ASX ANNOUNCEMENT

1H FY2019 RESULTS LAY FOUNDATION FOR 'PATH TO PROFITABILITY 2020' STRATEGY

- **The underlying performance of the Cellmid business was strong in the first half of FY2019 with revenue of $3.6 million (up 12% on pcp) and an increase in net assets to $8.2 million (up 89% on pcp)**
- **Significant one-off costs incurred during the first half of FY2019, including the payment of the Ikon award and the Platinum Road facility**
- **The Board has approved a strategic plan for the Company with the objectives of achieving profitability during FY2020 and partnering its midkine portfolio over the next two years**
- **The Company is fully resourced to deliver on this plan to maximise value for shareholders on its consumer health and biotech assets**

SYDNEY: Thursday, 21 February 2019, Cellmid Limited (ASX: CDY) is pleased to report the Company's 1H FY2019 results which show a strong operational performance for the business in both the consumer health and biotechnology divisions.

Revenue of $3.6 million was up 12% on pcp and reflects a diversified mix including sales from Japan, Australia and the US. The net loss after tax of $3.5 million in 1H FY2019 was largely the result of one-off expenses including the payment of the award in relation to the Ikon legal action, the expensing of employee incentive shares (non-cash) and the Platinum Road R&D loan facility.

The balance sheet improved significantly in the first half of 2019 through the $9.6 million capital raising. Net assets increased to $8.2 million (up 89% on pcp) and the cash balance strengthened to $5.4 million (up 54% on pcp). In addition, short term liabilities reduced to $266K in 1H FY2019, down from $2 million in the previous year as the Company repaid the Platinum Road R&D facility together with interest.

The reported $3.6 million revenue reflects the negative impact of the change in the Australian Accounting Standards (AASB 15) for revenue recognition. The estimated impact of the new AASB15 from 1 July 2018 was a reduction in revenue of $172K. The underlying like-for-like revenue growth in 1H FY2019, excluding the impact of Australian Accounting Standard changes, was 17%. However, the accounting change has limited impact on reported earnings.

The Company is fully resourced to execute on its strategic plan after accounting for all one-off costs relating to the Ikon litigation, repayment of its short-term loan and boosting its financial and human resources during the first half of FY2019.

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WEB www.cellmid.com.au

Cellmid CEO Maria Halasz says: "We enter 2019 in a strong position to drive revenue growth across different markets and different channels. Our 'Path to Profitability 2020' strategy lays the foundations for maximising shareholder value from both our consumer health and biotech assets."

With deliberate focus on pursuing only those sales channels that are profitable, the Company's most mature geographical segment, Japan, has been delivering growing after-tax profits since FY2016.

The same discipline has been applied in Australia, and the benefits of this program are expected to improve profitability from the second half of FY2019 as new products and more profitable distribution channels are progressively activated.

In the coming months Cellmid will focus on increasing high margin sales through an aggressive e-commerce campaign in the USA and Australia, expanding premium retail distribution in the USA and building on the QVC television shopping channel in Japan and China.

In the medium term, the Company's distribution agreement with its Chinese partner, Fukangren Pharma, is expected to produce transformational growth once regulatory approval for the Australian manufactured évolis® pharmacy range is received.

Efficiency measures identified in operations, manufacturing and logistics during the strategic review will be implemented progressively to maximise the bottom line, driving to profitability in FY2020.

Concurrently, and maintaining a low-cost collaboration model, Cellmid's midkine asset portfolio will be packaged for clinical development and partnership. The research recently published on the efficacy of the Company's midkine antibodies in autoimmune myocarditis (ASX announcement, 7 February 2019) is an important part of a credible partnering package.

"With both asset portfolios well on their way to achieving their targets, the Board is pleased to report a clean and strong balance sheet and to provide further details on its two-year strategic plan" concluded Chairman Dr David King.

Please refer to the 4D and Strategic Plan.

END

CONTACT

Company	**Investor Relations & Media**
Maria Halasz, CEO Cellmid T +612 9221 6830 info@cellmid.com.au	Rebecca Wilson WE Buchan T + 61 417 382 391 rwilson@we-buchan.com

Cellmid Limited (ASX: CDY)

Cellmid is an Australian life sciences company with a consumer health business and biotech assets in development. Advangen is Cellmid's wholly owned subsidiary engaged in the development and sale of first in class, best in class, clinically validated anti-aging products for hair, skin and body. Advangen has a range of FGF5 inhibitor hair growth products which are sold in Australia, Japan, USA and China. Advangen has a rich portfolio of hair growth and anti-aging hair care assets which include formulations of products on market, trademarks, patents and patent applications, proprietary assays and manufacturing processes. For further information, please see www.cellmid.com.au and www.myevolis.com.au.

Cellmid also has two wholly owned subsidiaries, Lyramid and Kinera, which develop innovative novel therapies and diagnostic tests for fibrotic diseases, cancer and ischemic diseases of the heart. Cellmid holds the largest and most comprehensive portfolio of intellectual property relating to the novel targets midkine (MK) globally.

Forward looking statements

This announcement may have forward-looking statements that are subject to risks and uncertainties. Such statements involve known and unknown risks that may cause the actual results, performance or achievements of Cellmid to be materially different from the statements in this announcement. Actual results could differ materially depending on factors such as the availability of resources, regulatory environment, the results of marketing and sales activities and competition.

CELLMID LIMITED

ABN 69 111 304 119

ASX APPENDIX 4D
RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

Name of Entity	Cellmid Limited
ABN	69 111 304 119
Half year ended	31 December 2018
Previous corresponding period	31 December 2017

The following information should be read in conjunction with both the Financial Report for the year ended 30 June 2018 and the Interim Financial Report for the half year ended 31 December 2018 and the attached auditors' review report.

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

Financial Results

				31 Dec 2018 $
Revenue from ordinary activities for the period	Up	12%	to	$3,577,048
Loss from ordinary activities after tax for the period attributable to members	Up	221%	to	($3,504,477)
Net Loss after tax for the period attributable to members	Up	221%	to	($3,504,477)

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

Net Tangible Assets

	Current Period 31 Dec 2018	Previous Period 31 Dec 2017
Net tangible assets per ordinary share	7.6 cents	4.6 cents

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

CELLMID LIMITED

ABN 69 111 304 119

ASX APPENDIX 4D
RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF YEAR ENDED 31 DECEMBER 2018 (CONTINUED)

OPERATING RESULTS AND REVIEW OF OPERATIONS

Revenue for the Group was $3,577,048 for the six months ending 31 December 2018, the highest ever recorded half year result (31 December 2017: revenue of $3,205,540). The adoption of AASB 15 reduced reported revenue by $172,942 (4.6%) compared with the same period in FY2018, as outlined in Note 1 of this report, however it has not significantly impacted the overall profit and loss of the Group.

The Group received $807,972 under the Federal Government's R&D Tax Credit program during the reporting period (31 December 2017: $946,963) recorded as part of other income.

The Group incurred an after-tax loss attributed to members of $3,504,477 for the half year ending 31 December 2018 (31 December 2017: loss of $1,091,134). The increase in loss was partially due to the one-off, and now concluded, litigation with Ikon, including payment of the adverse judgement of $939,055 plus interest and legal fees. The Group has also incurred additional employee compensation expenditure as part of its strategy to strengthen the leadership team and expand the consumer health business across all markets.

