markers affecting medicine, agriculture, the environment and marine world. With Federal and State Government support this Public Private Partnership is coinvesting A$4.4m over the next four years in the expanded Western Australian Proteomics Facility.

Equipment for the cutting-edge facility was installed in December and has already provided an increased ability to explore for and identify biological markers across a broad range of sectors. This enhanced capability could lead to the identification of new drug targets and the creation of diagnostic tests across medicine and agriculture, boosting both Proteomics International's R&D activities and analytical services.

Analytical Services

Revenue from analytical services remained robust, showing only a temporary dip due to the COVID-19 pandemic. This year revenue was spread across specialist analytical work (e.g. food product quality control), consulting services, provision of external biomarker analysis services, and biosimilars and pharmacokinetic (PK) testing.

Biosimilars analytical service extended

Proteomics International has specialised in the analysis of biosimilars (generic protein drugs) since the Company received its world leading ISO 17025 laboratory accreditation in 2009. In November, Proteomics International experienced a successful audit by NATA (National Association of Testing Authorities, Australia), which emphasised the high quality of analytical processes within the Company's facilities. Proteomics International also took advantage of the downtime associated with its equipment upgrade to develop and launch a new specialist service for glycan analysis of biosimilars. This is an important addition to the Company's portfolio of services that are used to assess the quality of a biosimilar product, with the use of biosimilar drugs in the treatment of cancers continuing to expand.

New pharmacokinetic analysis contracts secured

Proteomics International expanded its partnership with Linear Clinical Research, securing new analytical services contracts during the year. The revenue from Proteomics International's specialist analytical services continues to support the development and commercialisation of the Company's pioneering diagnostic tests.

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 enters Export Award Hall of Fame

In recognition of winning the Health & Biotechnology Export Award in 2015, 2016, and 2018, as well as the Western Australian Exporter of the Year Award in 2016, Proteomics International was inducted into the WA Industry & Export Awards Hall of Fame. The induction recognises continued export success and exemplifies the global breadth of the company's client base.

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

In November, Proteomics International raised $3.0 million (before costs) through the issue of 10.8 million shares in a heavy-oversubscribed share placement. The placement was at an issue price of $0.28 per share, and was supported by institutional, sophisticated and professional investors. The funds were used for the upgrade to the Company's laboratory capabilities, to support development of existing and potentially new intellectual property, and to pursue regulatory and reimbursement approvals for the commercialisation of PromarkerD.

STRATEGIC COLLABORATIONS

Proteomics International continues to work closely with the biotechnology and life science 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 has extended and expanded its lease with the Perkins to ensure that Proteomics International's facilities continue to meet its needs as the company grows.

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 this year expanded this Public Private Partnership (see Diagnostics 'Cutting-edge protein biomarker analysis facility opens').

Australian Research Council Training Centre for Personalised Therapeutics Technologies
This 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 Promarker™ technology to Complementary Diagnostics. The centre is hosted by the University of Western Australia, Monash University and the University of Melbourne. A joint diagnostics project is now underway (see 'Diagnostics - Novel disease biomarkers').

Accelerating Australia
This organisation has developed a cohesive and collaborative early stage biomedical translation ecosystem under the umbrella of a national consortium covering academia, industry, and health care providers, including MTP Connect (the Medtech and Pharma Growth Centre). 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 completed a one-year placement with the company in 2018, and is currently undertaking an undergraduate degree. The program is on-going and Proteomics International looks forward to supporting the 2020 class of budding life scientists.

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 27 July 2020, Proteomics International announced that the Company has secured patents for PromarkerD for the potentially substantial markets of Brazil, which has 16.8 million adults with diabetes, and Canada, which has 2.8 million. Together the Company's granted patents and trademarks cover 273 million (59%) of the addressable diabetes patient population globally.

Company Operations

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 joined the Board in June 2014.	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.	Managing Director	19,048,705	-
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	717,000	200,000
Mr Paul House GAICD, BCom (UWA) 	Paul has over 25 years' experience with multi-national corporations and is currently CEO of Imdex (ASX:IMD). He recently served eight years as the Managing Director of SGS India, where he was responsible for a workforce of 4,500 personnel and 38 laboratories; SGS is the world's leading Testing, Inspection and Certification (TIC) company. Previously held CFO and COO roles and has a track record for delivery of business performance targets, revenue growth, margin improvement, market share and productivity, across multiple services, markets and borders. A Fellow of the Australian Institute of Management and a Graduate Member of Australian Institute of Company Directors, Paul joined the Board in November 2017.	Nil	718,864	200,000

CURRENT AND FORMER DIRECTORSHIPS

Directors' Name	Current Directorships	Former Directorships (last 3 years)
Terry Sweet	Nil	Nil
Richard Lipscombe	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 2020, and the numbers of meetings attended by each Director were:

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

A = Number of meetings attended
B = Number of meetings held during the time the Director held office

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.

OPERATIONAL TEAM

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

Head of Business Development
John C. Morrison
John 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 2014.

General Manager
Dr Kerryn Garrett
Kerryn is responsible for overseeing the day-to-day operations of the Company as well as ensuring that operations are in line with the strategic direction of the Company. Kerryn joined Proteomics International in 2019, and previously held the role of Laboratory Manager. Kerryn has over 30 years of research experience, and brings a key set of expert skills from her extensive experience in the diagnostic pathology industry and the regulatory elements of accreditation agency NATA.

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 14 years.

Business Manager - PromarkerD
Dr Pearl Tan
Pearl is focused on leading the team commercialising PromarkerD. She has been with Proteomics International since 2013, and her previous roles include Chief Operating Officer of Proteomics International and leading the commercialisation of the patented 2-tag technology (used to measure oxidative stress). Pearl has a background in research and completed her PhD in Biochemistry and Molecular Biology at The University of Western Australia.

Business Manager - Analytical Services
Dr Javed Khan
Javed has international commercial experience gained over 10 years in the life sciences industry. With a PhD in Chemistry and Biomolecular Sciences from Macquarie University, Javed joined Proteomics International as a computational proteomics specialist in 2013, before transitioning into Project Management/Business Development and was recently appointed Manager of the Company's extensive Analytical Services business and portfolio.

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
- 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 in the early stages 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 the 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 received 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 2020:

Fixed $	"At Risk" $	Total $
135,405	-	135,405

REMUNERATION REPORT (continued)

Executive Director

The Company's Executive Director remuneration package contains the following key element:

- primary benefits - salary via an agreement

The above component comprises the Executive Director's total remuneration.

Executive Remuneration Mix

The following table sets out the executives' remuneration mix:

Fixed $	"At Risk" $	Total $
299,231	-	299,231

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

CONSOLIDATED ENTITY PERFORMANCE AND LINK TO REMUNERATION

Given the nature, size and scale of the Company 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 2019 Annual General Meeting, more than 75% of votes cast were in favour of adoption of the Company's remuneration report for the 2019 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.

