

**CELLMID LIMITED**  
**and Controlled Entity**  
**ABN 111 304 119**  
**Interim Financial Report**

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**RESULTS FOR ANNOUNCEMENT TO MARKET**

<b>Key Information</b>	<b>Half-year Ended 31 December 2012</b>	<b>Half-year Ended 31 December 2011</b>	<b>% Change Up/(Down)</b>
Revenue	258,200	71,199	263%
Loss after tax from ordinary activities attributable to members	(389,430)	(663,989)	(41%)
Net loss for the period attributable to members	(389,430)	(663,989)	(41%)

**DIVIDENDS PAID AND PROPOSED**

No interim dividend was paid or proposed.

**COMMENTARY ON THE RESULTS FOR THE PERIOD**

The commentary on the results for the period is contained in the 'Review of Operations' included within the directors' report.

**NET TANGIBLE ASSETS PER SHARE**

	<b>Half-year Ended 31 December 2012 Cents/Share</b>	<b>Half-year Ended 31 December 2011 Cents/Share</b>
Net tangible assets per share	0.48	0.47

**INTERIM REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

## CONTENTS

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	<b><u>Page</u></b>
<b>Financial Statements</b>	
Directors' Report	4
Auditors Independence Declaration under Section 307C of the Corporations Act 2001	6
Statement of Comprehensive Income	7
Statement of Financial Position	9
Statement of Changes in Equity	10
Cash Flow Statement	11
Notes to the Financial Statements	12
Directors' Declaration	17
Independent Auditor's Review Report	18

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**DIRECTORS' REPORT**

Your Directors submit the financial report of the consolidated group for the half-year ended 31 December 2012.

**DIRECTORS**

The names of directors who held office during or since the end of the half-year:

Dr David King (Chairman)

Ms Maria Halasz (Managing Director and Chief Executive Officer)

Mr Martin Rogers (Non-executive director) appointed 19th September 2012

Mr Graeme Kaufman (Non-executive director) appointed 27th August 2012

Mr Robin Beaumont (Non-executive director) resigned 27th August 2012

**PRINCIPAL ACTIVITIES**

The principal activities of Cellmid Limited are the development and commercialisation of diagnostic and therapeutic products for the management of diseases such as cancer and various chronic inflammatory conditions. The principal activities of the wholly owned subsidiary, Advangen International Pty Ltd, are to develop products relating to treatments to alleviate excessive and abnormal hair loss.

**REVIEW OF OPERATIONS**

The Group incurred an after tax loss attributed to members of \$393,076 for the six months to 31 December 2012 (2011: loss of \$663,989). The revenue of \$258,200 (2011: \$71,199) was mostly the result of sales from the Group's hair loss products. Whilst the Group incurred a loss over the six months, it has made significant progress in all three key business divisions including diagnostics, therapeutics and over-the-counter hair loss products.

**DIAGNOSTICS**

**Bladder cancer license – Pacific Edge Biotechnology Limited**

The Group licensed its cancer diagnostic patents to Pacific Edge Biotechnology Limited in 2010 for the use in their bladder cancer diagnostic test. The test was launched in Australia and New Zealand in 2012 and Pacific Edge reported on the opening of their USA based laboratory in September 2012. It is expected that the bladder cancer diagnostic product will be launched in the USA after Pacific Edge will receive their CLIA certification, expected to be in 2013. Pursuant to the license agreement between Pacific Edge and the Group a milestone payment will be due at the time of launch and royalties on sales thereafter.

**MK-ELISA – Gold standard in measuring serum midkine**

The Group's MK-ELISA was validated and CE marked in 2011. Since that time it has been used by researchers around the world including in the USA, France, Japan, Israel, UK, Hungary and Turkey, and has become the gold standard in measuring serum midkine concentrations. Sales of the test kits have gradually increased over the period, although remained modest as it is a research product. More importantly, the test has been important in the third party validation of midkine as a cancer biomarker and it has become the platform for the Group to commence a number of collaborations for the development of cancer diagnostic products.

