

CELLMID LIMITED

ABN 69 111 304 119

ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 31 DECEMBER 2017

Name of Entity	Cellmid Limited
ABN	69 111 304 119
Half year ended	31 December 2017
Previous corresponding period	31 December 2016

The following information should be read in conjunction with both the Financial Report for the year ended 30 June 2017 and the Interim Financial Report for the half year ended 31 December 2017 and the attached auditors' review report.

This Appendix 4D is prepared in accordance with ASX Listing Rule 4.2A.3.

Financial Results

				31 Dec 2017
				\$
Revenue from ordinary activities for the period	Up	47%	to	\$3,205,540
Loss from ordinary activities after tax for the period attributable to members	Down	28%	to	(\$1,091,134)
Net Loss after tax for the period attributable to members	Down	28%	to	(\$1,091,134)

No interim dividend was paid and it is not proposed to pay any dividends.

Net Tangible Assets

	Current Period	Previous Period
	31 Dec 2017	31 Dec 2016
Net tangible assets per ordinary share	5.0 cents	9.6 cents

Note 1: On 23 November 2017, the Group completed a 20:1 share consolidation. As such, net tangible asset per ordinary share is calculated based on the consolidated basis.

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ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

The company did not gain or lose control over any entities during the half year period.

OPERATING RESULTS AND REVIEW OF OPERATIONS

Revenue for the Consolidated Entity increased by 47% to \$3,205,540 for the six months ending 31 December 2017 compared with the same period last year (31 December 2016: revenue of \$2,179,924). The Consolidated Entity incurred an after-tax loss attributed to members of \$1,091,134 for the half year ending 31 December 2017 down 28% from the same period last year (31 December 2016: loss of \$1,512,359). The Consolidated Entity received \$946,963 under the Federal Government's R&D Tax Credit program during the reporting period. The Consolidated Entity continued to make significant progress in all three of its wholly owned subsidiaries; Lynamid, Kinera and Advangen as outlined in the following operational report.

LYRAMID LIMITED

Lynamid Limited (Lynamid) is engaged in the commercialization of the Consolidated Entity's midkine (MK) antibody assets, including their application in therapeutic programs as well as the MK diagnostic portfolio. MK is a growth factor highly expressed during embryonic development and it modulates many important biological interactions.

The Consolidated Entity built up extensive clinical evidence on MK's role in early cancer diagnosis and developed a MK ELISA for the accurate measurement of MK in blood. Lynamid received \$25,403 income from sales of the MK ELISA during the reporting period. In addition, Lynamid received \$112,748 in royalties during the half year ended 31 December 2017 from Pacific Edge pursuant to the license agreement between the companies, which was a 22% increase on the same period last year (31 December 2016: royalties of \$92,421).

MK has an important role in cell growth, cell migration and cellular adherence. These functions are relevant to **therapeutic opportunities** for Lynamid in cancer, inflammation, autoimmunity, ischemia, nerve growth/repair and wound healing. Lynamid continued to build on the evidence in relation to cancer and kidney disease during the reporting period.

In July 2017 the Consolidated Entity reported on new research in leading publication, *Nature*, identifying MK as a crucial agent in the promotion of melanoma metastasis. The paper, entitled "*Whole-body imaging of lymphovascular niches identifies pre-metastatic roles of midkine*", by Professor Marisol Soengas and her group based in CNIO in Madrid, describes how MK drives the often-fatal metastatic spread of melanoma cells from the primary tumour in the skin to distant organs such as liver, lung, bone and brain.

This independent study published in *Nature* was highly significant for Lynamid as it provided strong validation for the cancer therapeutic and diagnostic programs, it added to the considerable data on the prognostic value of detecting midkine in different cancer types and it significantly increased visibility and credibility of Lynamid's cancer therapeutic programs targeting MK.

