

ASX ANNOUNCEMENT

NOTES TO APPENDIX 4C AND OPERATIONAL UPDATE

SYDNEY, Wednesday, 29 April 2015: Cellmid Limited (ASX: CDY) provides the following Notes to the Appendix 4C and Operational Update.

Notes to the 3Q FY2015 Appendix 4C

During the reporting period receipts from customers have increased 35.5% to \$478K (up from \$308K in the previous quarter). Payments for staff costs have been steady while research and development expenses were 21% down at \$444K (\$567K in Q2 FY2015).

Cellmid's total sales increased to \$386,241 during 3Q FY2015, up 27% compared with the previous quarter. These sales have been generated from the Company's existing distribution channels in Australia and Japan.

Sales relating to the expanded Australian pharmacy distribution and the commercial launch of the new Andeprong® *Scientist* brand in Japan are not included in the 3Q FY2015 numbers. Cellmid has received orders already for the extended pharmacy range and will commence shipping to wholesalers in May 2015.

As a result of the major expansion of the distribution and additional product lines Cellmid expects significant increase in sales in 4Q FY2015. Details of the developments are included in the Operational Update below.

Operational Update - Consumer Health Division

Cellmid has been focusing on growing the Australian pharmacy distribution and implemented major structural expansion to the division during the reporting period as follows:

- An increase in pharmacy distribution from 230 actively ordering stores to approximately 1,500 by the end of 4Q FY2015, with a target of over 2000 stores by the end of the calendar year. This means that the évolis® range of hair growth products will be available nationally in more than 30% of all Australian pharmacies and stocked by all major distributors.
- Increased shelf space from 70mm to 480mm in most stores. This additional shelf space is the result of four new products within the évolis® range; shampoos and 'Active Packs' for men and women.
- A general practitioner (GP) sales force of 18 professional product representatives has been appointed on a contract basis and expected to make close to 25,000 personal calls nationally on doctors in the first twelve months introducing évolis®.
- A contract pharmacy sales force of eight representatives will be appointed from mid-May to manage the pharmacy sales nationally. Cellmid had no pharmacy or GP representation during the past twelve months and these changes are expected to increase sell-through of the évolis® range of hair growth products by virtue of referrals and improved store representation.

- A national advertising campaign is planned with one of the major agencies producing a media program with two objectives; to develop and make highly visible a unique évolis® brand and to drive consumers to purchase. Media will include a digital campaign.
- All Cellmid's FGF5 inhibitor products will be consolidated under the single évolis® brand during 2Q FY2016 including the current salon range. Product development is underway to increase the number of products in this range from six to 15.
- Cellmid has completed the production of all six products in the new évolis® pharmacy range and will be ready to commence shipping of these to wholesales in May 2015. Orders have already been received from two of the three major distributors.

Cellmid's Japanese distribution continues to improve and is expected to deliver strong sales in 4Q FY2015. Some of the highlights include the following:

- The first lot of the new Andeprong® *Scientist* range has been shipped to Natural Garden. Launch of this product has been delayed from November 2014 to April 2015 due to scheduling of a marketing campaign. Initial sales indicate that Natural Garden will be able to achieve its target of minimum 30,000 unit sales per year.
- Cellmid has secured two one-hour shows on the QVC shopping channel during the reporting period focusing on the Japanese Jo-Ju® brand. The product has outperformed QVC's sales expectations in these scheduled times and Cellmid is currently negotiating for additional shows in more popular time slots.
- Japan is the basis for Cellmid's Chinese distribution. Orders for Lexilis® Black and Jo-Ju® have been received in April for shipping in July 2015.
- Cellmid has negotiated, through its Japanese office, its first "own brand" contract with a Chinese retailer. Product development commenced and the first products are expected to be shipped in September 2015.

Clinical study and product development advances during the reporting period

Cellmid's new product, évolis® ONE, has been developed in-house by the Company's scientists and product development team. During the reporting period évolis® ONE delivered strong positive results in all measured areas in an independently conducted, randomised, blinded and placebo controlled human clinical study. The optimised, market ready formulation is already under GMP manufacture. Timing and geographic region for the launch of évolis® ONE is currently assessed as part of the Company's global marketing strategy.

End

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

Cellmid Limited

ABN

69 111 304 119

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from customers	478	1,030
1.2 Payments for (a) staff costs	(533)	(1,503)
(b) advertising and	(57)	(133)
marketing		
(c) research and	(444)	(1,567)
development		
(d) leased assets	0	0
(e) other working capital	(356)	(730)
1.3 Dividends received	0	0
1.4 Interest and other items of a similar nature received	6	23
1.5 Interest and other costs of finance paid	(2)	(7)
1.6 Income taxes paid	0	996
1.7 Other (provide details if material)	0	0
Net operating cash flows	(908)	(1,890)

+ See chapter 19 for defined terms.

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Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(908)	(1,890)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	0	0
(d) physical non-current assets	(52)	(58)
(e) other non-current assets	0	0
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	0	0
(b) equity investments	0	0
(c) intellectual property	0	0
(d) physical non-current assets	0	0
(e) other non-current assets	0	0
1.11 Loans to other entities	0	0
1.12 Loans repaid by other entities	0	0
1.13 Other (provide details if material)	0	0
Net investing cash flows	(52)	(58)
1.14 Total operating and investing cash flows	(960)	(1,948)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	0	1,177
1.16 Proceeds from sale of forfeited shares	0	0
1.17 Proceeds from borrowings	0	0
1.18 Repayment of borrowings	0	0
1.19 Dividends paid	0	0
1.20 Other (provide details if material)	0	0
Net financing cash flows	0	1,177
Net increase (decrease) in cash held	(960)	(771)
1.21 Cash at beginning of quarter/year to date	2,684	2,495
1.22 Exchange rate adjustments to item 1.20	0	0
1.23 Cash at end of quarter	1,724	1,724

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	142
1.25	Aggregate amount of loans to the parties included in item 1.11	0

1.26 Explanation necessary for an understanding of the transactions

The amount disclosed is all payments made to directors and related parties during the quarter. The full amount is included in 1.2(a).

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

N/A

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

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	N/A	N/A
3.2	Credit standby arrangements	N/A	N/A

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Appendix 4C
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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	1,724	2,684
4.2 Deposits at call	0	0
4.3 Bank overdraft	0	0
4.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.23)	1,724	2,684

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	N/A	N/A
5.2 Place of incorporation or registration	N/A	N/A
5.3 Consideration for Acquisition or disposal	N/A	N/A
5.4 Total net assets	N/A	N/A
5.5 Nature of business	N/A	N/A

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:



Director

Date: 29 April 2015

Print Name: Maria Halasz
 CEO & Managing Director

+ 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 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting 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.

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