**Projects CK3000 and CS5000**

The first part of the CK3000 program of testing serum samples of 233 healthy individuals was completed in December 2011. The testing was carried out using the GMP manufactured and CE Marked MK-ELISA, establishing not only the healthy reference range for midkine but also confirming the high performance of the test kit. During this reporting period sample collection was extended to 500 individuals and testing of these samples is expected to be completed in 2013. CS5000 has been the umbrella program for the Group's diagnostic collaborations, which are ongoing and include glioblastoma, prostate cancer, colorectal cancer and hepatocellular carcinoma. This is a program involving several studies in Australia, Turkey, Japan and Sweden.

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**THERAPEUTICS**

**Therapeutic Antibody Program – Ongoing preclinical studies**

In 2011 the Group completed humanisation of the first in class anti-midkine antibody, hu91. As planned, the Group has commenced a number of preclinical studies during the period to assess the performance of its anti-midkine antibodies in various disease settings. The “in-life” phase of the diabetic nephropathy study was completed and adhesion and cancer studies have been initiated. Results of these studies are expected to become available during the course of the 2013 calendar year.

**Midkine protein program – Heart attack**

The Group completed several batches of small scale manufacture of recombinant human midkine and has been conducting pharmacokinetic studies. These studies are ongoing and expected to result in confirmation of final rhMK structure to be used in clinical studies.

**Advangen International Pty Ltd (Advangen)**

Advangen has been set up to exploit the Group’s midkine intellectual property for hair growth, as well as to develop, manufacture and sell additional products aimed at the hair health market. During 2011 the Group has acquired international rights to a range of FGF-5 inhibitor hair growth products, commenced GMP manufacture in Australia and listed important therapeutic claims with the TGA (Therapeutic Goods Administration).

The Group’s évolis® product range was launched in June 2012, and 700 outlets agreed to stock the products by the end of September. During the reporting period orders have been received for approximately 400 stores, while the remaining stores are likely to come online during the course of calendar 2013.

In September the Group appointed a national distributor, Frostbland, to continue the expansion of the distribution and commence training of sales staff within those pharmacies that already stock the products. This process is expected to take several months, following which additional stores are expected to be added to the distribution network. Distribution is expected to reach over 1,000 stores within two years from launch.

A national advertising and marketing campaign was initiated in October 2012 and expected to continue concentrating in areas where pharmacies are stocking the products. A training program is also in place for pharmacy staff in these areas.

The Group received product revenues of around \$250K during the period, which relates to orders for approximately 400 stores. Similar revenues are anticipated from the Australian distribution during the second half of the financial year, in line with original expectations.

**EVENTS SUBSEQUENT TO REPORTING DATE**

The Group signed an Option to License agreement with Fujikura Kasei on 11 February 2013.

***Auditor’s Declaration***

The lead auditor’s independence declaration under s 307C of the *Corporations Act 2001* is set out on page 6 for the half-year report ended 31 December 2012.

Director

  
Dr David King

Sydney

Dated this 15th day of February 2013

**DECLARATION OF INDEPENDENCE BY BRUCE GORDON TO THE DIRECTORS OF CELLMID LIMITED**

As lead auditor for the review of Cellmid Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Cellmid Limited and the entity it controlled during the period.



**Bruce Gordon**

Partner

Sydney, 15 February 2013

**BDO East Coast Partnership**

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED  
31 DECEMBER 2012**

	Note	Consolidated Group	
		31.12.2012	31.12.2011
		\$	\$
<b>Revenue</b>	4	<b>258,200</b>	71,199
Other income	4	<b>48,875</b>	40,000
Purchases		<b>(45,611)</b>	(15,191)
Advertising and Marketing		<b>(115,917)</b>	(4,681)
Consultancy expense		<b>(122,209)</b>	(305,888)
Directors remuneration		<b>(67,386)</b>	(55,000)
Depreciation and amortisation expense		<b>(6,785)</b>	(5,055)
Employee benefits expense		<b>(390,319)</b>	(446,053)
Finance costs		<b>(495)</b>	(36,342)
Occupancy costs		<b>(48,474)</b>	(47,923)
Patents costs		<b>(54,801)</b>	(116,017)
Professional fees		<b>(59,217)</b>	(88,785)
Research and development expense		<b>(246,872)</b>	(195,883)
Share-based compensation		<b>(61,632)</b>	-
Travel expenses		<b>(54,856)</b>	(71,127)
Other expenses		<b>(211,443)</b>	(123,763)
<b>Loss before income tax from operations</b>		<b>(1,178,942)</b>	(1,400,509)
Income tax benefit		<b>785,866</b>	736,520
<b>Loss after income tax for the half-year</b>		<b>(393,076)</b>	(663,989)
<b>Other comprehensive income:</b>			
Net gain/(loss) on remeasurement of available for sale financial assets		-	(18,430)
<b>Total comprehensive loss for the half-year</b>		<b>(393,076)</b>	(682,419)
<b>Total comprehensive loss for the half-year attributable to</b>			
— Owners of Cellmid Limited		(389,430)	(682,419)
— Non-controlling interests		(3,646)	-
		<b>(393,076)</b>	(682,419)