Proteomics International Laboratories Ltd

REMUNERATION REPORT (continued)

C. Details of Remuneration

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

	Short-Term Benefits		Post-Employment Benefits	Other Long-Term Benefits	Share Based Benefits		Percentage Remuneration Consisting of Options	Performance Related
2020	Directors Fees $	Salary $	Superannuation $	Annual Leave $	Options $	Total $	%	%
Non-Executive Directors								
Terry Sweet	54,000	-	5,130	-	-	59,130	0%	0%
Ian Roger Moore	36,000	-	3,420	-	-	39,420	0%	0%
Paul House (ii)	36,000	-	855	-	-	36,855	0%	0%
Executive Director								
Richard Lipscombe	-	250,000	23,749	25,482	-	299,231	0%	0%
TOTAL	126,000	250,000	33,154	25,482	-	434,636	0%	0%
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	-	-
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	-	-
TOTAL	152,915	185,000	30,902	4,569	179,062	552,448	32%	32%

(i) Resigned 22 November 2018.

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

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

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	$250,000
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 it 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 (i)
				$	$
Terry Sweet	200,000	22-Nov-18	22-Nov-21	0.50	44,206
	200,000	22-Nov-18	22-Nov-22	0.67	45,325
Total	400,000				89,531
Ian Roger Moore	100,000	22-Nov-18	22-Nov-21	0.50	22,103
	100,000	22-Nov-18	22-Nov-22	0.67	22,662
Total	200,000				44,765
Paul House	100,000	22-Nov-18	22-Nov-21	0.50	22,103
	100,000	22-Nov-18	22-Nov-22	0.67	22,663
Total	200,000				44,766

(i) The options were issued as a reward and incentive and vested immediately.

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 2020 is summarised below (note that EBITDA and non-cash calculations are not in strict compliance with 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):

	2020
	$
Total income	3,016,274
EBITDA and non-cash	(1,248,535)
EBIT	(1,724,958)
(Loss) after tax	(1,743,770)

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

	2016	2017	2018	2019	2020
	$	$	$	$	$
Share price at listing date ($A)	0.20	0.20	0.20	0.20	0.20
Share price at financial year end ($A)	0.27	0.16	0.20	0.35	0.42
Total dividends declared (cents per share)		-	-	-	-
Basic loss per share (cents per share)	(0.03)	(0.02)	(0.02)	(0.03)	(0.02)

REMUNERATION REPORT (continued)

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
2020				
Terry Sweet	2,348,000	-	-	2,348,000
Richard Lipscombe	19,011,204	-	37,501	19,048,705
Ian Roger Moore	627,000	-	90,000	717,000
Paul House (i)	488,094	110,770	120,000	718,864

(i) On 1 October 2019 the Company issued 110,770 fully paid ordinary shares at $0.325 per share to Paul House in lieu of director fees covering the period November 2017 to September 2018.

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 changed during the year	Balance at the end of the year
2020				
Terry Sweet	400,000	-	-	400,000
Richard Lipscombe	-	-	-	-
Ian Roger Moore	200,000	-	-	200,000
Paul House	200,000	-	-	200,000

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 $2,065 (2019 $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

Proteomics International Laboratories Ltd

SHARES UNDER OPTION

Unissued ordinary shares of the Company under option as at 30 June 2020 are as follows:

Date options granted	Expiry date	Exercise price	Number under option
21/11/2018	22/11/2021	$0.50	400,000
21/11/2018	22/11/2022	$0.67	400,000
27/03/2020	27/03/2023	$0.50	3,040,279
11/05/2020	1/05/2023	$0.50	550,000
			4,390,279

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 750,000 (2019: 475,000).

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.

Non-audit services provided by BDO Corporate Tax (WA) Pty Ltd during the 2020 financial year were in respect to consulting and amounted to $5,120 (Nil in 2019).

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 31st August 2020

Auditor's Independence Declaration

BDO

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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 2020, 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 entity it controlled during the period.

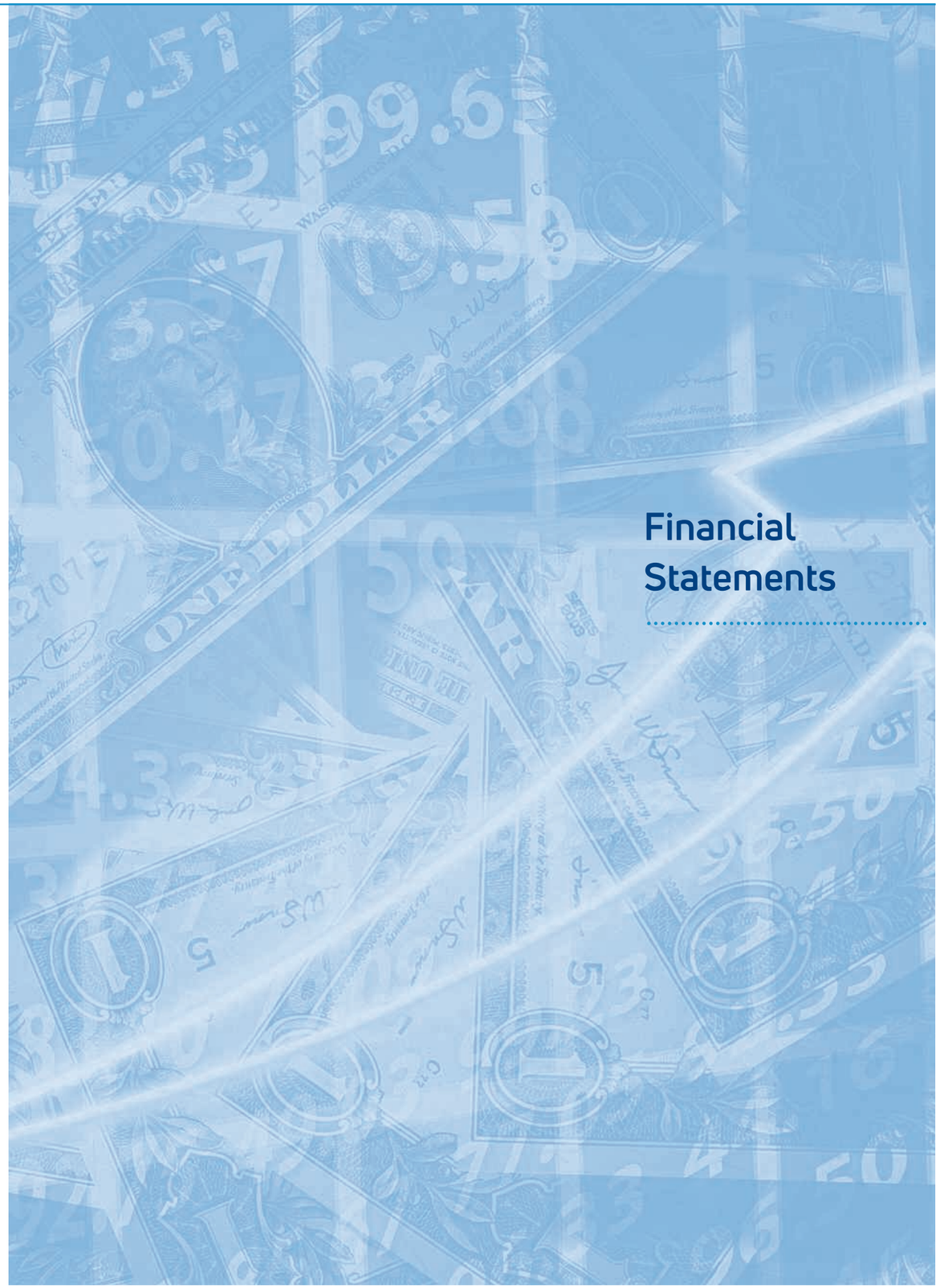
Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 31 August 2020

