

CELLMID LIMITED

ABN 69 111 304 119

ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2014

Name of Entity	Cellmid Limited
ABN	69 111 304 119
Half year ended	31 December 2014
Previous corresponding period	31 December 2013

The following information should be read in conjunction with both the Financial Report for the year ended 30 June 2014 and the Interim Report for the half year ended 31 December 2014 and the attached auditors' review report.

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

Financial Results

				31 Dec 2014
				\$
Revenue from ordinary activities for the period	Down	55%	To	\$685,183
Loss from ordinary activities after tax for the period attributable to members	N/A	\$235,008	To	(\$1,000,119)
Net Loss after tax for the period attributable to members	N/A	\$235,008	To	(\$1,000,119)

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

Net Tangible Assets

	Current Period	Previous Period
	31 Dec 2014	31 Dec 2013
Net tangible assets per ordinary share	0.50 cents	0.73 cents

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ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (continue)

The company did not gain or lose control over any entities during the six-month period.

General Overview

The Consolidated Entity incurred an after tax loss attributed to members of \$1,000,119 for the six months to 31 December 2014 (31 December 2013: profit of \$235,008). While the Consolidated Entity incurred a loss over the six months, it has made significant progress in all key business divisions (Midkine Business and Consumer Health Business) as follows:

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.

During the half year ended 31 December 2014 Pacific Edge paid to the Consolidated Entity \$18,040 in royalties in relation to their license and announced the launch of a new triaging product for bladder cancer.

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.

During the half year ended 31 December 2014 Fujikura commenced the development of a midkine latex diagnostic test and clinical validation of their prototype assay in a limited sample population.

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ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (continue)

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 June 2014 confirming that they continue to work diligently towards the launch of a lung cancer diagnostic test which includes midkine.

During the half year ended 31 December 2014 the Consolidated Entity did not receive a further update from Celera-Quest.

Other diagnostic collaborations

During the half year ended 31 December 2014 the Consolidated Entity continued to pursue several ongoing collaborations for the development of screening, prognostic or companion diagnostic products in multiple cancer indications.

THERAPEUTICS

Therapeutic Antibody Program – Preparations for clinical studies commenced

The Consolidated Entity completed pre-clinical validation of its anti-midkine antibodies in 2013 with several of its studies showing efficacy in cancer using pre-clinical animal models of the disease. Anti-midkine antibodies showed a reduction in angiogenesis, tumour growth and metastasis in various solid tumour types in these studies conducted in 2013. Subsequently the Consolidated Entity generated humanised antibody candidates and selected its lead antibody drug (CAB102).

During the half year ended 31 December 2014 the Consolidated Entity progressed its GMP manufacturing of CAB102 by undertaking cell line development.

Zoetis Option to License Agreement in animal health applications

In November 2014 the Consolidated Entity signed an Option to License Agreement with Zoetis for the therapeutic use of its antibodies in companion animals. Zoetis is the largest animal health company in the world and has extensive experience in the development and commercialisation of animal health products. The terms of the agreement include upfront and exclusivity payments.

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ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2014 (continue)

PATENTS

The Consolidated Entity has been granted key patents during the half-year including “Antibody recognising C-domain of midkine” in Japan and “Method of treatment or prevention of hair loss or for the enhancement of hair growth” in the United Kingdom. The Consolidated Entity has a total patent portfolio which includes 21 patent families, 66 granted patents and 21 applications as well as two provisional patent filings.

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).

During the half-year ended 31 December 2014 the Consolidated Entity sold products largely to pharmacies, hair salons and through direct distributors and received a total revenue of \$599,291 (31 December 2013: \$445,080). In July 2014 a breakthrough scientific study was published in the Proceedings of the National Academy of Sciences (PNAS), one of the most prestigious journals internationally, validating the Consolidated Entity’s technology, FGF-5, as a key regulator of hair growth in humans.

CAPITAL RAISING

The Consolidated Entity raised \$1.3M in a private placement in December 2014 by issuing 54,726,086 shares at 2.3 cents each to sophisticated investors.

