ISSUE
AUG
2015

CELLMID

Recent announcements

In this issue

Message from the CEO

Strong demand for the Company's shares during our recent private placement is reflective of the growing investor interest in Cellmid. With the $4 million raised we are in an excellent position to deliver on our distribution and sales growth plans in Australia and Japan, as well as to establish our presence in the USA.

Our well attended revenue upgrade conference call in June highlighted the growing market focus on our consumer health business. We expect this to intensify as our advertising campaign commences in early September. I have already tweeted some of the photos from the location where our creative team filmed the television ads. You can follow me, @mariahalasz, to get further news snippets and insights on Cellmid and our industry.

I congratulate our Australian and Japanese teams on closing an exceptional quarter with sales of $960K. They have done a truly remarkable job under tight conditions. With these sales we have closed the financial year at around $1.84 million, up 63% on last year's results.

In June we completed the first ever formal toxicology studies on a midkine inhibitor, our very own CAB102. We have also finished cell line development and manufactured large quantities of GMP-like CAB102 antibody, which may be suitable for clinical trials. If the regulatory assessment confirms this, it would not only accelerate the product development but may also save the upfront cost of drug manufacture, which can be several million dollars.

In one of the most significant outcomes from our midkine conferences to date we have signed a collaboration agreement with Complutense University in Madrid, Spain. Under the guidance of Professor Guillermo Velasco we will undertake a brain cancer study using our anti-midkine antibodies both alone and as co-therapy in a series of animal studies to assess their potential for therapy of this deadly disease. This work could not proceed without the guidance of Dr Bryce Vissel, the new Chairman of Cellmid's Scientific Advisory Board, who hails from the Neurodegenerative Diseases Research Group at the Garvan Institute of Medical Research. We welcome Bryce and look forward to his contribution on this exciting program.

In other good news two outstanding members joined Cellmid as non-executive directors; Bruce Gordon and Dr Fintan Walton. Both gentlemen have been friends of Cellmid for sometime and it is my pleasure to welcome them to the board. I encourage our shareholders to support their election in the upcoming extraordinary general meeting as they bring tremendous expertise and enthusiasm to their role. Bruce, with more than 35 years of audit experience, will be overseeing our financial wellbeing. Fintan is an international deal making expert in our sector and his input into our partnership strategy could be transformational.

Maria Halasz, CEO

@mariahalasz

évolis ONE : a journey to better hair

In April Cellmid announced that it had achieved strong positive results from a 16 week long, 32 patient clinical study of its new **évolis ONE** formulation which demonstrated efficacy in reducing hair loss, increasing hair growth and improving the overall volume and appearance of hair.

The study was conducted by AMA Laboratories, INC. in New York, a leading independent CRO specialising in dermatological product testing, and was randomised, blinded and placebo controlled in design.

Each subject included in the study experienced a measurable degree of hair loss of either 2 to 4 on the Hamilton-Norwood scale (men) or I-2 to II-2 on the Ludwig scale (women). The randomised nature of the study meant that each subject began their journey at a different hair loss stage and grade.

Over 112 days with twice daily use, subjects using évolis ONE collectively showed a statistically significant result:

- 80.2% reduction in hair loss (vs 17.37% for placebo)
- 44.2% increase in growing follicles (vs 11.8% for placebo)
- 143.3% increase in hair release and recovery

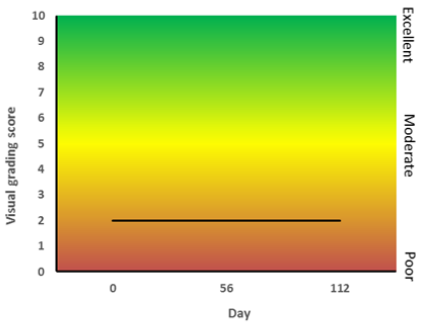
As well as improvements over the placebo group, subjects using évolis ONE showed a continued and defined trend toward improvement in hair growth and reduction in hair fall over the 112 day period, whereas placebo subjects did not. With lack of intervention, the placebo subjects experienced typical fluctuations in hair growth and hair fall showing no consistent improvement in any of the measured areas.

On further analysis of the data we have found that when subjects were directly matched between the placebo and the treated group on age, gender, race, hair loss scale and visual grade, the results showed marked differences in outcomes.