Net assets of the Group increased to $8,180,607 (31 December 2017: $4,338,581), with cash reserves up at $5,412,207 (31 December 2017: $3,509,134) and short-term loan balance down to $266,804 (31 December 2017: $2,044,880) with the repayment of the $2,000,000 loan facility issued by Platinum Road including accrued interest.

The Group continued to make progress and is on track to deliver on internal operational targets in its consumer health (Advangen) and midkine businesses (Lyramid and Kinera) as outlined in the following operational report.

ADVANGEN LIMITED

During the half-year ended 31 December 2018 Advangen Limited sold products primarily through television shopping channel QVC in Japan, pharmacies and e-commerce in Australia and premium retailers in the USA. Advangen generated total revenue of $3,468,240, up 14% compared with the same period last year (31 December 2017: $3,044,942). The effect of AASB 15 was a reduction in recorded revenue of $172,942 as outlined in Note 1 to the financial statements. The net effect on overall profitability of this change was not significant.

Sales in **Japan** remained strong during the first half of FY2019 with direct-to-consumer television shopping channel QVC accounting for more than 50% of the total revenue for the Jo-Ju® branded hair growth products. Further campaigns and new product launches are planned at QVC throughout the year, with another major Jo-Ju® sales event expected in June 2019. The barber shop channel remained a significant source of sales in Japan during the first half of FY2019, with increasing revenue from the Hair Biology concept store in Ginza, the first bulk product shipping to China and e-commerce during the period.

The evolis® Professional branded, Australian manufactured anti-aging hair growth products were introduced to the Japanese salon market in July 2018 and the evolis® pharmacy range was launched in October 2018. Like other channels in Japan, and as foreshadowed, the products have since been tested on market in small scale retail environments and will be rolled out progressively over several months.

Shipping of the Lexilis® branded FGF5 inhibitors from Japan continued during the reporting period to **China,** taking advantage of the brand's high value import permit. Sales of the Jo-Ju® branded lotions, also the subject of import permits, commenced on television shopping channel in China in January 2019, subsequent to the current reporting period. Pharmaceutical company Fukangren, Advangen's Chinese distributor, continued work on the regulatory approval of the evolis® pharmacy products on behalf of the Group pursuant to the distribution agreement signed in May 2018.

In the **USA** Advangen established its brick-and-mortar retail presence in September 2018 with five Neiman Marcus stores. From October 2018 one Bloomingdales and 11 Soft Surroundings stores were activated. In November 2018 Advangen has been given an additional 33 store locations by the three retailers. Evolis® Professional will be rolled out in these additional locations by the end of the 2019 financial year.

Retail pharmacy has remained the most significant sales channel in **Australia** during the reporting period. Progressive roll-out of the evolis® Professional products commenced in September 2018 together with Fillerina®, which has been placed in select pharmacies in Australia and New Zealand.

The evolis® Professional products have been introduced using the evoliscope® service to approximately 10% of the suitable Australian pharmacies between October and December 2018. The Australian consumer health business continued to be the most capital intensive during the current reporting period, primarily as a result of a large sales and marketing team, but also as investment in new territories has been funded from the local operations.

A series of potential operational, logistics and manufacturing savings have been identified during the current reporting period across the entire consumer business as economies of scale continue to emerge with expanded distribution.

MIDKINE BUSINESS (LYRAMID LIMITED AND KINERA LIMITED)

Lyramid Limited (Lyramid) is engaged in the commercialization of the Group's midkine (MK) antibody assets, including their application in therapeutic and diagnostic programs. MK is a growth factor highly expressed during embryonic development and it modulates many biological interactions. MK has important roles in cell growth, cell migration and cellular adherence, functions that have been the subject of preclinical and mechanism of action studies during the first half of FY2019.

The Group has a number of pre-clinical collaborations in place to explore therapeutic opportunities for MK in preparation for clinical development. These collaborations were partially funded by research partners and Australian Government grants during the current reporting period.

In September 2018 the Group showed, for the first time, that a humanised antibody against MK (CAB102) was effective in an animal model of the rare kidney disease, FSGS (Focal Segmental Glomerulosclerosis). The study, carried out in collaboration with the Westmead Institute, was partially funded by two Innovation Connections Grants from the Australian Government, totalling $100,000.

The Group engaged USA based regulatory firm Ground Zero Pharmaceuticals in October 2018 to prepare an application to the FDA (Food and Drug Administration) for orphan designation of CAB102 on the basis of these findings. Ground Zero has since completed a full market review of FSGS and confirmed that, although improved diagnosis of the disease has increased the number of reported cases in the last five years, it effects less than 200,000 people in the United States and remains a potential orphan indication as defined by the FDA.

Lyramid accrued $49,165 in semi-annual royalties during the half year ended 31 December 2018 from Pacific Edge pursuant to the license agreement between the companies (31 December 2017: royalties of $112,748).

Kinera Limited (Kinera) is engaged in the commercialisation of the Group's midkine protein assets in ischemia related diseases. During the current reporting period Kinera was invited to participate in a global meeting on ischemia related conditions in children hosted by one of the largest charitable organisations in the world.

CAPITAL RAISING AND LOANS

During the half-year the Group raised $10 million through a private placement of $9 million to institutional and sophisticated investors and a Share Purchase Plan of $1 million. The Group has repaid $2 million, the total amount of the Platinum Road loan facility, together with interest.

IKON LITIGATION

The Group has concluded the legal dispute that has been underway since 2016 in the NSW Supreme Court between wholly owned subsidiary Advangen International Pty Ltd and Ikon Communications (Ikon). The Court ruled that Ikon is entitled to their claim of $939,055 plus interest and costs. The Group fully paid Ikon's claim with interest in December 2018 and accrued any potential liability in its December 2018 half-year financial accounts to cover any future obligations in relation to costs.

EVENTS SUBSEQUENT TO REPORTING DATE

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

CELLMID LIMITED

ACN 111 304 119

Interim Financial Report

For the Half-Year Ended 31 December 2018

CELLMID LIMITED

ACN 111 304 119

Interim Financial Report Contents

For the Half-Year Ended 31 December 2018

CELLMID LIMITED
ACN 111 304 119

Directors' Report
For the Half-Year Ended 31 December 2018

The Directors present their Report together with the financial statements of Cellmid Limited and its Controlled Entities ("the Group") for the half-year ended 31 December 2018.

DIRECTORS DETAILS

The following persons were Directors of the Group during or since the end of the half-year:

Dr David King	Appointed 18 January 2008
Ms Maria Halasz	Appointed 19 November 2007
Mr Bruce Gordon	Appointed 1 July 2015
Dr Fintan Walton	Appointed 21 July 2015
Dr Martin Cross	Appointed 16 October 2017
Mr Dennis Eck	Appointed 26 March 2018

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

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

- The development and sale of over-the-counter (OTC) treatments and bioactive cosmetics to alleviate excessive and abnormal hair loss and re-establish the natural hair growth cycle and address other conditions associated with aging hair, skin and body (Consumer Health Business: Advangen Limited); and

- The development and commercialisation of therapeutic and diagnostic products for the management of diseases such as cancer and various chronic inflammatory conditions by targeting midkine (Midkine businesses: Lyramid Limited and Kinera Limited).

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

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CELLMID LIMITED
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EVENTS SUBSEQUENT TO REPORTING DATE

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

CELLMID LIMITED
ACN 111 304 119

Directors' Report
For the Half-Year Ended 31 December 2018

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is included on page 5 of this financial report and forms part of this Directors' Report.

