

**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 2013</b>	<b>Half-year Ended 31 December 2012</b>	<b>% Change Up/(Down)</b>
Revenue	1,529,074	258,200	492
Net Profit / (Loss) after tax from ordinary activities attributable to members	242,029	(389,430)	
Net Profit/ (Loss) for the period attributable to members	242,029	(389,430)	

**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 2013 Cents/Share</b>	<b>Half-year Ended 31 December 2012 Cents/Share</b>
Net tangible assets per share	0.73	0.48

# **CELLMID LIMITED and Controlled Entities**

**ACN 111 304 119**

**Interim Consolidated Financial Report**

**For the Half-Year Ended 31 December 2013**

# CELLMID LIMITED and Controlled Entities

ACN 111 304 119

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For the Half-Year Ended 31 December 2013

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# CELLMID LIMITED and Controlled Entities

ACN 111 304 119

## Directors' Report For the Half-Year Ended 31 December 2013

The directors submit the interim consolidated financial report of Cellmid Limited and Controlled Entities ("the Consolidated Entity") for the half-year ended 31 December 2013.

### Directors

The names of the directors in office at any time during, or since the end of, the half-year are:

Dr David King	Appointed 18 January 2008
Ms Maria Halasz	Appointed 19 November 2007
Mr Martin Rogers	Appointed 19 September 2012
Mr Graeme Kaufman	Appointed 27 August 2012

### Principal activities and significant changes in nature of activities

The principal activities of the Consolidated Entity during the financial year were:

- development and commercialisation of diagnostic and therapeutic products for the management of diseases such as cancer and various chronic inflammatory conditions by targeting midkine, an embryonic cytokine (Midkine Business);
- development and sale of over-the-counter (OTC) treatments to alleviate excessive and abnormal hair loss and re-establish the natural hair growth cycle (Consumer Health Business).

### Review of operations

The Consolidated Entity recorded an after tax profit of \$235,008 for the half-year ended 31 December 2013 (2012: loss of \$393,076). The revenue of \$1,529,074 (2012: \$258,200) was the result of licencing fees from the Consolidated Entity's Midkine business and sales in the Consolidated Entity's Consumer Health Business.

### Midkine Business

#### DIAGNOSTICS

##### Bladder cancer licence – Pacific Edge Biotechnology Limited

The Consolidated Entity licenced its cancer diagnostic patents to Pacific Edge Biotechnology Limited ("Pacific Edge") 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. CxBladder® was launched in the USA in March 2013 after Pacific Edge received their CLIA certification for its laboratories. In August 2013 the Consolidated Entity received a milestone payment in Pacific Edge shares (1,084,622 shares) at the time their sales activities commenced in the United States. The Pacific Edge shares have subsequently been sold on market.

##### New diagnostic license in Japan – Fujikura Kasei Co. Ltd

In February 2013 the Consolidated Entity signed an Option to Licence Agreement with Fujikura Kasei Co. Ltd ("Fujikura") for the use of its midkine antibodies in Fujikura's latex diagnostic platform and for the use of a midkine diagnostic test for the early diagnosis of cancer in Japan only. In July 2013 Fujikura decided to exercise the option to licence the Consolidated Entity's technology and paid a license fee of AUD\$440,000.

##### Lung cancer diagnostic test - Celera-Quest licence

The Consolidated Entity signed a licence agreement with Celera-Quest in 2009 enabling Celera-Quest to use midkine as one of six biomarkers in their test for the early diagnosis, prognosis and disease management of lung cancer. The Consolidated Entity received an upfront payment at the time of signing, and a milestone payment will become payable by Celera-Quest at the time of regulatory clearance. In addition to the licence and milestone fee the licence agreement also provides for the payment of royalties on sales made by Celera-Quest. Celera-Quest provided their annual update to the Consolidated Entity in March 2013 confirming that they have transferred and validated the six marker assay on the Luminex

# CELLMID LIMITED and Controlled Entities

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## Directors' Report For the Half-Year Ended 31 December 2013

platform. They have also advised that they are progressing with further clinical validation using serum samples from a National Cancer Institute sponsored trial.

