CELLMID

2018
ANNUAL REPORT

Cellmid Limited (ASX:CDY)
Annual Report
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CHAIRMAN'S LETTER

Dear Shareholder,

It is my pleasure to present to you the 2018 Annual Report. The Company has continued to make good progress in developing and globalizing its consumer health division, and in maturing and focusing its midkine assets.

Our expansion and development of the evolis® anti-aging hair care product range and distribution channels continued apace, and is reflected in the strong revenue growth for the year, despite the usual capital constraints on funding that growth. Our established markets of Australia and Japan performed well, with the Japanese operations pleasingly returning a profit for the third year. We are confident that the opening in October 2017 of our first "Hair Biology" concept store in Ginza, Tokyo, as well as the expanded product range, will drive further growth in the flagship Japanese market.

Our consumer health global marketing and distribution strategy has been clearly focused on the important USA market, and more recently China. In the USA, our entering into premium retail partnerships with Bloomingdales and Neiman Marcus is especially significant and evidences the premium product branding for the evolis Professional range. It is anticipated that the USA market will start to contribute materially to revenue growth in the current year.

On China, our efforts to access and penetrate this highly prospective market achieved a significant breakthrough with the signing in May 2018 of an exclusive agreement for the distribution of evolis® lotions and shampoos with Beijing Fukangren Bio-Pharm Co Ltd. Importantly, this partnership substantially de-risks the regulatory path for access to the world's fastest growing market; regulatory approval for the evolis products is expected during the current financial year.

Importantly, the penetration of existing markets, and growth in new markets, is underpinned by the mounting evidence of the exceptional efficacy of the evolis® products. Our first US consumer study using the entire evolis® Professional product range, reported in August 2017, delivered strong positive results; improved hair growth, reduced hair loss, and improved hair texture.

Advangen's mission is to become first in class, best in class for clinically validated anti-aging products. To this end, in April 2018 the Company entered into an exclusive distribution agreement with Swiss company Labo International S.r.l, manufacturer of market leading anti-aging skincare products. Through this Agreement, Advangen will enjoy exclusive distribution rights in Australia and New Zealand for Fillerina, a clinically validated, patented dermo-cosmetic filler. In addition to contributing to Advangen's Australian revenues, this Agreement is expected to deliver operational efficiencies through increased utilisation of existing sales and marketing channels.

There has been solid progress through the reporting period in both the midkine protein (Kinera) and antibody (Lyramid) operating divisions. Midkine is attracting greatly increased attention following the publication in early July 2017, in the premier scientific journal Nature, of a landmark paper showing compelling evidence that midkine is responsible for the metastatic spread of melanomas via the lymphatic system. This work, together with other important advances from the Company's local and international scientific collaborators, has greatly improved understanding of the importance of midkine in many disease processes. In particular, there is a growing body of evidence around midkine's role as a critical mediator of cell communication and inter-organ signalling in a number of important diseases.

The Company's scientific collaborators from 13 countries gathered together over two days at the Midkine Symposium in Munich in May 2018, and presented novel findings which, amongst other things, confirmed our strategy for Lyramid to progress its midkine inhibitors into the clinic. These collaborations with well-credentialed scientists and laboratories around the world provide cost-effective research leverage and are a valuable asset of the Company; it is our expectation that these collaborations will accelerate our clinical development path.

Further details on progress in all three of the Company's operating divisions can be found in Maria's CEO report.

On the corporate front, the Company has further strengthened its board with two impressive additions during the course of the year. The appointments of Dr Martin Cross and Mr Dennis Eck bring a wealth of experience and wisdom in biotechnology and consumer retailing, respectively. Dr Cross has a distinguished record of achievement at senior levels in the biotechnology sector; Dennis Eck brings to the Board a long and successful experience in management in retail industries, including valuable and particularly relevant experience in the cosmetics and hair care sectors. We are fortunate indeed to have the benefit of their wise counsel on our board.

Once more our small but highly committed team of professionals has performed admirably throughout the year, under the inspired leadership of CEO Maria Halasz. Maria is again especially deserving of our special thanks for her determination and application in growing the company. With the Company now more appropriately capitalised than at any time in its history, we look forward with great anticipation to rapid growth on all fronts; and better market recognition to be reflected in the share price.

I thank all shareholders for their support throughout the year and welcome the new shareholders who have joined us for the exciting period ahead.

David King
Chairman

CEO REPORT

Dear Shareholder,

It is with pleasure that I report to you on the results of this 2018 financial year. This has been a year of excellent progress, with the achievement of several corporate and business milestones; capped off by the completion of a transformative capital raise.

Cellmid reported total revenue and other income in the 2018 financial year (FY2018) of $6.83 million, a 23% uplift from FY2017. Sales growth from Cellmid's consumer health division was the key driver of Cellmid's revenue performance, increasing 26% over the financial year. Cellmid also received $947,000 from the Australian Tax Office under the R&D Tax Incentive Scheme.

Net loss after tax was $3.73 million in FY2018, a 17% improvement on the 2017 financial year (FY2017: $4.48 million loss). As Cellmid progresses past the initial phase of its global marketing and distribution expansion, operating costs are expected to be leveraged even more efficiently within new products and markets, providing a pathway to profitability.

On 31 July 2018 we announced the completion of a private placement of shares to institutional and sophisticated investors to the value of $9.0 million and a further $1 million was raised from a Share Purchase Plan. Approval of the final tranche of this capital raising during the 7 September Extraordinary General Meeting means that the Company is well funded to execute on its growth plans.

With a strong balance sheet, a clinically validated product portfolio and global distribution in place, we are well positioned to take advantage of the positive tailwind in the anti-aging consumer market and accelerate sales growth. Adding our midkine drug development programs, Cellmid has an exceptional opportunity to deliver value for our shareholders.

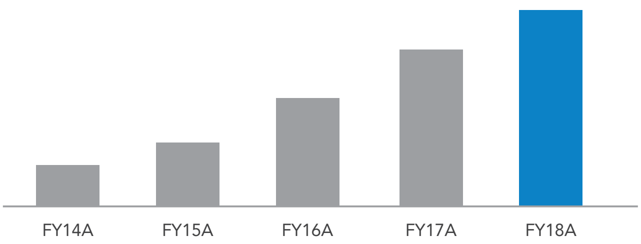
Anti-aging hair care is the fastest growing segment in the hair care category, and a highly attractive market for our company. Our business strategy over the past financial year, to implement and expand our global marketing and distribution strategy for our flagship évolis® product range, has been designed to target this market in a range of geographical regions. I am pleased to report that we have started to see the results.

We are also well placed to continue to develop our biotechnology portfolio of midkine assets through research and commercial partnerships. The 5th Midkine Symposium held in Munich in May 2018 confirmed the quality of the science, the breadth of our intellectual property assets and the excellence of our collaborations and partnerships in this exciting asset portfolio.

ADVANGEN – CONSUMER HEALTH PORTFOLIO

Our consumer health division continued to perform well over FY2018, driven by increase in sales in our existing channels during the period. The FY2018 sales do not include new products, channels or the launch of our flagship evolis Professional products in new geographies.

Consumer Health Revenue
A$ million



Our business strategy for FY2019 is to focus on rapidly scaling the multi-channel distribution established during the FY2018 in Asia, the United States and Australia. In line with this strategy, I am pleased to report on a number of key milestones achieved in these key markets over the financial year.

USA - ESTABLISHING IN PREMIUM RETAIL

During FY2018 we had significant success securing premium US retail partners for the évolis® product range, most notably with Neiman Marcus, Bloomingdales as well as specialty retailer Soft Surroundings.

We started the financial year by conducting a comprehensive consumer experience study for évolis® Professional which found, amongst other things, that all but one of the study participants (equivalent to 98%) recorded new hair growth and 97% reported decreased hair fall using the full range of the évolis® Professional products over 120 days. These consumer study results were critical to the US premium retail strategy and the data has formed the basis for the underlying marketing and PR campaign in this market.

The évolis® Professional range has been available online since September 2017 in Neiman Marcus and July 2018 in Bloomingdales. Following a number of successful full day sales events and experiential marketing programs conducted earlier in 2018, we have also recently secured permanent product placement in five flagship Neiman Marcus stores and 11 Soft Surroundings stores commencing in September 2018. This takes the total premium brick-and-mortar retail presence to 16-stores across the USA.

CEO REPORT CONTINUED

CHINA - PARTNERSHIP

In May 2018 our Company entered into an exclusive agreement with Beijing Fukangren Bio-pharm Tech. Co., Ltd (Fukangren) to distribute the évolis® range in the Peoples Republic of China. On behalf of Cellmid, Fukangren will register the évolis® lotions as hair loss products with the Chinese regulator and will have exclusive rights to sell these products for five years.

Fukangren has commenced planning for the marketing of the Australian manufactured evolis® pharmacy products with potentially 25,000 distribution points (pharmacies and clinics) throughout mainland China. It is expected that product registration will take around 12 months.

The terms of the agreement were entered into following extensive market research regarding product demand, fit and pricing against comparable products within the Chinese market. The "first in class, best in class" FGF5 inhibitor technology of évolis® with its strong scientific backing provides the products with a unique marketing proposition and it is a significant competitive edge. Adding further differentiation in the Chinese market is the highly desirable "Australian made" and "Japanese made" status of the évolis® products, as well as the formulation based on natural active ingredients. The Chinese market is a key element of Cellmid's growth strategy and we expect it will contribute significantly to growing our revenues in the coming years.

JAPAN - TV SHOPPING IS A WINNER

Japan remains a key market for Cellmid, and still represents the largest source of revenue for the company with sales of $4.2 million in FY2018, up 41% (FY2017:$2.98 million). As in previous years, omnichannel retail group QVC continued to perform well delivering a significant portion of the Japanese revenue.

During the year, Cellmid opened its first Advangen Hair Biology concept store in Ginza, the premium shopping district in Tokyo. Initially stocked with the Japanese products, especially Jo-Ju®, the store is also designed to leverage the brand awareness built through Cellmid's QVC presence.

The évolis® pharmacy and évolis® Professional anti-aging haircare ranges will be sold in Japan from September 2018 in pharmacies and from October 2018 in premium salons, respectively. This is the first time that the Australian manufactured products will be exported to Japan and it follows a period of extensive product testing on Japanese customers assessing both beauty and therapeutic applications.

AUSTRALIA

We announced in April 2018 that we had entered into a five-year agreement with Labo International S.r.l to undertake the exclusive distribution of Fillerina®, a market leading Swiss anti-aging skincare brand, in Australia and New Zealand. Fillerina® is a world first, patented dermo-cosmetic filler treatment, which has been scientifically proven to reduce facial wrinkles, deliver measurable filling effect, increase facial volumes and decrease the clinical signs of skin aging.

The Fillerina® distribution agreement is expected to generate efficiencies through the increased utilisation of the Company's existing evolis® national sales and digital marketing team. We expect that Fillerina® will add significantly to our profitability in Australia.

The évolis® Professional range will also be progressively introduced to targeted pharmacies from July 2018. The evolis® WHITE Mask, which is designed to sit across the pharmacy and Professional ranges, will also be rolled out from July in pharmacies and salons. This will result in an increase in the number of evolis® SKUs in Australia from four to sixteen.

The Fillerina® product range with 11 SKUs will be launched in Australian pharmacies progressively from September 2018, with 70% of the first order already allocated to participating pharmacies. This takes the pharmacy range, including evolis® and Fillerina® from four to 27 products from September 2018. As a result, we expect a meaningful increase in revenues in the coming year.

MIDKINE INTELLECTUAL PROPERTY PORTFOLIO IN TRANSFORMATIONAL STAGE

Cellmid holds the most comprehensive intellectual property portfolio around midkine (MK) globally, with several potential clinical development programs and a number of product development opportunities. We are targeting the development of these assets as treatments for several life-threatening and chronic diseases.

Cellmid has two wholly owned subsidiaries focused on MK; Lyramid, a MK antibody company developing treatments for cancer, fibrosis and chronic kidney diseases; and Kinera, a company developing MK protein for the treatment of heart failure, chronic heart conditions and other ischemic diseases. The 2017 financial year saw the release of transformational new publications on data generated in cancer and inflammatory diseases.

MIDKINE SYMPOSIUM

Cellmid convened the 5th MK Symposium in May 2018 in Munich, Germany. The Symposium was a global meeting of key opinion leaders, clinicians and research scientists involved in MK research. The event was a success and resulted in exciting new research findings on MK and MK inhibitors being revealed across 38 presentations by scientists from 13 countries.

Highlights of the Symposium included themed sessions on the role of MK and its related protein pleiotrophin in cancer, cardiovascular biology, tissue injury responses, as well as neural development and CNS disorders. Many speakers highlighted and expanded upon research already published on MK in top ranking and prestigious journals including Nature, Cell, Cell Reports, Science Signalling and Science Reports, which contributed to a high-quality scientific meeting.