ROUNDING OF AMOUNTS

The amounts contained in this report and in the financial report have been rounded to the nearest dollar (where rounding is applicable) unless specifically stated otherwise under the relief available to the Group under ASIC Corporations Instrument 2016/19. Cellmid Limited and its controlled entities are entities to which the Corporations Instrument applies.

Signed in accordance with a resolution of the Directors.

Director: .....
Dr David King

Dated this 21st day of February 2019

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Auditor's Independence Declaration

To the Directors of Cellmid Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for Cellmid Limited for the half-year ended 31 December 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 review; and

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 21 February 2019

CELLMID LIMITED

ACN 111 304 119

Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2018

	Note	Half-Year 31 December 2018 $	Half-Year 31 December 2017 $
Revenue	3	3,577,048	3,205,540
Other income	3	807,972	1,013,311
Less Expenditure			
Manufacturing sales expense		(919,963)	(1,004,551)
Advertising and marketing expense		(534,680)	(612,261)
Impairment losses on financial assets		(45,761)	(11,985)
Communication expense		(52,982)	(35,459)
Conferences and meetings expense		(12,194)	(51,349)
Consultancy expense		(318,931)	(190,544)
Depreciation and amortisation expense		(74,545)	(73,800)
Employee benefits expense		(1,839,200)	(1,563,796)
Finance costs		(181,168)	(224,736)
Foreign exchange loss		(74,743)	-
Occupancy expense		(183,173)	(125,114)
Professional fees expense	7	(2,245,003)	(489,085)
Research and development expense		(398,246)	(278,641)
Share-based compensation		(318,414)	(111,490)
Subscriptions expense		(97,623)	(89,467)
Travel expenses		(270,692)	(173,501)
Other expenses		(322,179)	(274,206)
Loss before income tax		(3,504,477)	(1,091,134)
Income tax expense		-	-
Loss for the half-year after income tax		(3,504,477)	(1,091,134)
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		25,101	(51,848)
Total comprehensive income for the half-year		(3,479,376)	(1,142,982)
Loss for the half-year is attributable to:			
Owners of Cellmid Limited		(3,504,477)	(1,091,134)
Total comprehensive income for the half-year attributable to:			
Owners of Cellmid Limited		(3,479,376)	(1,142,982)
Earnings per share for loss attributable to the owners of Cellmid Limited			
Basic earnings per share (cents)		(4.78)	(2.12)
Diluted earnings per share (cents)		(4.78)	(2.12)

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

CELLMID LIMITED

ACN 111 304 119

Statement of Financial Position

As at 31 December 2018

	Note	31 December 2018 $	30 June 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		5,412,207	1,607,783
Trade and other receivables		1,669,561	1,031,346
Inventories		1,681,693	1,180,731
Other assets		107,900	339,223
TOTAL CURRENT ASSETS		8,871,361	4,159,083
NON-CURRENT ASSETS			
Plant and equipment		776,508	770,990
Intangible assets		1,761,944	1,818,504
TOTAL NON-CURRENT ASSETS		2,538,452	2,589,494
TOTAL ASSETS		**11,409,813**	**6,748,577**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	1,879,014	1,539,742
Contractual liabilities	1	38,009	-
Employee benefits		103,592	175,345
Loans and borrowings		266,804	2,007,427
TOTAL CURRENT LIABILITIES		2,287,419	3,722,514
NON-CURRENT LIABILITIES			
Employee benefits		83,083	4,444
Loans and borrowings		858,704	1,166,447
TOTAL NON-CURRENT LIABILITIES		941,787	1,170,891
TOTAL LIABILITIES		**3,229,206**	**4,893,405**
NET ASSETS		**8,180,607**	**1,855,172**
EQUITY			
Issued capital	4	47,794,633	38,014,078
Reserves		2,712,820	2,595,360
Accumulated losses		(42,326,846)	(38,754,266)
TOTAL EQUITY		**8,180,607**	**1,855,172**

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

CELLMID LIMITED

ACN 111 304 119

Statement of Changes in Equity

For the Half-Year Ended 31 December 2018

	Note	Issued capital $	Share-based payments reserve $	General reserve $	Foreign exchange reserve $	Accumulated losses $	Total Equity $
Balance at 1 July 2018		**38,014,078**	**2,164,497**	**18,258**	**412,605**	**(38,754,266)**	**1,855,172**
Adjustment from adoption of AASB 15	1	-	-	-	-	(19,848)	(19,848)
Balance at 1 July 2018 (Restated)		**38,014,078**	**2,164,497**	**18,258**	**412,605**	**(38,774,114)**	**1,835,324**
Loss for the half-year after income tax		-	-	-	-	(3,504,477)	(3,504,477)
Other comprehensive income		-	-	-	25,101	-	25,101
Total comprehensive income for the half-year, net of tax		**-**	**-**	**-**	**25,101**	**(3,504,477)**	**(3,479,376)**
Transactions with equity holders							
Shares issued during the half-year		10,025,000	-	-	-	-	10,025,000
Transaction costs		(562,859)	92,359	-	-	-	(470,500)
Shares issued – employee share scheme		318,414	-	-	-	-	318,414
Transfer of equity value of 2017 loan repaid early		-	-	(48,255)	-	-	(48,255)
Transfer between reserves		-	-	48,255	-	(48,255)	-
Total transactions with equity holders		**9,780,555**	**92,359**	**-**	**-**	**(48,255)**	**9,824,659**
Balance at 31 December 2018		**47,794,633**	**2,256,856**	**18,258**	**437,706**	**(42,326,846)**	**8,180,607**

	Note	Issued capital $	Share-based payments reserve $	General reserve $	Foreign exchange reserve $	Accumulated losses $	Total Equity $
Balance at 1 July 2017 as previously stated		36,715,030	2,053,007	18,258	306,382	(34,697,633)	4,395,044
Prior period error	10	-	-	-	-	(324,018)	(324,018)
Balance at 1 July 2017 (Restated)		**36,715,030**	**2,053,007**	**18,258**	**306,382**	**(35,021,651)**	**4,071,026**
Loss for the half-year after income tax		-	-	-	-	(1,091,134)	(1,091,134)
Other comprehensive income		-	-	-	(51,848)	-	(51,848)
Total comprehensive income for the half-year, net of tax		**-**	**-**	**-**	**(51,848)**	**(1,091,134)**	**(1,142,982)**
Transactions with equity holders							
Shares issued during the half-year		1,326,000	-	-	-	-	1,326,000
Transaction costs		(26,952)	-	-	-	-	(26,952)
Share-based payment expense for the half-year		-	111,490	-	-	-	111,490
Total transactions with equity holders		**1,299,048**	**111,490**	**-**	**-**	**-**	**1,410,538**
Balance at 31 December 2017		**38,014,078**	**2,164,497**	**18,258**	**254,534**	**(36,112,785)**	**4,338,582**