Proteomics International Laboratories Ltd



Financial Statements

Financial Statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Revenue from continuing operations:			
- Services	5	1,423,070	1,468,076
- Research grants		166,961	-
Other income			
- Interest income		20,702	48,248
- Research and development tax incentive	2(a)	1,138,815	1,139,403
- Export and business development grants		-	80,585
- COVID-19 grants and subsidies		266,726	-
Total revenue from continuing operations		3,016,274	2,736,312
Employment and labour expenses	2(c)	2,127,031	1,932,914
Share based payments expense	1(h), 15	112,715	222,812
Depreciation expense		363,708	188,293
Intellectual property maintenance expenses		56,875	87,900
Interest expense		8,906	27,058
Interest expense - lease liabilities		9,906	-
Laboratory supplies		662,292	578,445
Professional fees		685,724	486,877
Travel and marketing expenses		80,611	227,292
Laboratory access fees		119,260	144,050
Realised loss in foreign currency translation	2(b)	4,200	1,903
Loss on sale of investment	2(b)	-	249,499
Other expenses		528,816	669,544
Total Expenditure		4,760,044	4,816,587
(Loss) before income tax		(1,743,770)	(2,080,275)
Income tax (expense) / benefit	3(a)	-	-
(Loss) after income tax from continuing operations		(1,743,770)	(2,080,275)
Total comprehensive (loss) for the year attributable to equity holders of Proteomics International Laboratories Ltd		(1,743,770)	(2,080,275)
Basic (loss) per share for the year attributable to the members of Proteomics International Laboratories Ltd	26	(0.02)	(0.03)
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 2020

	Notes	Consolidated Entity 2020 $	Consolidated Entity 2019 $
CURRENT ASSETS			
Cash and cash equivalents	4	2,365,022	1,511,430
Trade and other receivables	6	364,587	501,395
Other assets	7	1,387,997	1,229,700
TOTAL CURRENT ASSETS		4,117,606	3,242,525
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,308,277	213,677
Other assets	7	-	163,681
Right-of-use assets	8	127,825	-
Intangible assets		1,012	1,012
TOTAL NON-CURRENT ASSETS		1,437,114	378,370
TOTAL ASSETS		5,554,720	3,620,895
CURRENT LIABILITIES			
Trade and other payables	10	447,688	303,064
Borrowings	12	-	146,591
Lease liabilities	13	63,799	-
Provisions	11	110,984	99,424
TOTAL CURRENT LIABILITIES		622,471	549,079
NON-CURRENT LIABILITIES			
Trade and other payables	10	334,803	-
Borrowings	12	-	18,330
Lease liabilities	13	69,044	-
Provisions	11	90,501	67,184
TOTAL NON-CURRENT LIABILITIES		494,348	85,514
TOTAL LIABILITIES		1,116,819	634,593
NET ASSETS		4,437,901	2,986,302
EQUITY			
Issued capital	14	13,391,543	10,537,267
Reserves	16	1,054,100	713,007
Accumulated (losses)	17	(10,007,742)	(8,263,972)
TOTAL EQUITY		4,437,901	2,986,302

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 2020

CONSOLIDATED ENTITY 30 JUNE 2020

	Notes	Issued Capital Ordinary $	Reserves $	(Accumulated Losses) $	Total Equity $
Balance at 1 July 2019		10,537,267	713,007	(8,263,972)	2,986,302
(Loss) for the year		-	-	(1,743,770)	(1,743,770)
Other comprehensive income for the year		-	-	-	-
Total comprehensive (loss) for the year		-	-	(1,743,770)	(1,743,770)
Transactions with Equity Holders in their capacity as Equity Holders					
Equity issued net of share issue costs	14	2,631,198	-	-	2,631,198
Conversion of Options	14	223,078	-	-	223,078
Share based payments expense	1(h), 15	-	341,093	-	341,093
		2,854,276	341,093	-	3,195,369
Balance as at 30 June 2020		13,391,543	1,054,100	(10,007,742)	4,437,901

CONSOLIDATED ENTITY 30 JUNE 2019

	Notes	Issued Capital Ordinary $	Reserves $	(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	14	48,630	-	-	48,630
Conversion of Options	14	118,750	-	-	118,750
Share based payments expense	1(h), 15	-	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

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

Proteomics International Laboratories Ltd

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Cash flows from operating activities			
Receipts from customers, grants and other income		1,722,639	1,648,633
COVID-19 grants and subsidy receipts		266,726	-
Payments to suppliers and employees		(3,496,673)	(4,171,235)
Interest paid		(18,812)	(27,058)
Interest received		20,702	48,248
Withholding tax paid on overseas locations		(13,752)	-
Research and development tax incentive		1,134,662	834,403
Net cash (outflow) from operating activities	4(a)	(384,508)	(1,667,009)
Cash flows from investing activities			
Proceeds from sale of investment		-	928,399
Payment for property, plant and equipment		(1,458,308)	(37,991)
Right of use asset aquired		(127,825)	-
Net cash inflow (outflow) from investing activities		(1,586,133)	890,408
Cash flows from financing activities			
Proceeds from the issue of shares (net of costs)		2,823,576	-
Proceeds from the conversion of options		223,078	118,750
Loans to employees		(57,500)	-
Repayment of lease liabilities		(68,800)	-
Repayment of borrowings		(96,121)	(147,500)
Net cash inflow (outflow) from financing activities		2,824,233	(28,750)
Cash and cash equivalents at 1 July		1,511,430	2,316,781
Net increase (decrease) in cash and cash equivalents		853,592	(805,351)
Cash and cash equivalents at 30 June	4(a)	2,365,022	1,511,430

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 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report of Proteomics International Laboratories Ltd and its subsidiary (the Company) for the financial year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on the 28th day of August 2020.

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*

The 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 2020 the Company recorded a loss of $1,743,770 (2019: loss $2,080,275) and had net cash outflows from operating activities of $384,508 (2019: net cash outflows $1,667,009).

The Directors believe there are sufficient funds to meet the Company'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 Company has an excess of current assets over current liabilities of $3,495,135 as at 30 June 2020;
- The Research & Development tax incentive of $1,138,815, which has been recorded in other assets in the statement of financial position is expected to be received by October 2020;
- The Directors remain committed to the long-term business model which offsets the cash burn from research and development expenditure 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 Company's operations will continue to produce improved results.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

(b) Segment Information

AASB 8 - Operating Segments, 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 organisation that engages in business activity from which it may earn revenues or incur expenditure, including those that relate to transactions with other organisation 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 Company's performance.

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 Company's revenues and the research and development activities as well as the finance, treasury, compliance and funding elements.

(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) 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.

(ii) 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.

(iii) COVID-19 pandemic

Judgement has been exercised in considering the impacts that the coronavirus SARS-CoV-2 and the COVID-19 pandemic (COVID-19) has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date. The future impact and recovery from COVID-19 is unknown and it may have an impact on activities in relation to the commercial roll-out of the Company's PromarkerD diagnostic test and on receipt of revenue from licensing partners.

(iv) Recoverability of Research & Development tax incentive

The Company has registered its research and development activities with the Department of Industry, Innovation and Science. Therefore the Company is entitled to claim a tax incentive each year based on eligible research and development costs it incurrs and, based on successful claims in previous years, the Company expects that it will receive the amount calculated.