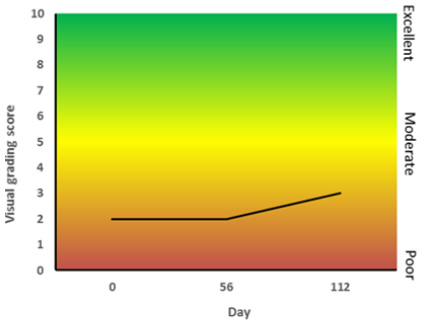
Below and to the right, is an example of this matching process. Two males, both with moderate to advanced hair loss and poor visual grade, but one using a placebo control and the other using évolis ONE, show how remarkable the treated subject's hair recovers, whereas the placebo control had no improvement at all over the 112 day test period.

Only the evolis ONE treated subject is on a journey to better hair.

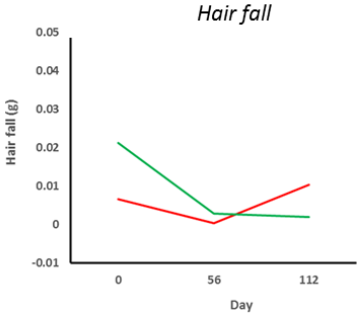
Placebo *Visual evaluation*



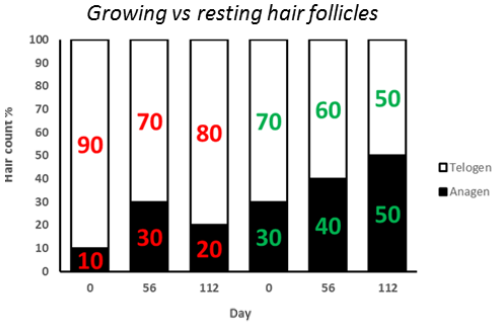
évolis ONE *Visual evaluation*



Placebo vs évolis ONE
Hair fall

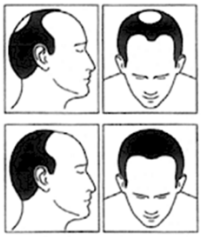


Placebo vs évolis ONE
Growing vs resting hair follicles



Matched subject case study

Subjects from the placebo and évolis ONE groups were selected and matched based on similar age, gender, race, advanced Hamilton-Norwood scale score, and poor visual grading score at baseline.

Subject group:	Placebo	évolis ONE	H-N scale example
Age:	53	52	
Gender:	Male	Male	
Race:	Caucasian	Caucasian	
Visual grading score at baseline:	2/10	2/10	
Hamilton-Norwood scale score:	4/7	4/7	

Advangen Japan continues to improve through multiple sales channels

Since the acquisition by Cellmid in 2013 Advangen Japan has built a strong multichannel distribution business in Japan, and commenced sales in other parts of Asia. The company was originally built on two channels, which included private label supply and wholesale distribution to the hair salon market. Since the acquisition it has established four additional sales channels to continue to build and broaden its product distribution. Recently we have started to export our Japanese manufactured products, commenced duty free store trials, launched a very successful television shopping campaign and increased our website sales.

Koichiro (Ko) Koike
Managing Director, Advangen Inc.

We are taking advantage of the premium association of Japanese products in Asia and started exporting to China, with Chinese import permits obtained for two of our tonic products and one shampoo. These permits continue to represent significant value for us and we are working on exploring their full potential. In addition to our current Chinese distributor, we are in discussions with multiple parties to better penetrate this vast market where over 100 million people are reportedly worried about their thinning hair.

Recently we have signed a private label supply agreement with a leading hair care brand in Taiwan, Maywufa, and have early discussions with potential partners in Thailand, South Korea, China, Hong Kong and Indonesia.

During the recent investor call we have discussed the duty free shopping market, which represents an exciting opportunity for us in Japan. With the number of tourists increasing closer to the Tokyo Olympics in 2020, we have plans to capitalise on this channel.

The most significant contributor to our recent increase in sales has been QVC, the largest television shopping channel operator in Japan. Since the first broadcast in November we have improved our position and during the most recent one hour show in July we have sold around $120K worth of products.

QVC Japan: Dr Yoshimi Yokota, Product Development Manager at Advangen Inc. (pictured left), presenting Jo-Ju products

We are keenly aware of the importance of getting closer to customers as part of a global trend to rely less and less on costly, multiple distribution levels. Our key mid-term objective is to build a substantial direct sales business through improving our e-commerce activities. The beginnings of these diverse and robust distribution channels are already proving to be fruitful, and we expect to see solid sales growth throughout the 2016 financial year.