Research and commercial collaborations arising from the symposium are expected to accelerate the clinical development path for Cellmid, and we will update shareholders of any developments in this regard.

RESEARCH COLLABORATION WITH WESTMEAD RESEARCH INSTITUTE DELIVERS FIRST OPPORTUNITY FOR ORPHAN DRUG APPLICATION

We have recently reported on positive efficacy results from one of our lead anti-MK antibodies, CAB102, in the rare kidney disease, FSGS. The study, performed in collaboration with the Westmead Institute, found that the humanised antibody reduced the area of kidney injury 3-fold compared to vehicle treated control mice with FSGS ($p<0.05$), while renal function was improved ($p<0.05$).

This confirmed previous findings, that blocking midkine alleviates damage to the kidney and prevents ensuing defects in renal function. Furthermore, it demonstrated that a humanised antibody targeting midkine, CAB102, is equally as effective as its murine precursor. This is a critical step in progressing Cellmid's antibody assets towards clinical trials in kidney patients.

CEO REPORT CONTINUED

STELLAR BOARD SET TO FACILITATE DELIVERY OF GROWTH STRATEGY

We are especially pleased to have been able to enrich the board with two non-executive directors during the financial year. In October 2017, we appointed Dr Martin Cross to the Cellmid Board as a non-executive director. Dr Cross is a highly regarded pharmaceutical executive with over 30 years' experience including corporate and industry leadership roles in global business development, marketing, sales, product development and management roles.

We were also very pleased to announce the appointment of Mr Dennis Eck as a non-executive director to the Cellmid Board in March 2018. Mr Eck is a highly qualified director with 40 years' senior management experience in the retail sector leading the strategic direction of companies such as American Stores, Vons and ULTA in the United States and Coles Myer in Australia. Prior to his appointment, Mr Eck made a strategic investment in Cellmid through a private placement undertaken in December 2017. His experience and industry insights have already proved highly insightful to guide the Company's strategy and market development.

SHARE CONSOLIDATION PAVED THE WAY FOR THE RECAPITALISATION OF THE BUSINESS

In late 2017 we undertook a 20:1 share consolidation following shareholders' approval at last year's Annual General Meeting. The share consolidation has been very successful in reducing share price volatility, negative market perceptions and attracting a broader range of investors, especially institutional investors during the subsequent private placement.

The private placement and share purchase plan announced on 31 July and completed on 12 September 2018 raised just over $10.0 million (before costs) with strong demand from both existing shareholders and new institutional investors. These funds will be used to drive growth in the consumer health business globally and execute on our expanded distribution and marketing strategy to deliver increased revenues in the year ahead.

WITH A STRONG BOARD AND MANAGEMENT TEAM, THE COMPANY IS FULLY FUNDED TO EXECUTE ON ITS GROWTH PROSPECTS

During the coming year Cellmid is planning to build on the distribution and marketing milestones achieved in FY2018. Launch of the new Fillerina® and evolis® Professional products in our existing Australian pharmacy distribution network, opening new channels and geographies in Asia and scaling into the US premium retail channel will give us unparalleled growth opportunities. We also expect to sign new partnerships to advance our midkine asset portfolio to continue the cost-effective business model we have successfully exploited in the past.

I would like thank our dedicated directors led by our Chairman, Dr David King, who have given their active support to the Company. The ever growing Cellmid team; our employees, consultants and advisers, have been instrumental in getting us that far. Finally, I would like to thank our shareholders for their support in the transformational events of capital restructure and fund raising.

Maria Halasz
CEO and Managing Director

"With a strong balance sheet, a clinically validated product portfolio and global distribution in place, we are well positioned to take advantage of the positive tailwind in the anti-aging consumer market and accelerate sales growth."

Maria Halasz
CEO and Managing Director

DIRECTORS' REPORT

The Directors present their report, together with the financial statements of the Group, being Cellmid Limited ("the Company") and the entities it controlled, for the financial year ended 30 June 2018.

1. GENERAL INFORMATION

Information on Directors

The names, qualifications, experience and special responsibilities of each person who has been a Director during the year and to the date of this report are:

Dr David King	**Chairman (Non-executive)**
Qualifications	PhD in Seismology, Australian National University, Fellow of The Australian Institute of Company Directors, Fellow of the Australian Institute of Geoscientists
Experience	Experience as Chairman, Executive and Non-executive Director in high growth companies, across a variety of sectors, and particularly in governance issues in publicly listed companies.
Interest in shares and options	Shares: 200,000 directly held Shares: 1,200,000 indirectly held Options: 200,000 (Expiry: 19 November 2018, exercisable at $1.20 each) indirectly held
Special responsibilities	Member of the Audit and Risk Committee and member of the Nomination and Remuneration Committee
Other directorships in listed entities held in the previous three years	Current directorships – Litigation Capital Management Ltd, Galilee Energy Limited and African Petroleum Corporation. Previous directorships – Robust Resources Limited, Republic Gold Limited and Tengri Resources Limited

Ms Maria Halasz	**CEO and Managing Director**
Qualifications	MBA, BSc in Microbiology, University of Western Australia, Graduate of the Australian Institute of Company Directors
Experience	25 years' experience in biotechnology working in executive positions in private and public biotechnology firms, then managing investment funds and later holding senior positions in corporate finance specialising in life sciences.
Interest in shares and options	Shares: 420,000 directly held Shares: 400,000 directly held (escrowed) Shares: 1,016,808 indirectly held
Special responsibilities	CEO and Managing Director
Other directorships in listed entities held in the previous three years	None

Mr Bruce Gordon	**Director (Non-executive)**
Qualifications	BA, Macquarie University, Fellow of The Institute of Chartered Accountants Australia and New Zealand, Fellow of The Australian Institute of Company Directors
Experience	An audit and corporate finance specialist, and an experienced finance professional with a career spanning more than 35 years advising and providing financial services to private and publicly listed companies as well as subsidiaries of large multinationals.
Interest in shares and options	Shares: 101,316 indirectly held Options: 100,000 (Expiry: 19 November 2018, exercisable at $1.20 each) indirectly held
Special responsibilities	Chairman of the Audit and Risk Committee and member of the Nomination and Remuneration Committee
Other directorships in listed entities held in the previous three years	None

Dr Fintan Walton	**Director (Non-executive)**
Qualifications	PhD, Genetics, Trinity College Dublin
Experience	Founder and CEO of PharmaVentures Ltd, a UK based corporate advisory firm that provides advice on all aspects of corporate transactions, business brokering, mergers and acquisitions and licensing deals to a diversified global network.
Interest in shares and options	Shares: 12,500 directly held Shares: 52,500 indirectly held Options: 100,000 (Expiry: 19 November 2018, exercisable at $1.20 each) directly held
Special responsibilities	Member of the Audit and Risk Committee^ and member of the Nomination and Remuneration Committee ^ Dr Fintan Walton resigned from the Audit and Risk Committee on 21 February 2018
Other directorships in listed entities held in the previous three years	None

DIRECTORS' REPORT CONTINUED

Dr Martin Cross	**Director (Non-executive) Appointed 16 October 2017**
Qualifications	PhD, Microbiology, Aberdeen University Scotland, Fellow of the Australia Institute of Company Directors
Experience	Over 30 years' experience working in the pharmaceutical and biotech industries primarily in all aspects of marketing, selling and business management. This included global roles at international Headquarters of AstraZeneca and Novartis. Former Country President for Novartis Australia/NZ, Managing Director for Alphapharm (Mylan) Australia/NZ and Chairman of the Generics Industry Association and Medicines Australia.
Interest in shares and options	Shares: 175,000 indirectly held
Special responsibilities	Member of the Audit and Risk Committee and member of the Nomination and Remuneration Committee
Other directorships in listed entities held in the previous three years	Non-Executive Director Oncosil Ltd
Other	Non-Executive Director NHMRC National Institute of Dementia Research, Advisor Pursuit Sports Pty Ltd, Advisor University of Technology Sydney (Pharmacy Commercial Advisory Board)

Mr Dennis Eck	**Director (Non-executive) Appointed 26 March 2018**
Qualifications	BSc, The University of Montana
Experience	40 years senior management experience in the retail sector, providing significant strategic and operational expertise. Mr Eck, a professional investor, has extensive retail experience, from fashion to groceries, including cosmetics and hair salons. As a senior strategist, Mr Eck has helped reshape the operations of several retail businesses delivering outstanding shareholder returns.
Interest in shares and options	Shares: 5,331,579 directly held
Special responsibilities	N/A
Other directorships in listed entities held in the previous three years	ULTA Inc.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Mr Lee Tamplin	**Company Secretary (Appointed 6 September 2018)**
Qualifications	BA (Hons) Financial Services, Bournemouth University United Kingdom, Diploma of Financial Planning, Graduate of the Australian Institute of Company Directors and Member of the Governance Institute of Australia
Experience	20 years' experience in financial services in both Australia and UK. Company Secretary for a number of ASX listed, NSX listed and proprietary companies.

Mr Raymond Ting	**Company Secretary (Resigned 6 September 2018)**
Qualifications	B.Com, University of Western Australia, Graduate Diploma of Applied Corporate Governance, Member of The Institute of Chartered Accountants Australia and New Zealand
Experience	A Chartered Accountant and Company Secretary with accounting and secretarial experience in public listed companies, unlisted property fund managers, property developers, multi-national engineering firms and large private companies.

Principal activities and significant changes in nature of activities

The principal activities of the Group during the financial year were:

- Midkine Business: The development and commercialisation of diagnostic and therapeutic products for the management of diseases such as cancer and various chronic inflammatory conditions by targeting midkine (Lyramid Limited and Kinera Limited); and
- Consumer Health Business: The development and sale of over-the-counter (OTC) and cosmetic treatments to alleviate excessive and abnormal hair loss and re-establish the natural hair growth cycle (Advangen Limited)

There were no significant changes in the nature of the Group's principal activities during the financial year.

2. OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Operating results

The operating results for the Group continued to improve during the 2018 financial year. Revenue and Other Income for the Group increased 23% to $6,834,924 (2017: $5,560,121) during the reporting period, with a 26% increase in Consumer Health revenue to $5,647,930 (2017: $4,496,338). Consolidated loss was down 17% to $3,732,615 after providing for income tax (2017: $4,482,273 loss). An R&D tax credit of $946,963 was received during the reporting period (2017: $831,408).

Review of operations

The Group achieved several major commercial milestones during FY2018 for the Consumer Health Business (Advangen Limited) in Australia, Japan, USA and China. In Japan, the Group's sales in television shopping channel QVC continued to increase and the first Advangen concept store was opened in October 2017 in Ginza, Tokyo. In Australia distribution rights for a new product range, Fillerina®, have been secured to optimise existing sales channels. In the USA the Group signed retail partnerships with Neiman Marcus, Bloomingdales and Soft Surroundings during the reporting period. In China, import permits for the Group's Japanese brands were issued in August 2017 and a distribution agreement was signed with Beijing Fukangren Biopharma in May 2018.

The Group's Midkine Business, Lyramid Limited and Kinera Limited, continued the preclinical development programs and demonstrated efficacy in new disease models. The Group has formed collaborations, which resulted in the development of novel intellectual property and filing of patent applications. The scientific developments around the Group's key midkine asset portfolio resulted in a publication in *Nature*, the highest ranked scientific journal. In addition to receiving the R&D tax credit of $946,963 the Group received an Innovation Connections Grant to the value of $110,000 from the Federal Government for its research into chronic kidney disease.

DIRECTORS' REPORT CONTINUED

i. Consumer Health Business (Advangen Limited or Advangen)

Revenue in the Consumer Health Business has grown 26% to $5,647,930, largely as a result of increased sales in Japan and early results from the USA market. Originally set up for the commercialisation of the over-the-counter hair growth products based on the FGF5 inhibition technology, the Consumer Health business developed a global footprint during the reporting period with premium retail partnerships in the USA and a distribution agreement in China in addition to existing sales in Japan and Australia. The Group has also acquired distribution rights for a new anti-aging skincare product, Fillerina®, to broaden its product offerings in Australia and New Zealand.

Ginza store launch and growth in Japan from television shopping channel QVC

Sales growth was recorded during the reporting period from the Group's Jo-Ju® products through Japanese television shopping network QVC, which has an audience of 26 million households. Additional channels contributing to the strong Japanese sales during the reporting period included barbershops for the Lexilis® branded products and sales from the first concept store opened in Ginza, Tokyo, in October 2017.