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ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

Lyramid continued its pre-clinical research collaboration with the Westmead Institute, partially funded by two Innovation Connections Grants from the Australian Government, totalling \$100,000. The first part of the research, testing the efficacy of Lyramid's MK antibodies for the treatment of chronic kidney disease (CKD), was completed during the reporting period. The second part for the testing of MK antibodies for the treatment of cardiovascular (CV) complications of CKD in preclinical rodent models is now fully planned and expected to commence during 3Q FY2018.

KINERA LIMITED

Kinera Limited (Kinera) is engaged in the commercialisation of the Consolidated Entity's midkine protein assets in ischemia related diseases. Ischemic conditions include acute myocardial infarction and stroke amongst other diseases. During the reporting period Kinera continued its collaboration with its research partners on an undisclosed therapeutic indication, which may result in new intellectual property.

ADVANGEN LIMITED

During the half-year ended 31 December 2017 Advangen Limited (Advangen) sold products largely to pharmacies, hair salons and through direct to consumer channels and earned total revenue of \$3,044,942, up 51% compared with the same period last year (31 December 2016: \$2,007,230). For the first time, quarterly sales exceeded \$2 million during 2Q2018, contributing to the growth during the half-year.

Sales in **Japan** remained strong especially the direct-to-consumer sales on QVC, the television shopping channel. Further campaigns with QVC are planned throughout 2018. In October 2017 the évolis® concept store was launched in Tokyo's exclusive shopping quarter, Ginza.

Shipment of the Lexilis® branded FGF5 inhibitors commenced during the period from Japan to **China** following the receipt of the import permits in July 2017. Permits were also issued for the Jo-Ju® branded lotions, which are expected to be sold through television shopping channel in China, similar to that in Japan.

As further preparation for entry into the Chinese market Advangen (**Australia**) signed an agreement in November 2017 with YPB Limited for the authentication and protection of the évolis® branded products. In addition to providing product security services, the QR codes supplied by YPB serve as data collection and communication points with customers. Regulatory filings for the évolis® branded lotions and shampoos have been completed with the SFDA (Chinese Food and Drug Administration) and negotiations are ongoing with several pharma and distribution companies for the selling of évolis® branded, Australian manufactured products in China.

In the **USA** Advangen signed up two premium retailers, Neiman Marcus and Soft Surroundings, to commence sales of the évolis® Professional range of products specifically developed for global markets. Sales commenced on neimanmarcus.com in September 2017.

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ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE HALF YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

Advangen presented its FGF5 inhibitor publication data at the World Congress for Hair Research in November 2017. The meeting was attended by around 700 scientists involved in research into hair biology.

Advangen continued to implement its product and business development, marketing and advertising initiatives globally during the reporting period and anticipates that these initiatives will continue to drive revenue growth throughout 2018.

CAPITAL RAISING AND LOANS

During the half-year the Consolidated Entity raised \$1.3 million through a private placement to sophisticated investors.

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year, which significantly affected or could significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

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Interim Financial Report

For the Half-Year Ended 31 December 2017

CELLMID LIMITED

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Interim Financial Report Contents

For the Half-Year Ended 31 December 2017

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Directors' Report

For the Half-Year Ended 31 December 2017

The Directors present their report, together with the interim financial statements of Cellmid Limited and controlled entities ("the Consolidated Entity") for the half-year ended 31 December 2017.

DIRECTORS

The names of the Directors in office at any time during, or since the end of, the half-year are:

Dr David King	Appointed 18 January 2008
Ms Maria Halasz	Appointed 19 November 2007
Mr Bruce Gordon	Appointed 1 July 2015
Dr Fintan Walton	Appointed 21 July 2015
Dr Martin Cross	Appointed 16 October 2017

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Consolidated Entity have not changed during the half-year and they were:

- The development and commercialisation of therapeutic and diagnostic products for the management of diseases such as cancer and various chronic inflammatory conditions by targeting midkine, (Businesses: Lynamid and Kinera); and
- The development and sale of over-the-counter (OTC) treatments and bioactive cosmetics to alleviate excessive and abnormal hair loss and re-establish the natural hair growth cycle (Consumer Health Business: Advangen) and address other conditions associated with aging hair, skin and body.