*The accompanying notes form part of these financial statements.*

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED  
31 DECEMBER 2012**

	Note	Consolidated Group	
		31.12.2012	31.12.2011
		\$	\$
<b>Earnings per share</b>			
From continuing operations:			
— basic earnings per share (cents)		(0.09)	(0.17)
— diluted earnings per share (cents)		(0.09)	(0.17)

*The accompanying notes form part of these financial statements.*

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012**

	<b>Consolidated Group</b>	
	<b>31.12.2012</b>	<b>30.06.2012</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	<b>1,775,567</b>	1,050,593
Trade and other receivables	<b>49,910</b>	71,168
Inventories	<b>1,300,106</b>	1,289,237
Other assets	<b>23,931</b>	30,638
<b>TOTAL CURRENT ASSETS</b>	<b>3,149,514</b>	2,441,636
<b>NON-CURRENT ASSETS</b>		
Other financial assets	-	42,910
Plant and equipment	<b>38,106</b>	32,276
Intangible assets	<b>1,440</b>	1,440
<b>TOTAL NON-CURRENT ASSETS</b>	<b>39,546</b>	76,626
<b>TOTAL ASSETS</b>	<b>3,189,060</b>	2,518,262
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	<b>411,598</b>	258,577
Provisions	<b>117,104</b>	135,448
<b>TOTAL CURRENT LIABILITIES</b>	<b>528,702</b>	394,025
<b>NON-CURRENT LIABILITIES</b>		
Provisions	<b>38,115</b>	34,753
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>38,115</b>	34,753
<b>TOTAL LIABILITIES</b>	<b>566,817</b>	428,778
<b>NET ASSETS</b>	<b>2,622,243</b>	2,089,484
<b>EQUITY</b>		
Contributed equity	<b>21,177,832</b>	20,799,832
Reserves	<b>2,293,920</b>	1,746,085
Accumulated losses	<b>(20,830,885)</b>	(20,441,455)
Capital and reserves attributable to owners of Cellmid Limited	<b>2,640,867</b>	2,104,462
Non-controlling interest	<b>(18,624)</b>	(14,978)
<b>TOTAL EQUITY</b>	<b>2,622,243</b>	2,089,484

*The accompanying notes form part of these financial statements.*

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2012**

Consolidated Group	Attributable to owners of Cellmid Limited								
	Note	Share Capital					Total	Non- controlling interest	Total equity
		Issued Capital	Options and Share Based Payments Reserve	General Reserve	Available for Sale Reserve	Accumulated Losses			
	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Balance at 1 July 2011</b>		18,838,712	1,660,231	-	10,120	(18,471,095)	2,037,968	-	2,037,968
Total comprehensive loss for the period		-	-	-	(18,430)	(663,989)	(682,419)	-	(682,419)
<b>Total comprehensive income for the year</b>		-	-	-	(18,430)	(663,989)	(682,419)	-	(682,419)
<b>Transactions with equity holders:</b>									
Contributions of equity		627,958	-	-	-	-	627,958	-	627,958
<b>Total</b>		<b>627,958</b>	<b>-</b>	<b>-</b>	<b>(18,430)</b>	<b>(663,989)</b>	<b>(54,461)</b>	<b>-</b>	<b>(54,461)</b>
<b>Balance at 31 December 2011</b>		<b>19,466,670</b>	<b>1,660,231</b>	<b>-</b>	<b>(8,310)</b>	<b>(19,135,084)</b>	<b>1,983,507</b>	<b>-</b>	<b>1,983,507</b>
<b>Balance at 1 July 2012</b>		<b>20,799,832</b>	<b>1,723,230</b>	<b>22,855</b>	<b>-</b>	<b>(20,441,455)</b>	<b>2,104,462</b>	<b>(14,978)</b>	<b>2,089,484</b>
Loss for the year as reported in the 2012 financial statements		-	-	-	-	(389,430)	(389,430)	(3,646)	(393,076)
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(389,430)</b>	<b>(389,430)</b>	<b>(3,646)</b>	<b>(393,076)</b>
<b>Transactions with equity holders:</b>									
Contributions of equity		378,000	486,203	-	-	-	864,203	-	864,203
Movement in share based payment reserve		-	61,632	-	-	-	61,632	-	61,632
<b>Total</b>		<b>378,000</b>	<b>547,838</b>	<b>-</b>	<b>-</b>	<b>(389,430)</b>	<b>536,405</b>	<b>(3,646)</b>	<b>532,759</b>
<b>Balance at 31 December 2012</b>		<b>21,177,832</b>	<b>2,271,065</b>	<b>22,855</b>	<b>-</b>	<b>(20,830,885)</b>	<b>2,640,867</b>	<b>(18,624)</b>	<b>2,622,243</b>