USA premium retail partnerships and public relations success for evolis® Professional

The Group secured a retail partnership with luxury department store chain Neiman Marcus in August 2017. With 42 stores across the US and an increasingly significant and fast-growing online presence Neiman Marcus e-commerce sales of the evolis™ Professional products commenced in September 2017. Sales exceeded expectations and Neiman Marcus will range evolis™ Professional products in stores from September 2018 as a result. In April 2018 the Group partnered with Bloomingdales, one of the oldest and most prestigious department stores in the USA established in 1872 and currently owned by Macy's, Inc. In June 2018 e-commerce sales have commenced on the Soft Surroundings platform. The US consumer experience study, LOVE IS, into the evolis™ Professional range was completed in August 2017 with 98% of participants reporting new hair growth, 97% reported decreased hair fall and 96% improved texture. The results have been editorialised in major business and consumer publications including Forbes, New Beauty, eol.com, and Readers' Digest reaching at least 169 million readers with 424 million potential impressions.

Chinese import permits and distribution agreement represent new sales channels

An exclusive distribution agreement was signed with Chinese pharmaceutical company Beijing Fukangren Biopharma (Fukangren) for the evolis® range of pharmacy grade over-the-counter medicines in May 2018. The agreement provides for a period of 12 months to obtain CFDA regulatory approvals for the evolis® products. Subject to receiving the approvals, Fukangren will be required to order minimum product quantities to maintain market exclusivity for the products in China. The Group's Lexilis® and Jo-Ju® products received Chinese FDA approval for import into China on 1 August 2017, and sales commenced through a local distributor.

Australian pharmacy capabilities recognised with Fillerina® distribution rights

With a national sales team operating since September 2017 the Australian focus has been on improving financial performance by abandoning non-profitable sales campaigns, adding new products and increasing training and merchandising in pharmacies. The acquisition of distribution rights in April 2018 for the Fillerina® product range, the first non-injectable dermal fillers with clinical evidence of performance, and the development of new products, are critical for achieving profitability for the Group's Australian business.

ii. Midkine Business (Lyramid Limited and Kinera Limited)

Nature publication and 5th Midkine Symposium confirms clinical potential for midkine antibody assets

In August 2017 Cellmid reported the publication in *Nature* of the results of a significant study showing for the first time that midkine, around which the Company holds extensive intellectual property rights, is 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 midkine 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 reinforced midkine's strong clinical potential in cancer.

In May 2018 the Group held its 5th Midkine Symposium in Munich, Germany. New research findings on midkine and midkine inhibitors were revealed across 38 presentations by scientists from 13 countries. Highlights of the Symposium included themed sessions on the role of midkine in cancer (12 talks), cardiovascular biology (6 talks), and tissue injury responses (7 talks), as well as neural development and CNS disorders (6 talks). Many speakers highlighted and expanded upon research recently published in top ranking and prestigious journals including *Nature, Cell, Cell Reports, Science Signalling* and *Science Reports*, which contributed to a high-quality scientific meeting.

The high quality of recent publications is reflective of the improved understanding of the importance of midkine in many disease processes. Significantly, the Symposium revealed new evidence around midkine's role as a critical mediator of cell communication and inter-organ signalling in cancer and inflammatory diseases highlighting the potential clinical applications for the Group's antibodies.

iii. Significant changes in state of affairs

On 31 July 2018 the Group completed a private placement of shares to sophisticated and institutional investors and received firm, irrevocable commitments for $9 million equity funding (before costs). Costs of the offer included the issuing of 1,000,000 options to the lead manager, Blue Ocean Equities, at a nil issue price, an exercise price of $0.80 and a term of 3 years. Approximately $7.2 million of this funding was subject to shareholders' approval. The Group held a general meeting of the shareholders on 7 September 2018 where the issuing of the shares pursuant to the placement was approved.

On 31 July 2018 the Group announced a Share Purchase Plan (SPP) to the amount of $1 million. The Share Purchase Plan closed on 30 August 2018 raising $1,025,000.

Update on the Ikon legal action

On 22 July 2016, the Group announced that Ikon Communications Pty Ltd (Ikon) had filed a claim for an amount of $939,055 plus interest pursuant to the services agreement entered into between Group Company Advangen International Pty Ltd (Advangen) and Ikon on 15 June 2015, being a claim for invoices which Advangen has not paid to Ikon. Advangen continued to vigorously defend its position that it is not liable for those unpaid invoices because Ikon has breached the services agreement, failed to provide certain contractually required services at all or adequately and engaged in misleading or deceptive conduct that has caused Advangen loss and damage. Advangen filed a cross claim for payments made for services not provided or not properly provided by Ikon, plus other loss it says it suffered by reason of Ikon's conduct and submitted evidence, including expert evidence, to that effect during the reporting period. The proceedings (Ikon's claim and Advangen's cross claim) began hearing in the New South Wales Supreme Court on 10 September 2018.

3. FINANCIAL REVIEW

Financial position

The net assets of the Group at 30 June 2018 were $1,855,172 ($4,071,026 at 30 June 2017) while current assets decreased to $4,159,083 ($5,562,302 at 30 June 2017). With the capital raising of $10 million after the closing of the reporting period the Directors believe that the Group is in a very strong financial position to carry out its current and planned operations.

4. OTHER ITEMS

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the entities in the Group during the 2018 financial year.

Dividends paid or recommended

The Company has not paid or declared any dividends during the financial year (2017: Nil).

DIRECTORS' REPORT CONTINUED

Events since the end of the financial year

There have been no significant events, other than those noted above, since the closing of the 2018 financial year.

Likely developments and expected results of operations

The Group is focused on developing both its Consumer Health and Midkine Businesses in the coming year. Maximizing market penetration for the Groups' FGF5 inhibitor hair loss products in Australia and internationally will be the focus of the Consumer Health business. The Group will also continue to progress its midkine assets in its dedicated wholly owned subsidiaries, Lyramid and Kinera.

Environmental regulations

The Group's operations are not regulated by any significant environmental law of the Commonwealth or of a state or territory of Australia, Japan or the United States.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Indemnification and insurance of officers and auditors

During the financial year, the Group paid a premium to insure the Directors and officers of the Group. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities (other than legal costs) that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

During or since the end of the financial year, the Group has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums in favour of its Directors as follows:

- right to access certain Board papers of the Group during the period of their tenure and for a period of seven years after that tenure ends;
- subject to the Corporations Act 2001, an indemnity in respect of liability to persons other than the Company and its related bodies corporate, that they may incur while acting in their capacity as an officer of the Company or a related body corporate, except for specified liabilities where that liability involves a lack of good faith or is for legal costs for defending certain legal proceedings; and
- the requirement that the Group maintain appropriate directors' and officers' insurance for the officer.

No liability has arisen under these indemnities as at the date of the report.

There is no indemnity cover in favour of the auditor of the Group during the financial year.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important and relevant where the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board. There were no additional services provided by the auditor during the year.

Meetings of Directors

Seven meetings of the Directors were held during the financial year. Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit and Risk Committee		Nomination and Remuneration Committee	
	Number eligible to attend	**Number attended**	**Number eligible to attend**	**Number attended**	**Number eligible to attend**	**Number attended**
Dr David King	7	7	6	6	1	1
Ms Maria Halasz	7	7	-	6*	-	1*
Mr Bruce Gordon	7	7	6	6	1	1
Dr Fintan Walton	7	7	4	6^	1	1
Dr Martin Cross	5	5	4	4	-	-
Mr Dennis Eck	2	2	-	-	-	-

* by invitation

^attendance as a member and by invitation

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

	Expiry date	Exercise Price	Number under option
Unlisted options	19 November 2018	$1.20	450,000
Unlisted options	19 November 2018	$0.62	25,000
Unlisted options	31 October 2019	$0.60	100,000
Unlisted options	1 July 2020	$0.60	50,000
			625,000*

*On 23 November 2017, the Group completed the twenty to one shares consolidation.

400,000 shares are vested and held in escrow at 30 June 2018 (8,000,000 held in escrow in 2017). 1,440,000 options lapsed during the financial year ended 30 June 2018 (263,148,229 in 2017) and 1,025,000 options have lapsed since the end of the financial year to the date of this report.

DIRECTORS' REPORT CONTINUED

5. REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration agreements for the Group in accordance with the requirements of the Corporations Act 2001 and its regulations.

The information provided in this remuneration report has been audited as required by section 308 (3C) of the Corporations Act 2001.

The key management personnel of the Group for the year consisted of the following Directors of Cellmid Limited:

Name of Director	Position	Date Appointed	Date Ceased
Dr David King	Non-executive Chairman	18 January 2008	Current
Mr Bruce Gordon	Non-executive Director	1 July 2015	Current
Dr Fintan Walton	Non-executive Director	21 July 2015	Current
Dr Martin Cross	Non-executive Director	16 October 2017	Current
Mr Dennis Eck	Non-executive Director	26 March 2018	Current
Ms Maria Halasz	CEO and Managing Director	14 April 2007	Current

Principles used to determine the nature and amount of remuneration

The performance of the Group depends on the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives. To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives; and
- if and when appropriate, establish performance hurdles in relation to variable executive remuneration.

The Board assesses the appropriateness of the nature and amount of remuneration of directors and senior managers of the Group on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality Board and executive team.

Group performance and link to remuneration

No performance-based bonus or incentive payments have been made during the reporting period.

The table below details the last five years earnings and total shareholders return.

	$ 2018	$ 2017	$ 2016	$ 2015	$ 2014
Revenue and Other Income	6,834,924	5,560,121	4,611,108	2,967,562	3,549,980
EBITDA	(3,069,373)	(4,022,577)	(3,130,344)	(3,174,838)	(1,359,259)
EBIT	(3,256,911)	(4,191,100)	(3,291,957)	(3,306,176)	(1,471,399)
Loss after income tax	(3,732,615)	(4,482,273)	(3,498,916)	(3,337,348)	(1,480,836)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	$ 2018	$ 2017	$ 2016	$ 2015	$ 2014
Share price at financial year end*	0.47	0.50	0.66	0.60	0.52
Total dividends declared	-	-	-	-	-
Basic earnings per share*	(6.74)	(8.79)	(7.60)	(8.60)	(4.20)

*On 23 November 2017, the Group completed a twenty to one share consolidation. Share price and earnings per share are quoted on consolidated shares.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior executive remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, while incurring costs that are acceptable to shareholders.

Structure

Each non-executive director receives a fixed fee for being a Director of the Group.

The Constitution and the ASX Listing Rules specify that the maximum aggregate remuneration of Non-executive directors shall be determined from time to time by a general meeting of shareholders. At the general meeting of shareholders in 2005, the maximum amount was set at $300,000 per annum. In 2018, the Group paid Non-executive directors a total of $210,202 ($171,175 in 2017).

The amount of aggregate remuneration sought to be approved by shareholders and the fixed fees paid to directors are reviewed annually. The Board considers fees paid to non-executive directors of comparable companies when undertaking the review.

Executive remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward executives for Group and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure

A policy of the Board is the establishment of employment or consulting contracts with the Chief Executive Officer and other senior executives. Remuneration consists of fixed remuneration under an employment or consultancy agreement and may include long term equity-based incentives that are subject to satisfaction of performance conditions. Details of these performance conditions are outlined in the equity-based payments section of this remuneration report. The equity-based incentives are intended to retain key executives and reward performance against agreed performance objectives.

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration that is both appropriate to the position and competitive in the market. Fixed remuneration is reviewed annually by the Board and the process consists of a review of Group wide and individual performance, relevant comparative remuneration in the market, and internal and (where appropriate) external advice on policies and practices.

Senior executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and expense payment plans, such that the manner of payment chosen is optimal for the recipient without creating additional cost for the Group.

DIRECTORS' REPORT CONTINUED

Remuneration policy and performance

As at 30 June 2018 no executive of the Group had remuneration that was 'at risk remuneration'.

Remuneration details for the year ended 30 June 2018

Details of the remuneration of the directors and key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and the highest paid executives of Cellmid are set out in the following tables.

	Short-term benefits		Long-term benefits	Post-employment benefits	Share-based payments	
2018	**Cash salary fees $**	**Employee entitlements $**	**Employee entitlements $**	**Superannuation $**	**Options $**	**Total $**
Directors						
Non-executive directors						
David King	65,000	-	-	6,175	-	71,175
Bruce Gordon	50,000	-	-	-	-	50,000
Fintan Walton	50,000	-	-	-	-	50,000
Martin Cross	35,641	-	-	3,386	-	39,027
Dennis Eck^	-	-	-	-	-	-
Total non-executive directors	**200,641**	**-**	**-**	**9,561**	**-**	**210,202**
Executive directors and key management						
Maria Halasz*	428,538	18,457	4,696	22,800	-	474,491
	629,179	**18,457**	**4,696**	**32,361**	**-**	**684,693**

*Amount includes consulting fees paid to Direct Capital Group Pty Ltd. Ms Halasz is also the director of Direct Capital Group Pty Ltd ("DCG") who provides consulting services to the Group. The contract between the Group and DCG is based on normal commercial terms. In addition to the above Ms Halasz was paid $155,077 through DCG in accumulated leave entitlements during the year. This amount was disclosed as remuneration in previous years' annual reports. Refer to below for further details.