OPERATING RESULTS AND REVIEW OF OPERATIONS

Revenue for the Consolidated Entity increased by 47% to \$3,205,540 for the six months ending 31 December 2017 compared with the same period last year (31 December 2016: revenue of \$2,179,924). The Consolidated Entity incurred an after-tax loss attributed to members of \$1,091,134 for the half year ending 31 December 2017 down 28% from the same period last year (31 December 2016: loss of \$1,512,359). The Consolidated Entity received \$946,963 under the Federal Government's R&D Tax Credit program during the reporting period. The Consolidated Entity continued to make significant progress in all three of its wholly owned subsidiaries; Lynamid, Kinera and Advangen as outlined in the following operational report.

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Directors' Report For the Half-Year Ended 31 December 2017

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Directors' Report

For the Half-Year Ended 31 December 2017

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CAPITAL RAISING AND LOANS

During the half-year the Consolidated Entity raised \$1.3 million through a private placement to sophisticated investors.

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year, which significantly affected or could significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2017 is set out on page 5 of the interim consolidated financial report.

Directors' Report
For the Half-Year Ended 31 December 2017

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Dr King', written in a cursive style.

Director:
Dr David King

Dated this 22nd day of February 2018

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Auditor's Independence Declaration to the Directors of Cellmid Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Cellmid Limited for the half-year ended 31 December 2017 I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



L M Worsley
Partner – Audit & Assurance

Sydney, 22 February 2018

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Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2017

		Half-Year 31 December 2017	Half-Year 31 December 2016 (Restated)
	Note	\$	\$
Revenue	3	3,205,540	2,179,924
Other income	3	1,013,311	831,409
Less Expenditure			
Manufacturing sales expense		(1,004,551)	(761,940)
Advertising and marketing expense		(612,261)	(729,893)
Bad debt expense		(11,985)	(8,565)
Communication expense		(35,459)	(52,391)
Conferences and meetings expense		(51,349)	(59,650)
Consultancy expense		(190,544)	(331,831)
Depreciation and amortisation expense		(73,800)	(79,933)
Employee benefits expense		(1,563,796)	(1,296,727)
Finance costs		(224,736)	(94,339)
Foreign exchange loss		-	(58,730)
Occupancy expense		(125,114)	(113,740)
Professional fees expense		(489,085)	(266,917)
Research and development expense		(278,641)	(155,117)
Share-based compensation		(111,490)	(53,269)
Subscriptions expense		(89,467)	(46,916)
Travel expenses		(173,501)	(191,857)
Other expenses		(274,206)	(221,877)
Loss before income tax		(1,091,134)	(1,512,359)
Income tax expense		-	-
Loss for the half-year after income tax		(1,091,134)	(1,512,359)
Other comprehensive income, net of income tax			
<i>Items that will be reclassified to profit or loss when specific conditions are met</i>			
Exchange differences on translating foreign controlled entities		(51,848)	(239,780)
Total comprehensive income for the half-year		(1,142,982)	(1,752,139)
Loss for the half-year is attributable to:			
Owners of Cellmid Limited		(1,091,134)	(1,512,359)
Total comprehensive income for the half-year attributable to:			
Owners of Cellmid Limited		(1,142,982)	(1,752,139)
Earnings per share for loss attributable to the owners of Cellmid Limited			
Basic earnings per share (cents)		(2.12)	(3.20)
Diluted earnings per share (cents)		(2.12)	(3.20)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

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Statement of Financial Position