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

CELLMID LIMITED

ACN 111 304 119

Statement of Cash Flows

For the Half-Year Ended 31 December 2018

	Half-Year 31 December 2018 $	Half-Year 31 December 2017 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,088,914	2,879,986
Payments to suppliers and employees	(7,230,699)	(5,822,440)
Interest received	15,343	20,417
Finance costs	(209,413)	(37,593)
Grant income	807,972	1,001,963
Net cash used by operating activities	(3,527,883)	(1,957,667)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(22,197)	(7,922)
Net cash used by investing activities	(22,197)	(7,922)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	10,025,000	1,326,000
Transaction costs	(470,500)	(26,952)
Proceeds from loans and borrowings	-	256,918
Repayment of loans and borrowings	(2,148,595)	(58,055)
Net cash provided by financing activities	7,405,905	1,497,911
Net (decrease)/increase in cash and cash equivalents held	3,855,825	(467,678)
Cash and cash equivalents at the beginning of the half-year	1,607,783	3,994,641
Effect of exchange rate changes	(51,401)	(17,829)
Cash and cash equivalents at the end of the half-year	5,412,207	3,509,134

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

Note 1 Summary of significant accounting policies

Basis of preparation

This general purpose interim financial report for the half-year ended 31 December 2018 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134*: Interim Financial Reporting, as appropriate for for-profit oriented entities. Compliance with *AASB 134*: Interim Financial Reporting ensures compliance with International Financial Reporting *Standard IAS 34: Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial report of Cellmid Limited ("the Company") and controlled entities ("the Group"). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. This interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual financial report of the Group for the year ended 30 June 2018, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial report, except for the adoption of the newly effective accounting standards as outlined below.

New, revised or amending Accounting Standards or Interpretations adopted

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of interim financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

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

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue* and several revenue-related Interpretations. AASB 15 requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:

a) identify the contract with a customer;

b) identify the separate performance obligations in the contract;

c) determine the transaction price;

d) allocate the transaction price to the separate performance obligations in the contract; and

e) recognise revenue when (or as) the entity satisfies a performance obligation.

The adoption of AASB 15 has mainly affected the following areas:

- Sales revenue
- Discounts and rebates
- Right of return
- Royalties

Sales Revenue

The Group's contracts with customers for the sale of goods generally include one performance obligation. The Group has concluded that revenue from the sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Therefore, the adoption of AASB 15 did not have an impact on the timing of revenue recognition. However, the amount of the revenue to be recognised was affected by discounts and rebates, and right of return, as noted below.

Discounts and rebates

AASB 15 states if the consideration promised in a contract includes a variable amount, an entity shall estimate the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer.

An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event. For example, an amount of consideration would be variable if either a product was sold with a right of return or a fixed amount is promised as a performance bonus on achievement of a specified milestone.

An entity should estimate an amount of variable consideration by using one of two methods – "the expected value" and "the most likely amount" – whichever method is a better prediction of the final outcome.

The transaction price should include some or all of an amount of variable consideration estimated only to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Prior to the adoption of AASB 15 wholesaler discounts and rebates were recognised as an expense at the time the customer settled the sales invoice net of the discounts and rebates. Under AASB 15 the discounts and rebates deducted from customer payments give rise to variable consideration which is required to be reflected in revenue recognised at the point of sale. The Group uses an expected value method to estimate the amount of discounts and rebates to be deducted from sales revenue not yet settled because this method best predicts the amount of variable consideration to which the Group will be entitled.

AASB 15 has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of accumulated losses at 1 July 2018 and comparatives are not restated. Upon adoption of AASB 15, the Group recognised an accrual for discounts and rebates on the statement of financial position and reflected the corresponding adjustment in revenue, with the net effect being adjusted in accumulated losses.

On the date of initial application of AASB 15, 1 July 2018, the impact to accumulated losses of the Group is as follows:

Impact area	Other equity	Accumulated losses	Total equity
Discounts and rebates	-	(19,848)	(19,848)

The tables below highlight the impact of AASB 15 on the Group's statement of profit or loss and other comprehensive income and the statement of financial position for the interim period ending 31 December 2018. The adoption of AASB 15 did not have any impact on the Group's statement of cash flows.

Statement of Profit or Loss and Other Comprehensive Income (Extract)	Amounts under AASB 118	Adjustment	Amounts under AASB 15
Revenue	3,749,990	(172,942)	3,577,048
Manufacturing sales expenses	(1,074,744)	154,781	(919,963)
Loss before income tax	(3,486,316)	(18,161)	(3,504,477)
Loss for the year after income tax	(3,486,316)	(18,161)	(3,504,477)
Total comprehensive income for the year	(3,461,215)	(18,161)	(3,479,376)
Loss for the year is attributable to:			
Owners of Cellmid Limited	(3,486,316)	(18,161)	(3,504,477)
Total comprehensive income for the year attributable to:			
Owners of Cellmid Limited	(3,461,215)	(18,161)	(3,479,376)

Statement of Financial Position (Extract)	Amounts under AASB 118	Adjustment	Amounts under AASB 15
Contractual liabilities	-	38,009	38,009
Total current liabilities	2,249,410	38,009	2,287,419
Total liabilities	3,191,197	38,009	3,229,206
Accumulated losses	(42,240,582)	(38,009)	(42,278,591)
Total equity	8,218,616	(38,009)	8,180,607

Right of return

Contractual terms provide wholesalers with a right of return of goods if they are damaged, about to expire or have expired. Prior to the adoption of AASB 15, the Group recognised sales returns when they occurred, reducing sales in the period in which the returns were recognised. Under AASB 15, the right of return gives rise to variable consideration which is required to be reflected in the revenue recognised in the period. Revenue recognised by the Group is required to reflect the right of return in its expectation for consideration to be received for a sale. The Group uses an expected value method to estimate the goods to be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The Group presents a contractual liability reflecting the customer's right of return in the statement of financial position.

The Group has concluded that, due to most of the current product ranges no longer having expiry dates and the historically low rate of damaged goods being received by customers, the impact of the adoption of AASB 15 in relation to right of return is not material.

Royalties

Revenue from licensees of the Group's intellectual property reflect a right to use the intellectual property as it exists at the point in time in which the licence is granted. Where consideration is based on sales of a product by the licensee, it is recognised when the customer's subsequent sales of product occurs.

The Group has concluded that there is no material impact to the recognition of royalty revenue upon adoption of AASB 15.

Note 2 provides additional disclosures disaggregating revenue by geographical market and types of products and services.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* requirements. AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting of financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and been replaced with a business model test. AASB 9 also changes the model for recognising impairment of trade receivables. Under AASB 139 impairment was calculated using an 'incurred loss' model, whereby impairment of trade receivables was determined through reference to historical events and circumstances that give rise to reduced probability of those amounts being recoverable. AASB 9 uses an 'excepted credit loss' model where historical data and other factors are considered in determining the expected future loss on trade receivables, rather than relying on an event to have occurred before recognising impairment.

AASB 9 has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of accumulated losses at 1 July 2018 and comparatives are not restated. The Group has concluded that the adoption of AASB 9 did not significantly impact the provision for trade receivables already recognised in the statement of financial position.

Going concern

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

Note 2 Operating segments

Identification of reporting segments

The Group is organised into two operating segments: (1) research and development of diagnostics and therapeutics; and (2) 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 who are identified as the Chief Operating Decision Makers ("CODM"), in assessing performance and in determining the allocation of resources. The quantitative thresholds for the USA operation have not been met, and its information it is currently combined 'Australia and USA'.

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

Types of products and services

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

(1) Midkine Diagnostic and Therapeutic (Midkine Business)

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

(2) Research, Development and Marketing of Hair Care Products (Consumer Health Business)

- Research, development and marketing of hair care products.

