

ASX ANNOUNCEMENT

NOTES TO APPENDIX 4C

SYDNEY, Tuesday, 24 January 2017: Cellmid Limited (ASX: CDY) provides the following Notes to the Appendix 4C for the second quarter of the 2017 financial year (FY2017).

Cellmid closed the second quarter of FY2017 with a cash balance of \$5.3 million, reporting record cash receipts from customers of \$1.4 million, up 98% compared with the same period last year (\$713K in 2Q2016).

Through its wholly owned subsidiary, Advangen Limited, the Company's sales reached \$943K for its FGF5 inhibitor hair loss products during the second quarter of FY2017, up 79% compared with the same period last year (\$526K in 2Q2016).

During the quarter Cellmid received \$1.2 million from the exercise of the CDYO options that expired on 23 October 2016 and another \$3 million as a result of a private placement. A further \$831K R&D tax credit was received during the quarter.

Operational update – Advangen

Advangen Limited is Cellmid's wholly owned subsidiary that owns and operates the consumer health businesses in Australia, Japan and the USA.

The evolix® REVERSE product range was launched in the USA in November 2016 in a pre-sale format on a dedicated e-commerce platform, evoliprofessional.com. The first shipment to the USA arrived in mid-December 2016 and order fulfilment commenced during the third week of December. A comprehensive digital and social marketing plan, SEM, SEO, community management and other forms of digital strategies will be fully deployed in the coming months to build e-commerce based sales.

Evolix® REVERSE as 2017 TOP 10 New Grooming Product by Men's Health USA. A comprehensive US public relations programme was implemented prior to the product launch. As a result, evolix® has been featured in a number of publications, including The Daily Mail, which has 50 million readers in the United States alone. Evolix® has also been named as one of the 2017 Top Ten New Grooming Products by Men's Health Magazine. Other features and product mentions are expected in leading fashion and lifestyle magazines as the Company's PR push continues. A successful PR campaign is critical to the Company's e-commerce strategy.

Pharmacy distribution in Australia grew by several hundred stores during the quarter; these are expected to start stocking the full range of evolix® products during the third and fourth quarters of FY2017. The Company's dedicated national sales force is actively supporting the pharmacy distribution network, which will be critical for new product launches planned for FY2017 and beyond.

Advertising activity in television, digital and social channels continued in Australia during the quarter and is expected to increase substantially as the US e-commerce strategy is deployed during the second half of the 2017 financial year.

Operational update – Lynamid and Kinera

Lynamid Limited and Kinera Limited are Cellmid's wholly owned subsidiaries that own and develop midkine (MK) related research and development programmes.

Federal Government funding for Lynamid. Following the close of the second quarter Lynamid was awarded two Innovation Connections Grants from the Australian Government, totalling \$100,000. The grants will support collaborations with kidney specialists and University of Sydney research scientists at the Westmead Institute. The planned studies will test the efficacy of MK antibodies for the treatment of chronic kidney disease (CKD) and cardiovascular (CV) complications of CKD in preclinical rodent models (ASX Announcement, 18 January 2017).

The result of the glioblastoma research collaboration between Lynamid and Complutense University, Spain was reported during the quarter. MK antibodies have shown efficacy in improving tetrahydrocannabinol (THC) treatment response in animal models of cannabinoid resistant glioblastoma multiforme, one of the most common and aggressive forms of brain cancer (ASX Announcement 5 October 2016).

In October 2016 Lynamid licensee, Pacific Edge, became Approved Provider to Tricare Health Plan Networks in the US, which provides health care to 9.4 million beneficiaries of the US Military Health system. Also in October 2016 CxBladder® Monitor was adopted as a replacement for cystoscopy for low risk patients monitored for recurrence of bladder cancer by the Waitemata District Health Board in New Zealand.

In a further development, Pacific Edge reported in December 2016 that clinical study results of CxBladder® Monitor were accepted for publication in the American Journal of Urology. The study confirmed strong performance (93% sensitivity and 97% negative predictive value) of the test and the potential of it to replace cystoscopy in low risk patients.

These developments are expected to have a material, positive effect on CxBladder® sales, which in turn is expected to result in higher royalties for Lynamid.

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")

31 DECEMBER 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,410	2,292
1.2 Payments for		
(a) research and development	(443)	(760)
(b) product manufacturing and operating costs	(378)	(699)
(c) advertising and marketing	(620)	(991)
(d) leased assets	-	-
(e) staff costs	(679)	(1,390)
(f) administration and corporate costs	(402)	(891)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	7
1.5 Interest and other costs of finance paid	(3)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	831	831
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(280)	(1,605)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(6)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(1)	(6)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,970	2,970
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	1,221	1,221
3.4	Transaction costs related to issues of shares, convertible notes or options	(96)	(96)
3.5	Proceeds from borrowings	-	257
3.6	Repayment of borrowings	(24)	(39)
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	4,071	4,313

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	1,588	2,686
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(280)	(1,605)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,071	4,313

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(33)	(43)
4.6	Cash and cash equivalents at end of quarter	5,345	5,345

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	5,345	1,588
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)	5,345	1,588

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	39
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	-
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	1,201	1,201
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\$700,000 Interest Rate 15% Secured		
<u>Japanese Facilities</u>		
Keiyo Bank Ltd JPY34,367,000 (A\$407,249) Interest Rate 1.44%		Unsecured
Chiba Bank Inc. JPY7,892,000 (A\$93,520) Interest Rate 2.10%		Unsecured

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(300)
9.2 Product manufacturing and operating costs	(150)
9.3 Advertising and marketing	(450)
9.4 Leased assets	-
9.5 Staff costs	(680)
9.6 Administration and corporate costs	(430)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(2,010)

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: 24 Jan 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.