As at 31 December 2017

	31 December 2017	30 June 2017 (Restated)	1 July 2016 (Restated)
Note	\$	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3,509,134	3,994,641	2,686,329
Trade and other receivables	1,263,713	378,284	298,339
Inventories	1,233,869	1,079,323	1,009,792
Other assets	225,956	110,054	136,644
TOTAL CURRENT ASSETS	<u>6,232,672</u>	<u>5,562,302</u>	<u>4,131,104</u>
NON-CURRENT ASSETS			
Plant and equipment	980,933	998,975	1,001,088
Intangible assets	1,747,041	1,841,385	2,214,693
TOTAL NON-CURRENT ASSETS	<u>2,727,974</u>	<u>2,840,360</u>	<u>3,215,781</u>
TOTAL ASSETS	<u>8,960,646</u>	<u>8,402,662</u>	<u>7,346,885</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	1,718,570	1,613,668	1,434,443
Employee benefits	222,885	306,755	223,001
Loans and borrowings	2,044,880	1,840,533	802,177
TOTAL CURRENT LIABILITIES	<u>3,986,335</u>	<u>3,760,956</u>	<u>2,459,621</u>
NON-CURRENT LIABILITIES			
Employee benefits	9,456	1,837	68,336
Loans and borrowings	372,001	314,572	196,807
TOTAL NON-CURRENT LIABILITIES	<u>381,457</u>	<u>316,409</u>	<u>265,143</u>
TOTAL LIABILITIES	<u>4,367,792</u>	<u>4,077,365</u>	<u>2,724,764</u>
NET ASSETS	<u>4,592,854</u>	<u>4,325,297</u>	<u>4,622,121</u>
EQUITY			
Issued capital	4 38,014,080	36,715,031	32,426,826
Reserves	2,437,289	2,377,647	2,542,799
Accumulated losses	(35,858,515)	(34,767,381)	(30,347,504)
TOTAL EQUITY	<u>4,592,854</u>	<u>4,325,297</u>	<u>4,622,121</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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Statement of Changes in Equity For the Half-Year Ended 31 December 2017

	Issued capital \$	Share-based payments reserve \$	General reserve \$	Foreign exchange reserve \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2017 as previously stated	36,715,031	2,053,007	18,258	306,382	(34,697,634)	4,395,044
Prior period error	-	-	-	-	(69,747)	(69,747)
Balance at 1 July 2017 (Restated)	36,715,031	2,053,007	18,258	306,382	(34,767,381)	4,325,297
Loss for the half-year after income tax	-	-	-	-	(1,091,134)	(1,091,134)
Other comprehensive income	-	-	-	(51,848)	-	(51,848)
Total comprehensive income for the half-year, net of tax	-	-	-	(51,848)	(1,091,134)	(1,142,982)
Transactions with equity holders						
Shares issued during the half-year net of transaction costs	1,299,049	-	-	-	-	1,299,049
Share-based payment expense for the half-year	-	111,490	-	-	-	111,490
Balance at 31 December 2017	38,014,080	2,164,497	18,258	254,534	(35,858,515)	4,592,854
	Issued capital \$	Share-based payments reserve \$	General reserve \$	Foreign exchange reserve \$	Accumulated losses \$	Total Equity \$
Balance at 1 July 2016 as previously stated	32,426,826	2,036,900	(79,864)	585,763	(30,279,575)	4,690,050
Prior period error	-	-	-	-	(67,929)	(67,929)
Balance at 1 July 2016 (Restated)	32,426,826	2,036,900	(79,864)	585,763	(30,347,504)	4,622,121
Loss for the half-year after income tax as previously stated	-	-	-	-	(1,510,541)	(1,510,541)
Prior period error	-	-	-	-	(1,818)	(1,818)
Other comprehensive income	-	-	-	(239,780)	-	(239,780)
Total comprehensive income for the half-year, net of tax (Restated)	-	-	-	(239,780)	(1,512,359)	(1,752,139)
Transactions with equity holders						
Shares issued during the half-year, net of transaction costs	4,077,895	-	-	-	-	4,077,895
Share-based payment expense for the half-year	-	53,269	-	-	-	53,269
Equity value of loan	-	-	-	-	-	-
Balance at 31 December 2016	36,504,721	2,090,169	(79,864)	345,983	(31,859,863)	7,001,146

