

ASX ANNOUNCEMENT

NOTES TO APPENDIX 4C AND OPERATIONAL UPDATE

SYDNEY, Tuesday, 27 October 2015: Cellmid Limited (ASX: CDY) provides the following Notes to the Appendix 4C and Operational Update.

Cellmid is reporting record cash receipts from customers of over \$1 million for 1Q2016. Compared with the same period last year receipts have been up 320% (\$244K in 1Q2015).

Strong sales have also exceeded internal projections reaching \$713K for the quarter (up from \$180K same period last year). This is especially pleasing as the pharmacy distribution, a precursor to sales, is rapidly growing towards the target 2,000 stores in Australia.

The \$4 million capital raising early in the quarter allowed the commencement of the marketing and advertising plan including the deployment of sales teams to medical professionals and pharmacies as well as an advertising program with multiple channels.

The Company's midline business continued to gain momentum with the appointment of Dr Bryce Vissel as Chairman of the Scientific Advisory Board. His outstanding scientific and clinical experience has been critical in progressing with some of the Company's collaborations. As a direct result the brain cancer collaboration with Complutense University commenced during the quarter.

Operational Update

Consumer Health Division

During 1Q2016 Cellmid started to implement its marketing and advertising plan as foreshadowed in the previous operational update. Distribution and sales are ahead of internal targets set out during 4Q2015 as follows:

- **Pharmacy distribution** was planned to reach 1,000 by the end of C2015. This number currently stands at 982 active stores and the Company is well on track to outperform. As the number of stockists are increasing so are the expected sales with the majority of the Australian revenue likely to flow from the last two quarters of the 2016 financial year.
- **Stocking of the extended 6 SKU évolis® product range** is on track with approximately 300 stores active and another 200 expected to be ordering by the end of C2015.
- **Sales visits to general practitioners** by the 18 member contract team continued during the quarter with close to 6,000 new individual calls. The positive feedback from doctors, pharmacies, and the subsequent sell-through, continued during the quarter.
- **A pharmacy sales team** started in mid-October to coincide with the advertising campaign. This is expected to result in not only new pharmacy doors opening but

also thorough coverage of the existing stores. One of the key objectives of the team is to ensure that stock levels are adequate of all of our products on shelves.

- **National advertising campaign commenced** in September as planned and early indicators show that both brand awareness and sales are increasing. For the first time évolis® products have measurable market share amongst topical hair loss treatments.
- **Product development of the consolidated évolis® branded** salon range has been completed during the quarter with 13 SKU's ready for manufacture and launch in 4Q2016. This is expected to contribute to the FY2016 revenue.

Cellmid's Japanese sales are above target for the quarter and reflect the substantially improved sales channels. Andeprong® *Scientist* is yet to be launched by Natural Garden, while QVC sales continue to outperform expectations with some major sales timeslots in the coming months.

Midkine Division

Cellmid continued to work on all of its midkine portfolio related initiatives during the quarter as follows:

- **The Company commenced its preclinical collaboration with Complutense University** of Madrid, Spain to explore therapeutic opportunities for the CAB102, as co-therapy with existing drugs, in glioblastoma.
- **The appointment of Dr Bryce Vissel as Chairman of the Scientific Advisory Board** triggered fresh activities around the midkine portfolio, including opening negotiations for new collaborations.
- **Assay development for the planned human clinical studies** has continued during the quarter following the results of the single dose toxicity studies.
- **The Company's CAB102 antibody is currently in stability testing** prior to multidose toxicity studies.
- **Midkine diagnostic** collaborations continue to deliver new data in cancer and kidney disease supporting existing collaborations and new license opportunities.

End

Contact:

Maria Halasz, CEO

T +612 9221 6830



@mariahalasz

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 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	1,022	1,022
1.2 Payments for (a) staff costs	(511)	(511)
(b) advertising & marketing	(351)	(351)
(c) research & development	(608)	(608)
(d) leased assets	-	-
(e) other working capital	(494)	(494)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	10
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Other - R&D Tax Concession	-	-
Net operating cash flows	(934)	(934)

+ 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 (3 months) \$A'000
1.8 Net operating cash flows (carried forward)	(934)	(934)
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	(10)	(10)
(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	(10)	(10)
1.14 Total operating and investing cash flows	(944)	(944)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	3,772	3,772
1.16 Proceeds from sale of forfeited shares	0	0
1.17 Proceeds from borrowings	0	0
1.18 Repayment of borrowings	(3)	(3)
1.19 Dividends paid	0	0
1.20 Other (provide details if material)	0	0
Net financing cash flows	3,769	3,769
Net increase (decrease) in cash held	2,825	2,825
1.21 Cash at beginning of quarter/year to date	1,583	1,583
1.22 Exchange rate adjustments to item 1.20	0	0
1.23 Cash at end of quarter	4,408	4,408

+ 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	39
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

NIL

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	1,096	1,096
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	4,408	1,583
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)	4,408	1,583

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 give a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: 27 October 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.

+ See chapter 19 for defined terms.