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 Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

The accounts have been subject to review. The accounts presented are not subject to any audit dispute or qualification.

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CELLMID LIMITED and Controlled Entities

ACN 111 304 119

Interim Consolidated Financial Report

For the Half-Year Ended 31 December 2014

CELLMID LIMITED and Controlled Entities

ACN 111 304 119

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For the Half-Year Ended 31 December 2014

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CELLMID LIMITED and Controlled Entities

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Directors' Report For the Half-Year Ended 31 December 2014

The directors submit the interim consolidated financial report of Cellmid Limited and controlled entities ("the Consolidated Entity") for the half-year ended 31 December 2014.

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 half-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); and
- 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 incurred an after tax loss attributed to members of \$1,000,119 for the six months to 31 December 2014 (31 December 2013: profit of \$235,008). While the Consolidated Entity incurred a loss over the six months, it has made significant progress in all key business divisions (Midkine Business and Consumer Health Business) as follows:

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CELLMID LIMITED and Controlled Entities

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Directors' Report For the Half-Year Ended 31 December 2014

CAPITAL RAISING

The Consolidated Entity raised \$1.3M in a private placement in December 2014 by issuing 54,726,086 shares at 2.3 cents each to sophisticated investors.

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 Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

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 2014 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 24th day of February 2015

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF CELLMID LIMITED

As lead auditor for the review of Cellmid Limited for the half-year ended 31 December 2014, 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.



Gareth Few
Partner

Sydney, 24 February 2015

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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 2014

		Half-Year 31 December 2014	Half-Year 31 December 2013
	Note	\$	\$
Revenue	3	685,183	1,529,074
Other income	3	21,051	429,519
Cost of sales		(178,381)	(129,438)
Advertising and marketing		(76,315)	(231,819)
Bad debt expense		(1,536)	-
Communication expense		(53,584)	(41,534)
Conferences and meetings expense		(28,731)	(30,363)
Consultancy expense		(94,788)	(196,317)
Directors' remuneration		(118,594)	(127,629)
Depreciation and amortisation expense		(59,410)	(61,749)
Employee benefits expense		(967,052)	(699,153)
Finance costs		(5,283)	(1,501)
Occupancy costs		(103,427)	(99,108)
Professional fees		(108,024)	(91,467)
Research and development expense		(447,685)	(303,727)
Share-based compensation		(75,646)	(62,931)
Subscriptions expense		(61,914)	(56,160)
Travel expenses		(115,826)	(101,224)
Other expenses		(198,537)	(199,952)
Loss before income tax		(1,988,499)	(475,479)
Income tax benefit		988,380	710,487
Profit / (loss) for the half-year		(1,000,119)	235,008
Other comprehensive income			
Foreign currency translation		1,994	(68,029)
Total other comprehensive income, net of tax		1,994	(68,029)
Total comprehensive income for the half-year		(998,125)	166,979
Profit / (loss) for the half-year attributable to:			
Owners of Cellmid Limited		(1,000,119)	242,029
Non-controlling interests		-	(7,021)
		(1,000,119)	235,008
Total comprehensive income for the half-year attributable to:			
Owners of Cellmid Limited		(998,125)	166,979
Non-controlling interests		-	-
		(998,125)	166,979
Earnings per share from continuing operations attributable to the owners of Cellmid Limited			
Basic earnings per share (cents)		(0.14)	0.04
Diluted earnings per share (cents)		(0.14)	0.04