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

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Statement of Cash Flows

For the Half-Year Ended 31 December 2017

	Half-Year 31 December 2017 \$	Half-Year 31 December 2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,879,986	2,354,660
Payments to suppliers and employees	(5,822,440)	(4,762,810)
Interest received	20,417	16,238
Finance costs	(37,593)	(4,937)
Grant income	1,001,963	831,409
Net cash used by operating activities	<u>(1,957,667)</u>	<u>(1,565,440)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	<u>(7,922)</u>	<u>(4,123)</u>
Net cash used by investing activities	<u>(7,922)</u>	<u>(4,123)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net of transaction costs)	1,299,049	4,077,895
Proceeds from loans and borrowings	256,917	237,000
Repayment of loans and borrowings	<u>(58,055)</u>	<u>(40,217)</u>
Net cash provided by financing activities	<u>1,497,911</u>	<u>4,274,678</u>
Net (decrease)/increase in cash and cash equivalents held	(467,678)	2,705,115
Cash and cash equivalents at the beginning of the half-year	3,994,641	2,686,329
Effect of exchange rate changes	<u>(17,829)</u>	<u>(46,136)</u>
Cash and cash equivalents at the end of the half-year	<u><u>3,509,134</u></u>	<u><u>5,345,308</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

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Notes to the Financial Statements For the Half-Year Ended 31 December 2017

Note 1 Summary of significant accounting policies

Basis of preparation

This general purpose interim financial report for the half-year ended 31 December 2017 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134: Interim Financial Reporting*, as appropriate for for-profit oriented entities. Compliance with *AASB 134: Interim Financial Reporting* ensures compliance with International Financial Reporting *Standard IAS 34: Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial report of Cellmid Limited ("the Company") and controlled entities ("the Consolidated Entity"). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Consolidated Entity. This interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual financial report of the Consolidated Entity for the year ended 30 June 2017, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial report, unless otherwise stated.

New, revised or amending Accounting Standards or Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the half-year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The Directors have prepared the interim financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Based on anticipated levels of operational cash flow, the Consolidated Entity has sufficient cash to fund current operations for at least one year from the date the Directors approved the interim financial report for release to the members of the Company.

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Notes to the Financial Statements For the Half-Year Ended 31 December 2017

Note 2 Operating segments

Identification of reporting segments

The Consolidated Entity is organised into two operating segments: (1) research and development of diagnostics and therapeutics; and (2) research, development and marketing of hair growth products.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors who are identified as the Chief Operating Decision Makers ("CODM"), in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation and amortisation (segment result) and profit before income tax.

Types of products and services

The principal products and services of each of these operating segments are as follows:

- (1) Midkine Diagnostic and Therapeutic (Midkine Business)
 - Midkine diagnostics and therapeutics for cancer and inflammatory conditions.
- (2) Research, Development and Marketing of Hair Growth Products (Consumer Health Business)
 - Research, development and marketing of hair growth products.

In 31 December 2017, the Group has presented both business and geographical segments. The presentation of business segments is to ensure that segment information is in line with the internal reports presented to the Board of Directors. There were no changes to the measurement methods used to determine operating segments and reported segment profit or loss.

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Notes to the Financial Statements For the Half-Year Ended 31 December 2017

Note 2 Business segments (continued)

Business segment information

Segment performance

31 December 2017	Midkine \$	Consumer Health \$	Consolidated \$
Revenue			
Consumer health and product sales to external customers	25,403	3,044,942	3,070,345
Interest received	20,417	-	20,417
Royalties and licences	112,748	-	112,748
Other revenue	-	2,030	2,030
Total revenue	158,568	3,046,972	3,205,540
Other income			
Government grant received	1,001,963	-	1,001,963
Other income	634	-	634
Net Gain/(loss) in foreign exchange	(2,164)	12,878	10,714
Expenses			
Share based compensation	(111,490)	-	(111,490)
Depreciation and amortisation	(5,304)	(68,496)	(73,800)
Finance costs	(181,760)	(42,976)	(224,736)
Manufacturing sales expense	(16,686)	(987,865)	(1,004,551)
Advertising and marketing expense	(3,654)	(608,607)	(612,261)
Employee benefits expense	(485,142)	(1,078,654)	(1,563,796)
Other expenses	(529,605)	(1,189,746)	(1,719,351)
Loss before income tax	(174,640)	(916,494)	(1,091,134)
Income tax expense	-	-	-
Loss after income tax	(174,640)	(916,494)	(1,091,134)

