

ASX ANNOUNCEMENT

NOTES TO APPENDIX 4C AND OPERATIONAL UPDATE

SYDNEY, Thursday, 30 July 2015: Cellmid Limited (ASX: CDY) provides the following Notes to the Appendix 4C and Operational Update.

Cellmid closed a successful quarter during which sales have increased two and a half fold to \$958K (\$386K in the previous quarter) in the Company's consumer health business. During the reporting period receipts from customers have increased to \$545K (up from \$478K in the previous quarter).

The Company's research and development expenditure was up to \$717K (\$444K in the previous quarter) as several manufacturing and preclinical milestones of the midkine program have been met during the period.

Events subsequent to the closing of the 4Q FY2015

On 30 July 2015 Cellmid successfully raised \$4.0 million, by accepting subscriptions for new fully paid ordinary shares in the Company at \$0.03 per share. The placement was oversubscribed and supported by new institutional and sophisticated investors.

With this capital raising, and the increased sales, Cellmid is well placed to leverage its current growth and implement plans to further expand the Company's Australian and international distribution.

Operational Update

Consumer Health Division

During 4Q FY2015 Cellmid commenced major structural expansion of its business. This resulted in an immediate increase in sales as outlined above. The Company will continue with this program and will:

- **Increase pharmacy distribution** to approximately 1,000 actively ordering stores by the end of C2015, with a target of over 2,000 stores by the end of FY2016.
- **Stock the extended évolis® product range.** The new six SKU (stock keeping unit) product range, which represents 480mm shelf space, is expected to be stocked in at least half of these 2,000 stores by the end of FY2016.
- **Continue to visit GP's.** A general practitioner (GP) sales force of 18 professional product representatives have been visiting doctors since May 2015 with immediate increase in sell-through in pharmacies. This program will continue and the sales team is expected to make close to 25,000 face-to-face calls nationally to doctors.
- **Appoint pharmacy sales force.** A contract sales team of eight representatives will be appointed from mid-August to manage the pharmacy sales nationally.
- **Advertise nationally.** A campaign is planned from September 2015 to develop and make highly visible a unique évolis® brand and to drive consumers to purchase. Media will include a strong digital component.

- **Consolidate all products under the évolis® brand.** All of Cellmid's FGF5 inhibitor products will be consolidated under the single évolis® brand during FY2016 including the current salon range. Product development is underway to increase the number of products in this range from six to 15.

Cellmid's Japanese distribution improved substantially during 4Q FY2015 and delivered strong sales as a result of the launch of the first lot of the new Andeprong® *Scientist* range by Natural Garden and solid performance on the QVC TV shopping channel.

Initial sales of Andeprong® *Scientist* indicate that Natural Garden will be able to achieve its target of 30,000 unit sales per year. QVC continues to be an important sales channel during the coming months. Other sales channels, such as private label (own brand) products are also expected to come on line during FY2016.

Midkine Business

Cellmid has achieved several major milestones in its midkine business during the quarter as follows:

- **Cell line development** for the Company's midkine antibody, CAB102, has been completed with the successful establishment of a research cell bank. Production of the research cell line exceeded expectations and resulted in a large amount of GMP-like CAB102 antibody. The Company is currently investigating if this material can potentially be suitable for human clinical trials.
- **The Company completed the first ever formal pre-clinical toxicology study for an anti-midkine therapeutic molecule** (CAB102), with no mortalities, morbidities, dose limiting toxicities or organ damage evident in any treated animal at any dose. The studies were performed in rats and non-human primates (cynomolgus macaques). CAB102 was well tolerated at all dose levels in both species.
- **The Company has signed a major preclinical collaboration with Complutense University** of Madrid, Spain to explore therapeutic opportunities for the CAB102, as co-therapy with existing drugs, in glioblastoma. Cellmid and Complutense University have previously tested the Company's anti-midkine antibodies in models of glioblastoma where several candidates have shown to be effective in early experiments. The Company is now expanding the collaboration to a full pre-clinical validation program. Cellmid will provide a number of its anti-MK antibodies to Complutense University for testing, including already humanised antibody CAB102, with the aim of selecting a lead molecule to advance specifically in a glioma/GBM clinical program.
- **The Company's collaborations have been expanded** with the signing of two material transfer agreements with undisclosed parties, and received a royalty payment from its licensee, Pacific Edge, in relation to the Cxbladder® product.

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")

30 June 2015

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|----------------------------|---|
| 1.1 Receipts from customers | 545 | 1,575 |
| 1.2 Payments for | | |
| (a) staff costs | (548) | (2,051) |
| (b) advertising and marketing | (178) | (311) |
| (c) research and development | (717) | (2,284) |
| (d) leased assets | 0 | 0 |
| (e) other working capital | (245) | (975) |
| 1.3 Dividends received | 0 | 0 |
| 1.4 Interest and other items of a similar nature received | 4 | 27 |
| 1.5 Interest and other costs of finance paid | (1) | (7) |
| 1.6 Income taxes paid | 0 | 0 |
| 1.7 Other - R&D Tax Credit | 0 | 996 |
| Net operating cash flows | (1,140) | (3,030) |

+ See chapter 19 for defined terms.

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

| | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--|----------------------------|---|
| 1.8 Net operating cash flows (carried forward) | (1,140) | (3,030) |
| 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 | 0 | (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 | 1 | 1 |
| (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 | 1 | (57) |
| 1.14 Total operating and investing cash flows | (1,139) | (3,087) |
| Cash flows related to financing activities | | |
| 1.15 Proceeds from issues of shares, options, etc. | (2) | 1,175 |
| 1.16 Proceeds from sale of forfeited shares | 0 | 0 |
| 1.17 Proceeds from borrowings | 1,000 | 1,000 |
| 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 | 998 | 2,175 |
| Net increase (decrease) in cash held | (141) | (912) |
| 1.21 Cash at beginning of quarter/year to date | 1,724 | 2,495 |
| 1.22 Exchange rate adjustments to item 1.20 | 0 | 0 |
| 1.23 Cash at end of quarter | 1,583 | 1,583 |

+ 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 | 57 |
| 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

Finance Fee for Borrowings paid in Shares \$50,000

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 |

+ 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 \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 4.1 Cash on hand and at bank | 1,583 | 1,724 |
| 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) | 1,583 | 1,724 |

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 gives a true and fair view of the matters disclosed.

Sign here:



Managing Director & CEO

Date: 30 July 2015

Print name: **Maria Halasz**

+ 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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