(v) Lease extensions

The Company has entered into a facility licence agreement with the Harry Perkins Institute and does not expect any changes to the agreement in the next financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

(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.

(e) Revenue recognition and other income

Revenue is recognised when or as the Company transfers control of goods or services to a customer, at the amount to which the Company expects to be entitled.

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

(i) Research grant and equivalent/other income including the Research & Development Tax Incentive

Grants and other income are recognised at their fair value where it is probable that the grant and other income will be received.

The Company is eligible to claim, and receive, a tax credit for its qualifying research and development activities (Research & Development tax incentive). The Research & Development tax credit received by the Company in the year amounted to $1,134,662.

(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 Company 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.

If services rendered by the Company exceed the payment received, a contract asset is recognised. If the payment received exceeds the services rendered, a contract liability is recognised.

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.

(iv) Federal and State COVID-19 grants and subsidies

COVID-19 grants and subsidy receipts are recognised as other income rather than offsetting expenses to which they relate.

(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.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless there is 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
For the year ended 30 June 2020

(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 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 as compensation benefits 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.

Share-based payments compensation benefits are provided to consultants for capital raising via the issues of shares and/or options.

The fair value of the shares and options granted in relation to capital raisings are recognised as a share based payments expense in the statement of profit or loss and other comprehensive income and offset against equity in the statement of financial position as a transaction cost.

(i) Foreign currency translation and transactions

The financial statements are presented in Australian dollars.

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.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

(j) Income tax

The income tax expense or benefit for the year is the tax payable on that year'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) Joint Arrangements

The Company entered into a collaborative joint arrangement with the University of Western Australia ('UWA') during the year for the expansion and operation of the Western Australian Proteomics Facility.

The collaboration arrangement is not structured through a separate entity. Both parties to the arrangement will operate independently with each party maintaining independent rights to the assets of the collaboration and liabilities resulting from activities under the arrangement will be several, and not joint or joint and several. The arrangement has therefore been classified as a joint operation and the Company recognises its direct right to the jointly held assets, liabilities, revenues and expenses in accordance with AASB 11 - Joint Arrangements.

(l) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

(m) 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.

(n) 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 Company 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 Company 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 Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(o) Property, plant and equipment

The Company'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 on foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the carrying amount of an asset 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 Company 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.

Depreciation is calculated on a diminishing value basis or prime cost basis, as appropriate, 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.

(p) 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.

Management has adopted AASB 16 from 1 July 2019. As there were no operating leases at 30 June 2019, no adjustment to opening accumulated losses was necessary - refer Note 1(w), for all leases except for short-term leases and leases of low-value assets.

Short -term leases and leases of low value, are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company 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.

(r) Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company 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.

(s) 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.

(t) 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.

(u) 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.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

(v) 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.

(w) New Accounting Standards and Interpretations adopted

The following Accounting Standards and Interpretations are most relevant to the Company and have been adopted in the preparation of financial statements:

- AASB 16 - Leases (AASB 16)
- International Financial Reporting Standard - IFRIC 23

AASB 16 Leases

AASB 16 has been adopted from 1 July 2019. The standard replaces AASB 117 "Leases" and for lesees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of profit or loss and other comprehensive income.

Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in depreciation expense) and an interest expense on the recognised lease liabilities (included in interest expense).

For classification within the statement of cash flows, the interest portion is included in interest paid and the principal portion of the lease payments are separately dislosed as repayment of lease liabilites.

Impact of adoption
AASB 16 was adopted from 1 July 2019. There were no operating leases at 30 June 2019. The lease recognised in the financial statements is a new lease, and therefore no adjustment to opening accumulated losses was necessary.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are adjusted for any remeasurement of lease liabilities.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the net present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the lease term or future lease payments arising froma change in an index or rate used. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset.

Details of right-of-use assets are provided in note 8 and a maturity analysis of lease liabilities is provided in note 13.

International Financial Reporting Standard - IFRIC 23

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation requires:

- The Company to determine whether uncertain tax treatments should be considered separately by each entity within the group, or together as a group, based on which approach provides better predictions of the resolution;
- The Company to determine if it is probable that the tax authorities will accept the uncertain tax treatment;
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

(x) New Accounting Standards not yet Mandatory

In May 2019, the AASB issued a revised *Conceptual Framework for Financial Reporting,* to apply to periods beginning on or after 1 Jauary 2020.

Whilst not an accounting standard, the new conceptual framework seeks to provide guidance and assistance in relation to:

- Concepts on presentation and disclosure, including classifying items as income vs other comprehensive income;
- Concepts on measurement, including factors to consider when selecting a measurement basis (eg cost vs fair value);
- Guidance on derecognition of assets and liabilities;
- Definitions of an asset and a liability; and
- Recognition criteria for including assets and liabilities in financial statements.

The Company will incorporate the above in the preparation of financial statements commencing 1 July 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

2. LOSS FOR THE YEAR

Loss for the full year included the following:	Notes	Consolidated Entity 2020 $	Consolidated Entity 2019 $
(a) Research & Development Tax incentive (i)		1,138,815	1,139,403
(b) Other expenses (income)			
Unrealised foreign exchange losses (gains)		4,200	(2,177)
Realised foreign exchange losses		9,978	1,903
Loss on investment		-	249,499
(c) Employee and labour expenses			
Salaries and wages		1,805,722	1,631,377
Other personnel costs		114,776	96,743
Superannuation		172,112	153,934
Increase in leave liabilities		34,421	50,860
		2,127,031	1,932,914
Share based payments expense	1(h), 15	112,715	222,812
		2,239,746	2,155,726

(i) Research & Development Tax incentive

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 2020, 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 2021.

3. INCOME TAX EXPENSE / (BENEFIT)

(a) Income tax expense / (benefit)	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Current tax / (over provision in prior year)	-	-
Deferred tax	-	-
(b) Numerical reconciliation of income tax to prima facie tax		
(Loss) from continuing operations	(1,743,770)	(2,080,275)
Tax at the Australia tax rate 27.5% (2019 27.5%)	(479,537)	(572,076)
Tax effect of the amounts that are not deductible / (taxable) in calculating taxable income		
- Share based payments	30,997	61,273
- Research and development tax incentive	(313,174)	(313,336)
- Reduction in loss for tax incentive	761,714	824,139
	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

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

(c) Tax losses

Unused tax losses for which no deferred tax assets have been recognised	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Australian losses	2,356,999	2,081,773
Potential tax benefit at 27.5% (2019 27.5%)	648,175	572,448

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	987	(4,372)
Accruals	34,271	50,860
Tax losses	2,356,999	2,081,773
	2,392,257	2,128,261

4. RECONCILIATION OF CASH

	Notes		
Cash at bank		2,315,022	461,430
Deposits at call		50,000	1,050,000
		2,365,022	1,511,430
Reconciliation of loss after income tax to net cash flows from operations activities			
Loss for the year		(1,743,770)	(2,080,275)
Depreciation		363,708	188,293
Share based payments expense	1(h), 15	112,715	222,812
Share issue in lieu of cash payment		36,000	48,630
Loans to employees		57,500	-
Sale of investment in CPR Pharma Services Pty Ltd		-	(928,399)
(Increase) / decrease in trade and other debtors		136,808	101,875
(Increase) / decrease in other assets		5,384	816,267
Increase / (decrease) in trade and other creditors		612,270	(87,072)
Increase / (decrease) in provisions		34,877	50,860
		(384,508)	(1,667,009)

Refer to Note 18 for further information on risk exposure.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

5. REVENUE

The Company 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.