Segment assets and liabilities

31 December 2017	Midkine \$	Consumer Health \$	Consolidated \$
Assets			
Segment assets	4,226,127	4,734,519	8,960,646
Liabilities			
Segment liabilities	(2,511,803)	(1,855,989)	(4,367,792)

CELLMID LIMITED

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Notes to the Financial Statements

For the Half-Year Ended 31 December 2017

Note 2 Business segments (continued)

Segment performance

31 December 2016 (Restated)	Midkine \$	Consumer Health \$	Consolidated \$
Revenue			
Consumer health and product sales to external customers	35,753	2,007,230	2,042,983
Interest received	16,237	1	16,238
Royalties and licences	110,833	-	110,833
Other revenue	-	9,870	9,870
Total revenue	162,823	2,017,101	2,179,924
Other income			
Government grant received	831,409	-	831,409
Other income	-	-	-
Expenses			
Share based compensation	(53,269)	-	(53,269)
Depreciation and amortisation	(6,701)	(73,232)	(79,933)
Net gain/(loss) in foreign exchange	(14,366)	(44,364)	(58,730)
Finance costs	(89,402)	(4,937)	(94,339)
Manufacturing sales expense	(11,098)	(750,842)	(761,940)
Advertising and marketing expense	(7,595)	(722,298)	(729,893)
Employee benefits expense	(401,623)	(895,104)	(1,296,727)
Other expenses	(647,476)	(801,385)	(1,448,861)
Loss before income tax	(237,298)	(1,275,061)	(1,512,359)
Income tax expense	-	-	-
Loss after income tax	(237,298)	(1,275,061)	(1,512,359)

Segment assets and liabilities

31 December 2016 (Restated)	Midkine \$	Consumer Health \$	Consolidated \$
Assets			
Segment assets	5,663,145	4,392,204	10,055,349
Liabilities			
Segment liabilities	(1,302,591)	(1,751,612)	(3,054,203)

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Notes to the Financial Statements

For the Half-Year Ended 31 December 2017

Geographical segment information

The quantitative thresholds for the USA operation has not been met, it is currently combined below under 'Australia and USA'.

Segment performance

31 December 2017	Australia and USA \$	Japan \$	Consolidated \$
Revenue			
Consumer health and product sales to external customers	702,251	2,368,094	3,070,345
Interest received	20,417	-	20,417
Royalties and licences	112,748	-	112,748
Other revenue	-	2,030	2,030
Total revenue	835,416	2,370,124	3,205,540
Other income			
Government grant received	1,001,963	-	1,001,963
Other income	634	-	634
Net Gain/(loss) in foreign exchange	11,203	(489)	10,714
Expenses			
Share based compensation	(111,490)	-	(111,490)
Depreciation and amortisation	(8,463)	(65,337)	(73,800)
Finance costs	(181,760)	(42,976)	(224,736)
Manufacturing sales expense	(228,401)	(776,150)	(1,004,551)
Advertising and marketing expense	(526,229)	(86,032)	(612,261)
Employee benefits expense	(1,131,261)	(432,535)	(1,563,796)
Other expenses	(1,347,162)	(372,189)	(1,719,351)
Profit / (Loss) before income tax	(1,685,550)	594,416	(1,091,134)
Income tax expense	-	-	-
Loss after income tax	(1,685,550)	594,416	(1,091,134)

Segment non-current assets

31 December 2017	Australia and USA \$	Japan \$	Consolidated \$
Non-current assets			
Segment non-current assets	958,442	1,769,533	2,727,975

CELLMID LIMITED

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Notes to the Financial Statements

For the Half-Year Ended 31 December 2017

Note 2 Geographical segments (continued)