In 31 December 2018, the Group has presented both business and geographical segments. The presentation of business segments is to ensure that segment information is in line with the internal reports presented to the Board of Directors. There were no changes to the measurement methods used to determine operating segments and reported segment profit or loss.

Note 2 Operating segments (continued)

Business segment information

Segment performance

31 December 2018	Midkine $	Consumer Health $	Consolidated $
Revenue			
Consumer health and product sales to external customers	-	3,468,240	**3,468,240**
Interest received	49,487	-	**49,487**
Royalties and licences	49,165	-	**49,165**
Other revenue	-	10,156	**10,156**
Total revenue	**98,652**	**3,478,396**	**3,577,048**
Other income			
Government grant received	807,972	-	**807,972**
Other income	-	-	**-**
Net Gain/(loss) in foreign exchange	1,142	(75,885)	**(74,743)**
Expenses			
Share based compensation	(318,414)	-	**(318,414)**
Depreciation and amortisation	(7,575)	(66,970)	**(74,545)**
Finance costs	(126,430)	(54,738)	**(181,168)**
Manufacturing sales expense	-	(919,963)	**(919,963)**
Advertising and marketing expense	(7,018)	(527,662)	**(534,680)**
Employee benefits expense	(503,340)	(1,335,860)	**(1,839,200)**
Other expenses	(1,001,367)	(2,945,417)	**(3,946,784)**
Loss before income tax	**(1,056,378)**	**(2,448,099)**	**(3,504,477)**
Income tax expense	-	-	**-**
Loss after income tax	**(1,056,378)**	**(2,448,099)**	**(3,504,477)**

Segment assets and liabilities

31 December 2018	Midkine $	Consumer Health $	Consolidated $
Assets			
Segment assets	5,750,752	5,659,061	**11,409,813**
Liabilities			
Segment liabilities	(684,487)	(2,544,719)	**(3,229,206)**

Note 2 Operating segments (continued)

Segment performance

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

Segment assets and liabilities

31 December 2017 (Restated)	Midkine $	Consumer Health $	Consolidated $
Assets			
Segment assets	3,971,855	4,734,519	**8,706,374**
Liabilities			
Segment liabilities	(2,511,804)	(1,855,989)	**(4,367,793)**

Note 2 Operating segments (continued)

Geographical segment information

Segment performance

31 December 2018	Australia and USA $	Japan $	Consolidated $
Revenue			
Consumer health and product sales to external customers	731,887	2,736,353	**3,468,240**
Interest received	49,487	-	**49,487**
Royalties and licences	49,165	-	**49,165**
Other revenue	7,080	3,076	**10,156**
Total revenue	**837,619**	**2,739,429**	**3,577,048**
Other income			
Government grant received	807,972	-	**807,972**
Other income	-	-	**-**
Net Gain/(loss) in foreign exchange	(4,686)	(70,057)	**(74,743)**
Expenses			
Share based compensation	(318,414)	-	**(318,414)**
Depreciation and amortisation	(9,118)	(65,427)	**(74,545)**
Finance costs	(126,431)	(54,737)	**(181,168)**
Manufacturing sales expense	(203,571)	(716,392)	**(919,963)**
Advertising and marketing expense	(358,100)	(176,580)	**(534,680)**
Employee benefits expense	(1,245,198)	(594,002)	**(1,839,200)**
Other expenses	(3,516,401)	(430,383)	**(3,946,784)**
Profit / (Loss) before income tax	**(4,136,328)**	**631,851**	**(3,504,477)**
Income tax expense	-	-	**-**
Loss after income tax	**(4,136,328)**	**631,851**	**(3,504,477)**

Segment non-current assets

31 December 2018	Australia and USA $	Japan $	Consolidated $
Non-current assets			
Segment non-current assets	698,022	1,840,430	**2,538,452**

Note 2 Operating segments (continued)

Segment performance

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

Segment non-current assets

31 December 2017 (Restated)	Australia and USA $	Japan $	Consolidated $
Non-current assets			
Segment non-current assets	704,170	1,769,533	**2,473,703**

Note 3 Revenue and other income

	Timing of revenue recognition	Half-Year 31 December 2018 $	Half-Year 31 December 2017 $
Revenue			
Consumer health and sale of products	Point in time	3,468,240	3,070,345
Other revenue			
Interest received	Over time	49,487	20,417
Licence fees and royalties	Point in time	49,165	112,748
Other revenue	Point in time	10,156	2,030
		108,808	135,195
Total revenue		3,577,048	3,205,540
Other income			
Grant income		807,972	1,001,963
Net gain in foreign exchange		-	10,714
Other income		-	634
Total other income		807,972	1,013,311

Note 4 Issued capital

	31 December 2018 No.	30 June 2018 No.	31 December 2018 $	30 June 2018 $
		Note 1		
At the beginning of the year	56,912,357	1,072,456,303	38,014,078	36,715,030
Shares buyback and cancellation	-	(4,000,000)	-	-
20 to 1 shares consolidation on 23 November 2017	-	(1,015,033,419)	-	-
Shares issued – private placement	23,684,212	3,489,473	9,000,000	1,326,000
Shares issued – share purchase plan	2,697,377	-	1,025,000	-
Shares issued – employee share scheme	814,646	-	318,414	-
Transaction costs	-	-	(562,859)	(26,952)
	84,108,592	56,912,357	47,794,633	38,014,078

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

Note 5 Interests in subsidiaries

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

Name	Country of Incorporation	Percentage Owned (%) 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

Note 6 Related Party Transactions

During the half year ending, Direct Capital Group Pty Ltd, a related party to Ms Halasz, was paid $103,695 for management services (31 December 2017: $184,046). No amount was outstanding as at 31 December 2018 (30 June 2018: Nil).

Note 7 Professional fees and trade and other payables

The amounts recorded in professional fees and trade and other payables include amounts in relation to the concluded legal dispute that has been underway since 2016 in the NSW Supreme Court between wholly owned subsidiary Advangen International Pty Ltd and Ikon Communications (Ikon). The Court ruled that Ikon is entitled to their claim of $939,055 plus interest and costs. The Group fully paid Ikon's claim with interest in December 2018 and accrued any potential liability in December 2018 to cover any future obligations in relation to costs.

Note 8 Contingent assets and Contingent Liabilities

Guarantees
The Group has given bank guarantees as at 31 December 2018 of $129,560 (30 June 2018: $129,560) relating to the lease of commercial office space.

Other than the matter noted above, the Group had no contingent liabilities or contingent assets at 31 December 2018. (30 June 2018: Nil)

Note 9 Events occurring after the reporting date

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

Note 10 Correction of prior period error

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

30 June 2017

Statement of financial position (extract)	Previous amount	Adjustment	Restated amount
Inventories	2,079,323	(1,000,000)	1,079,323
Total current assets	6,562,302	(1,000,000)	5,562,302
Plant and equipment	68,722	675,982	744,704
Total non-current assets	1,910,107	675,982	2,586,089
Total assets	8,472,409	(324,018)	8,148,391
Accumulated losses	(34,697,633)	(324,018)	(35,021,651)
Total equity	4,395,044	(324,018)	4,071,026

CELLMID LIMITED

ACN 111 304 119

Directors' Declaration

For the Half-Year Ended 31 December 2018

In the Directors' opinion:

- the attached financial statements and notes thereto as set out on pages 6 to 20 comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting'; and
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to s303(5) (a) of the Corporations Act 2001.