### Novel colorectal cancer screening tool – Abcodia

In July 2013 the Consolidated Entity signed a collaboration agreement with Abcodia for the development of a novel colorectal cancer screening tool. Under the terms of the collaboration the Consolidated Entity is expected to provide its MK ELISA for the testing of suitable specimen from the 5,000,000 serum sample collection available to Abcodia. Any new intellectual property or product developed through the collaboration will be owned jointly by the parties.

### Project CK3000

Project CK3000 was completed during the period and the results were released to the market in December 2013. Under the project over 500 individuals have been tested for their midkine levels. The subjects otherwise presented “healthy” and the study resulted in the establishment of normal midkine values. The study has also resulted in early indication that midkine may be a useful tool in screening for serious diseases in the general population.

## THERAPEUTICS

### Therapeutic Antibody Program – Preparations for clinical studies commenced

The Consolidated Entity has completed pre-clinical validation of its anti-midkine antibodies and several of its studies have shown efficacy in cancer using pre-clinical animal models of the disease. Anti-midkine antibodies have shown a reduction in angiogenesis, tumour growth and metastasis in various solid tumour types. The Consolidated Entity progressed during the period with the generation of humanised antibody lead candidates and is expected to finalise selection of its lead drug candidate in preparation for IND enabling studies.

## PATENTS

The Consolidated Entity has been granted key antibody patents during the period in major jurisdictions including Japan and Europe resulting in a portfolio of 81 patents and patent applications.

### Consumer health business

The Consolidated Entity's Consumer Health business has been set up to exploit its midkine intellectual property for hair growth, as well as to develop, manufacture and sell additional products aimed at the hair health market. In late 2012 the Consolidated Entity 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 Consolidated Entity's évolis® product range was successfully launched in pharmacies June 2012. During the reporting period orders have been received from all of the pharmacy chains stocking the product.

In May 2013 the Consolidated Entity acquired the Japanese owner of the FGF-5 technology, Advangen Inc. (Japan) in a deal involving \$1.2M in cash and approximately \$2.6M in Cellmid shares priced at 5 cents each. As a result of the acquisition the Consolidated Entity has become the owner of the FGF-5 inhibitor products, brands, patents and all other intellectual property globally. Importantly, Chinese import permits for its Japanese manufactured Jo-Ju® and Lexilis® brands have been included in the acquisition. During the reporting period the Consolidated Entity signed new distribution agreements in Japan with the objective to increase sales in 2014.

The Consolidated Entity received wholesale product revenues of \$445,080 during the period.

### Capital raising

The Consolidated Entity raised \$2M in a private placement in December 2013 by issuing shares at 3 cents each to sophisticated investors.

# CELLMID LIMITED and Controlled Entities

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## Directors' Report For the Half-Year Ended 31 December 2013

### Events subsequent to reporting date

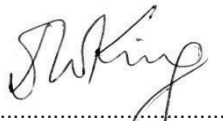
The Consolidated Entity signed an agreement with Beijing Huana Likang Biotechnology in February 2014 for the exclusive distribution of the Jo-Ju and Lexilis brands in China, including Hong Kong but exclusive of Taiwan.

### Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2013 is set out on page 4 of the interim consolidated financial report.

This report is signed in accordance with a resolution of the Board of Directors.

Director:

  
.....  
Dr David King

Dated this 27<sup>th</sup> day of February 2014

**DECLARATION OF INDEPENDENCE BY ARTHUR MILNER TO THE DIRECTORS OF CELLMID LIMITED**

As lead auditor for the review of Cellmid Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

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

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

**BDO East Coast Partnership**



**Arthur Milner**

**Partner**

Sydney, 27 February 2014

# CELLMID LIMITED and Controlled Entities

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## Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2013

