

ASX ANNOUNCEMENT

CELLMID LIMITED NOTES TO THE APPENDIX 4C

Highlights for the quarter ending 31 December 2018

- Record sales achieved during the second quarter of FY2019 at \$2.2 million, up 8% from the same period in FY2018 (\$2.03 million)
- Cellmid became profitable for the month of December 2018 with \$278K net profit after tax for that month
- Improved supply chain and inventory reserves during the quarter to fulfil demand of new distribution points in the USA and Japan
- QVC China strategic partnership established with first sales event planned for 25 January 2019

SYDNEY, Wednesday, 23 January 2019: Cellmid Limited (ASX: CDY) provides the following notes to its Appendix 4C Quarterly Cash Flow report for the second quarter of the 2019 financial year (Q2 FY2019).

Consumer health sales for Q2 FY2019 reached another record at \$2.2 million, as foreshadowed in the Company's ASX announcement on 12 December 2018.

Sales in Japan and USA continued to grow, with the USA recording the highest growth rate, while Japan continues to represent the largest contributor in terms of sales revenue.

Cash balance at the end of the quarter was \$5.4 million, down from \$9.26 million at the end of the previous quarter. Customer receipts from sales came in just under \$1.1 million for Q2 FY2019, which represents 24% decrease on receipts for the same period last year (Q1 FY2018: \$1.4 million).

This is the result of the timing of QVC Japan's million-dollar day event, revenue from which will be received during the month of January. This is expected to contribute to strong cash receipts in the coming March quarter of FY2019.

Significant cash outflows during the quarter included the repayment of the remaining Platinum Road loan facility with interest and payment of the Ikon judgement with interest.

In addition, major orders have been placed for supplies of évolis® activator bottles and other packaging components. Securing the supply chain for the évolis® product components has been an important step in rapidly fulfilling orders in the Company's growing USA and Japanese distribution.

As noted before, most of the sales from QVC Japan will be received in January 2019 with the Company currently carrying a significant receivables balance of over \$1.5 million.

MARKETING AND DISTRIBUTION DEVELOPMENTS DURING THE QUARTER

USA

The Company continued store launches of the évolis® Professional products across Neiman Marcus, Soft Surroundings and Bloomingdales during the quarter. The évolis® launch team has also held meetings with all three retailers to define 2019 calendar year marketing plans. These have now been agreed upon and are expected to contribute to increased sales and repeat customers in addition to the roll out into the remaining of the 50 stores secured in late 2018.

The évolis® Professional Prevent Activator has received a top grooming award by AskMen.com as the “Best Natural Alternative For Hair Loss”. With 17 million unique viewers per month, AskMen is one of the most influential grooming resources for men in the USA. As foreshadowed before, a major public relations outreach during the second week of October added significantly to évolis® features in various publications including Marie Claire, Cosmopolitan, Elle, Yahoo.com and in OK! Magazine, amongst others.

JAPAN

The Company's Jo-Ju® branded Japanese hair growth products have proven to be one of the most successful cosmetics ever on the Japanese television shopping channel QVC, as they reached retail sales of \$2.2 million on 30 November 2018. The next major sales event is planned for June 2019, expecting similar sales to the 30 November show.

The Company has recently changed packaging for the Jo-Ju® lotions from glass to plastic bottles. With a resulting reduction in costs, net profit margins are likely to increase by around 10% on the Jo-Ju® lotions. The change has also been important in improving the supply chain for the bottles as it has reduced the manufacturing cycle by several months. This will, in turn, result in an improved working capital position for the Company. Sales in the Hair Biology™ concept store in Ginza continued to increase during the quarter, with a sustained sales volume from Chinese visitors.

CHINA

The Company has formed a strategic partnership with QVC China, which will commence with the first on-air show on 25 January 2019. Similar to QVC Japan, building up sales volumes is expected to take several months and initial sales will be relatively modest for the coming March quarter from this channel. However, the strategic partnership is an important component of diversifying revenue streams and removing month to month fluctuations in revenues in the future. TV shopping sales events in China and Japan are likely to be spread over several months during the year in the future, instead of the current two shows.

AUSTRALIA

Current consolidation in the wholesale sector is expected to influence the Company's local sales in the near term. We remain confident that évolis® is well placed to provide not only a differentiated product, but a value-added service to pharmacies and their customers. Our growth strategy for Australia is to become more omni-channel, especially focusing on e-commerce.