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 2014

	31 December 2014	30 June 2014
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,689,411	2,501,753
Trade and other receivables	371,788	220,471
Inventories	1,632,114	1,709,365
Other assets	36,285	68,302
TOTAL CURRENT ASSETS	<u>4,729,598</u>	<u>4,499,891</u>
NON-CURRENT ASSETS		
Plant and equipment	40,371	43,269
Intangible assets	1,870,490	1,911,265
TOTAL NON-CURRENT ASSETS	<u>1,910,861</u>	<u>1,954,534</u>
TOTAL ASSETS	<u>6,640,459</u>	<u>6,454,425</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	482,872	563,183
Employee benefits	168,527	166,254
TOTAL CURRENT LIABILITIES	<u>651,399</u>	<u>729,437</u>
NON-CURRENT LIABILITIES		
Employee benefits	70,720	61,262
TOTAL NON-CURRENT LIABILITIES	<u>70,720</u>	<u>61,262</u>
TOTAL LIABILITIES	<u>722,119</u>	<u>790,699</u>
NET ASSETS	<u>5,918,340</u>	<u>5,663,726</u>
EQUITY		
Contributed equity	4 28,632,016	27,401,832
Reserves	1,729,754	1,705,205
Accumulated losses	<u>(24,443,430)</u>	<u>(23,443,311)</u>
TOTAL EQUITY	<u>5,918,340</u>	<u>5,663,726</u>

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

CELLMID LIMITED and Controlled Entities

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Interim Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2014

	Contributed equity \$	Share-based payments reserve \$	Acquisition reserve \$	General reserve \$	Foreign exchange reserve \$	Accumulated losses \$	Non-controlling interests \$	Total Equity \$
Balance at 1 July 2014	27,401,832	1,801,787	(154,796)	22,855	35,359	(23,443,311)	-	5,663,726
Loss for the half-year	-	-	-	-	-	(1,000,119)	-	(1,000,119)
Other comprehensive income	-	-	-	-	1,994	-	-	1,994
Total comprehensive income for the half-year	-	-	-	-	1,994	(1,000,119)	-	(998,125)
<i>Transactions with owners in their capacity as owners:</i>								
Shares issued under private placement, net of transaction costs	1,177,093	-	-	-	-	-	-	1,177,093
Shares issued under share-based payment arrangements	53,091	(53,091)	-	-	-	-	-	-
Shares-based payment expense for the half-year	-	75,646	-	-	-	-	-	75,646
Balance at 31 December 2014	28,632,016	1,824,342	(154,796)	22,855	37,353	(24,443,430)	-	5,918,340
	Contributed equity \$	Share-based payments reserve \$	Acquisition reserve \$	General reserve \$	Foreign exchange reserve \$	Accumulated losses \$	Non-controlling interests \$	Total Equity \$
Balance at 1 July 2013	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	-	-	-	-	(68,029)	-	-	(68,029)
Total comprehensive income for the half-year	-	-	-	-	(68,029)	242,029	(7,021)	166,979
<i>Transactions with owners in their capacity as owners:</i>								
Shares issued on-market, net of transaction costs	1,886,779	-	-	-	-	-	-	1,886,779
Shares issued under share-based payment arrangements	35,000	(35,000)	-	-	-	-	-	-
Shares-based payment expense for the half-year	-	62,931	-	-	-	-	-	62,931
Acquisition of non-controlling interest	119,531	-	(154,796)	-	-	-	35,265	-
Balance at 31 December 2013	27,377,832	1,755,194	(154,796)	22,855	148,228	(21,727,467)	-	7,421,846

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 2014

	Half-Year 31 December 2014 \$	Half-Year 31 December 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	515,498	944,912
Payments to suppliers and employees	(2,497,338)	(2,259,604)
Other income	-	11,984
Interest received	17,552	18,009
Finance costs paid	(5,283)	(1,501)
Income tax received	988,380	711,874
Net cash used by operating activities	<u>(981,191)</u>	<u>(574,326)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets	-	996,227
Payments for purchase of plant and equipment	<u>(7,003)</u>	<u>-</u>
Net cash (used) / provided by investing activities	<u>(7,003)</u>	<u>996,227</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares, net of transaction costs	<u>1,177,093</u>	<u>1,886,779</u>
Net cash provided by financing activities	<u>1,177,093</u>	<u>1,886,779</u>
Net increase in cash and cash equivalents held	188,899	2,308,680
Cash and cash equivalents at the beginning of the half-year	2,501,753	1,754,994
Effect of exchange rate changes	<u>(1,241)</u>	<u>4,473</u>
Cash and cash equivalents at the end of the half-year	<u>2,689,411</u>	<u>4,068,147</u>

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

Notes to the Financial Statements

For the Half-Year Ended 31 December 2014

Note 1 Summary of significant accounting policies

Basis of preparation

This general purpose interim consolidated financial report for the half-year ended 31 December 2014 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 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 interim consolidated financial report does not include all the notes normally included in an annual financial report. Accordingly, this interim consolidated financial report is to be read in conjunction with the annual financial report of the Consolidated Entity for the year ended 30 June 2014, 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

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 half-year.