Segment performance

31 December 2016 (Restated)	Australia and USA \$	Japan \$	Consolidated \$
Revenue			
Consumer health and product sales to external customers	822,294	1,220,689	2,042,983
Interest received	16,237	1	16,238
Royalties and licences	110,833	-	110,833
Other revenue	-	9,870	9,870
Total revenue	949,364	1,230,560	2,179,924
Other income			
Government grant received	831,409	-	831,409
Other income	-	-	-
Expenses			
Share based compensation	(53,269)	-	(53,269)
Depreciation and amortisation	(9,472)	(70,461)	(79,933)
Net Gain/(loss) in foreign exchange	(23,546)	(35,184)	(58,730)
Finance costs	(89,402)	(4,937)	(94,339)
Manufacturing sales expense	(356,162)	(405,778)	(761,940)
Advertising and marketing expense	(638,862)	(91,031)	(729,893)
Employee benefits expense	(927,878)	(368,849)	(1,296,727)
Other expenses	(1,222,387)	(226,474)	(1,448,861)
Profit / (Loss) before income tax	(1,540,205)	(27,846)	(1,512,359)
Income tax expense	-	-	-
Loss after income tax	(1,540,205)	(27,846)	(1,512,359)

Segment non-current assets

31 December 2016 (Restated)	Australia and USA \$	Japan \$	Consolidated \$
Non-current assets			
Segment non-current assets	951,885	1,970,338	2,922,223

CELLMID LIMITED

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Notes to the Financial Statements For the Half-Year Ended 31 December 2017

Note 3 Revenue and other income

	Half-Year 31 December 2017 \$	Half-Year 31 December 2016 \$
Revenue		
Consumer health and sale of products	3,070,345	2,042,983
Other revenue		
Interest received	20,417	16,238
Licence fees and royalties	112,748	110,833
Other revenue	2,030	9,870
	135,195	136,941
Total revenue	3,205,540	2,179,924
Other income		
Grant income	1,001,963	831,409
Net gain in foreign exchange	10,714	-
Other income	634	-
Total other income	1,013,311	831,409

Note 4 Issued capital

	31 December 2017 No.	30 June 2017 No.	31 December 2017 \$	30 June 2017 \$
Note 1				
At the beginning of the year	1,072,456,303	928,500,508	36,715,031	31,794,565
Shares buyback and cancellation	(4,000,000)	-	-	-
20 to 1 shares consolidation on 23 November 2017	(1,015,033,419)	-	-	-
Shares issued – private placement	3,489,473	143,955,795	1,326,000	5,036,921
Transaction costs	-	-	(26,951)	(116,455)
	56,912,357	1,072,456,303	38,014,080	36,715,031

Note 1: On 23 November 2017, the Group completed the twenty to one shares consolidation and the number of issued shares was reduced by 1,015,033,419.

CELLMID LIMITED

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Notes to the Financial Statements

For the Half-Year Ended 31 December 2017

Note 5 Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries.

Name	Country of Incorporation	Percentage Owned (%) 2017	Percentage Owned (%) 2016
Subsidiaries of Cellmid Limited:			
Advangen Limited	Australia	100	100
Kinera Limited	Australia	100	100
Lynamid Limited	Australia	100	100
Subsidiaries of Advangen Limited:			
Advangen International Pty Ltd	Australia	100	100
Advangen Incorporated	Japan	100	100
Advangen LLC	USA	100	100

Note 6 Related Party Transactions

During the half year ending, Direct Capital Group Pty Ltd, a related party to Ms Halasz, was paid \$184,046 for management services. No amount was outstanding as at 31 December 2017.

Note 7 Contingent assets and Contingent Liabilities

Claims

On 22 July 2016, Ikon Communications Pty Ltd (Ikon), a subsidiary of the WPP AUNZ (ASX:WPP) group of advertising agencies, filed legal action against Advangen International Pty Limited (Advangen), Cellmid's wholly owned subsidiary operating the Australian consumer health business.