Product Type	Consolidated Entity 2020 $	Consolidated Entity 2019 $
PromarkerD	-	175,685
Analytical Services	1,423,070	1,292,391
	1,423,070	1,468,076
Timing of Transfer of Goods and Services		
Point in time	-	-
Over Time	1,423,070	1,468,076
	1,423,070	1,468,076
Primary Geographic Markets		
Australia and NZ	999,261	823,825
USA (and Territories)	130,313	282,614
Europe	55,030	257,768
India	213,000	75,393
SE Asia	25,466	28,476
	1,423,070	1,468,076

6. TRADE AND OTHER RECEIVABLES

Trade receivables	328,662	464,922
Other receivables - GST Receivable	35,925	36,473
	364,587	501,395

(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 Company 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.

(d) Receivables includes service related revenue for which payment has been delayed due to the COVID-19 pandemic.

(e) Refer to Note 18 for further information on risk exposure.

7. OTHER ASSETS

	$	$
Current:		
Research and development tax incentive (see note 2(i))	1,138,815	1,139,403
Export Market Development Grant	-	54,749
Contract asset	134,398	-
Unsecured Loans (i)	57,500	-
Prepayments (ii)	57,284	35,548
	1,387,997	1,229,700
Non-current:		
Security Deposit - equipment leases	-	163,681
	-	163,681

(i) unsecured loans to selected employees

(ii) comprises prepaid insurance and prepaid legal fees

(iii) Refer to Note 18 for further information on risk exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

8. RIGHT-OF-USE ASSET

The Company entered into a facility licence agreement with the Harry Perkins Institute of Medical Research, whereby the Company was granted the right to occupy laboratory and office premises for a period of three years commencing 1 July 2019.
The Company has recognised this as a right-of-use asset.
The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Right-of-use asset	191,737	-
Accumulated depreciation	(63,912)	-
	127,825	-

9. PROPERTY, PLANT AND EQUIPMENT

Cost (i)	2,257,098	844,379
Accumulated depreciation	(948,821)	(630,702)
Closing Net Book Value	1,308,277	213,677
Reconciliation:		
Opening net book value	213,677	363,979
Additions	1,394,396	37,991
Disposals	-	-
Depreciation charge	(299,796)	(188,293)
Closing Net Book Value	1,308,277	213,677

(i) includes capitalised leased assets

10. TRADE AND OTHER PAYABLES

Current:		
Trade payables	181,996	224,757
Other payables	77,940	71,447
Deferred Grant Income - refer Note 1(k)	187,752	-
Contract Liability - refer Note 13	-	6,860
	447,688	303,064
Non-current:		
Deferred Grant Income - refer Note 1(k)	334,803	-
	334,803	-

(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.

(c) Refer to Note 18 for further information on risk exposure.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

11. PROVISIONS

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Current:		
Fringe Benefits Tax	456	-
Employee benefits - annual leave	110,528	99,424
	110,984	99,424
Non-current		
Employee benefits - long service leave	90,501	67,184

12. BORROWINGS

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

Terms of the Finance Leases
The company leased laboratory equipment under finance lease agreements.
The security deposit held by the bank over this equipment was released back into the Company's cash flow.

13. LEASE LIABILITY

The Company entered into a facility licence agreement with the Harry Perkins Institute of Medical Research, whereby the Company was granted the right to occupy laboratory and office premises for a period of three years commencing 1 July 2019.

The Company has recognised a lease liability as at 1 July 2019 and at 30 June 2020.

Current:		
Lease liability	63,799	-
	63,799	-
Non-current		
Lease liability	69,044	-
	69,044	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

14. ISSUED CAPITAL

	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary Shares	92,405,875	80,686,965	13,391,543	10,537,267
Total consolidated issued capital				

Movement in share capital

Date	Details	Number of shares 2020	Amount $
1/07/2019	Opening balance	80,686,965	10,537,267
1/10/2019	Issue of shares (i)	110,770	36,000
31/10/2019	Exercise of options (ii)	225,000	67,500
25/11/2019	Issue of shares (iii)	10,858,140	3,040,279
31/05/2020	Exercise of options (iv)	525,000	157,500
	Less: Transaction costs		(447,003)
30/06/2020	Closing balance	92,405,875	13,391,543

(i) Issued to Director Paul House in lieu of cash payment for director's fees and pursuant to the Director Fee Plan approved by shareholders.
(ii) Employees exercised unquoted employee options pursuant to an Employee Incentive Option Plan.
(iii) Issued following placement to new and existing institutional, sophisticated and professional investors.
(iv) Employees exercised unquoted employee options pursuant to an Employee Incentive Option Plan.

Date	Details	Number of shares 2019	$
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 approved by shareholders.
(ii) Consultant Canary Capital exercised 475,000 options during the year.

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 2020

15. OPTIONS

(a) Options - Issued	2020 Options	2019 Options
Options exercisable at $0.25 each	-	25,000
Options exercisable at $0.30 each	-	1,750,000
Options exercisable at $0.35 each	-	500,000
Options exercisable at $0.50 each (iv)	400,000	400,000
Options exercisable at $0.50 each	3,040,279	-
Options exercisable at $0.50 each	550,000	-
Options exercisable at $0.67 each (v)	400,000	400,000
Total issued options	4,390,279	3,075,000

Movement in options issued

	2020		2019	
	Average exercise price	Number of Options	Average exercise price	Number of Options
As at 1 July	$0.26	3,075,000	$0.30	2,750,000
Exercised during the period	$0.25	-	$0.25	(475,000)
Options lapsed during the period (i)	$0.25	(25,000)	$0.25	-
Exercise of options during the period (ii)	$0.30	(750,000)	$0.30	-
Options lapsed during the period (ii)	$0.30	(1,000,000)	$0.30	-
Options lapsed during the period (i)	$0.35	(500,000)	$0.35	-
Issued during the period (iv)	-	-	$0.50	400,000
Issued during the period (iii)	$0.50	3,040,279	-	-
Issued during the period (ii)	$0.50	550,000	-	-
Issued during the period (v)	-	-	$0.67	400,000
As at 30 June	$0.46	4,390,279	$0.26	3,075,000

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
21/11/2018 (iv)	22/11/2021	$0.50	400,000
21/11/2018 (v)	22/11/2022	$0.67	400,000
27/03/2020 (iii)	27/03/2023	$0.50	3,040,279
11/05/2020 (ii)	1/05/2023	$0.50	550,000

(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 - issued to corporate advisors - Alto Capital & Adelaide Equity Partners for $0.00010 consideration.
(iv) 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.
(v) 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 2020

15. OPTIONS (continued)

(a) Fair Value of Employee Options

Particulars	Input
Number of employee options	550,000
Valuation date	11 May 2020
Expiry date	1 May 2023
Underlying share price used	$0.36
Exercise price	$0.50
Risk-free rate	0.24%
Volatility	84%
Dividend yield	nil
Valuation per Option	$0.1603

These Employee Options are valued at $88,177 and this amount is included in the share based payment expense for the year ended 30 June 2020.
The Company has used the Black Scholes Model to value the Employee Options.