		Half-Year 31 December 2013	Half-Year 31 December 2012
	Note	\$	\$
Revenue	3	1,529,074	258,200
Other income	3	429,519	48,875
Cost of sales		(129,438)	(45,611)
Advertising and marketing		(231,819)	(115,917)
Consultancy expense		(196,317)	(122,209)
Directors' remuneration		(127,629)	(67,386)
Depreciation and amortisation expense		(61,749)	(6,785)
Employee benefits expense		(699,153)	(390,319)
Finance costs		(1,501)	(495)
Occupancy costs		(99,108)	(48,474)
Patent costs		(97,327)	(54,801)
Professional fees		(91,467)	(59,217)
Research and development expense		(205,146)	(246,872)
Share-based compensation		(62,931)	(61,632)
Travel expenses		(101,224)	(54,856)
Other expenses		(329,263)	(211,443)
<b>Loss before income tax</b>		<b>(475,479)</b>	<b>(1,178,942)</b>
Income tax benefit		710,487	785,866
<b>Profit / (loss) for the half-year</b>		<b>235,008</b>	<b>(393,076)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the half-year</b>		<b>235,008</b>	<b>(393,076)</b>
Profit / (loss) for the half-year attributable to:			
Owners of Cellmid Limited		242,029	(389,430)
Non-controlling interests		(7,021)	(3,646)
		<b>235,008</b>	<b>(393,076)</b>
Total comprehensive income for the half-year attributable to:			
Owners of Cellmid Limited		242,029	(389,430)
Non-controlling interests		(7,021)	(3,646)
		<b>235,008</b>	<b>(393,076)</b>
<b>Earnings per share from continuing operations attributable to the owners of Cellmid Limited</b>			
Basic earnings per share (cents)		0.04	(0.09)
Diluted earnings per share (cents)		0.04	(0.09)

The above interim consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



# CELLMID LIMITED and Controlled Entities

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## Interim Consolidated Statement of Financial Position

As at 31 December 2013

	31 December 2013	30 June 2013
Note	\$	\$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	4,068,147	1,754,994
Trade and other receivables	249,332	255,695
Inventories	1,659,102	1,694,926
Other assets	45,099	73,321
TOTAL CURRENT ASSETS	<u>6,021,680</u>	<u>3,778,936</u>
NON-CURRENT ASSETS		
Plant and equipment	44,160	51,633
Intangible assets	2,211,684	2,163,150
TOTAL NON-CURRENT ASSETS	<u>2,255,844</u>	<u>2,214,783</u>
TOTAL ASSETS	<u>8,277,524</u>	<u>5,993,719</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	481,239	501,299
Provisions	162,722	134,755
TOTAL CURRENT LIABILITIES	<u>643,961</u>	<u>636,054</u>
NON-CURRENT LIABILITIES		
Provisions	56,921	52,508
TOTAL NON-CURRENT LIABILITIES	<u>56,921</u>	<u>52,508</u>
TOTAL LIABILITIES	<u>700,882</u>	<u>688,562</u>
NET ASSETS	<u>7,576,642</u>	<u>5,305,157</u>
<b>EQUITY</b>		
Contributed equity	4 27,377,832	25,336,522
Reserves	1,926,277	1,966,375
Accumulated losses	(21,727,467)	(21,969,496)
Capital and reserves attributable to owners of Cellmid Limited	<u>7,576,642</u>	<u>5,333,401</u>
Non-controlling interests	7 -	(28,244)
TOTAL EQUITY	<u>7,576,642</u>	<u>5,305,157</u>

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

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## Interim Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2013

	Contributed Equity \$	Share-Based Payments Reserve \$	General Reserve \$	Foreign Exchange Reserve \$	Accumulated Losses \$	Non-Controlli ng Interests \$	Total Equity \$
<b>Balance at 1 July 2012</b>	20,799,832	1,723,230	22,855	-	(20,441,455)	(14,978)	2,089,484
Loss for the half year	-	-	-	-	(389,430)	(3,646)	(393,076)
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income for the half-year</b>	-	-	-	-	(389,430)	(3,646)	(393,076)
<b>Transactions with owners in their capacity as owners:</b>							
Contribution of equity, net of transaction costs	378,000	486,203	-	-	-	-	864,203
Movement in share-based payments reserve	-	61,632	-	-	-	-	61,632
<b>Balance at 31 December 2012</b>	<u>21,177,832</u>	<u>2,271,065</u>	<u>22,855</u>	<u>-</u>	<u>(20,830,885)</u>	<u>(18,624)</u>	<u>2,622,243</u>