"Having delivered another record quarter sales, we are on track to deliver strong sales growth for FY2019" said Cellmid CEO, Maria Halasz. "Our cash position will be further boosted in Q3 FY2019 as our record accounts receivable balance arrives. In addition, we have repaid all of our major debt and we are now in a strong financial position to fulfil growth expectations in current and new channels."

PROGRESS ON THE MIDKINE ANTIBODY PROGRAMS

In November 2018 the US Patent Office has granted Lynamid's patent application 14/004,548 entitled "Antibody recognizing N-domain of midkine", and Cellmid has also received 'Notification of Intention to Grant' from the European Patent Office for the corresponding patent in key European territories (EPO Application No. 12757658.5).

The newly granted midkine antibody patents and allied patent families underpin the Company's dominant intellectual property position over the use of therapeutic midkine antibodies for the treatment of diseases including cancer, chronic inflammation, surgical adhesions and functional disorders in T-regulatory cells associated with autoimmune diseases.

The Company continued preparation of its orphan drug application and expects to complete filing during the March quarter of FY2019.

Contact:

Company	Investor Relations	Media
Maria Halasz, CEO Cellmid T +612 9221 6830	Rebecca Wilson WE Buchan T +61 417 382 391 rwilson@we-buchan.com	Gabriela Czwarnos WE Buchan T +61 450 396 290 gczwarnos@we-buchan.com

Cellmid Limited (ASX: CDY)

Cellmid is an Australian life sciences company with a consumer health business and biotech assets. Advangen is Cellmid's wholly owned subsidiary engaged in the development and sale of first in class, best in class, clinically validated anti-aging products for hair, skin and body. Advangen has a range of FGF5 inhibitor hair growth products which are sold in Australia, Japan, USA and China. Advangen has a rich portfolio of hair growth and anti-aging hair care assets which include formulations of products on market, trademarks, patents and patent applications, proprietary assays and manufacturing processes. For further information, please see www.cellmid.com.au and www.myevolis.com.au.

Cellmid also has two wholly owned subsidiaries, Lynamid and Kinera, which develop innovative novel therapies and diagnostic tests for fibrotic diseases, cancer and ischemic diseases of the heart. Cellmid holds the largest and most comprehensive portfolio of intellectual property relating to the novel targets midkine (MK) globally.

Forward looking statements

This announcement may have forward-looking statements that are subject to risks and uncertainties. Such statements involve known and unknown risks that may cause the actual results, performance or achievements of Cellmid to be materially different from the statements in this announcement. Actual results could differ materially depending on factors such as the availability of resources, regulatory environment, the results of marketing and sales activities and competition.

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")

31 DECEMBER 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,077	3,089
1.2 Payments for		
(a) research and development	(270)	(398)
(b) product manufacturing and operating costs	(329)	(1,493)
(c) advertising and marketing	(226)	(535)
(d) leased assets	-	-
(e) staff costs	(951)	(1,829)
(f) administration and corporate costs	(493)	(786)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	15
1.5 Interest and other costs of finance paid	(193)	(209)
1.6 Income taxes paid	(2)	(2)
1.7 Government grants and tax incentives	808	808
1.8 Other (provide details if material) *	(2,188)	(2,188)
1.9 Net cash from / (used in) operating activities	(2,755)	(3,528)

*Includes payment of the IKON judgement and one-off legal fees.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(22)	(22)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$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	(22)	(22)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	10,025
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	(20)	(470)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	(1,030)	(2,149)
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	(1,050)	7,406

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	9,260	1,608
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,755)	(3,528)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(22)	(22)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(1,050)	7,406

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	(21)	(52)
4.6	Cash and cash equivalents at end of quarter	5,412	5,412

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	5,412	9,260
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)	5,412	9,260

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	122
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	47
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	1,126	1,126
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>		
Hunter Premium Funding	A\$35,865	Interest Rate 5.20% Unsecured
<u>Japanese Facilities</u>		
Keiyo Bank Ltd	JPY78,873,000 (A\$1,039,294)	Interest Rate 1.50% Unsecured
Chiba Bank Inc.	JPY3,821,000 (A\$50,349)	Interest Rate 2.10% Unsecured

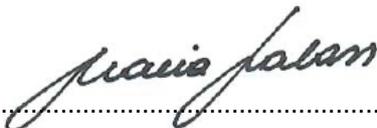
9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(100)
9.2 Product manufacturing and operating costs	(400)
9.3 Advertising and marketing	(200)
9.4 Leased assets	-
9.5 Staff costs	(1,000)
9.6 Administration and corporate costs	(300)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows (not including cash inflows)	(2,000)

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: 22 January 2019

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.