(b) Fair Value of Corporate Advisory Options - Alto Capital and Adelaide Equity Partners
Alto Capital and Adelaide Equity Partners Limited acted as lead manager and corporate advisor respectively to the $3.0 million share placement undertaken by the Company on 15 November 2019. The issue of these Corporate Advisory Options was announced to the ASX on 25 November 2019 at which time the Corporate Advisory Options were unissued, but valued at $328,623.

On 27 March 2020, these Corporate Advisory Options were subsequently issued (ASX announcement 27 March 2020) by the payment of $0.0001 per option ($304). These Corporate Advisory Options were therefore revalued to be $228,074, and the details are as follows:

Particulars	Input
Number of consultant options	3,040,279
Valuation date	27 March 2020
Expiry date	27 March 2023
Underlying share price used	$0.23
Exercise price	$0.50
Risk-free rate	0.275%
Volatility	80%
Dividend yield	nil
Valuation per Option	$0.0750

The value placed on these Corporate Advisory Options represents a cost in relation to the capital raising, and as such, this share based payment expense is included in share issue costs for the year ended 30 June 2020.
The Company has used the Black Scholes Model to value the Corporate Advisory Options.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

15. OPTIONS (continued)

(b) Options - Unissued	2020 Options	2019 Options
Consultant Options - Candour Advisory Pty Ltd	1,250,000	-
Consultant Options - Adelaide Equity Partners Limited (i)	-	1,250,000
Consultant Options - Scintilla Funds Management Pty Ltd (i)	-	500,000
Total Unissued options	1,250,000	1,750,000

Fair Value of Consultant Options - Candour Advisory Pty Ltd

The company agreed, pursuant to a corporate advisory mandate dated 24 April 2020, to issue a total of 1,250,000 unlisted options (Consultant Options) exercisable at $0.50 each on or before 24 April 2023.

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, and are valued as follows:

Particulars	Candour Advisory Pty Ltd
Number of consultant options	1,250,000
Valuation date	24 April 2020
Expiry date	24 April 2023
Underlying share price used	$0.31
Exercise price	$0.50
Risk-free rate	0.27%
Volatility	85%
Dividend yield	nil
Valuation per Option	$0.0199

These options were granted in April 2020 and valued using a Barrier-up-and-in Trinomial Option Pricing model and vest over the vesting period of 3 years.

(i) Consultant Options - Adelaide Equity Partners Limited and Scintilla Funds Management Pty Ltd

The company agreed, pursuant to a corporate advisory mandate, the terms of which were announced to the ASX on 14 November 2018, to issue 1,250,000 unlisted options to Adelaide Equity Partners Limited and 500,000 unlisted options to Scintilla Funds Management Pty Ltd.
The agreement with Adelaide Equity Partners Limited ended on 17 April 2020, and the entitlement to the 1,250,000 options also ended on 17 April 2020.
The agreement with Scintilla Funds Management Pty Ltd ended on 30 June 2019, and the entitlement to the 500,000 options ended on 31 December 2019.

(c) Share based payments expense	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Share based payments expense comprising:		
Director options	-	179,062
Consultant options (refer Note 15a)	24,538	43,750
Employee share scheme	88,177	-
	112,715	222,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

16. RESERVES

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
(a) Share based payments reserve comprising:		
(i) Payments to consultants	456,166	203,250
(ii) Employee share scheme	208,577	120,400
(iii) Director A & B options	179,062	179,062
(b) Option reserve	210,295	210,295
	1,054,100	713,007

(a) Share based payments reserve

(i) Share based payments to consultants:	2020 Options	2019 Options	2020 $	2019 $
Consultants - unlisted options	4,290,279	2,275,000	456,166	408,645

Movements in share based payments to consultants: Consultants - unlisted options

Date	Details	Number of options	$
1/07/2019	Opening balance	2,275,000	203,250
17/07/2019	Options lapsed	(25,000)	-
31/12/2019	Options lapsed	(500,000)	-
8/03/2020	Options lapsed	(500,000)	-
27/03/2020	Issue of unlisted options	3,040,279	228,074
17/04/2020	Options lapsed	(1,250,000)	-
24/04/2020	Issue of unlisted options (refer Note 15 (a))	1,250,000	24,842
30/06/2020	Closing balance	4,290,279	456,166

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

Refer to Note 15 for further information.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

16. RESERVES *(continued)*

(ii) Employee share scheme	2020 Options	2019 Options	2020 $	2019 $
Employee - unlisted options	550,000	1,750,000	208,577	120,400

Movements in employee share scheme: Employee - unlisted options

Date	Details	Number of options	$
1/07/2019	Opening balance	1,750,000	120,400
31/10/2019	Exercise of options	(225,000)	-
31/10/2019	Options lapsed	(425,000)	-
31/05/2020	Exercise of options	(525,000)	-
31/05/2020	Options lapsed	(575,000)	-
11/05/2020	Issue of unlisted options	550,000	88,177
30/06/2020	Closing balance	550,000	208,577

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

Refer to Note 15 for further information.

(iii) Director A & B options	2020 Options	2019 Options	2020 $	2019 $
Director A & B - unlisted options	800,000	800,000	179,062	179,062

Movements in director A & B options: Director A & B - unlisted options

Date	Details	Number of options	$
1/07/2019	Opening balance	800,000	179,062
30/06/2020	Closing balance	800,000	179,062

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

Refer to Note 15 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

16. RESERVES *(continued)*

(b) Option reserve

	2020 Option	2019 Option	2020 $	2019 $
Total consolidated issued options - listed	-	-	210,295	210,295

Movements in issued options: Consolidated issued options - listed

Date	Details	Number of options	$
1/07/2019	Opening balance	-	210,295
30/06/2020	Closing balance	-	210,295

No options expired during the year ended 30 June 2020

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

17. ACCUMULATED LOSSES

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Opening balance	(8,263,972)	(6,183,697)
Loss for the year	(1,743,770)	(2,080,275)
Closing balance	(10,007,742)	(8,263,972)

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

18. FINANCIAL RISK MANAGEMENT

The activities of the Company expose it to a variety of financial risks (including interest rate risk, credit risk and liquidity risk). The Company'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 Company. However, the Company 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 and aging analysis for credit risk. At present the Company is 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 Company holds the following financial instruments:

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
Financial assets		
Cash and cash equivalents	2,365,022	1,511,430
Trade and other receivables (a)	463,060	683,352
Loans to Employees	57,500	-
Research & Development tax incentive (b)	1,138,815	1,139,403
	4,024,397	3,334,185
Financial liabilities		
Trade and other payables (c)	(782,491)	(303,064)
Borrowings and lease liabilities	(132,843)	(164,921)
	(915,334)	(467,985)

(a) excludes GST receivables and prepayments
(b) the receipt of the Research & Development tax incentive will occur in the year ending 30 June 2021
(c) excludes GST payable and employee benefits

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

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments for the purpose of limiting exposure to operational risk shall be undertaken. The main risk is 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 Company's only interest rate risk arises from cash and cash equivalents held. Term deposits and current accounts held with variable interest rates expose the Company to cash flow interest rate risk. The Company does not consider this to be material and has therefore not undertaken any further analysis of risk exposure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

18. FINANCIAL RISK MANAGEMENT (continued)

The following sets out the Company'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 2020 Consolidated			
Financial assets			
Cash and cash equivalents		0.89%	2,365,022
30 June 2019 Consolidated			
Financial assets			
Cash and cash equivalents		3.19%	1,511,430

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

Sensitivity
At 30 June 2020, 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 $1,552 lower / ($1,552) higher (2019 changes of 0.25% / 0.25%: $6,636 lower/ ($6,636) higher), mainly as a result of higher / lower interest income from cash and cash equivalents.