^Dennis Eck is expected to be remunerated on an equity basis, subject to shareholders' approval at the next Annual General Meeting of the Group. In the event that shareholders' approval is not received he will receive the equivalent remuneration to other non-executive directors in cash.

	Short-term benefits		Long-term benefits	Post-employment benefits	Share-based payments	
2017	Cash salary fees $	Employee entitlements $	Employee entitlements $	Superannuation $	Options $	Total $
Directors						
Non-executive directors						
David King	65,000	-	-	6,175	-	71,175
Bruce Gordon	50,000	-	-	-	-	50,000
Fintan Walton	50,000	-	-	-	-	50,000
Total non-executive directors	**165,000**	**-**	**-**	**6,175**	**-**	**171,175**
Executive directors and key management						
Maria Halasz	428,538	18,457	4,470	22,800	(52,781)^	421,484
	593,538	**18,457**	**4,470**	**28,975**	**(52,781)**	**592,659**

^The negative share-based payment is due to a reversal of share based payment previously recognised. Refer to equity-based compensation for details.

Directors' and Key Management Personnel (KMP) shareholdings

The number of shares held in the Group during the financial year by each Director and (KMP) of Cellmid Limited, including their related parties, are set out below.

	Balance at beginning of year	Received as part of remuneration	Other changes Pre Consolidation	Consolidation*	Other changes Post Consolidation	Balance at end of year
2018						
David King	24,000,000	-	4,000,000	(26,600,000)	-	1,400,000
Maria Halasz	25,073,025	-	2,250,000	(25,956,874)	207,500	1,573,651
Bruce Gordon	1,500,000	-	-	(1,425,000)	-	75,000
Fintan Walton	800,000	-	500,000	(1,235,000)	-	65,000
Martin Cross	-	-	900,000	(855,000)	-	45,000
Dennis Eck	-	-	-	-	2,700,000	2,700,000
2017						
David King	22,500,000	-	1,500,000	-	-	24,000,000
Maria Halasz	24,222,600	-	850,425	-	-	25,073,025
Bruce Gordon	500,000	-	1,000,000	-	-	1,500,000
Fintan Walton	300,000	-	500,000	-	-	800,000

*On 23 November 2017, the Group completed a twenty to one share consolidation.

Directors' and KMP option holdings

The number of options held in the company during the financial year by each director and member of key management personnel of Cellmid Limited, including their personally related parties, are set out below.

	Balance at beginning of year	Acquired	Disposed/ Expired/ Exercised/	Received as part of 2018 remuneration	Consolidation*	Balance at end of year	Vested and exercisable at end of year
2018							
David King	4,000,000	-	-	-	(3,800,000)	200,000	200,000
Maria Halasz	-	-	-	-	-	-	-
Bruce Gordon	2,000,000	-	-	-	(1,900,000)	100,000	100,000
Fintan Walton	2,000,000	-	-	-	(1,900,000)	100,000	100,000
Martin Cross	-	-	-	-	-	-	-
Dennis Eck	-	-	-	-	-	-	-

	Balance at beginning of year	Acquired	Disposed/ Expired/ Exercised/	Received as part of 2017 remuneration	Consolidation	Balance at end of year	Vested and exercisable at end of year
2017							
David King	15,250,000	-	(11,250,000)	-	-	4,000,000	4,000,000
Maria Halasz	6,500,000	-	(6,500,000)	-	-	-	-
Bruce Gordon	2,000,000	1,000,000	(1,000,000)	-	-	2,000,000	2,000,000
Fintan Walton	2,000,000	250,000	(250,000)	-	-	2,000,000	2,000,000

* On 23 November 2017, the Group completed a twenty to one share consolidation

Relationship between remuneration policy and company performance

The proportion of remuneration linked to performance and the proportion that is fixed is as follows:

	Fixed remuneration		At risk STI		At risk LTI	
	2018 %	2017 %	2018 %	2017 %	2018 %	2017 %
Directors						
David King	100.00	100.00	-	-	-	-
Maria Halasz	100.00	100.00	-	-	-	-
Bruce Gordon	100.00	100.00	-	-	-	-
Fintan Walton	100.00	100.00	-	-	-	-
Martin Cross	100.00	-	-	-	-	-
Dennis Eck^	-	-	-	-	-	-

^Dennis Eck is expected to be remunerated on an equity basis, subject to shareholders' approval at the next Annual General Meeting of the Group. In the event that shareholders' approval is not received he will receive the equivalent remuneration to other non-executive directors in cash.

Service agreements

The remuneration of the Chief Executive Officer, Maria Halasz, reflects the activities of the two business units, Consumer Health Business and Midkine Business, within the Group.

On 1 July 2016 a service agreement was signed between the Group and Maria Halasz. Pursuant to this service agreement Maria Halasz's salary component with the Group was reduced, and two consulting agreements, one with Lyramid Limited and one with Advangen Limited, were signed by Direct Capital Group Pty Ltd, a company associated with Ms Halasz.

The above arrangement is covered under one service agreement and the conditions are as follows:

- The remuneration for Ms Halasz is fixed, however, at the discretion of the Board and subject to prior approval by shareholders, she may receive performance based incentives in the future.
- The duration of the service agreement is 3 years.
- No leave and superannuation entitlement accrue in relation to the consulting agreements with Direct Capital Group Pty Ltd.
- Ms Halasz may resign from her position and thus terminate the service agreement, including the consulting agreements with Direct Capital Group Pty Ltd, by giving six months' written notice. On resignation any unvested options will be forfeited.
- The Group may terminate the employment agreement, including the consulting agreements with Direct Capital Group Pty Ltd, by providing six months' written notice or providing payment in lieu of the notice period (based on the fixed component of Ms Halasz's remuneration).
- The Group may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the CEO is only entitled to that portion of remuneration which is fixed, and only up to the date of termination.
- The service agreement was amended in July 2017 to extinguish the accrued leave liability of Ms Halasz. The consulting fee was increased by $155,077 and was paid between the period of 15 July 2017 and 15 April 2018. Following this period, the consulting fee returned as per the original agreement dated 1 July 2016.

Equity-based compensation

No equity-based compensation in the form of options over ordinary shares were issued during the year ended 30 June 2018.

On 25 November 2013, 12,000,000 loan shares were granted to Maria Halasz in three equal tranches under the Cellmid Limited and Controlled Entities Employee Incentive Plan and as approved by shareholders at the annual general meeting on 22 November 2013. Ordinary shares were issued under the arrangement funded by a limited recourse loan with the following vesting conditions attached:

Tranche	Vesting date	Shares Pre Consolidation	Shares Post Consolidation*	Vesting Conditions
1	25/11/2016	4,000,000	200,000	Shares will vest at any time before the vesting date when the Group's operating revenue reaches a total of $4,000,000 over any consecutive 12 months. The fair value at the date of grant was $73,200. The conditions in relation to this tranche have been met.
2	25/11/2016	4,000,000	200,000	Shares will vest at any time before the vesting date subject to the first patient being recruited into the Group's planned midkine antibody trial. The fair value at the date of grant was $73,200. The conditions in relation to this tranche were not met.
3	25/11/2016	4,000,000	200,000	Shares will vest at any time before the vesting date subject to the signing of one of the following agreements for the Group's consumer health products in a territory outside of Australia and Japan: (a) a diagnostic or therapeutic licence; or (b) a distribution agreement. The fair value at the date of grant was $73,200. The conditions in relation to this tranche have been met.

*On 23 November 2017, the Group completed a twenty to one share consolidation.

DIRECTORS' REPORT CONTINUED

The effect of the arrangement is akin to an option. The value of the shares at the date of grant was $0.0183 per share. 400,000 shares are vested and held in escrow as of 30 June 2018. Vesting condition 2 was not met at 25 November 2016.

Loans to directors and other members of key management personnel

There were no loans to directors or other members of key management personnel during or since the end of the financial year.

This concludes the remuneration report which has been audited.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the Corporations Act 2001 for the year ended 30 June 2018 has been received and can be found on page 64 of the financial report.

This director's report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

David King
Director

Dated this 19th day of September 2018

CORPORATE GOVERNANCE

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Cellmid Limited and its Controlled Entities ('the Group') have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations – 3rd edition ('the ASX Principles') are applicable for financial years commencing on or after 1 July 2014, consequently for the Group's 30 June 2018 year end. As a result, the Group has chosen to publish its Corporate Governance Statement on its website rather than in this Annual Report.

The Corporate Governance Statement and governance policies and practices can be found in the corporate governance section of the Company's website at http://www.cellmid.com.au.

The Group's Corporate Governance Statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

ANNUAL FINANCIAL REPORT CONTENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018	Note	Consolidated 2018 $	2017 (Restated) $
Sales revenue	3	**5,647,930**	4,496,338
Other revenue	3	**112,239**	226,268
Other income	3	**1,074,755**	837,515
		6,834,924	5,560,121
Less Expenditure			
Manufacturing sales expense		**(2,169,844)**	(2,118,717)
Advertisement and marketing expense		**(957,524)**	(1,528,636)
Bad debts expense		**(35,514)**	(8,485)
Consultancy expense		**(488,298)**	(523,800)
Conference and meetings expense		**(88,811)**	(166,011)
Communication expense		**(74,465)**	(60,175)
Depreciation and amortisation expense		**(187,538)**	(168,523)
Employee benefits expense		**(3,262,667)**	(2,540,540)
Finance costs		**(473,274)**	(291,173)
Loss on foreign exchange		**-**	(61,636)
Occupancy expense		**(295,911)**	(223,350)
Professional fees		**(687,690)**	(599,096)
Research and development expense		**(598,480)**	(599,605)
Share-based compensation		**(111,490)**	(16,107)
Subscription expense		**(109,583)**	(87,251)
Travel expense		**(385,286)**	(388,646)
Other expenses		**(638,734)**	(625,046)
Loss before income tax expense	4	**(3,730,185)**	(4,446,676)
Income tax expense	5	**(2,430)**	(35,597)
Loss for the year after income tax		**(3,732,615)**	(4,482,273)
Other comprehensive income, net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		**106,223**	(279,381)
Total comprehensive income for the year		**(3,626,392)**	(4,761,654)
Loss for the year attributable to:			
Owners of Cellmid Limited		**(3,732,615)**	(4,482,273)
Total comprehensive income for the year attributable to:			
Owners of Cellmid Limited		**(3,626,392)**	(4,761,654)
Earnings per share for loss attributable to the owners of Cellmid Limited			
Basic earnings per share (cents)	8	**(6.74)**	(8.79)
Diluted earnings per share (cents)	8	**(6.74)**	(8.79)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018	Note	2018 $	Consolidated 2017 (Restated) $	1 July 2016 (Restated) $
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	9	**1,607,783**	3,994,641	2,686,329
Trade and other receivables	10	**1,031,346**	378,284	298,339
Inventories	11	**1,180,731**	1,079,323	1,009,792
Other assets	12	**339,223**	110,054	136,644
TOTAL CURRENT ASSETS		**4,159,083**	5,562,302	4,131,104
NON-CURRENT ASSETS				
Plant and equipment	13	**770,990**	744,704	757,137
Intangible assets	14	**1,818,504**	1,841,385	2,214,693
TOTAL NON-CURRENT ASSETS		**2,589,494**	2,586,089	2,971,830
TOTAL ASSETS		**6,748,577**	8,148,391	7,102,934
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	15	**1,539,742**	1,613,668	1,434,443
Loans and borrowings	16	**2,007,427**	1,840,533	802,177
Employee provisions	17	**175,345**	306,755	223,001
TOTAL CURRENT LIABILITIES		**3,722,514**	3,760,956	2,459,621
NON-CURRENT LIABILITIES				
Loans and borrowings	16	**1,166,447**	314,572	196,807
Employee provisions	17	**4,444**	1,837	68,336
TOTAL NON-CURRENT LIABILITIES		**1,170,891**	316,409	265,143
TOTAL LIABILITIES		**4,893,405**	4,077,365	2,724,764
NET ASSETS		**1,855,172**	4,071,026	4,378,170
EQUITY				
Issued capital	18	**38,014,078**	36,715,030	32,426,826
Reserves	19	**2,595,360**	2,377,647	2,542,799
Accumulated losses		**(38,754,266)**	(35,021,651)	(30,591,455)
TOTAL EQUITY		**1,855,172**	4,071,026	4,378,170