Our key development initiative for the 2016 financial year will be the launch of an eye lash growth product through QVC. Our manufacturing and marketing teams have been working on the formulation and packaging with anticipated launch date towards the latter part of the financial year.

We could not have achieved this without the commitment of our team. Our product development manager, Dr Yoshimi Yokota, has been featuring on the QVC television shows, which are often scheduled in the middle of the night. I would like to thank her and the rest of my team in Japan for their dedication.

Welcoming Dr Bryce Vissel as Chairman of Cellmid's Scientific Advisory Board

Dr Bryce Vissel
Chairman, Cellmid SAB

We are delighted to welcome Dr Bryce Vissel as Chairman of Cellmid's Scientific Advisory Board. Dr Vissel is currently the Head of the Neurodegenerative Diseases Research Group at the Garvan Institute of Medical Research as well as Conjoint Senior Lecturer at St Vincent's Clinical School, Faculty of Medicine, University of NSW. Prior to that Dr Vissel worked for a decade at the highly prestigious Salk Institute (La Jolla, California, USA), in the world's leading neuroscience laboratory.

Dr Vissel's research has been widely recognised internationally, and he has received a number of awards, including the prestigious Fulbright award, a Liebermann award and a BIOFIRST award.

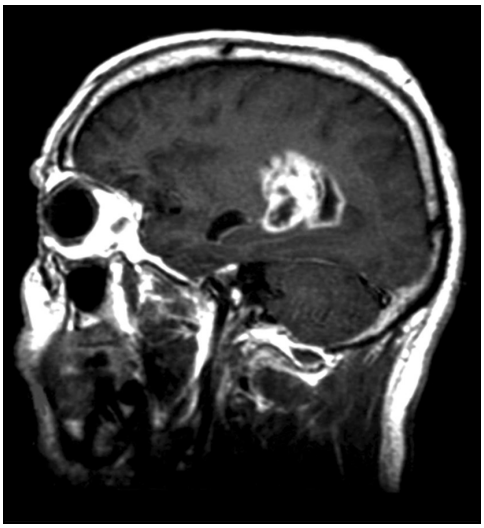
Dr Vissel will be actively involved in the clinical development of Cellmid's anti-midkine antibody portfolio. "I'm delighted to join the team of this exciting company led by an exceptional senior management team" said Dr Vissel.

Cellmid's new collaboration in brain cancer

In June Cellmid entered into a research collaboration with Associate Professor Guillermo Velasco of Complutense University in Madrid, Spain, to trial Cellmid's anti-midkine antibodies in animal models of glioblastoma (GBM). Dr Velasco's group is one of the world's leading labs currently working to understand and overcome the drug resistance so often seen in GBM. Cellmid's collaboration with Dr Velasco was sparked by his group's discovery that midkine was the critical signalling molecule driving drug resistance in GBMs being treated with standard chemotherapy (temolozomide; TMZ) as well as novel cannabinoid agents THC and CBD. Interestingly, Dr Velasco's group has also found that midkine was critical to the survival and growth of the 'cancer stem cells' within GBM. Whilst a treatment such as TMZ can initially kill most of the tumour, the tumour inevitably regrows, and this regrowth occurs from cancer stem cells.

Associate Professor Guillermo Velasco presenting at the Second Excellence in Midkine Research Conference held in Istanbul, Turkey.

Following from this discovery, Dr Velasco's group has already shown effective killing of the GBM stem cells in vitro. The collaboration will now trial a number of Cellmid's anti-midkine antibodies (including lead humanised candidate CAB102) in a series of sophisticated in vivo GBM disease models. The antibodies will be used in combination with TMZ and/or cannabinoids, with the aim of selecting a lead to advance specifically in a GBM clinical program.



MRI of a large GBM tumour deep within a patient's brain. For aggressive GBM, a tumour this size can arise in just a few months.

