

# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

PROTEOME SYSTEMS LIMITED

ABN

56 080 277 998

Quarter ended ("current quarter")

30 JUNE 2005

### Consolidated statement of cash flows

| Cash flows related to operating activities                | Current quarter<br>\$A'000 | Year to date (12months)<br>\$A'000 |
|-----------------------------------------------------------|----------------------------|------------------------------------|
| 1.1 Receipts from customers                               | 2,505                      | 5,270                              |
| 1.2 Payments for                                          |                            |                                    |
| (a) staff costs                                           | (2,465)                    | (12,281)                           |
| (b) advertising and marketing                             | (168)                      | (565)                              |
| (c) research and development                              | (222)                      | (912)                              |
| (d) leased assets                                         | -                          | (41)                               |
| (e) other working capital                                 | (1,301)                    | (8,129)                            |
| 1.3 Dividends received                                    | -                          | -                                  |
| 1.4 Interest and other items of a similar nature received | 72                         | 482                                |
| 1.5 Interest and other costs of finance paid              | (12)                       | (101)                              |
| 1.6 Income taxes paid                                     | -                          | (2)                                |
| 1.7 Other (provide details if material)                   | -                          | -                                  |
| <b>Net operating cash flows</b>                           | <b>(1,591)</b>             | <b>(16,279)</b>                    |

+ See chapter 19 for defined terms.

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

|                                                                   | Current quarter<br>\$A'000 | Year to date (12 months)<br>\$A'000 |
|-------------------------------------------------------------------|----------------------------|-------------------------------------|
| 1.8 Net operating cash flows (carried forward)                    | (1,591)                    | (16,279)                            |
| <b>Cash flows related to investing activities</b>                 |                            |                                     |
| 1.9 Payment for acquisition of:                                   |                            |                                     |
| (a) businesses (item 5)                                           | (46)                       | (277)                               |
| (b) equity investments                                            | -                          | (42)                                |
| (c) intellectual property                                         | (3)                        | (10)                                |
| (d) physical non-current assets                                   | (73)                       | (317)                               |
| (e) other non-current assets                                      | -                          | -                                   |
| 1.10 Proceeds from disposal of:                                   |                            |                                     |
| (a) businesses (item 5)                                           | -                          | -                                   |
| (b) equity investments                                            | -                          | -                                   |
| (c) intellectual property                                         | -                          | -                                   |
| (d) physical non-current assets                                   | 11                         | 11                                  |
| (e) other non-current assets                                      | -                          | -                                   |
| 1.11 Loans to other entities                                      | -                          | -                                   |
| 1.12 Loans repaid by other entities                               | -                          | -                                   |
| 1.13 Other (provide details if material)                          | -                          | -                                   |
| <b>Net investing cash flows</b>                                   | (111)                      | (635)                               |
| <b>1.14 Total operating and investing cash flows</b>              | (1,702)                    | (16,914)                            |
| <b>Cash flows related to financing activities</b>                 |                            |                                     |
| 1.15 Proceeds from issues of shares, options, etc.                | -                          | 24,500                              |
| 1.16 Proceeds from sale of forfeited shares                       | -                          | -                                   |
| 1.17 Proceeds from borrowings                                     | -                          | 500                                 |
| 1.18 Repayment of borrowings                                      | (245)                      | (1,164)                             |
| 1.19 Dividends paid                                               | -                          | -                                   |
| 1.20 Other (provide details if material): cost of capital raising | (10)                       | (1,562)                             |
| <b>Net financing cash flows</b>                                   | (255)                      | 22,274                              |
| <b>Net increase (decrease) in cash held</b>                       | (1,957)                    | 5,360                               |
| 1.21 Cash at beginning of quarter/year to date                    | 7,530                      | 213                                 |
| 1.22 Exchange rate adjustments to item 1.20                       |                            |                                     |
| 1.23 <b>Cash at end of quarter</b>                                | 5,573                      | 5,573                               |

+ See chapter 19 for defined terms.

**Payments to directors of the entity and associates of the directors**

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

|     |                                                                  | Current quarter<br>\$A'000 |
|-----|------------------------------------------------------------------|----------------------------|
| 1.2 | Aggregate amount of payments to the parties included in item 1.2 | 182                        |
| 1.2 | Aggregate amount of loans to the parties included in item 1.11   | -                          |

1.2 Explanation necessary for an understanding of the transactions

1.24 – Salary payments to executive directors and director fees to non-executive directors.

**Non-cash financing and investing activities**

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

Proteome Systems entered into an agreement to acquire the US-based pharmaceutical company, Eukarion Inc. The acquisition involves a cash payment of \$US100,000 and an initial equity issue of approximately 1.7 millions shares plus additional costs of acquisition. Contingent consideration is payable in Proteome Systems' shares on meeting milestones in clinical development, licensing revenue and drug product sales. 429,017 shares were issued as part of the consideration on 10 May 2005.

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

**Financing facilities available**

*Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).*

|     |                             | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|-----|-----------------------------|-----------------------------|------------------------|
| 3.1 | Loan facilities             | N/A                         | N/A                    |
| 3.2 | Credit standby arrangements | N/A                         | N/A                    |

+ See chapter 19 for defined terms.

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

**Reconciliation of cash**

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|-----------------------------|
| 4.1 Cash on hand and at bank                                                                                                                                | 655                        | 1,308                       |
| 4.2 Deposits at call                                                                                                                                        | 206                        | 496                         |
| 4.3 Bank overdraft                                                                                                                                          | -                          | -                           |
| 4.4 Other (Commercial Bills)                                                                                                                                | 4,712                      | 5,726                       |
| <b>Total: cash at end of quarter (item 1.22)</b>                                                                                                            | <b>5,573</b>               | <b>7,530</b>                |

**Note: In addition to the cash at end of quarter (disclosed above) Proteome Systems Limited has a further \$722,447 on Term Deposit as a security for outstanding finance lease principal.**

**Acquisitions and disposals of business entities**

|                                               | Acquisitions<br>(Item 1.9(a))                                                                                                                                                                    | Disposals<br>(Item 1.10(a)) |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 5.1 Name of entity                            | Eukarion Inc                                                                                                                                                                                     |                             |
| 5.2 Place of incorporation or registration    | Delaware USA                                                                                                                                                                                     |                             |
| 5.3 Consideration for acquisition or disposal | On completion of the merger agreement Proteome Systems will issue equity of approx. 1.7 million shares plus transaction costs. (\$46K was expended on this acquisition in the June 2005 quarter) |                             |
| 5.4 Total net assets                          | \$A(394,302)                                                                                                                                                                                     |                             |
| 5.5 Nature of business                        | Pharmaceutical Company                                                                                                                                                                           |                             |

**Compliance statement**

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



Sign here: ..... Date: 28 July 2005.....  
 (Director/Company secretary)

Print name: Lisa Jones

+ See chapter 19 for defined terms.

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
  - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
  - 9.2 - itemised disclosure relating to acquisitions
  - 9.4 - itemised disclosure relating to disposals
  - 12.1(a) - policy for classification of cash items
  - 12.3 - disclosure of restrictions on use of cash
  - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.