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

Any significant impact on the accounting policies of the Consolidated Entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the Consolidated Entity's financial position as at 31 December 2014 or its performance for the half-year then ended.

AASB 2 Share-Based Payment and its consequential amendments have been applied by the Consolidated Entity from 1 July 2014. The amendments clarify the definition of 'vesting conditions' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'.

AASB 8 Operating Segments and its consequential amendments have been applied by the Consolidated Entity from 1 July 2014. The amendments require disclosure of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the Consolidated Entity's assets is required only if segment assets are reported regularly to the chief operating decision maker.

Going concern

The Directors have prepared the interim consolidated 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 Consolidated Entity has sufficient cash to fund current operations for at least one year from the date the Directors approved the interim consolidated financial report for release to the members of the Company.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2014

Note 1 Summary of significant accounting policies (continued)

Correction of prior period error

On 24 November 2013, the Company acquired the 5% non-controlling interest in Advangen International Pty Ltd. This transaction was incorrectly recorded and disclosed in the interim consolidated financial report for the half-year ended 31 December 2013. The transaction was retrospectively adjusted in the 30 June 2014 general purpose financial report of the Company.

The impact of the adjustment to correct the error is noted in the below table:

	Half-Year 31 December 2013 \$	Adjustment	Full Year 30 June 2014 \$	Half-Year 31 December 2014 \$
NON-CURRENT ASSETS				
Goodwill	154,796	(154,796)	-	-
EQUITY				
Acquisition reserve	-	(154,796)	(154,796)	(154,796)

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 (Biotechnology); and
- (2) research, development and marketing of hair growth products (Retailing).

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. The accounting policies, adopted for internal reporting to the CODM are consistent with those adopted in this interim consolidated financial report.

Types of products and services

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

Biotechnology	Diagnostics and therapeutics for cancer and inflammatory conditions
Retailing	Hair growth products

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 2014. For primary reporting purposes, the Consolidated Entity operates in three business segments and two geographic segments.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2014

Note 2 Operating segments (continued)

Segment performance

31 December 2014	Biotechnology	Retailing	Retailing	Consolidated
	\$	\$	\$	
	Australia	Australia	Japan	\$
Revenue				
Sale of products	16,707	175,575	407,009	599,291
Total sales revenue	16,707	175,575	407,009	599,291
Consulting fee	300	-	-	300
Interest received	17,542	-	10	17,552
Royalties	18,040	-	-	18,040
Option fee	50,000	-	-	50,000
Total revenue	102,589	175,575	407,019	685,183
Segment result	(1,398,070)	(323,906)	(222,881)	(1,944,857)
Gain on foreign exchange	20,471	138	442	21,051
Depreciation and amortisation	(7,398)	(24)	(51,988)	(59,410)
Finance costs	(5,011)	-	(272)	(5,283)
Loss before income tax	(1,390,008)	(323,792)	(274,699)	(1,988,499)
Income tax benefit				988,830
Loss after income tax				(1,000,119)

Segment assets and liabilities

31 December 2014	Biotechnology	Retailing	Retailing	Consolidated
	\$	\$	\$	
	Australia	Australia	Japan	\$
Assets				
Segment assets	3,736,226	443,450	2,460,783	6,640,459
Liabilities				
Segment liabilities	507,882	96,874	117,363	722,119