(ii) Foreign currency risk
The Company is exposed to movements in foreign exchange due to the number of clients that the Company currently works with overseas. The Company does not currently hedge its exposure to foreign currency sales and therefore the impact on the financial statements at year end for foreign currency movements is below:

Exposure

	30 June 2020		30 June 2019	
	USD	JPY	USD	JPY
Trade receivables	213,748	-	182,520	240

Sensitivity
The sensitivity of the profit or loss to changes in exchange rates arising in mainly USD/AUD denominated financial instruments and the impact of the other components of equity is listed below:

	Impact on post tax profits		Impact on equity	
	2020 $	2019 $	2020 $	2019 $
USD/AUD exchange rate - increase 5%	(14,803)	(11,571)	14,803	11,571
USD/AUD exchange rate - decrease 15%	54,861	29,580	(54,861)	(42,915)

(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 2020 $	Consolidated Entity 2019 $
Financial assets		
Cash and cash equivalents	2,365,022	1,511,430

The Company's financier has an AA Moody's rating.

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

18. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity Risk

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

The Company's exposure to the risk of changes in market interest rates relates primarily to cash assets and floating interest rates. The Company 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 Company on an ongoing basis against budget. As at the reporting date the Company had sufficient cash reserves to meet its requirements. The Company has no access to credit standby facilities or arrangements for further funding or additional capacity in its borrowing arrangements.

The financial liabilities the Company 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.

Maturities of financial liabilities

The table below analyses the Company'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.

(i) Assessment of contractual cash flows

Contractual maturities of financial liabilities As at 30 June 2020	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						
Non-interest bearing						
Trade payables	181,996	-	-	-	181,996	181,996
Interest bearing						
Borrowings	-	-	-	-	-	-
Lease Liability	35,016	35,016	71,292	-	141,324	132,843
Total non-derivative	217,012	35,016	71,292	-	323,320	314,839

Contractual maturities of financial 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						
Non-interest bearing						
Trade payables	224,757	-	-	-	224,757	224,757
Interest bearing						
Borrowings	87,228	67,914	18,889	-	174,031	164,921
Total non-derivative	311,985	67,914	18,889	-	398,788	389,678

(ii) Financing arrangements
The Company has a $50,000 overdraft facility with its financial institution in place as at 30 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

18. FINANCIAL RISK MANAGEMENT (continued)

(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 Company 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 Company.

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 Company 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 Company's approach to the capital management during the year ended 30 June 2020.

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

19. CONSOLIDATED ENTITIES

Name of entity	Class of share	Country of Incorporation	Equity Holding 2020 %	Equity Holding 2019 %
Accounting Parent				
Proteomics International Pty Ltd		Australia	100	100
Legal Parent				
Proteomics International Laboratories Ltd	Ordinary	Australia	-	

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

20. REMUNERATION OF AUDITORS

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
(a) Audit services		
- BDO Audit (WA) Pty Ltd	47,454	43,848
(b) Non-audit services		
- BDO Corporate Finance	-	-
- BDO Corporate Tax (WA) Pty Ltd (i)	5,120	-

(i) Consulting services have been provided by BDO Corporate Tax during the year ended 30 June 2020.

21. COMMITMENTS

Laboratory access fees		
Within one year	22,000	48,700
Later than one year but no later than five years	-	-
Later than five years	-	-
	22,000	48,700

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

22. RELATED PARTIES

(a) Key management personnel (KMP) compensation		
Short-term employee benefits	376,000	337,915
Post-employment benefits	58,636	35,471
Director A and B Options	-	179,062
	434,636	552,448

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

(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 2020, consultancy services were provided by Ian Roger Moore for business development in the amount of $2,065 (2019 $11,286) 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 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

23. DIVIDENDS

The directors have not paid or declared a dividend during the financial year ended 30 June 2020.

24. CONTINGENT LIABILITIES

The Company is not aware of any material contingent liabilities for the year ended 30 June 2020.

25. 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 Company.

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 Company's revenues and the research and development activities as well as the finance, treasury, compliance and funding elements of the Company.

26. LOSS PER SHARE

	Consolidated Entity 2020 $	Consolidated Entity 2019 $
(loss) attributable to ordinary shareholders	(1,743,770)	(2,080,275)
Weighted average number of ordinary shares*	87,415,789	80,326,284
Loss per share	($0.02)	($0.03)

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

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 27 July 2020, Proteomics International announced that the Company has secured patents for PromarkerD for the potentially substantial markets of Brazil, which has 16.8 million adults with diabetes, and Canada, which has 2.8 million. Together the Company's granted patents and trademarks cover 273 million (59%) of the addressable diabetes patient population globally.

The impacts of the coronavirus SARS-CoV-2 and the COVID-19 pandemic (COVID-19) on the Company's operations is being monitored. It is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is changeable and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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

Proteomics International Laboratories Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2020

28. PARENT ENTITY INFORMATION

The following information relates to the legal parent entity, Proteomics International Laboratories Ltd, as at 30 June 2020. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2020 $	2019 $
Current assets	4,510,692	2,893,557
Non-current assets	-	163,681
Total Assets	4,510,692	3,057,238
Current liabilities	72,791	70,936
Non-current liabilities	-	-
Total Liabilities	72,791	70,936
Total Equity	4,437,901	2,986,302
(Loss) for the year	(203,348)	(561,941)
Other comprehensive income / (loss) for the year	-	-
Total comprehensive (loss) for the year	(203,348)	(561,941)

Contingent liabilities of the parent entity

The Company is not aware of any material contingent liabilities for the year ended 30 June 2020.

Commitments of the parent entity

Other than as decribed at Note 13, the Company does not have any other on-going commitments.

29. INTERESTS IN OTHER ENTITIES

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

30. DEED OF CROSS GUARANTEE

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

31. ASSETS PLEDGED AS SECURITY

The Company has no assets that have been pledged as security.

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 Standard, 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 2020 and the performance for the year ended on that date of the consolidated entity; and

   (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 Directors' Report (as part of the Remuneration Report) for the year ended 30 June 2020 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: 31 August 2020

Proteomics International Laboratories Ltd

Independent Auditor's Report

BDO

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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 2020, 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 2020 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.

Independent Auditor's Report

Accounting for Joint Arrangement

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 1 (k) of the financial report, during the year the Group entered into a joint arrangement ('arrangement') with the University of Western Australia. The accounting for this arrangement is a key audit matter due to the significant judgement and complexity involved in assessing the accounting for the arrangement in accordance with AASB 11 *Joint Arrangements*. In addition, this arrangement involved determining revenue recognition requirements in accordance with AASB 15 *Revenue from Contracts with Customers*.	Our procedures included but were not limited to: • Reviewing the arrangement agreement to understand key terms and conditions, and confirming our understanding of the arrangement with management; • Reviewing management's assessment of the arrangement as a joint arrangement and ensuring compliance with Australian Accounting Standards; • Obtaining supporting evidence for the material transactions under the arrangement; • Assessing the Group's identification of the performance obligations under the arrangement and revenue recognition in accordance with Australian Accounting Standards; and • Assessing the adequacy of the related disclosures included in Note 1 (e) and (k) to the financial statements.