On behalf of the Directors

.....
Dr David King
Director

Dated this 21st day of February 2019

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Independent Auditor's Review Report

To the Members of Cellmid Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Cellmid Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Cellmid Limited does not give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the Corporations Act 2001, including complying with Accounting Standard AASB 134 Interim Financial reporting.

Directors' responsibility for the half year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cellmid Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

C F Farley
Partner – Audit & Assurance

Sydney, 21 February 2019

CELLMID

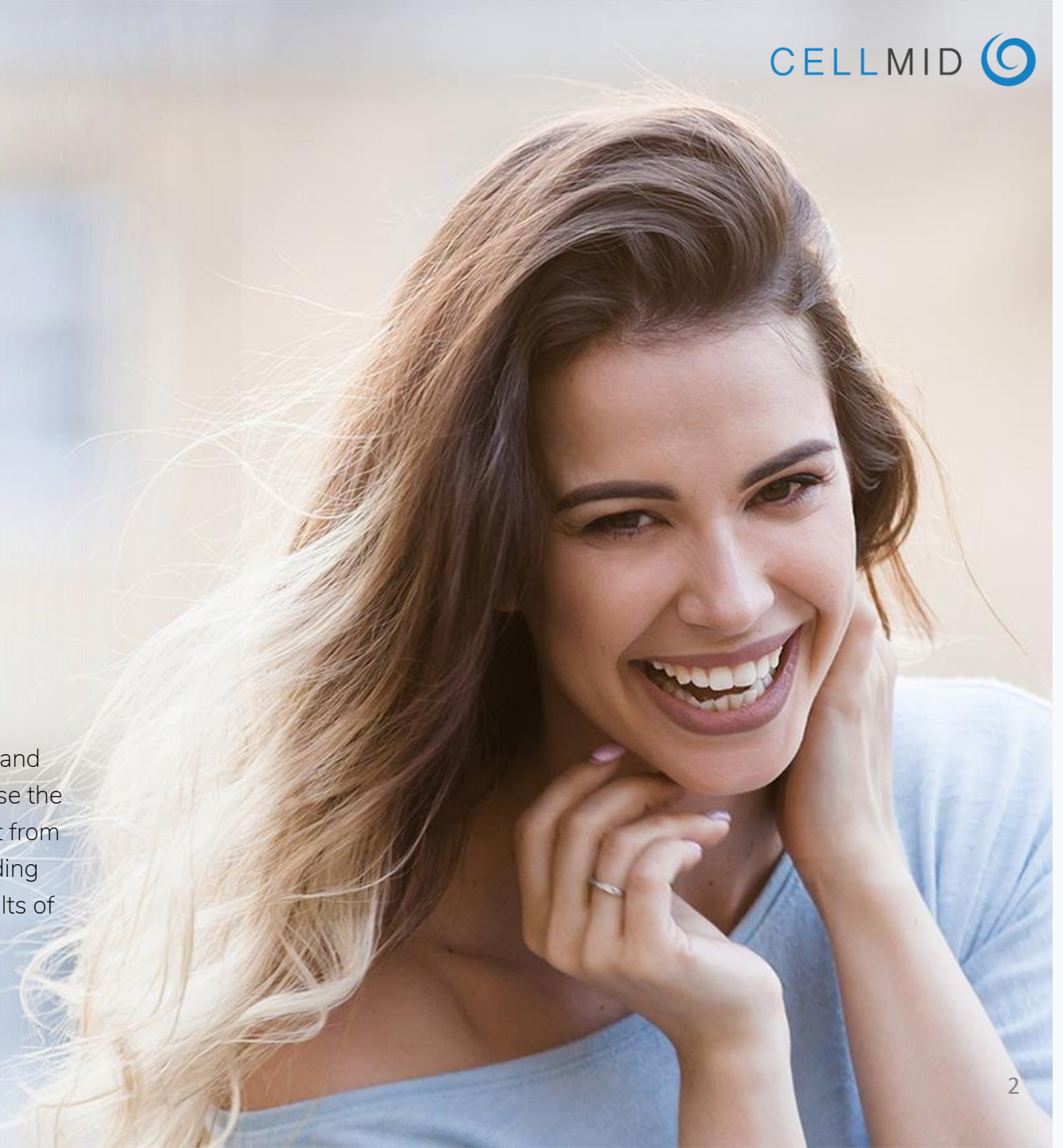
Growth Strategy

21 February 2019

ASX: CDY

CELLMID

Focused on rapidly scaling the multi-channel distribution of flagship, clinically proven **évolis®** product ranges in Asia, USA and Australia.



Forward looking statements

This presentation contains forward-looking statements that are subject to risks and uncertainties. Such statements involve known and unknown risks that may cause the actual results, performance or achievements of Cellmid to be materially different from the statements in this presentation. Actual results could differ materially depending on factors such as the availability of resources, regulatory environment, the results of advertising, sales activities and competition.

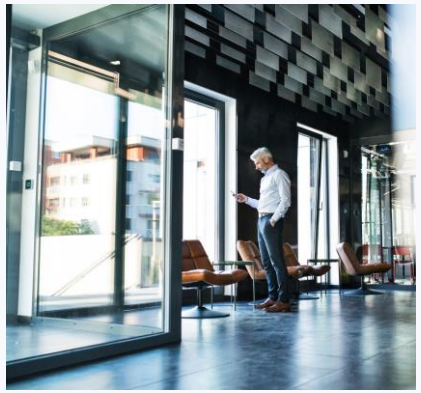
CDY – FOCUS ON GROWING SHAREHOLDER VALUE

- Solid foundations for multiple, sustainable revenue streams around the world
- Strong management team and board with extensive experience in driving sales growth in the consumer health and beauty industries
- Benefiting from growing global demand for anti-aging products as a market leader with first-in-class, best-in-class product ranges
- On the path to profitability in FY2020 with all operational metrics trending in the right direction
- Two year strategic program to increase shareholder value by growing the midkine and évolis® asset portfolios and then separating the two businesses

STRATEGIC OBJECTIVES FOR SUSTAINABLE GROWTH

1. Diversify revenue growth

Continue to expand market penetration in the US, China, Japan, Australia, NZ, South East Asia and Europe leading to profitability of consumer health business in FY2020



2. Expand e-commerce

Strong focus on building brand awareness and unique selling points of évolis® to deliver personalised products, build direct relationship with customers and expand digital sales channels

3. Expand leadership team

Appointed senior team with extensive international experience in branding, marketing and sales in the beauty/health categories, capable of executing sales strategy

4. Secure supply chain

Ongoing innovation in products and operations to improve efficiencies in manufacture, shipping and distribution