GBM is the most deadly variant of malignant gliomas, cancers which arise in the glial cells of the brain. They are the most common form of brain cancer, comprising approximately 40% of all primary brain tumours and around 70% of all primary malignant brain tumours. Furthermore GBM is the most lethal form of any cancer. The median survival for GBM patients is just 14 months, 70% of patients are dead within two years of diagnosis, and over 90% are dead within five years. Gliomas/ GBMs are incurable; the standard treatment is maximal safe resection (surgery) where possible, followed by concurrent radiation and chemotherapy with TMZ. However, the rate of recurrence is almost 100%, and the recurrent tumours are usually extremely refractory to all treatments.

Cellmid delivers first-ever toxicology data for a anti-midkine drug

In June Cellmid announced that it had completed its formal investigation of toxicology for CAB102, Cellmid's first in class midkine antibody drug. Not only was this Cellmid's first formal toxicology study, it was also the first such study for any kind of anti-midkine drug, ever. Encouragingly, CAB102 showed no dose limiting toxicities even when administered at many times higher than anticipated therapeutic doses. Critically, this result de-risks midkine as a therapeutic target, and opens up the path to the clinic for CAB102.

Toxicology studies are a critical step in any drug development program. It is often relatively straightforward to develop a specific molecule that binds to a target and shows promise in the test-tube, but this gives no indication of whether the molecule will be safe when given to patients. As such, regulators such as the FDA and the TGA demand that prior to any human dosing potential drugs must be administered to animals to indicate what possible side-effects might occur.

Even at a very high dose of 100 mg/kg, which is up to 10 times higher than the anticipated maximum dose for humans, there have been no adverse effects seen. This is significant as Cellmid purposely designed CAB102 to interact identically with the midkine of other species as it does to human midkine. Therefore, when CAB102 is given to animals it should recognise and neutralise the species' own midkine in a similar manner to that in humans. As a final step towards gaining regulatory approval for clinical studies, further toxicology and safety studies will now be performed using multiple doses of CAB102.

Cellmid announces the Fourth Midkine Symposium

Following the outstanding success of the first three Midkine Symposia held in Sydney (2010), Istanbul (2012), and Kyoto (2014), we are delighted to announce a Fourth Midkine Symposium to be held in Budapest, Hungary, on April 28-30, 2016.

The meeting will be co-hosted by Cellmid and Professor Péter Ferdinandy, Head of the Department of Pharmacology and Pharmacotherapy, Faculty of Medicine, Semmelweis Medical University, Budapest, and founder of Pharmahungary Group.

The objective of the symposium is to provide a unique and pre-eminent forum for midkine researchers to share their findings and engender collaborations. We are inviting researchers actively engaged in the study of midkine, and closely related protein pleiotrophin, from around the world to participate. Also attending will be Cellmid's partners and collaborators from within the biotech and pharma industries. The meeting will highlight recent developments in midkine biology, plus translational studies aimed at developing novel midkine-based therapies and diagnostics.

Extraordinary General Meeting

Following the successful capital raising of $4 million Cellmid will be calling an Extraordinary General Meeting to ratify the issuing of 110 million shares issued under listing rule 7.1 and to approve the issuing of approximately 23 million ordinary shares. The EGM is expected to be held during the second week of September and Shareholders will be advised on further details of the meeting in due course.

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Cellmid - Fast Facts

Listings
Australian Securities Exchange (ASX)

ASX Code: CDY

Issued Capital - Ordinary Shares
905,167,175

(Listed) Options
290,542,770 (exercise price $0.034 exp. 23 October 2016)

Market Capitalisation
A$35M (6 August 2015)

Cash Position
A$1.583M (last reported 30 July 2015, before $4 million capital raising)

For further information please contact:

Maria Halasz
Chief Executive Officer and Managing Director
Cellmid Limited

Phone: +61 (0) 2 9221 6830
Email: info@cellmid.com.au
Web: www.cellmid.com.au

Board

Dr David King	Chairman
Maria Halasz	Chief Executive Officer and Managing Director
Bruce Gordon	Non-Executive Director
Dr Fintan Walton	Non-Executive Director

Senior Management

Maria Halasz	Chief Executive Officer and Managing Director
Koichiro Koike	Managing Director, Advangen Inc
Darren Jones	Head of Product Development
Evan Rees	VP Consumer Health Division
Emma Chen	General Manager, Advangen Intl

Forward looking statements

This publication contains 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 newsletter. Actual results could differ materially depending on factors such as the availability of resources, the results of clinical studies, the timing and effects of regulatory actions, the strength of competition and the effectiveness of the Company's patent protection.

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