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 2020, 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.

Proteomics International Laboratories Ltd

Independent Auditor's Report

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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.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 30 to 37 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Proteomics International Laboratories Limited, for the year ended 30 June 2020, 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, 31 August 2020

Shareholder Information

Details of securities as at 21 August 2020:

Top holders
The 20 largest registered holders of fully paid ordinary shares were:

Fully paid ordinary shares

	Name	Number	%
1.	RICHARD LIPSCOMBE	18,058,704	19.54%
2.	JOHN SUTHERLAND RICHARDSON DUNLOP	3,855,188	4.17%
3.	XYLO PTY LTD <THE PARKER FAMILY A/C>	3,003,700	3.25%
4.	SPARROW HOLDINGS PTY LTD <SWEET SUPER FUND A/C>	2,335,500	2.53%
5.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,011,426	2.18%
6.	RANDOLPH RESOURCES PTY LIMITED	1,949,000	2.11%
7.	LITTLEJOHN EMBREY ENGINEERING PTY LTD	1,535,500	1.66%
8.	SLADE TECHNOLOGIES PTY LTD <EMBREY FAMILY SUPERFUND A/C>	1,364,500	1.48%
9.	SCINTILLA STRATEGIC INVESTMENTS LIMITED	1,122,400	1.21%
10.	LISA FLOAN	1,100,000	1.19%
11.	BJOUXZ PTY LTD <THE LOZ SUPER FUND A/C>	990,000	1.07%
12.	KONRAD FLOAN	887,000	0.96%
13.	SAINT SMSF PTY LTD <SAINT SUPER FUND A/C>	814,717	0.88%
14.	ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	810,000	0.88%
15.	BFM SUPERANNUATION FUND PTY LTD	800,000	0.87%
16.	HIMSTEDT & CO PTY LTD <THE HIMSTEDT FAMILY A/C>	768,442	0.83%
17.	MOORE & SOTOMI INVESTMENTS PTY LTD <ROGER MOORE FAMILY A/C>	717,000	0.78%
18.	PATRICIA MARTON	686,037	0.74%
19.	CAMBERWELL GYNAECOLOGY CLINIC PTY LTD <SKINNER SUPER FUND A/C>	649,400	0.70%
20.	DARLENE VALERIE GOULD	647,404	0.70%
		44,105,918	47.73%

Distribution schedule
A distribution schedule of each class of equity security

Fully paid ordinary shares

Range	Holders	Units	%
1 - 1,000	128	37,082	0.04
1,001 - 5,000	286	829,205	0.90
5,001 - 10,000	195	1,659,986	1.80
10,001 - 100,000	547	19,648,348	21.26
100,001 - Over	138	70,231,254	76.00
Total	1294	92,405,875	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

Proteomics International Laboratories Ltd

Unmarketable parcels
Holdings less than a marketable parcel of ordinary shares (being 819 as at 21 August 2020):

Holders	Units
100	9,982

Unquoted securities
Unquoted securities on issue were:

Class	Expiry Date	Exercise Price $	Number of Options	Number of holders
Director A Options	22 November 2021	0.50	400,000	3
Director B Options	22 November 2022	0.67	400,000	3
Placement Corporate Advisory Options	27 March 2023	0.50	3,040,279	10
Employee Options	1 May 2023	0.50	550,000	6
Consultant Corporate Advisory Options	18 August 2023	0.50	1,250,000	1

The holders of the Director Options are disclosed in the Directors' Report. The Employee Options were issued under the Proteomics International Employee Incentive Option Plan.

Placement Corporate Advisory Options
The holders of the Placement Corporate Advisory Options includes: Big Oat Pty Ltd 716,112 (23.6%); South Australian Resource Investments Pty Ltd 716,112 (23.6%).

Consultant Corporate Advisory Options
The holder of the Consultant Corporate Advisory Options was Candour Advisory Pty Ltd.

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.

Proteomics International Laboratories Ltd

Glossary

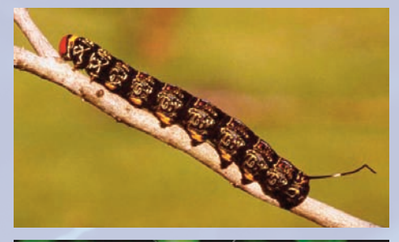
ACR and eGFR	Albumin Creatinine Ratio (ACR) is a urine test and the estimated Glomerular Filtration rate (eGFR) is a blood test, each used for the diagnosis of chronic kidney disease.
AUC/ROC curve	Area Under the Curve (AUC) in a receiver operating characteristic (ROC) curve, is a graphical plot that illustrates the performance of a classifier system. The conventional interpretation of the clinical significance of the ROC curve AUC is: >0.7 acceptable discrimination; >0.8 excellent discrimination; > 0.9 outstanding discrimination.
Biologics	Medicinal protein products manufactured in or extracted from biological sources.
Biomarker	A measurable indicator of a state or condition, usually relating to early phase of diseases; a biological signature.
Biosimilars	Protein-based molecules that are biological medical products made to mimic an original drug.
Complementary diagnostic (CDx)	A complementary diagnostic is a test that aids in the benefit-risk decision making about the use of the therapeutic product for a given patient, where the difference in benefit-risk is clinically meaningful.
Diabetes	A group of metabolic diseases associated with high blood sugar levels.
Diabetic kidney disease (nephropathy)	A progressive disease of the kidneys caused by diabetes and leading to the malfunction of the kidneys and ultimately renal failure.
Drug discovery	The process of testing new molecules in the search for new therapeutic molecules.
End stage renal disease (ESRD)	Kidney failure or ESRD is the final stage of kidney disease. Kidney failure means the use of dialysis or transplantation is required for survival. Diabetes is the most common cause of ESRD.
Immunoassay	A procedure for detecting or measuring specific proteins or other substances through the use of antibodies.
Mass Spectrometry	The measurement of the mass to charge ratio of a molecule such as a peptide in order to determine its chemical structure.
Negative Predictive Value (NPV)	The probability that people who get a negative test result truly do not have the disease. In other words, it is the probability that a negative test result is accurate.
Odds Ratio (OR)	A measure of association between two events. It can be used to determine whether a particular exposure is a risk factor for a particular outcome. In clinical research it gives direct information to doctors about which treatment approach has the best odds of benefiting the patient.
Positive Predictive Value (PPV)	The probability that a patient with a positive (abnormal) test result actually has the disease.
Probability (P)	The P value, or calculated probability, that an observation is true. Most authors refer to statistically significant as $P < 0.05$ and statistically highly significant as $P < 0.001$ (less than one in a thousand chance of being wrong).
Proteomics	The large-scale study of protein structure and function.
Sensitivity (true positive rate)	The ability of a test to correctly identify those with the disease.
Specificity (true negative rate)	The ability of the test to correctly identify those without the disease.

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.



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