

ASX ANNOUNCEMENT

NOTES TO THE APPENDIX 4C

SYDNEY, Wednesday, 25 October 2017: Cellmid Limited (ASX: CDY) provides the following notes to the Appendix 4C for the first quarter of the 2018 financial year (FY2018).

Cellmid closed the first quarter of FY2018 with \$2.9 million in cash, not including the \$947K R&D tax credit, which was received on 3 October 2017 resulting in total cash reserves of \$3.86 million. Cash receipts from customers were at \$1.01 million for the first quarter, up 15% compared with the same period last financial year (FY2017: \$882K).

Sales for the Company's consumer health division reached \$1,034,492 for the quarter, up 4% from the same period last year. This was achieved without TV advertising in Australia and with no major television shopping days in Japan with QVC, reflecting the growing repeat customer base for the Company's products.

Advangen operational update

The following significant operational milestones have been reached within the consumer health business during the first quarter of FY2018:

- Successful launch of the evolis® Professional product range on Neiman Marcus online on 1 September 2017. Several REVERSE and PROMOTE products were sold out within the first week and have since been reordered. With the success of the launch, the evolis® Professional products are now on the front page of Neiman Marcus Beauty, in a significant endorsement by the retailer.
- Set-up of the electronic data interchange (EDI) system was completed. This opens opportunities to pursue a wider range of retail relationships with major groups in the USA.
- Import permits into China have been received for Japanese manufactured Jo-Ju® and Lexilis® branded products.
- Following the receipt of the import permit for the Lexilis® branded products shipping to our distributor in China recommenced and sales are expected to continue to increase through this channel.
- With import permit in place for Jo-Ju®, the brand currently sold through QVC Japan, negotiations commenced with QVC China. Subject to reaching an agreement, product launch is expected in the third quarter of FY2018 in China.
- Data analysis for the US consumer experience study has been completed with outstanding results. Of the 79 people who completed the 4-month study using the entire evolis® REVERSE range, 100% experienced new hair growth and 97% had less hair loss. Almost all (96%) reported improved hair condition and 87% moved up on the relevant hair loss scales.

Anticipated events and milestones for the second quarter of FY2018:

- In Japan the 'million-dollar day' on QVC is expected for the Jo-Ju® products.
- The Advangen concept store is planned to open during this quarter with several of the Company's FGF5 inhibitor hair loss products stocked.
- Retail presence is likely to continue to grow in the USA with new partnerships and broadening existing ones.
- Australian launch of the evoliss® Professional range in salons is planned for this quarter.
- Completion of the new global evoliss website, to replace the evolissprofessional.com and evolissproducts.com.au platforms, is planned for late in the quarter. The new website will have improved CRM and digital marketing functionalities and superior analytics enabling the Company to increase e-commerce sales significantly.

Lynamid and Kinera operational update

Preclinical studies are continuing for several kidney indications in partnership with University of Sydney scientists at the Westmead Institute, in addition to studies at Macquarie University.

The publication in *Nature* (ASX Announcement: 3 July 2017) highlighted the significant value of the midkine program. The article, entitled *Whole-body imaging of lymphovascular niches identifies premetastatic roles for midkine*, adds to the existing data on the prognostic value of detecting midkine in different cancer types and foresees an important role for Lynamid's antibodies in the treatment of metastatic tumours.


The publication has increased visibility and credibility of Cellmid's cancer therapeutic programs targeting midkine, and has already resulted in dialogues with potential partners.

It is anticipated that the 'in live' phase of the Westmead Institute study will be completed during the second quarter of FY2018.

End

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

CELLMID LIMITED

ABN

69 111 304 119

Quarter ended ("current quarter")

30 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,011	1,011
1.2 Payments for		
(a) research and development	(479)	(479)
(b) product manufacturing and operating costs	(179)	(179)
(c) advertising and marketing	(540)	(540)
(d) leased assets	-	-
(e) staff costs	(623)	(623)
(f) administration and corporate costs	(484)	(484)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	10
1.5 Interest and other costs of finance paid	(3)	(3)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,287)	(1,287)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(7)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(7)	(7)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	256	256
3.6 Repayment of borrowings	(24)	(24)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	232	232

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	3,995	3,995
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,287)	(1,287)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	232	232

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(15)	(15)
4.6	Cash and cash equivalents at end of quarter	2,918	2,918

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,918	2,918
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,918	2,918

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	108
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
NIL		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	74
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
NIL		

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	2,588	2,588
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
<u>Australian Facilities</u>		
Platinum Road	A\$2,000,000	Interest Rate 12.00% Secured
<u>Japanese Facilities</u>		
Keiyo Bank Ltd	JPY45,612,000 (A\$516,784)	Interest Rate 1.44% Unsecured
Chiba Bank Inc.	JPY6,326,000 (A\$71,674)	Interest Rate 2.10% Unsecured

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(180)
9.2 Product manufacturing and operating costs	(100)
9.3 Advertising and marketing	(300)
9.4 Leased assets	-
9.5 Staff costs	(650)
9.6 Administration and corporate costs	(430)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(1,660)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	NIL	NIL
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(CEO / Managing Director)

Date: 25 October 2017

Print name: Maria Halasz

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.