	Contributed Equity \$	Share-Based Payments Reserve \$	General Reserve \$	Foreign Exchange Reserve \$	Accumulated Losses \$	Non-Controlli ng Interests \$	Total Equity \$
<b>Balance at 1 July 2013</b>	25,336,522	1,727,263	22,855	216,257	(21,969,496)	(28,244)	5,305,157
Profit for the half-year	-	-	-	-	242,029	(7,021)	235,008
Other comprehensive income	-	-	-	-	-	-	-
<b>Total comprehensive income for the half-year</b>	-	-	-	-	242,029	(7,021)	235,008
<b>Transactions with owners in their capacity as owners:</b>							
Contribution of equity, net of transaction costs	2,041,310	-	-	-	-	-	2,041,310
Acquisition of Non-Controlling Interest	-	-	-	-	-	35,265	35,265
Movement in foreign exchange reserve	-	-	-	(68,029)	-	-	(68,029)
Movement in share-based payments reserve	-	27,931	-	-	-	-	27,931
<b>Balance at 31 December 2013</b>	<u>27,377,832</u>	<u>1,755,194</u>	<u>22,855</u>	<u>148,228</u>	<u>(21,727,467)</u>	<u>-</u>	<u>7,576,642</u>

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# CELLMID LIMITED and Controlled Entities

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## Interim Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2013

	Half-Year 31 December 2013 \$	Half-Year 31 December 2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	944,912	298,005
Payments to suppliers and employees	(2,372,824)	(1,325,917)
Income tax benefit	711,874	785,866
Other income	11,984	15,856
Interest received	18,009	8,286
Finance costs	(1,501)	(495)
Net cash used by operating activities	<u>(687,546)</u>	<u>(218,399)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets	996,227	91,785
Payments for purchase of plant and equipment	-	(12,615)
Net cash provided by investing activities	<u>996,227</u>	<u>79,170</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares, net of transaction costs	2,000,000	864,203
Net cash provided by financing activities	<u>2,000,000</u>	<u>864,203</u>
Net increase in cash and cash equivalents held	2,308,680	724,974
Cash and cash equivalents at beginning of the half-year	1,754,994	1,050,593
Effect of exchange rate changes	4,473	-
Cash and cash equivalents at end of the half-year	<u>4,068,147</u>	<u>1,775,567</u>

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# CELLMID LIMITED and Controlled Entities

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## Notes to the Financial Statements

For the Half-Year Ended 31 December 2013

### Note 1 Summary of significant accounting policies

#### Basis of preparation

This condensed consolidated interim financial report for the half-year ended 31 December 2013 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134: Interim Financial Reporting ensures compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

The interim consolidated 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 Consolidated Entity"). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Consolidated Entity. This condensed interim consolidated financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this interim consolidated financial report be read in conjunction with the annual financial report of the Consolidated Entity for the year ended 30 June 2013, together with any public announcements made during the half-year.

The same accounting policies and methods of computation have been followed in this interim consolidated financial report as were applied in the most recent annual financial report, unless otherwise stated.

#### New, revised or amending Accounting Standards or Interpretations adopted

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Consolidated Entity's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gain and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Consolidated Entity's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Consolidated Entity does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed. The Consolidated Entity has not decided to early adopt AASB 9.

### Note 2 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:

Research and development	Diagnosics and therapeutics for cancer and inflammatory conditions
Research and development and marketing	Hair growth products

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## Notes to the Financial Statements

For the Half-Year Ended 31 December 2013

### Note 2 Operating segments (continued)

#### Operating segment information

The primary business segment and the primary geographic segments within which the Consolidated Entity operates are biotechnology, retail Australia and retail Japan respectively as at 31 December 2013. For primary reporting purposes, the entity operates in two business segments and two geographic segments as described as at 30 June 2013.

#### Segment performance

31 December 2013	Biotechnology	Retailing	Retailing	Consolidated
	\$	\$	\$	
	Australia	Australia	Japan	
<b>REVENUE</b>				
Sales revenue	19,600	-	-	19,600
Sales of goods	14,923	128,487	301,670	445,080
	<b>34,523</b>	<b>128,487</b>	<b>301,670</b>	<b>464,680</b>
Rental revenue	26,220	-	-	26,220
Interest received	17,962	-	24	17,986
Royalties	1,009,188	-	-	1,009,188
Other revenue	11,000	-	-	11,000
	<b>1,064,370</b>	<b>-</b>	<b>24</b>	<b>1,064,394</b>
<b>Total revenue</b>	<b>1,098,893</b>	<b>128,487</b>	<b>301,694</b>	<b>1,529,074</b>
Segment result	(395,602)	(176,292)	(256,519)	(828,413)
Loss on foreign exchange	(13,335)	-	-	(13,335)
Gain on disposal of financial asset	429,519	-	-	429,519
Depreciation and amortisation	(6,892)	(43)	(54,814)	(61,749)
Finance costs	(1,501)	-	-	(1,501)
<b>Loss before income tax</b>	<b>12,189</b>	<b>(176,335)</b>	<b>(311,333)</b>	<b>(475,479)</b>
Income tax benefit				710,487
<b>Profit / (loss) after income tax</b>				<b>235,008</b>