Ikon's claim is for the amount of \$939,056 pursuant to the Services Agreement entered into by the parties on 15 June 2015. In the claim Ikon alleges that Advangen has failed to pay certain invoices for services rendered in relation to an advertising campaign.

Advangen strongly disputes that Ikon is entitled to be paid for the work that is the subject of the invoices. It is Advangen's position that Ikon has breached the Services Agreement, failed to provide certain services at all or adequately and engaged in misleading and dishonest conduct that has caused Advangen loss and damage.

Advangen intends to vigorously defend its position and cross claim for payments already made for services not provided or properly provided by Ikon, as well as for any further damages. It will also ensure that there is adequate security for its costs, and if necessary, apply for an order that security for costs be provided by Ikon.

Guarantees

The Group has given bank guarantees as at 31 December 2017 of \$65,829 (30 June 2017: \$65,829) relating to the lease of commercial office space.

Other than the matter noted above, the Group had no contingent liabilities or contingent assets at 31 December 2017. (30 June 2017: Nil)

CELLMID LIMITED

ACN 111 304 119

Notes to the Financial Statements For the Half-Year Ended 31 December 2017

Note 8 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the half year, which significantly affected or could significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Note 9 Correction of prior period error

The company undertook a review of the reporting of its Midkine inventories during the period based on the anticipated future use and related time periods. As a result of this review the company has applied some consumption to prior periods and reclassified the Midkine inventories from current assets to property, plant and equipment. This reclassification better reflects the anticipated future utilisation of the company's Midkine assets. This review has impacted prior periods and the relevant financial line items affected are as follows;

	30 June 2017			30 June 2016		
Statement of financial position (extract)	Previous amount	Adjustment	Restated amount	Previous amount	Adjustment	Restated amount
Inventories	2,079,323	(1,000,000)	1,079,323	2,009,792	(1,000,000)	1,009,792
Total current assets	6,562,302	(1,000,000)	5,562,302	5,131,104	(1,000,000)	4,131,104
Plant and equipment	68,722	930,253	998,975	69,017	932,071	1,001,088
Total non-current assets	1,910,107	930,253	2,840,360	2,283,710	932,071	3,215,781
Total assets	8,472,409	(69,747)	8,402,662	7,414,814	(67,929)	7,346,885
Accumulated losses	(34,697,634)	(69,747)	(34,767,381)	(30,279,575)	(67,929)	(30,347,504)
Total equity	4,395,044	(69,747)	4,325,297	4,690,050	(67,929)	(4,622,121)

31 December 2016

Statement of profit or loss and other comprehensive income (extract)	Previous amount	Adjustment	Restated amount
Manufacturing sales expense	(760,122)	(1,818)	(761,940)
Loss before income tax	(1,510,541)	(1,818)	(1,512,359)
Loss for the half year after income tax	(1,510,541)	(1,818)	(1,512,359)
Total comprehensive income for the half year	(1,750,321)	(1,818)	(1,752,139)
Loss for the half year is attributable to:			
Owners of Cellmid Limited	(1,510,541)	(1,818)	(1,512,359)
Total comprehensive income for the half year attributable to:			
Owners of Cellmid Limited	(1,750,321)	(1,818)	(1,752,139)
Earnings per share for loss attributable to the owners of Cellmid Limited:			
Basic earnings per share (cents)	(3.20)	0.00	(3.20)
Diluted earnings per share (cents)	(3.20)	0.00	(3.20)

CELLMID LIMITED

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Directors' Declaration For the Half-Year Ended 31 December 2017

In the Directors' opinion:

- the attached financial statements and notes thereto as set out on pages 6 to 18 comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) (a) of the Corporations Act 2001.

On behalf of the Directors



.....
Dr David King
Director

Dated this 22nd day of February 2018

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Independent Auditor's Review Report To the Members of Cellmid Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Cellmid Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Cellmid Limited does not give a true and fair view of the financial position of the Group as at 31st December 2017, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cellmid Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Grant Thornton Audit Pty Ltd
Chartered Accountants



L M Worsley
Partner - Audit & Assurance

Sydney, 22 February 2018