*The accompanying notes form part of these financial statements.*

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED**  
**31 DECEMBER 2012**

	<b>Consolidated Group</b>	
	<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts	<b>298,005</b>	52,718
Payments to suppliers and employees	<b>(1,325,917)</b>	(1,388,798)
R&D tax rebate received	<b>785,866</b>	29,784
Other Income	<b>15,856</b>	704
Interest received	<b>8,286</b>	5,421
Finance costs	<b>(495)</b>	(36,342)
Net cash used in operating activities	<b>(218,399)</b>	(1,336,513)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds on sale of financial asset	<b>91,785</b>	-
Purchase of non-current assets	<b>(12,615)</b>	(31,284)
Net cash used in investing activities	<b>79,170</b>	(31,284)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares (net)	<b>864,203</b>	627,958
Repayment of borrowings	-	(214,195)
Net cash provided by financing activities	<b>864,203</b>	413,763
Net (decrease)/ increase in cash held	<b>724,974</b>	(954,034)
Cash and cash equivalents at beginning of the half-year	<b>1,050,593</b>	1,592,508
Cash and cash equivalents at end of half-year	<b>1,775,567</b>	638,474

*The accompanying notes form part of these financial statements.*

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

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**NOTE 1: BASIS OF PREPARATION**

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with *International Financial Reporting Standard IAS Interim Financial Reporting*. The half-year report does not include notes of the type normally included in annual financial report and shall be read in conjunction with the most recent annual financial report.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Cellmid Limited and its controlled entity (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, 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 statements.

**Going Concern**

As a developing business the Consolidated Entity has experienced operating losses of \$393,076 (2011: \$663,989) and net cash outflows from operating activities of \$218,399 (2011: \$1,336,513).

However, the Group has sufficient cash reserves to fund its ongoing operations and as such prepared the Financial Report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2012. Therefore, no adjustments have been made to the Financial Report relating to the recoverability and classification of the assets' carrying amounts or the amounts and classification of liabilities.

**New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

**NOTE 2: RESULTS FOR THE PERIOD**

All revenue and expense items that are relevant in explaining the financial performance for the interim period have been included in the Consolidated Statement of Comprehensive Income.

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**NOTE 3: OPERATING SEGMENTS**

*Identification of reporting segments*

The consolidated entity is organised into two operating segments: (1) research and development of diagnostics and therapeutics and (2) research, development and marketing of hair growth 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. There is no aggregation of operating segments.

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:

R&D	Diagnostics and therapeutics for cancer and inflammatory conditions
R&D and marketing	Hair growth products

*Operating segment information*

**31 December 2012**

The primary business segment and the primary geographic segment within which the consolidated entity operates are biotechnology and Australia respectively as at 31 December 2012. For primary reporting purposes, the entity operates in one business segment and one geographic segment as described as at 31 December 2012.