#### Segment assets and liabilities

31 December 2013	Biotechnology	Retailing	Retailing	Consolidated
	\$	\$	\$	
	Australia	Australia	Japan	
<b>ASSETS</b>				
Segment assets	5,199,044	387,082	2,691,398	8,277,524
<b>LIABILITIES</b>				
Segment liabilities	(546,186)	(76,055)	(78,641)	(700,882)

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## Notes to the Financial Statements

For the Half-Year Ended 31 December 2013

### Note 2 Operating segments (continued)

#### Segment performance

31 December 2012	Biotechnology	Retailing	Retailing	Consolidated
	\$ Australia	\$ Australia	\$ Japan	
<b>REVENUE</b>				
Sales revenue	4,150	-	-	4,150
Sales of goods	-	229,908	-	229,908
	<u>4,150</u>	<u>229,908</u>	<u>-</u>	<u>234,058</u>
Rental revenue	12,000	-	-	12,000
Interest received	8,286	-	-	8,286
Royalties	358	-	-	358
Other revenue	3,300	198	-	3,498
	<u>23,944</u>	<u>198</u>	<u>-</u>	<u>24,142</u>
<b>Total revenue</b>	<u>28,094</u>	<u>230,106</u>	<u>-</u>	<u>258,200</u>
Segment result	(1,144,023)	(72,829)	-	(1,216,852)
Loss on foreign exchange	(3,685)	-	-	(3,685)
Gain on disposal of financial asse	48,875	-	-	48,875
Depreciation and amortisation	(6,694)	(91)	-	(6,785)
Finance costs	(491)	(4)	-	(495)
<b>Loss before income tax</b>	<u>(1,106,018)</u>	<u>(72,924)</u>	<u>-</u>	<u>(1,178,942)</u>
Income tax benefit				785,866
<b>Profit / (loss) after income tax</b>				<u><u>(393,076)</u></u>

#### Segment assets and liabilities

30 June 2013	Biotechnology	Retailing	Retailing	Consolidated
	\$ Australia	\$ Australia	\$ Japan	
<b>ASSETS</b>				
Segment assets	2,545,805	369,362	3,078,552	5,993,719
<b>LIABILITIES</b>				
Segment liabilities	(532,592)	(79,483)	(76,487)	(688,562)

# CELLMID LIMITED and Controlled Entities

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## Notes to the Financial Statements

For the Half-Year Ended 31 December 2013

### Note 3 Revenue and other income

#### Revenue from continuing operations

	Half-Year December 2013 \$	31 December 2012 \$
Revenue		
- sale of goods	445,080	234,058
Other revenue		
- interest received	17,986	8,286
- rental revenue	26,220	12,000
- royalties	1,009,188	358
- consulting fees	19,600	-
- other revenue	11,000	3,498
	<u>1,083,994</u>	<u>24,142</u>
<b>Total Revenue</b>	<u><b>1,529,074</b></u>	<u><b>258,200</b></u>

During the half-year ended 31 December 2013, the Consolidated Entity received non-recurring royalty income of \$1,009,188 in relation to two non-exclusive licence agreements covering the use of Cellmid Limited's Midkine diagnostic technology. The counter parties to the licence agreements were Fujikura Kasei Co. Ltd and Pacific Edge Biotechnology Limited ("Pacific Edge") and the Consolidated Entity received a mix of cash and share-based payment remuneration.

Other income		
- gain on disposal of financial assets	429,519	48,875

On 23 October 2013, the Consolidated Entity made a gain on the disposal of the shares it held in Pacific Edge in the amount of \$429,519.