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Note	Issued Capital $	General Reserve $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total Equity $
Consolidated							
Balance at 1 July 2017		**36,715,030**	**18,258**	**2,053,007**	**306,382**	**(35,021,651)**	**4,071,026**
Loss for the year after income tax		-	-	-	-	(3,732,615)	**(3,732,615)**
Other comprehensive income	19	-	-	-	106,223	-	**106,223**
Total comprehensive income for the year, net of tax		**-**	**-**	**-**	**106,223**	**(3,732,615)**	**(3,626,392)**
Transactions with equity holders							
Share-based payments	19	-	-	111,490	-	-	**111,490**
Shares issued during the year - net of transaction costs (Cash)	18	1,299,048	-	-	-	-	**1,299,048**
Balance at 30 June 2018		**38,014,078**	**18,258**	**2,164,497**	**412,605**	**(38,754,266)**	**1,855,172**
Consolidated							
Balance at 1 July 2016		**32,426,826**	**(79,864)**	**2,036,900**	**585,763**	**(30,279,575)**	**4,690,050**
Prior period error	30	-	-	-	-	(311,880)	**(311,880)**
Balance at 1 July 2016 (Restated)		**32,426,826**	**(79,864)**	**2,036,900**	**585,763**	**(30,591,455)**	**4,378,170**
Prior period error	30	-	-	-	-	(12,137)	**(12,137)**
Loss for the year after income tax		-	-	-	-	(4,470,136)	**(4,470,136)**
Other comprehensive income		-	-	-	(279,381)	-	**(279,381)**
Total comprehensive income for the year, net of tax (Restated)	19	**-**	**-**	**-**	**(279,381)**	**(4,482,273)**	**(4,761,654)**
Transactions with equity holders							
Share-based payments	19	-	-	16,107	-	-	**16,107**
Shares issued during the year - net of transaction costs (Cash)	18	4,074,104	-	-	-	-	**4,074,104**
Shares issued during the year - net of transaction costs (Non-Cash)		214,100	-	-	-	-	**214,100**
Transfer of Equity value of 2016 loan repaid		-	(52,077)	-	-	52,077	-
Equity value of loan - net of transaction costs	19	-	150,199	-	-	-	**150,199**
Balance at 30 June 2017 (Restated)		**36,715,030**	**18,258**	**2,053,007**	**306,382**	**(35,021,651)**	**4,071,026**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018		Consolidated	
		2018	2017
	Note	$	$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**5,038,814**	5,001,390
Payments to suppliers and employees		**(10,293,029)**	(9,823,291)
Interest received		**33,599**	56,956
Grant income		**1,056,963**	831,408
Finance costs		**(357,981)**	(126,982)
Net cash used in operating activities	21	**(4,521,634)**	(4,060,519)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of non-current assets		**(107,167)**	(35,877)
Net cash used in investing activities		**(107,167)**	(35,877)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**1,326,000**	4,190,559
Share issue costs, net of tax		**(26,952)**	(116,455)
Proceeds from loans and borrowings		**903,477**	1,867,960
Repayments of loans and borrowings		**-**	(498,277)
Net cash provided by financing activities		**2,202,525**	5,443,787
Net (decrease) / increase in cash and cash equivalents held		**(2,426,276)**	1,347,391
Cash and cash equivalents at beginning of financial year		**3,994,641**	2,686,329
Effect of exchange rate changes		**39,418**	(39,079)
Cash and cash equivalents at end of financial year	9	**1,607,783**	3,994,641

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Cellmid Limited is a public company, listed on the Australian Stock Exchange, limited by shares and incorporated and domiciled in Australia.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

The financial statements cover Cellmid Limited as a Group, consisting of Cellmid Limited and the entities it controlled at the end of, or during the year.

The financial statements were authorised for issue by the directors on 19th September 2018.

Basis of Preparation

Historical Cost Convention

The financial statements have been prepared on an accruals basis and are based on historical costs, except for certain non-current assets and financial instruments that are measured at re-valued amounts or fair values. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical Accounting Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in the relevant notes.

Parent Entity Information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Group only. Supplementary information about the parent entity is included in Note 2.

(a) Going concern

The Directors have prepared the financial statements 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.

On 31 July 2018 the Group announced that it had raised $9 million, before costs (of 5%), via a capital raising to new and existing institutional investors. On that date the Group also announced a Share Purchase Plan to raise $1 million from existing shareholders. Shareholder approval was required for a certain portion of this capital raising and this was obtained on 7 September 2018. The Share Purchase Plan closed on 30 August 2018 raising $1,025,000.

These funds have been included in the cash flow forecast for the next twelve months, prepared by management, which indicates that the Group will have the ability to meet its debts as and when they fall due.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cellmid Limited ("the Company") as at 30 June 2018 and the results of all subsidiaries for the year then ended. Cellmid Limited and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(c) New accounting standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018.

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items.

The Group will adopt this standard from 1 July 2018. It is not expected to significantly impact the financial statements of the Group.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018.

The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

The Group will adopt this standard from 1 July 2018. Based on the initial assessment by management, although this new standard may impact the preparation and reporting of the Group, the initial assessment indicates that the overall net financial impact will be immaterial.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019.

Under AASB 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under AASB 117, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). AASB 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. Under AASB 16, the lease commitments will be capitalised on the balance sheet and then depreciated.

The Group will adopt AASB 16 from 1 July 2019. Based on its currently existing leases, the impact to the profit and loss in 2020 is expected to be neutral and in the years 2021 to 2023 the impact to the profit and loss is expected to be a reduction in expense of between $10,000 and $50,000 per year. A right of use asset and lease liability of approximately $750,000 is expected to be capitalised on the balance sheet upon adoption.

2. PARENT ENTITY INFORMATION

The following information has been extracted from the books and records of the parent, Cellmid Limited, and has been prepared on the same basis as the consolidated financial statements, except as disclosed below. Investments in subsidiaries and intercompany loans are accounted for at cost, less any relevant impairment, in the financial statements of the parent entity.

	Note	2018 $	2017 (Restated) $	1 July 2016 (Restated) $
Statement of Financial Position				
ASSETS				
CURRENT ASSETS		**847,998**	3,401,880	2,245,484
NON-CURRENT ASSETS		**3,605,018**	3,214,876	7,844,835
Total Assets		**4,453,016**	6,616,756	10,090,319
LIABILITIES				
CURRENT LIABILITIES		**(2,590,589)**	(2,544,956)	(1,324,282)
NON-CURRENT LIABILITIES		**(7,255)**	(774)	(68,071)
Total Liabilities		**(2,597,844)**	(2,545,730)	(1,392,353)
EQUITY				
Issued capital		**38,014,078**	36,715,030	32,426,826
Accumulated losses		**(38,525,679)**	(34,899,288)	(25,817,837)
Reserves		**2,366,773**	2,255,284	2,088,977
Total Equity		**1,855,172**	4,071,026	8,697,966
Statement of Profit or Loss and Other Comprehensive Income				
Loss of the parent entity		**(3,626,391)**	(9,081,451)	(1,320,599)
Total comprehensive income		**(3,626,391)**	(9,081,451)	(1,320,599)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Contingent liabilities and contingent assets

Bank Guarantees

The parent entity has given bank guarantees as at 30 June 2018 of $129,560 (30 June 2017: $65,829) relating to the lease of commercial office space.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

On 30 June 2016, Cellmid Limited entered into a deed of cross guarantee to support the liabilities and obligations of four of its wholly-owned subsidiaries, Advangen Limited, Advangen International Pty Ltd, Kinera Limited and Lyramid Limited.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

Apart from the items noted above the parent entity had no contingent liabilities or contingent assets at 30 June 2018.

Capital Commitments

The parent entity had no capital commitments at 30 June 2018 (Nil at 30 June 2017).

3. REVENUE AND OTHER INCOME

Accounting Policy

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of products is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the products and the cessation of all involvement in those products. When goods are held on consignment by a third party, revenue is recognised when the goods are on sold by the third party.

Interest revenue is recognised as interest accrues using the effective interest rate method.

Royalties are recognised when it is probable that the economic benefits associated with the transaction will flow to the Group.

Government grants includes the research and development tax incentive. This represents a refundable tax offset that is available on eligible research and development expenditure incurred by the Group. Government Grants are recognised in profit or loss when the grant is received.

Revenue from continuing operations

	2018 $	2017 $
Sales revenue:		
Consumer health	**5,647,930**	4,496,338
Other revenue:		
Interest received	**33,599**	56,956
Licence fees and royalties	**64,252**	147,520
Other revenue	**14,388**	21,792
	112,239	226,268
Total revenue	**5,760,169**	4,722,606
Other income:		
Government grants	**1,056,963**	831,408
Gain on foreign exchange	**16,972**	-
Other income	**820**	6,107
Total other income	**1,074,755**	837,515

4. LOSS FOR THE YEAR

Loss before income tax includes the following specific expenses:

	2018 $	2017 $
Manufacturing sales expense	**(2,169,844)**	(2,118,717)
Finance costs	**(473,274)**	(291,173)
Defined contribution superannuation expense	**(240,030)**	(188,938)
Loss on foreign exchange	-	(61,636)
Rental expense on leased premises	**(281,468)**	(223,350)
Depreciation and amortisation expense	**(187,538)**	(168,523)
Research and development expense	**(598,480)**	(599,605)

5. INCOME TAX

Accounting Policy

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and adjustments recognised for prior periods where applicable. The Group is tax consolidated in Australia.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset only where a legally enforceable right of set off exists and it is intended that the net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5. INCOME TAX (CONTINUED)

	2018 $	2017 $
(a) The major components of income tax expense comprise:		
Income tax expense	**(2,430)**	(35,597)
(b) Numerical reconciliation of income tax expense to accounting loss:		
Loss for year before income tax expense	**(3,730,185)**	(4,446,676)
Prima facie tax benefit on loss from ordinary activities before income tax at 27.50% (2017: 27.50%)	**(1,025,801)**	(1,222,836)
Add / (less) tax effect of:		
Adjustment for tax-rate differences in foreign jurisdictions	**(18,878)**	(136,957)
Share-based payments	**30,632**	4,925
Sundry items	**243,684**	350,878
Research and development expenditure	**159,715**	329,154
Tax losses not brought to account	**608,218**	639,239
Income tax expense	**(2,430)**	(35,597)

The Group operates across three tax jurisdictions being Australia, Japan and USA each with different corporate tax rates.

(c) Unused tax losses

Movements in unused tax losses	Australia $	Japan $	USA $	Total $
Carried forward unused tax losses at the beginning of the financial year	19,704,380	1,957,069	547,825	22,209,274
Prior period differences between tax calculation and income tax return	(144,755)	-	-	(144,755)
Actual carried forward unused tax losses at the beginning of the financial year	19,559,625	1,957,069	547,825	22,064,519
Current unused / (used) tax losses for which no deferred tax asset has been recognised	2,281,965	(344,783)	274,520	2,211,702
Carried forward unused tax losses at the end of the financial year	21,841,590	1,612,286	822,345	24,276,221
Notional tax rate	27.50%	27.80%	21.00%	
Potential future tax benefit	**6,006,437**	**448,216**	**172,693**	**6,627,346**

No income tax benefit was recognised. This income tax benefit arising from tax losses will only be realised if:

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the Group to benefit from the deductions for the losses to be realised;

ii. the Group continues to comply with the conditions for deductibility imposed by tax legislation; maintains the continuity of ownership test and has carried on the same business since the tax loss was incurred; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

The Group has adopted the small business tax rate for the Australian entities, being 27.5%. The Group meets the small business eligibility criteria set by the Australian Taxation Office being aggregated turnover below $25 million and 80% or less of assessable income is passive income. The Group has no capital tax losses available.

6. INTERESTS OF KEY MANAGEMENT PERSONNEL ("KMP")

(a) Directors and key management personnel

The following persons were directors or key management personnel of Cellmid Limited during the financial year:

Dr David King	(Non-Executive Chairman)
Ms Maria Halasz	(CEO and Managing Director)
Mr Bruce Gordon	(Non-Executive Director)
Dr Fintan Walton	(Non-Executive Director)
Dr Martin Cross	(Non-Executive Director)
Mr Dennis Eck	(Non-Executive Director)

(b) Directors and key management personnel compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2018.

