

ASX ANNOUNCEMENT

NOTES TO APPENDIX 4C

SYDNEY, Monday, 31 October 2016: Cellmid Limited (ASX: CDY) provides the following Notes to the Appendix 4C for the first quarter of FY2017.

Cellmid closed the first quarter of FY2017 with a cash balance of \$1.59 million, reporting cash receipts from customers of \$882K, down 14% from the same period last year (\$1M in 1Q2016).

Since the closing of the quarter Cellmid received \$1.2 million from the exercise of options, the majority from those that expired on 23 October 2016. Further funds are expected from the Company's current private placement and the R&D tax credit, both are due to be received in early November 2016.

Through its wholly owned subsidiary, Advangen Limited, the Company reached record sales for its FGF5 inhibitor hair loss products during the first quarter of FY2017 with a result of \$1,022,913. Australian sales grew by 115% during the quarter demonstrating the combined power of effective television advertising and a dedicated in-house sales team. Wholesale accounts are expected to settle within 30-60 days, therefore some of this will be received during the second quarter of 2017.

Operational update

Advangen

- **The USA distribution partnership** with Colour Collective was signed in July 2016 and the product launch is on track for the last quarter of calendar 2016. The increase in spending during 1Q2017 was in part related to the increased public relations, marketing and manufacturing activities in preparation for the USA market entry.
- **Pharmacy distribution** in Australia currently stands at 1,051 active stores. This number is expected to increase steadily in the coming months as our sales team continues with store level training, re-orders and selling into independent pharmacies. The objective remains to improve product sales in each store, in addition to increasing the number of stockists.
- **Advertising activity** in television, digital and social channels resulted in marked increase in sell through in pharmacies and a steady growth in online sales during the quarter. As the Christmas holiday season approaches the advertising activity will continue with targeted campaigns on the new evolis® tonic launch.
- **Japanese sales** increased as a result of repeat sales from television shopping customers. Standard one hour selling campaigns will continue with major sales days planned for early 2017.

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Lynamid and Kinera

- **New publication.** The results of the collaborative research between Lynamid and Dr Astrid Liedert at the Institute of Orthopaedic Research and Biomechanics, University Medical Centre Ulm, were published during the quarter showing improved bone quality and fracture healing in an animal model of osteoporosis. The study was published in PLoS ONE (ASX Announcement 9 August 2016).
- **New antibody patent** was allowed during the quarter by the European Patents Office for Cellmid's patent application 04717839.7 entitled "Preventative for Adhesion Following Abdominal Surgery". This patent protects the use antibodies or nucleotide based drugs targeting midkine that prevent the formation of surgical adhesions (ASX Announcement 22 September 2016).
- **The glioblastoma research collaboration** between Lynamid and Complutense University, Spain, was completed during the quarter. The results showed that MK antibodies are effective 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).

End

Contact:

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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 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	882	882
1.2 Payments for		
(a) research and development	(317)	(317)
(b) product manufacturing and operating costs	(321)	(321)
(c) advertising and marketing	(371)	(371)
(d) leased assets	-	-
(e) staff costs	(711)	(711)
(f) administration and corporate costs	(489)	(489)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
1.5 Interest and other costs of finance paid	(1)	(1)
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	(1,325)	(1,325)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(5)	(5)
(b) businesses (see item 10)	-	-
(c) investments	-	-

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Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(5)	(5)

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	1	1
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	257	257
3.6 Repayment of borrowings	(16)	(16)
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	242	242

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	2,686	2,686
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,325)	(1,325)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	242	242

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(10)	(10)
4.6	Cash and cash equivalents at end of quarter	1,588	1588

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	1,588	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)	1,588	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		

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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	1,270	1,270
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	JPY36,012,000 (A\$463,114)	Interest Rate 1.44% Unsecured
Chiba Bank Inc.	JPY8,330,000 (A\$107,124)	Interest Rate 2.10% Unsecured

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(200)
9.2 Product manufacturing and operating costs	(350)
9.3 Advertising and marketing	(400)
9.4 Leased assets	-
9.5 Staff costs	(750)
9.6 Administration and corporate costs	(500)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(2,200)

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		

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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: 31 October 2016

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.

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