### Note 4 Contributed equity

	31 December 2013 No.	30 June 2013 No.	31 December 2013 \$	30 June 2013 \$
<b>Share capital - ordinary fully paid</b>				
Opening balance	650,470,079	520,843,117	24,704,261	20,741,842
Shares issues	84,515,624	129,626,962	2,154,531	4,058,007
Capital raising costs	-	-	(113,221)	(95,588)
	<u>734,985,703</u>	<u>650,470,079</u>	<u>26,745,571</u>	<u>24,704,261</u>
<b>Share options</b>				
Opening balance	354,105,173	36,923,968	632,261	57,989
Options issued	-	319,181,205	-	629,884
Options lapsed	(3,000,000)	(2,000,000)	-	-
Capital raising costs	-	-	-	(55,612)
	<u>351,105,173</u>	<u>354,105,173</u>	<u>632,261</u>	<u>632,261</u>
			<u><b>27,377,832</b></u>	<u><b>25,336,522</b></u>

# CELLMID LIMITED and Controlled Entities

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## Notes to the Financial Statements

For the Half-Year Ended 31 December 2013

### Note 5 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transaction with related parties:

During the period 12,000,000 Ordinary Shares were issued to Maria Halasz under the company's Employee Incentive Plan. In accordance with AASB 2 Share Based Payments this share issue has been treated as an option and the value of the option on 25 November 2013 has been recorded as a share based payment expense for this half-year financial report.

On the 25th of November 2013, Cellmid Limited acquired the remaining 5% interest in its subsidiary, Advangen International Pty Ltd from Direct Capital Group Pty Limited ("Direct Capital"). Direct Capital is a company wholly owned by Maria Halasz and was acquired for a consideration of 3,515,625 shares in Cellmid Limited, with a market value of \$119,531

### Note 6 Business Combinations

On the 25th of November 2013, Cellmid Limited acquired the remaining 5% interest in its subsidiary, Advangen International Pty Ltd, for a consideration of 3,515,625 shares in Cellmid Limited, with a market value of \$119,531.

Details of the acquisition are as follows:

	Fair Value \$
Cash and cash equivalents	742
Inventory	16,132
Withholding credits	171
Fixed assets	6
Trade payables	(4,537)
GST refundable	166
Payroll liabilities	(691)
Loans	(47,254)
	<hr/>
Net asset acquired	(35,265)
Goodwill	154,796
	<hr/>
Acquisition-date fair value of the total consideration transferred	119,531
	<hr/>
Representing:	
Shares in Cellmid Limited at market value	119,531
	<hr/>
Acquisition costs expensed to profit and loss	-
	<hr/>

### Note 7 Interests in subsidiaries

		Country of Incorporation	Percentage Owned (%)* 31 December 2013	Percentage Owned (%)* 30 June 2013
<b>Subsidiaries of Cellmid Limited</b>				
Advangen International Pty Ltd	(a)	Australia	100	95
Advangen Limited	(b)	Australia	-	100
Advangen Incorporated		Japan	100	100

\*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.



# CELLMID LIMITED and Controlled Entities

ACN 111 304 119

## Notes to the Financial Statements

For the Half-Year Ended 31 December 2013

### Note 7 Interests in subsidiaries (continued)

#### (a) Advangen International Pty Ltd

On the 25th of November 2013, Cellmid Limited acquired the remaining 5% interest in its subsidiary, Advangen International Pty Ltd, for a consideration of 3,515,625 shares in Cellmid Limited, with a market value of \$119,531.

#### (b) Advangen Limited

On 13 November 2013, Advangen Limited was wound up and deregistered.

### Note 8 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2013 (30 June 2013: \$nil).

### Note 9 Events occurring after the reporting date

The Consolidated Entity signed an agreement with Beijing Huana Likang Biotechnology in February 2014 for the exclusive distribution of the Jo-Ju and Lexilis brands in China, including Hong Kong but exclusive of Taiwan.

## CELLMID LIMITED and Controlled Entities

ACN 111 304 119

### Directors' Declaration

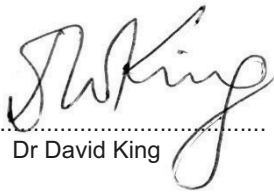
In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Account Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date;
- 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 section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Director

  
.....  
Dr David King

Dated this 27<sup>th</sup> day of February 2014

Sydney

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cellmid Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cellmid Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities 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 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 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 2013 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 review 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 2013 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*

**BDO East Coast Partnership**

A handwritten signature in black ink, appearing to read 'A. Milner'.

**Arthur Milner**  
**Partner**

Sydney, 27 February 2014