The totals of remuneration paid to Directors and KMP of the company and the Group during the year are as follows:

	2018 $	2017 $
Short-term employment benefits	**647,636**	611,995
Long-term benefits	**4,696**	4,470
Post-employment benefits	**32,361**	28,975
Share-based payments	-	(52,781)
	684,693	592,659

7. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Limited, the auditor of the parent entity, its related practices and unrelated firms:

	2018 $	2017 $
Audit or review of the Group Cellmid Limited		
Australia (Grant Thornton)	**97,500**	-
Australia (BDO)	-	56,500
Japan (Grant Thornton)	**10,000**	-
Japan (BDO)	-	10,000
	107,500	66,500

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. EARNINGS PER SHARE

Accounting Policy

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of Cellmid Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2018 $	2017 $
Basic and diluted earnings per share (in cents)	**(6.74)**	(8.79)
Reconciliation of earnings to profit or loss from continuing operations		
Loss for the year attributable to the owners of Cellmid Limited	**(3,732,615)**	(4,482,273)
	No.	No.
Weighted average number of ordinary shares used in calculating basic and dilutive earnings per share	**55,355,156**	51,007,948

Details relating to options are set out in Note 18.

9. CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the consolidated statement of financial position.

	2018 $	2017 $
Cash at bank and on hand	**1,607,783**	3,994,641

The effective interest rate on short term bank deposits at 30 June 2018 was 1.20% (2017: 1.75%); these deposits were all at call.

Reconciliation of cash

Cash and cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents	**1,607,783**	3,994,641

10. TRADE AND OTHER RECEIVABLES

Accounting Policy

Receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

	2018 $	2017 $
Current		
Trade receivables	**1,023,892**	386,850
Less: Provision for impairment	**(56,967)**	(20,970)
Other receivables	**64,421**	12,404
	1,031,346	378,284

Impairment of receivables

The Group has recognised a loss of $35,514 (2017: $8,485) in profit or loss in respect of impairment of receivables for the year ended 30 June 2018.

	2018 $	2017 $
The ageing of the impaired receivables provided for above are as follows:		
Over 6 months overdue	**56,967**	20,970
Movements in the provision for impairment of receivables are as follows:		
Opening balance	**20,970**	21,430
Additional provisions recognised	**35,514**	8,485
Receivables written off during the year	-	(8,945)
Foreign exchange movements	**483**	-
Closing balance	**56,967**	20,970

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $17,526 as at 30 June 2018 (30 June 2017: $18,150).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

Effective interest rates and credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty or Group of counterparties other than those receivables specifically provided for and mentioned within Note 24(b). The class of assets described as 'trade and other receivables' is considered to be the main source of credit risk related to the Group.

There is no interest rate risk for the balances of trade and other receivables. There is no material credit risk associated with other receivables.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. INVENTORIES

Accounting Policy

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of standard costing and are reviewed regularly. Costs of purchased inventory are determined after deducting rebates and realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

	2018 $	2017 (Restated) $
Midkine and MK ELISA	**16,957**	15,492
Consumer Health-finished goods	**937,344**	798,991
Consumer Health-raw materials	**226,430**	264,840
	1,180,731	1,079,323

12. OTHER ASSETS

	2018 $	2017 $
Prepayments	**339,223**	110,054

13. PLANT AND EQUIPMENT

Accounting Policy

Plant and equipment is measured at historical cost less accumulated depreciation/amortisation and any accumulated impairment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation / Amortisation

Depreciation is calculated on a straight line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Amortisation of the cost of the Midkine protein asset is calculated on a ug (or mg) basis as the protein is consumed through research activities and/or production of MK Elisa kits.

The depreciation rates used for each class of asset are:

Class of asset	Depreciation Rate
Furniture and fittings	20%
Office equipment	6.7% – 33.33%
Midkine	Based on usage

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

	2018 $	2017 (Restated) $
At cost	**1,614,734**	1,507,567
Accumulated depreciation/amortisation	**(843,744)**	(762,863)
	770,990	744,704

Movements in carrying amounts of plant and equipment 30 June 2018	**Computers and office equipment**	**Furniture and Fittings**	**Midkine**	**Total**
At cost	572,436	42,298	1,000,000	**1,614,734**
Accumulated depreciation/amortisation	(464,760)	(32,221)	(346,763)	**(843,744)**
	107,676	**10,077**	**653,237**	**770,990**
Balance at 1 July 2017	55,944	12,777	675,983	**744,704**
Additions	107,167	-	-	**107,167**
Depreciation/amortisation	(46,521)	(2,700)	(22,746)	**(71,967)**
Foreign exchange movements	(8,914)	-	-	**(8,914)**
Balance at 30 June 2018	**107,676**	**10,077**	**653,237**	**770,990**
Movements in carrying amounts of plant and equipment 30 June 2017				
At cost	465,269	42,298	1,000,000	**1,507,567**
Accumulated depreciation/amortisation	(409,325)	(29,521)	(324,017)	**(762,863)**
	55,944	**12,777**	**675,983**	**744,704**
Balance at 1 July 2016	67,069	1,948	-	**69,017**
Prior period error	-	-	688,120	**688,120**
Balance at 1 July 2016 (Restated)	**67,069**	**1,948**	**688,120**	**757,137**
Additions	24,240	11,637	-	**35,877**
Depreciation/amortisation	(34,776)	(808)	-	**(35,584)**
Foreign exchange movements	(589)	-	-	**(589)**
Midkine COS-Prior period error	-	-	(12,137)	**(12,137)**
Balance at 30 June 2017 (Restated)	**55,944**	**12,777**	**675,983**	**744,704**

14. INTANGIBLE ASSETS

Accounting Policy

Patents and trademarks

Patents and trademarks have a finite life and are measured at cost less any accumulated amortisation and any impairment losses.

Research and development

Expenditure on research activities is recognised as an expense in the period in which is incurred.

Impairment of intangible assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment includes the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. The recoverable amounts of the asset is determined based on reviewing the status of the research and development program, progress on its patent applications and projected cash flow calculations. These calculations require the use of assumptions, including estimating timing of cash flows, product development and availability of resources to exploit the assets.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

	2018 $	2017 $
Patents and trademarks		
At cost	**2,424,193**	2,301,371
Accumulated amortisation	**(605,689)**	(459,986)
	1,818,504	1,841,385

Movements in carrying amounts of patents and trademarks

	$
Balance at 1 July 2017	**1,841,385**
Additions	-
Amortisation	**(115,571)**
Foreign exchange movements	**92,690**
Balance at 30 June 2018	**1,818,504**
Balance at 1 July 2016	2,214,693
Additions	-
Amortisation	(120,802)
Foreign exchange movements	(252,506)
Balance at 30 June 2017	1,841,385

Intangible assets have finite useful lives. The Group has determined the useful life of the intangible assets at 20 years. The remaining useful life is 15 years.

15. TRADE AND OTHER PAYABLES

Accounting Policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Due to their short term nature they are measured at amortised cost and are not discounted.

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

	2018 $	2017 $
Trade payables	**603,759**	680,822
Other payables	**935,983**	932,846
	1,539,742	1,613,668

16. LOANS AND BORROWINGS

	2018 $	2017 $
Current (derivative & non-derivative)	**2,007,427**	1,840,533
Non-current (derivative & non-derivative)	**1,166,447**	314,572
	3,173,874	2,155,105

Accounting Policy

(a) Non Derivative

Non-derivative loans and borrowings are financial liabilities with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

	2018 $	2017 $
Current	**107,655**	56,711
Non-current	**1,166,447**	314,572
	1,274,102	371,283

The current loan amount relates to a loan to finance Directors' and Officers' liability insurance for $107,655 at an interest rate of 5.2%.

The non-current loan amount relates to loan facilities with Keiyo Bank Ltd (JPY: 90,291,000) and Chiba Bank Ltd. (JPY: 4,823,000) and a lease facility with Business Mitsui Trust Panasonic Finance KK (JPY: 387,612).

The loan facilities are secured by a fixed charge over the assets of Advangen Inc. and are fully drawn as at 30 June 2018.

(b) Compound

Derivative loans and borrowings are compound financial instruments which comprise of two components; a financial liability and an equity instrument.

The fair value of the liability component of a convertible loan is determined using a market interest rate for an equivalent non-convertible loan. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan. The remainder of the proceeds are allocated to the equity component. This is recognised and included in shareholders' equity.

	2018 $	2017 $
Current	**1,899,772**	1,783,822
Non-current	-	-
	1,899,772	1,783,822

On 27 February 2017, Cellmid Limited entered into an R&D loan advance agreement with Platinum Road for $2,000,000. The loan is secured against a R&D tax credit for a period of twenty-four months from commencement.

The agreement gives the lenders the right to require Cellmid to issue new ordinary fully paid shares at $1.00 per share to reduce the principal amount. Additionally, the lenders have the right to require Cellmid to issue fully paid ordinary shares in lieu of payment of accrued interest (at an annual rate of 12%, accrued monthly). These shares are to be issued at $0.70 per share, with a maximum total of 342,857 shares being issued.

17. EMPLOYEE PROVISIONS

Accounting Policy

Provision is made for the Company's liability for employee benefits arising from services rendered by employees up to the end of the reporting period. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

Short-term employee benefits

Liability for wages and salaries, including non-monetary benefits, annual leave, long service leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

Liability for annual leave and long service leave not expected to be settled within 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, using the projected unit credit method. Consideration is given to expected future wage and salary levels, of employee departures and period of service.

Retirement benefit obligations

Contributions for retirement benefit obligations are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available. Contributions are paid into the fund nominated by the employee.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

		Employee Benefits	
	Annual Leave $	Long Service Leave $	Total $
Balance at 1 July 2017	235,206	73,386	308,592
Additional provisions / (payments)	(136,106)	7,303	(128,803)
Balance at 30 June 2018	**99,100**	**80,689**	**179,789**

	2018 $	2017 $
Analysis of employee provisions		
Current	**175,345**	306,755
Non-current	**4,444**	1,837
	179,789	308,592

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.
The amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. ISSUED CAPITAL

	2018 No.	2017 No.	2018 $	2017 $
At the beginning of the year	**1,072,456,303**	928,500,508	**36,715,030**	32,426,826
Share 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**	4,404,659
Transaction costs	-	-	**(26,952)**	(116,455)
	56,912,357	1,072,456,303	**38,014,078**	36,715,030

	Issue Price $	2018 No. Note 1	2017 No.	2018 $	2017 $
At the beginning of the year	-	**1,072,456,303**	928,500,508	**36,715,030**	32,426,826
Shares issued – January 2018	-	**3,489,473**	-	**1,326,000**	-
Shares issue costs, net of tax	-	-	-	**(26,952)**	-
20 to 1 shares consolidation on 23 November 2017	-	**(1,015,033,419)**	-	-	-
Shares buyback and cancellation	-	**(4,000,000)**	-	-	-
Shares issued – May 2017	0.027	-	2,074,074	-	56,000
Shares issued – March 2017	0.0306	-	1,000,000	-	30,600
Shares issued – March 2017	0.02	-	700,000	-	14,000
Shares issued – March 2017	0.034	-	250,000	-	8,500
Shares issued – March 2017	0.023	-	4,565,218	-	105,000
Shares issued – November 2016	0.03	-	35,483,334		1,064,500
Shares issued – November 2016	0.03	-	63,516,666	-	1,905,500
Shares issued – October 2016	0.034	-	32,394,541	-	1,101,400
Shares issued – October 2016	0.03	-	3,971,962		119,159
Shares issue costs, net of tax	-	-	-	-	(116,455)
At the end of the year	-	**56,912,357**	1,072,456,303	**38,014,078**	36,715,030

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.

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have a limited amount of authorised capital and the fully paid ordinary shares have no par value.

For information relating to the Cellmid Limited and controlled entities employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year end, refer to Note 29 Share-based payments.

For information relating to share options issued to key management personnel during the financial year, refer to the remuneration report.

	2018 No.	2017 No.
At the beginning of the year	**34,440,000**	330,954,732
Options issued - November 2016	-	2,000,000
Options issued - June 2017	-	1,000,000
Option exercised - March 2017	-	(3,971,962)
Option exercised - October 2016	-	(32,394,541)
Options lapsed - October 2016	-	(258,148,229)
Options lapsed - June 2017	-	(5,000,000)
Options lapsed – August 2017	**(1,440,000)**	-
Consolidation	**(31,350,000)**	-
At the end of the year	**1,650,000**	34,440,000

(c) Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

The Group looks to raise capital when an opportunity to invest in a business or company is seen as value adding relative to the current parent entity's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

19. RESERVES

	2018 $	2017 $
Share-based payments reserve		
Balance at the beginning of the year	**2,053,007**	2,036,900
Share-based payments expense	**111,490**	16,107
Balance at the end of the year	**2,164,497**	2,053,007
General reserve		
Balance at the beginning of the year	**18,258**	(79,864)
Transfer of Equity value of 2016 loan repaid	-	(52,077)
Equity value of loan - net of transaction costs	-	150,199
Balance at the end of the year	**18,258**	18,258
Foreign currency translation reserve		
Balance at the beginning of the year	**306,382**	585,763
Foreign exchange movements	**106,223**	(279,381)
Balance at the end of the year	**412,605**	306,382
Total reserves	**2,595,360**	2,377,647

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(a) Share-based payments reserve

The fair value of options granted is recognised as a benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the directors and executives become unconditionally entitled to the options.