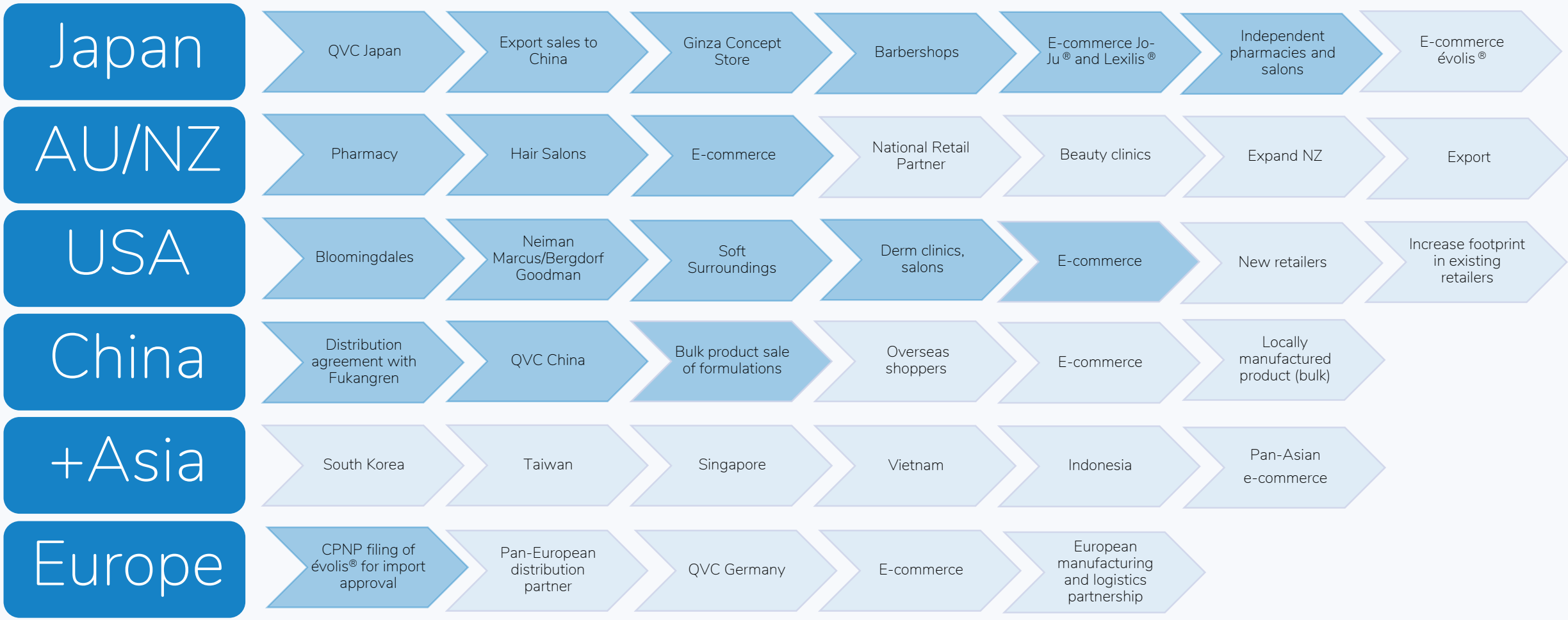
5. Invest in operational efficiency

Internal program to transition to automated systems with integrated logistics, inventory and accounting management with multi-currency capability

6. Prepare for separation of businesses

Continue to grow consumer business to reach critical size and complete clinical development plan for midkine portfolio in order to separate biotech and consumer health assets

DISTRIBUTION PLAN – SIGNIFICANT NEW OPPORTUNITIES IN THE NEXT TWO YEARS



Existing channels and activities

Expansion Opportunities

SUSTAINABLE GLOBAL GROWTH

Leverage Current Strengths	
First in class, best in class products with clinically validated technology	Experiential marketing model with brand success in AUS, USA and Japan
Premium retail channels in USA	New product development pipeline
"Australian Made" reputation in Asia	"Japanese cosmetic technology" reputation in rest of world

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Favourable Industry Dynamics	
Consumer demand for personalized beauty	Shift towards 'natural' and 'clean' products
Scalp care becoming the new skin care	Experiential retail suits differentiated retail expansion

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Sustainable global growth
1H2019 sales revenue growth and on track to hit forecast record revenue for the full financial year
USA targeting 50 stores by middle of 2019 and approx. 90 by the end of 2019
évolis® in Japan – e-commerce by mid 2019
Chinese QVC – first event on 25 January outperformed internal targets, next event in March
European import permit for évolis® Professional
Chinese import permit application for évolis® on track with potential for transformative revenue over two years
Diversified revenue growth across multiple global markets expected to achieve profitability of consumer business by FY2020

EXPAND E-COMMERCE

- Strengthen brand communication
- Drive excellence in customer service
- Optimise website and SEO/SEM
- Build direct relationship with customers
- Increased investment in digital and social marketing
- Expanded PR activities
- Synchronize offline and online marketing activities
- New Product Development
  - 2019: Dry Shampoo, UV Protector
  - 2020+: Brow Generator, Lash Creator, Hair Therapy, Supplements, Accessories

STRONG LEADERSHIP TEAM - BOARD

Board with global retail, life sciences and finance experience

Dr David King | Chairman

GOVERNANCE | ENTREPRENEURSHIP

An experienced independent chairman with expertise in high growth companies, David has a track record in building business ventures and developing them into attractive take-over targets.

Maria Halasz | CEO and Managing Director

LIFE SCIENCES | RETAIL | FINANCE | ENTREPRENEURSHIP

With 24+ years in the sector Maria started in corporate finance specialising in life sciences before joining Cellmid eleven years ago as CEO. Maria led the acquisition of the company's current portfolio of midkine and FGF5 inhibitor assets.

Dennis Eck | Non-Executive Director

RETAIL | FINANCE | ENTREPRENEURSHIP

Dennis has 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.

Bruce Gordon | Non-Executive Director

CORPORATE FINANCE | GOVERNANCE

Bruce is a seasoned audit partner and corporate finance specialist with over 35 years' industry experience. Bruce brings significant expertise in valuations, mergers and acquisitions, restructuring and transaction support.

Dr Martin Cross | Non-Executive Director

LIFE SCIENCES | MARKETING

Martin is a highly regarded pharmaceutical executive with over 30 years' experience in industry leadership roles as Chairman of Medicines Australia, Country Head and Managing Director of Novartis Australia and Managing Director of Alphapharm.

Dr Fintan Walton | Non-Executive Director

LIFE SCIENCES | CORPORATE FINANCE

Fintan has over 33 years experience in the global pharmaceutical and biotechnology sectors and is the founder and CEO of PharmaVentures Ltd, a leading UK based corporate advisory firm.

STRONG LEADERSHIP TEAM - EXECUTIVE

Executive team with global marketing, sales, life sciences and finance experience

Ko Koike| Managing Director, Advangen Inc

BUSINESS DEVELOPMENT | STRATEGY

With over 27 years of experience working in cross border business development roles for a number of Australian and Japanese healthcare companies Ko brings strong strategic and corporate development skills to Advangen.

Gary McCaw* | Sales Director

SALES LEADERSHIP | PHARMACY / RETAIL

Gary has 30 years experience in sales, most of this in pharmacy sales in Australia. He is a well respected sales leader and educator focused on people development and growth. Gary is a highly skilled negotiator and has managed key accounts and national teams for major pharmaceutical companies such as Alphapharm .

Dr Graham Robertson | Head of R&D

LIFE SCIENCES | R&D

Graham is an accomplished scientist and researcher with a career spanning four decades. Graham has a thorough knowledge and understanding of biological and pathophysiological processes incorporating both clinical studies and diverse experimental approaches. He has published ~60 papers with >3,000 citations and is an acknowledged expert on midkine.

Dr Dominic Burg | Director of Operations

DATA ANAYTICS | REGULATORY | LIFE SCIENCES

Dominic is an experienced scientist and an accomplished science communicator with a background in large multi-national projects in translational medicine. Dominic has successfully transitioned his analytical and operational skillset towards directing the logistics, manufacture and regulatory affairs of Cellmid.