<b>31 December 2012</b>	<b>Biotechnology</b>	<b>Cosmeceuticals</b>	<b>Consolidated</b>
	\$	\$	\$
<b>Revenue</b>			
Sales revenue	4,150	-	4,150
Sales of products	-	229,908	229,908
Total sales revenue	4,150	229,908	234,058
Subleasing income	12,000	-	12,000
Interest revenue	8,286	-	8,286
Royalties	358	-	358
Other revenue	3,300	198	3,498
	23,944	198	24,142
<b>Total Revenue</b>	28,094	230,106	258,200
<b>Segment result</b>	(1,144,023)	(72,829)	(1,216,852)
Loss on foreign exchange	(3,685)	-	(3,685)
Gain on sale of financial asset	48,875	-	48,875
Depreciation	(6,694)	(91)	(6,785)
Finance costs	(491)	(4)	(495)
<b>Loss before income tax expenses</b>	(1,106,018)	(72,924)	(1,178,942)
Income tax benefit			785,866
<b>Loss after income tax benefit</b>			(393,076)

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

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**NOTE 3: OPERATING SEGMENTS (CONTINUED)**

31 December 2012

	<b>Biotechnology</b>	<b>Cosmeceuticals</b>	<b>Consolidated</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
Segment assets	2,780,584	408,476	3,189,060
<b>Total assets</b>			<u>3,189,060</u>
<b>Liabilities</b>			
Segment liabilities	(467,860)	(98,957)	(566,817)
<b>Total liabilities</b>			<u>(566,817)</u>

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

**NOTE 4: REVENUE AND OTHER INCOME**

	<b>Consolidated Group</b>	
	<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>		
Sales revenue:		
– sale of goods	<b>234,058</b>	49,786
	<b>234,058</b>	49,786
Other revenue:		
– interest received	<b>8,286</b>	5,421
– rental revenue	<b>12,000</b>	12,000
– royalties	<b>358</b>	704
– other revenue	<b>3,498</b>	3,288
	<b>24,142</b>	21,413
Total revenue	<b>258,200</b>	71,199
Other income:		
– Gain on foreign exchange	-	40,000
– Gain on disposal of financial assets	48,875	-
<b>Total other income</b>	<b>48,875</b>	<b>40,000</b>

**NOTE 5: EXPENSES**

**Loss before income tax from continuing operations includes the following specific expenses:**

Cost of sales	<b>45,611</b>	15,191
Finance cost	<b>495</b>	36,342
Employee benefits expense	<b>390,319</b>	446,053
Foreign currency translation losses	<b>3,685</b>	-
Rental expense on operating leases:		
– minimum lease payments	<b>45,588</b>	45,588
Depreciation and amortisation		
– Plant and equipment	<b>6,785</b>	5,055
Research and development costs	<b>246,872</b>	195,883

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

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**NOTE 6: CONTRIBUTED EQUITY**

	<b>31.12.2012</b>	<b>30.06.2012</b>	<b>31.12.2012</b>	<b>30.06.2012</b>
	<b>Number</b>	<b>Number</b>	<b>\$</b>	<b>\$</b>
<b>Share Capital</b>				
1 July Opening Balance	<b>520,843,117</b>	392,634,129	<b>20,799,832</b>	18,838,711
Share issue	<b>24,242,424</b>	128,208,988	<b>378,000</b>	1,961,121
	<b>545,085,541</b>	520,843,117	<b>21,177,832</b>	20,799,832
<b>Options</b>				
1 July Opening balance	<b>36,923,968</b>	34,552,001	<b>1,746,085</b>	1,746,085
Listed				
Other	<b>276,982,770</b>	(6,599,995)	<b>490,235</b>	-
Directors	<b>15,000,000</b>	3,971,962	<b>57,600</b>	-
Executives	-	5,000,000	-	-
	<b>328,906,738</b>	36,923,968	<b>2,293,920</b>	1,746,085

**NOTE 7: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE**

The Group signed an Option to License agreement with Fujikura Kasei on 11 February 2013.

**CELLMID LIMITED**  
**and Controlled Entity**  
**Interim Report**

**DIRECTORS' DECLARATION**

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The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 16 are in accordance with the *Corporations Act 2001*, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date.
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.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the *Corporations Act 2001*.

On behalf of the directors

Director

  
Dr David King

Sydney

Dated this 15th day of February 2013

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cellmid Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Cellmid Limited which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entity it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity 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 control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 consolidated entity's financial position as at 31 December 2012 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cellmid Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Cellmid Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'BDO'.

**BDO East Coast Partnership**

A handwritten signature in blue ink that reads 'Bruce Gordon'.

**Bruce Gordon**

Partner

Sydney, 15 February 2013