The fair value at grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, and are credited to share capital.

(b) General reserve

The movement in the reserve is as a result of the recognition of the equity component of the convertible loan.

(c) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income through the foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed.

20. FUNCTIONAL AND PRESENTATION CURRENCY

Accounting Policy

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed.

21. CASH FLOW INFORMATION

	2018 $	2017 (Restated) $
Reconciliation of loss after income tax to net cash used in operating activities		
Loss after income tax for the year	**(3,732,615)**	(4,482,273)
Adjustments for:		
- depreciation and amortisation	**187,538**	168,523
- share-based payments	**111,490**	16,107
- bad and doubtful debts	-	8,485
- interest expense	**115,293**	231,997
- interest income	-	(76,952)
- foreign exchange movements	**(16,972)**	-
Changes in operating assets and liabilities		
- (increase) in trade and other receivables	**(653,062)**	(79,945)
- (increase) / decrease in prepayments	**(229,169)**	26,590
- (increase) in inventories	**(101,408)**	(69,531)
- increase / (decrease) in trade and other payables	**(73,926)**	179,225
- increase / (decrease) in provisions	**(128,803)**	17,255
Net cash used in operating activities	**(4,521,634)**	(4,060,519)

22. EVENTS AFTER THE REPORTING PERIOD

On 31 July 2018 the Group completed a private placement of shares to sophisticated and institutional investors and received firm, irrevocable commitments for $9 million equity funding (before costs of 5%). Costs of the offer included the issuing of 1,000,000 options to the lead manager, Blue Ocean Equities, at a nil issue price, an exercise price of $0.80 and a term of 3 years. Approximately $7.2 million of this funding was subject to shareholders' approval. The Group held a general meeting of the shareholders on 7 September 2018 where the issuing of the shares pursuant to the placement was approved.

On 31 July 2018 the Group announced a Share Purchase Plan (SPP) to the amount of $1 million. The Share Purchase Plan closed on 30 August 2018 raising $1,025,000.

23. RELATED PARTY TRANSACTIONS

(a) The Group's main related parties are as follows:

Parent entities

Cellmid Limited is the ultimate parent entity.

Subsidiaries

For details of disclosures relating to subsidiaries, refer to Note 25. Transactions and balances between subsidiaries and the parent have been eliminated on consolidation of the Group.

Key management personnel

For details of disclosures relating to key management personnel, refer to the remuneration report contained within the Directors' report and Note 6.

Transactions with related parties

The remuneration for Ms Halasz has been restructured to reflect the management costs incurred by each wholly owned subsidiary of the Consolidated Entity. As a result, Direct Capital Group Pty Ltd, a related party to Ms Halasz, was paid $188,538 (2017: $188,538) for management services. No amount was outstanding as at 30 June 2018 (30 June 2017: Nil). In addition to the above Ms Halasz was paid $155,077 (2017: Nil) through DCG in accumulated leave entitlements during the year. This amount was disclosed as remuneration in previous years' annual reports.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. FINANCIAL RISK MANAGEMENT

Accounting policy

Financial instruments are recognised when the entity becomes a party to the contractual provisions to the instrument and are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised immediately as expenses in profit or loss.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

(a) Transactions with related parties

For details of disclosures relating to related parties, refer to Note 23(a). The Group's activities expose it to a number of financial risks as described below. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. To date, the Group has not had the need to utilise derivative financial instruments such as foreign exchange contracts or interest rate swaps to manage any risk exposures identified.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2018 $	2017 $
Financial Assets			
Cash and cash equivalents	9	**1,607,783**	3,994,641
Trade and other receivables	10	**1,031,346**	378,284
Total financial assets		**2,639,129**	4,372,925
Financial Liabilities			
Financial liabilities at amortised cost			
- trade and other payables	15	**1,539,742**	1,613,668
- loans and borrowings	16	**3,173,874**	2,155,105
Total financial liabilities		**4,713,616**	3,768,773

The fair value of financial assets and liabilities equate to the carrying value.

(b) Credit risk

Credit risk is managed on a Group basis. The Group has no significant concentration of credit risk other than in respect to a single counterparty that makes up approximately 50% of the total trade receivables balance. This amount was fully paid in July 2018.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the table above.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality.

Credit risk related to balances with banks and other financial institutions is managed by management in accordance with approved board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-.

(c) Liquidity risk

The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- managing credit risk related to financial assets; and
- only investing surplus cash with major financial institutions.

The Group is not exposed to any material liquidity risk.

Financial liabilities consist of two items, trade and other payables for which the contractual maturity dates are within 6 months of the reporting date and loans and borrowings.

Loans and borrowings at reporting date have contractual maturity dates as follows:

	2018 $	2017 $
Within one year	**2,007,427**	1,840,533
One to five years	**1,166,447**	314,572

(d) Market risk

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the functional currency of the Group, being Australian dollars.

The maximum exposure to foreign exchange risk is the fluctuation in exchange rates on the USD and JPY denominated bank accounts and also the profit and net assets of the Japanese and US subsidiary, Advangen Inc and Advangen LLC.

The Group has performed a sensitivity analysis relating to its exposure to foreign currency risk at the end of the financial year. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

At the end of the financial year, the effect on loss and equity as a result of changes in the foreign exchange rate with all other variables remaining constant would be as follows:

	Loss $	Equity $
Year ended 30 June 2018		
+/- 5% in foreign exchange rates	+/-13,460	-/+6,728
Year ended 30 June 2017		
+/- 1% in foreign exchange rates	+/-3,366	-/+1,249

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Interest rate risk

The Group's main interest rate risk arises from loans from banks and other financial institutions.

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at the end of the financial year. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At the end of the financial year, the effect on loss and equity as a result of changes in the interest rate with all other variables remaining constant would be as follows:

	Loss $	Equity $
Year ended 30 June 2018		
+/- 1% in interest rates	+/- 31,739	+/- 31,739
Year ended 30 June 2017		
+/- 1% in interest rates	+/- 39,946	+/- 39,946

25. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Name	Country of Incorporation	Percentage Owned (%) 2018	Percentage Owned (%) 2017
Subsidiaries of Cellmid Limited:			
Advangen Limited	Australia	**100**	100
Kinera Limited	Australia	**100**	100
Lyramid 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

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

On 30 June 2016, Cellmid Limited entered into a deed of cross guarantee to support the liabilities and obligations of four of its wholly-owned subsidiaries, Advangen Limited, Kinera Limited, Lyramid Limited and Advangen International Pty Ltd. By entering into the deed, the wholly-owned unlisted public entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (wholly-owned companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The following are the aggregate totals, for each category, relieved under the deed.

	Parties to the Deed of Cross Guarantee 2018 $	Parties to the Deed of Cross Guarantee 2017 (Restated) $
STATEMENT OF FINANCIAL POSITION		
CURRENT ASSETS		
Cash and cash equivalents	**722,681**	3,369,127
Trade and other receivables	**196,051**	181,267
Inventories	**548,509**	573,535
Other assets	**186,993**	73,873
TOTAL CURRENT ASSETS	**1,654,234**	4,197,802
NON-CURRENT ASSETS		
Plant and equipment	**688,395**	719,742
Intangible assets	**1,440**	1,440
Loan - Advangen Inc	**2,765,440**	3,197,730
TOTAL NON-CURRENT ASSETS	**3,455,275**	3,918,912
TOTAL ASSETS	**5,109,509**	8,116,714
CURRENT LIABILITIES		
Trade and other payables	**1,150,885**	1,302,385
Loans and borrowings	**2,007,427**	1,783,822
Employee provisions	**175,345**	306,755
TOTAL CURRENT LIABILITIES	**3,333,657**	3,392,962
NON-CURRENT LIABILITIES		
Employee provisions	**4,444**	1,837
Loans and borrowings	-	-
TOTAL NON-CURRENT LIABILITIES	**4,444**	1,837
TOTAL LIABILITIES	**3,338,101**	3,394,799
NET ASSETS	**1,771,408**	5,312,717
EQUITY		
Issued capital	**38,014,078**	36,715,030
Reserves	**2,169,778**	2,058,288
Accumulated losses	**(38,412,448)**	(34,051,403)
TOTAL EQUITY	**1,771,408**	4,721,915
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME:		
Loss before income tax	**(4,361,045)**	(4,597,473)
Income tax expense	-	-
Loss after income tax	**(4,361,045)**	(4,597,473)
Loss attributable to members of the parent entity	**(4,361,045)**	**(4,597,473)**
ACCUMULATED LOSSES:		
Accumulated Losses at the beginning of the year	**(34,051,403)**	(29,194,127)
Loss after income tax + Transfer SOCE	**(4,361,045)**	(4,545,396)
Inventory restatement	-	(311,880)
Accumulated Losses at the end of the year	**(38,412,448)**	(34,051,403)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26. SEGMENT INFORMATION

Accounting Policy

Identification of reporting segments

The Group is organised into two operating segments:

- Midkine Business; research and development of diagnostics and therapeutics; and
- Consumer Health Business; research, development and marketing of hair care products.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (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 review both adjusted earnings before interest, tax, depreciation and amortisation (segment result) and loss before income tax.

Types of products and services

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

Research and development of diagnostics and therapeutics (Midkine Business)

- Midkine diagnostics and therapeutics for cancer, inflammatory and ischemic conditions.

Research, development and marketing of hair care products (Consumer Health Business)

- research, development and marketing of hair care products.

On 30 June 2018 the Group 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. The Group presents USA and Australia as one segment due to the trading activity in the US company being minor to the Group and launch expenses being absorbed within the Australian operations.

Business segment

	Midkine		Consumer Health		Total	
	2018	2017 (Restated)	2018	2017	2018	2017 (Restated)
	$	$	$	$	$	$
Revenue						
Sales to external customers	**27,021**	43,131	**5,620,909**	4,453,207	**5,647,930**	4,496,338
Total	**27,021**	43,131	**5,620,909**	4,453,207	**5,647,930**	4,496,338
Interest received	**33,599**	56,956	-	-	**33,599**	56,956
Royalties and licences	**64,252**	147,520	-	-	**64,252**	147,520
Other revenue	-	-	**14,388**	21,792	**14,388**	21,792
Total revenue	**124,872**	247,607	**5,635,297**	4,474,999	**5,760,169**	4,722,606
Other income						
Government grant received	**1,056,963**	831,408	-	-	**1,056,963**	831,408
Gain/Loss on disposal of assets	-	-	-	-	-	-
Other income	**820**	6,107	**16,972**	-	**17,792**	6,107
Expenses	**(2,333,165)**	(2,478,483)	**(7,459,642)**	(7,052,511)	**(9,792,807)**	(9,530,994)
Share-based compensation	**(111,490)**	(16,107)	-	-	**(111,490)**	(16,107)
Depreciation and amortisation	**(33,988)**	(24,943)	**(153,550)**	(143,580)	**(187,538)**	(168,523)
Finance costs	**(358,492)**	(240,468)	**(114,782)**	(50,705)	**(473,274)**	(291,173)
Profit / (Loss) before income tax	**(1,654,480)**	(1,674,879)	**(2,075,705)**	(2,771,797)	**(3,730,185)**	(4,446,676)
Income tax (expense)					**(2,430)**	(35,597)
Loss after income tax					**(3,732,615)**	(4,482,273)
Assets						
Segment assets	**2,501,037**	4,565,019	**4,247,540**	3,583,372	**6,748,577**	8,148,391
Total assets					**6,748,577**	8,148,391
Liabilities						
Segment liabilities	**(2,683,164)**	(2,576,342)	**(2,210,241)**	(1,501,023)	**(4,893,405)**	(4,077,365)
Total liabilities					**(4,893,405)**	(4,077,365)

Geographical segment

	2018		2017 (Restated)	
	Revenue	Non-current assets	Revenue	Non-current assets
	$	$	$	$
Australia and USA	**1,533,647**	**712,369**	1,715,909	739,373
Japan	**4,226,522**	**1,877,125**	3,006,697	1,846,716
Total	**5,760,169**	**2,589,494**	4,722,606	2,586,089

Major customers

The Group has a number of customers to whom it provides both products and services. The Group supplies a single external customer in the consumer health segment who accounts for 11.00% of external revenue (2017:19.78%). The next most significant client accounts for 3.2% (2017: 3.4%) of external revenue.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

27. COMMITMENTS

	2018 $	2017 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**127,082**	131,541
One to five years	**833,205**	2,919
Over five years	**19,093**	-
Minimum lease payments	**979,380**	134,460

Operating lease commitments includes contracted amounts for office space under non-cancellable operating lease expiring within five years with no option to extend, and the business telephone system.