Raj Ghatge* | Marketing Director

BRAND BUILDING | E-COMMERCE

Raj has over 25 years experience in branding and marketing in the beauty and hair care industries internationally, working with industry leaders such as L'Oreal. He has built and taken several brands through significant growth. He specializes in e-commerce.

Kerry Yates*| Creative Director

BRAND CREATION | BEAUTY | DESIGN

Kerry has over 20 years of beauty experience with 15 years focused on marketing and developing brands within the hair category. Kerry has created many of the recognizable brands found at REVLON, LVMH, L'OREAL and UNILEVER

Jason Lynch* | Financial Controller

ACCOUNTING | FINANCE

Jason has over 10 years experience in international finance and accounting, working for a global consulting firm in Singapore and Shanghai. He is a proven business partner to C-level executives, with a strong technical background and track record in building, developing and leading finance teams across the Asia Pacific region to support growing businesses.

* Hired in FY 2019

SECURE SUPPLY CHAIN, REDUCE MANUFACTURING AND REGULATORY UNCERTAINTIES

- Securing raw material supply
- Increasing IP including trademarks via the Madrid Protocol
- Preparing international regulatory filings
- Expanding manufacturing operations
- Extending shelf life
- Aligning cross company communications and reporting
- Building highly skilled human capital including senior team motivated to deliver on targets

INVESTING IN GLOBAL OPERATIONAL EFFICIENCIES TO IMPROVE PROFITABILITY AND CASH FLOW

Administration	Logistics	Manufacturing
• Integration of systems • Standardised operations • Automation of accounting • Standardised compliance	• Continual process improvement • Consolidated third party logistics • Improved packaging – reduced costs • Increased coordination between marketing and logistics	• Optimised inventory management • Improved forecasting accuracy • Reduced manufacturing cycle • Diversified manufacturing

TWO SUCCESSFUL COMPANIES IN TWO YEARS

PROFITABLE CONSUMER HEALTH ASSETS

évolis®

Anti-aging functional cosmetics and consumer health products for hair, face and wellbeing. All products are branded

CLINICAL DEVELOPMENT PARTNER FOR MIDKINE ASSETS

Midkine antibodies for the treatment of myocarditis, cancer, fibrosis, chronic kidney disease and associated conditions

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TARGETING CLINICAL DEVELOPMENT OF LEAD MIDKINE ANTIBODY

MAXIMISE VALUE OF MIDKINE ASSETS

Essential new data in areas including immunotherapy, myocarditis and inflammatory disorders has opened up new clinical opportunities for further testing of Cellmid's midkine assets

- Strong clinical need – improve safety of checkpoint inhibitors
- ICI induced myocarditis – opportunity for orphan drug application
- The FDA normally gives accelerated review for programs that address urgent medical need
- FDA focus on safety of check point inhibitors opens possibility of midkine as a co-therapy

The midkine assets are currently being packaged with a view to secure clinical development partners or dedicated funding into Lyramid

- Finalise clinical development plan
- Data driven clinical program including disease indication, drug selection, manufacture and clinical trial costs
- Currently partnering with world leading institutions and researchers in this field to complete package
- Direct cost to Cellmid at <$500K per year, leading to large ROI potential

PRECLINICAL EFFICACY STUDIES WILL LEAD TO CLINICAL PROGRAM

Current Midkine Projects	Outcomes assessed
Cancer Immunology + Melanoma Metastasis (University of Texas South Western)	Tumour growth, metastasis, immune cell phenotyping, synergy with ICIs
Cancer Immunology + Melanoma Metastasis (Undisclosed Collaborators)	Tumour growth, metastasis, lymphangiogenesis, immune cell phenotyping, synergy with ICIs
Checkpoint Inhibitors in myocarditis (Ludwig Maximillian University Munich)	ICI-myocarditis model; prevention of myocarditis (reduction of inflammation and fibrosis; improve cardiac function)
Multiple myeloma, bone and kidney Post-menopausal osteoporosis (Undisclosed Collaborators)	Prevention of bone loss and lesions, reduction of myeloma markers and prevention of osteoporosis

PREPARING FOR PARTNERING

2019

- Pre-clinical evidence in multiple indications
- Mechanism of action elucidated in select indications
- Several drug candidates
- Layers of IP protection in multiple indications
- Non-GMP drug manufactured

Preclinical programs to be completed

Lead drug candidate to be selected/manufacturing scoped

Cost to early clinical efficacy to be scoped

Limited spending to reach significant potential ROI

Clinical need versus cost to efficacy evidence to be assessed

Optimum clinical trial design developed

Competitive landscape reviewed

2020

- Lead drug selected from humanised anti-MK antibody candidates – driven by data
- Cell line development and GMP manufacturing scoped – driven by data
- Pre-clinical efficacy studies completed – driven by data
- Clinical development program finalised – driven by data

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FINANCIAL SUMMARY

OPERATIONAL UPDATE – JAN 2019

1H FY2019 commentary:

- Record sales achieved during the first half of FY2019 at $3.6 million, up 12% from the same period in FY2018 (adjusted for AASB 15, which reduced revenue by $172K)
- Cash balance of $5.4 million as at 31 December 2018, up 54% on pcp, all major debts cleared
- Net assets at $8.2 million as at 31 December 2018, up 89% on pcp
- Net loss after tax of $3.5 million, including payment of the adverse IKON legal judgement, expensing employee options and costs of Platinum Road R&D loan facility
- Cellmid became profitable for the month of December 2018 with $278K NPAT for that month
- Improved supply chain and inventory reserves during the quarter to fulfil demand of new distribution points in the USA and Japan
- QVC China strategic partnership established with successful first sales event on 25 Jan 2019; next in March 2019
- Vastly improved balance sheet and strong financial position to fulfil growth and profitability expectations

HISTORICAL GROUP PERFORMANCE – FY2016-2018

Year	FY2016 (A$'Ms)	FY2017 (A$'Ms)	FY2018 (A$'Ms)
Consumer health revenue	3.12	4.50	5.64
R&D tax, grants & other income	1.49	1.06	1.19
Total revenue & other income	**4.61**	**5.56**	**6.83**
Cost of goods sold	1.22	2.12	2.17
Advertising and marketing expenses	1.98	1.53	0.96
Employee benefits expenses	2.42	2.56	3.28
R&D expenses (external)	0.35	0.60	0.60
Share-based compensation	0.18	0.02	0.11
Other expenses	1.96	3.21	3.44
Total expenses	**8.11**	**10.04**	**10.56**
Net Profit/(Loss)	**(3.50)**	**(4.48)**	**(3.73)**
Cash Balance	**2.69**	**3.99**	**1.60***

*Last reported cash balance as of 31 December 2018 is $5.4 million

FY2016-2018 commentary:

- Revenue and other income growth of 81% over the last two years driven by strong performance of consumer health division
- First phase of global marketing and distribution strategy delivered results, new channels are expected to come online
- Significant new distribution agreements entered into for United States, Chinese and Australian markets, yet to show in reported results
- Improved net loss by 17% in FY2018; trend towards operational profitability

UPCOMING NEWSFLOW – IN EXPECTED ORDER

- Orphan drug filing
- Second QVC China event in March
- European import approval
- On track for 50 US stores by mid 2019
- évolis® in Japan via e-commerce in mid 2019
- Distribution partnerships