28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Claims

On 22 July 2016, the Group announced that Ikon Communications Pty Ltd (Ikon) had filed a claim for an amount of $939,055 plus interest pursuant to the services agreement entered into between Group company Advangen International Pty Ltd (Advangen) and Ikon on 15 June 2015, being a claim for invoices which Advangen has not paid to Ikon. Advangen continued to vigorously defend its position that it is not liable for those unpaid invoices because Ikon has breached the services agreement, failed to provide certain contractually required services at all or adequately and engaged in misleading or deceptive conduct that has caused Advangen loss and damage. Advangen filed a cross claim for payments made for services not provided or not properly provided by Ikon, plus other loss it says it suffered by reason of Ikon's conduct and submitted evidence, including expert evidence, to that effect during the reporting period. The proceedings (Ikon's claim and Advangen's cross claim) began hearing in the New South Wales Supreme Court commencing on 10 September 2018.

Guarantees

The Group has given bank guarantees as at 30 June 2018 of $129,560 (30 June 2017: $65,829) relating to the lease of commercial office space.

For information about guarantees given by entities within the Group, including the parent entity, please refer to note 2.

Other than the matter noted above, the Group had no contingent liabilities or contingent assets at 30 June 2018 (30 June 2017: Nil).

29. SHARE-BASED PAYMENTS

Accounting Policy

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share based-payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded in the share-based payments reserve. The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

The Cellmid Limited and Controlled Entities Employee Incentive Plan is designed as an incentive for eligible employees of the Group. Under the Plan, participants are granted options which only vest if certain conditions are met.

A summary of the Company options granted under the Plan is as follows:

Expiry Date	Exercise Price	Balance at start of the year	Granted	Exercised	Expired	Consolidation	Balance at end of the year	Exercisable at end of year
14/08/2017	0.68	1,440,000	-	-	(1,440,000)	-	-	
1/08/2018	0.80	4,000,000	-	-	-	(3,800,000)	200,000	200,000
1/08/2018	1.00	4,000,000	-	-	-	(3,800,000)	200,000	200,000
1/08/2018	1.20	10,000,000	-	-	-	(9,500,000)	500,000	500,000
19/11/2018	0.62	500,000	-	-	-	(475,000)	25,000	25,000
19/11/2018	1.20	11,500,000	-	-	-	(10,925,000)	575,000	575,000
31/10/2019	0.60	2,000,000	-	-	-	(1,900,000)	100,000	100,000
1/07/2020	0.60	1,000,000	-	-	-	(950,000)	50,000	50,000
		34,440,000	-	-	**(1,440,000)**	**(31,350,000)**	**1,650,000**	**1,650,000**

The weighted average exercise price during the financial year was $1.06 ($1.04 in 2017). The weighted average remaining contractual life of the options outstanding at the end of the financial year was 0.33 years (1.28 years in 2017).

No options were granted during the 2018 financial year (2017: 3,000,000) and net share-based payment expense for the period was $111,490 (2017: $16,107).

Other options on issue

No other options on issue.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

30. 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 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	675,982	744,704	69,017	688,120	757,137
Total non-current assets	1,910,107	675,982	2,586,089	2,283,710	688,120	2,971,830
Total assets	8,472,409	(324,018)	8,148,391	7,414,814	(311,880)	7,102,934
Accumulated losses	(34,697,634)	(324,018)	(35,021,652)	(30,279,575)	(311,880)	(30,591,455)
Total equity	4,395,044	(324,018)	4,071,026	4,690,050	(311,880)	4,378,170

	30 June 2017		
Statement of profit or loss and other comprehensive income (extract)	**Previous amount**	**Adjustment**	**Restated amount**
Depreciation and amortisation expense	(156,386)	(12,137)	(168,523)
Loss before income tax	(4,434,539)	(12,137)	(4,446,676)
Loss for the year after income tax	(4,470,136)	(12,137)	(4,482,273)
Total comprehensive income for the year	(4,749,517)	(12,137)	(4,761,654)
Loss for the year is attributable to:			
Owners of Cellmid Limited	(4,470,136)	(12,137)	(4,482,273)
Total comprehensive income for the year attributable to:			
Owners of Cellmid Limited	(4,749,517)	(12,137)	(4,761,654)
Earnings per share for loss attributable to the owners of Cellmid Limited:			
Basic earnings per share (cents)	(8.80)	0.01	(8.79)
Diluted earnings per share (cents)	(8.80)	0.01	(8.79)

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 30 to 62, are in accordance with the Corporations Act 2001 and:

    i. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

    ii. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date of the consolidated group;

2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3. the directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

The company and its four Australian wholly-owned subsidiaries, Advangen Limited, Kinera Limited, Lyramid Limited and Advangen International Pty Limited, have entered into a deed of cross guarantee under which the company and its subsidiaries guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed.

Signed in accordance with a resolution of the Board of Directors made pursuant to Section 295 (5) of the Corporations Act 2001.

David King
Director

Dated this 19th day of September 2018

Level 17, 383 Kent Street
Sydney NSW 2000

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QVB Post Office
Sydney NSW 1230

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F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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 audit of Cellmid Limited for the year ended 30 June 2018, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

LWorsley.

L M Worsley
Partner – Audit & Assurance

Sydney, 19 September 2018

Grant Thornton

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Sydney NSW 2000

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Independent Auditor's Report

To the Members of Cellmid Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Cellmid Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Grant Thornton

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Going concern (Note 1)	
For the 30 June 2018 the Directors have assessed the Group's use of the going concern basis of accounting and deemed this appropriate. The Director's assessment of going concern was based on cash flow projections. The preparation of these projections incorporated a number of assumptions and judgments, and the Directors have concluded that the range of possible outcomes considered in arriving at this judgment does not give rise to a material uncertainty casting significant doubt on the Group's ability to continue as a going concern. Due to the level of estimation uncertainty and the high level of judgment required by us in evaluating the Director's assessment of going concern we have deemed this a Key Audit Matter.	Our procedures included, amongst others: • reviewing management's cash flow forecast to assess whether current cash levels, capital raisings subsequent to year end and forecast revenue can sustain operations for a period of at least 12 months from the signing date; • assessing the Group's current level of income and expenditure against management's forecast for consistency of relationships and trends to the historical results and our understanding of the business, industry and economic conditions of the Group; • assessing the reasonableness of growth assumptions and mitigating factors determined by management/the Directors; • performing sensitivity analyses on the forecast cash flows; • verifying to bank statement the cash receipt from the capital raise completed subsequent to year end; and • assessing the adequacy of the Group's related disclosures within the financial report.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Grant Thornton

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 8 to 14 of the Directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Cellmid Limited, for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

LWorsley.

L M Worsley
Partner – Audit & Assurance

Sydney, 19 September 2018

ADDITIONAL INFORMATION FOR LISTED ENTITIES

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 13 September 2018.

20 LARGEST SHAREHOLDERS

Fully Paid Ordinary Shares

Shareholders	Balance	Percent
MR DENNIS KEITH ECK	5,331,579	6.40%
UBS NOMINEES PTY LTD	4,191,266	5.03%
JASGO NOMINEES PTY LTD <JASGO FAMILY A/C>	2,631,578	3.16%
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	2,128,917	2.56%
JP MORGAN NOMINEES AUSTRALIA LIMITED	1,831,317	2.20%
MR GREGORY GLENN WORTH <WORTH S/F A/C>	1,824,000	2.19%
NATIONAL NOMINEES LIMITED	1,562,165	1.88%
CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,303,962	1.57%
CELL SIGNALS INC	1,300,000	1.56%
BOND STREET CUSTODIANS LTD <MACQ AUS EMERGING COMPANIES>	1,165,424	1.40%
SEISTEND (SUPER) PTY LTD <DW KING SUPER FUND A/C>	1,150,000	1.38%
MR KEVIN PETER HOOPER & MR RONALD LESLIE HOOPER <SATHNASH P/L SUPER FUND A/C>	1,050,000	1.26%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	918,309	1.10%
MR TREVOR GOTTLIEB	914,974	1.10%
MR DARIN ANJOUL & MRS TANIA ANJOUL <TAN GROUP SUPER FUND A/C>	850,000	1.02%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	824,955	0.99%
MR JAMES PATRICK TUITE & MRS WENDY TUITE <TUITE SUPER 1 A/C>	791,876	0.95%
DR KUEN SENG CHAN	700,000	0.84%
INSCAPE SOLUTIONS PTY LTD	689,474	0.83%
MR HAROLD LEONARD GOTTLIEB & MRS HELEN CYNTHIA GOTTLIEB <H & H GOTTLIEB PSNL S/F A/C>	665,277	0.80%
Total	**31,825,073**	**38.21%**
Issued Share Capital	**83,293,946**	

SUBSTANTIAL HOLDERS

Mr Dennis Keith Eck is an individual substantial shareholder of Cellmid Limited shares who holds 5,331,579 shares or 6.40% of the voting rights.

HOLDING ANALYSIS

Holding Ranges	Holders	Total Units	%
1 – 1,000	436	236,933	0.28
1,001 – 5,000	629	1,815,110	2.18
5,001 – 10,000	224	1,756,138	2.11
10,001 – 100,0000	507	16,454,880	19.76
100,001 – 99,999,999	147	63,030,885	75.67
Totals	**1,943**	**83,293,946**	**100.00**

NUMBER OF HOLDERS AND VOTING RIGHTS IN EACH CLASS OF SECURITIES

Class of Security	No. of Holders	Voting Rights
Ordinary Shares	1,942	Yes
Unlisted Options $1.20 expiring 19/11/2018	4	No
Unlisted Options $0.62 expiring 19/11/2018	1	No
Unlisted Options $0.60 expiring 31/10/2019	1	No
Unlisted Options $0.60 expiring 01/07/2020	1	No
Cellmid FPO Voluntary Escrow for 5 years	1	Yes

Subject to the ASX Listing Rules, the Company's Constitution and any special rights or restrictions attached to a share, at a meeting of shareholders:

- On a show of hands, each shareholder present (in person, by proxy, attorney or representative) has one vote; and
- On a poll, each shareholder present (in person, by proxy, attorney or representative) has;
  - One vote for each fully paid share they hold; and
  - A fraction of a vote for each partly paid share they hold.

UNMARKETABLE PARCELS OF SHARES

The number of shareholders with less than a marketable parcel of shares is 464.

CLASSES OF UNQUOTED SECURITIES

Class of Security	No. of Holders	Total Units
Unlisted Options $1.20 expiring 19/11/2018	4	450,000
Unlisted Options $0.62 expiring 19/11/2018	1	25,000
Unlisted Options $0.60 expiring 31/10/2019	1	100,000
Unlisted Options $0.60 expiring 01/07/2020	1	50,000

GENERAL

There is no current on-market buy-back for the Company's securities.

CORPORATE DIRECTORY

COMPANY DETAILS

The registered office of the company is:

Suite 204, Level 2
55 Clarence Street
Sydney NSW 2000

The principal places of business are:

Cellmid Limited
Suite 204, Level 2
55 Clarence Street
Sydney NSW 2000

Advangen International Pty Limited
Suite 204, Level 2
55 Clarence Street
Sydney NSW 2000

Advangen Incorporated
Chiba Industry Advancement Centre
Tokatsu Techno Plaza
5-4-6 Kashiwanoha
Kashiwa
Chiba 277-082 Japan

Kinera Limited
Suite 204, Level 2
55 Clarence Street
Sydney NSW 2000

Lyramid Limited
Suite 204, Level 2
55 Clarence Street
Sydney NSW 2000

Advangen LLC
801A Core Street Suite A
Dallas
Dallas County
Texas 75207

BOARD OF DIRECTORS

Non-Executive Chairman
Dr David King

CEO and Managing Director
Ms Maria Halasz

Non-Executive Directors
Mr Bruce Gordon
Dr Fintan Walton
Dr Martin Cross
Mr Dennis Eck

Company Secretary
Mr Lee Tamplin (Appointed 6 September 2018)
Mr Raymond Ting (Resigned 6 September 2018)

AUDITORS, SOLICITORS AND PATENT ATTORNEY

Auditors
Grant Thornton Audit Pty Ltd
17/383 Kent Street
Sydney NSW 2000, Australia

Solicitors
Piper Alderman
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000, Australia

Patent Attorney
FB Rice & Co
Level 23, 44 Market Street
Sydney NSW 2000 Australia

SHARE REGISTRY

Automic Pty Limited
Level 29, 201 Elizabeth Street
Sydney NSW 2000, Australia

"As we are entering uncertain times again, anti-aging hair care sales are showing double digit growth, especially in emerging markets. The cosmetics industry, including hair care, seems to be immune to negative economic indicators."

Maria Halasz
CEO and Managing Director

CELLMID

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