Segment performance

31 December 2013	Biotechnology	Retailing	Retailing	Consolidated
	\$	\$	\$	
	Australia	Australia	Japan	\$
Revenue				
Sale of products	14,923	128,487	301,670	445,080
Total sales revenue	14,923	128,487	301,670	445,080
Consulting revenue	19,600	-	-	19,600
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
Total revenue	1,098,893	128,487	301,694	1,529,074
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)
Loss before income tax	12,189	(176,335)	(311,333)	(475,479)
Income tax benefit				710,487
Loss after income tax				235,008

Notes to the Financial Statements

For the Half-Year Ended 31 December 2014

Note 2 Operating segments (continued)

Segment assets and liabilities

30 June 2014	Biotechnology \$ Australia	Retailing \$ Australia	Retailing \$ Japan	Consolidated \$
Assets				
Segment assets	3,621,544	368,379	2,464,502	6,454,425
Liabilities				
Segment liabilities	640,317	87,287	63,095	790,699

Note 3 Revenue and other income

	Half-Year 31 December 2014 \$	Half-Year 31 December 2013 \$
Revenue		
Sale of products	599,291	445,080
Other revenue		
Interest received	17,552	17,986
Rental revenue	-	26,220
Royalties	(a) 18,040	1,009,188
Option fee	50,000	-
Consulting fees	300	19,600
Other revenue	-	11,000
	85,892	1,083,994
Total revenue	685,183	1,529,074
Other income		
Net gain on disposal of financial assets	(b) -	429,519
Net gain in foreign exchange	21,051	-
Total other income	21,051	429,519

(a) During the half-year ended 31 December 2013, the Consolidated Entity received non-recurring royalty income of \$1,009,188, received as a mix of cash and share-based remuneration, 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").

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

Notes to the Financial Statements

For the Half-Year Ended 31 December 2014

Note 4 Contributed equity

	31 December 2014 No.	30 June 2014 No.	31 December 2014 \$	30 June 2014 \$
Share capital - ordinary fully paid				
Opening balance	735,585,702	650,470,079	26,769,571	24,704,261
Shares issued on-market or under private placement	54,726,089	66,666,666	1,258,700	2,000,000
Shares issued under escrow (a)	-	12,000,000	-	-
Shares issued under share based payment arrangements	2,600,000	2,933,332	53,091	59,000
Other share issues (b)	-	3,515,625	-	119,531
Capital raising costs	-	-	(81,607)	(113,221)
	<u>792,911,791</u>	<u>735,585,702</u>	<u>27,999,755</u>	<u>26,769,571</u>
Share options				
Opening balance	315,656,738	354,105,173	632,261	632,261
Options issued	-	-	-	-
Options lapsed	(14,002,006)	(38,448,435)	-	-
Capital raising costs	-	-	-	-
	<u>301,654,732</u>	<u>315,656,738</u>	<u>632,261</u>	<u>632,261</u>
			<u>28,632,016</u>	<u>27,401,832</u>

- (a) 12,000,000 shares were issued to Maria Halasz on 25 November 2013 under a limited recourse loan arrangement. The shares were held in escrow and unpaid at 31 December 2014 (30 June 2014: \$nil). All other shares are fully paid.
- (b) On 25 November 2013, Cellmid Limited acquired the 5% non-controlling interest in its subsidiary, Advangen International Pty Ltd, from Direct Capital Group Pty Limited, a controlled entity of Maria Halasz and related party of Cellmid Limited. Consideration of 3,515,625 shares in Cellmid Limited, with a market value of \$119,531 was provided for the acquisition. The carrying value of the non-controlling interest at the date of acquisition was a net liability position of \$35,265. Therefore the transaction resulted in an adjustment to the acquisition reserve of \$154,796.

Note 5 Interests in subsidiaries

	Country of Incorporation	Percentage Owned (%)* 31 December 2014	Percentage Owned (%)* 30 June 2014
Subsidiaries of Cellmid Limited			
Advangen Limited (a)	Australia	100	-
Advangen International Pty Ltd	Australia	100	100
Advangen Incorporated	Japan	100	100

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

- (a) Advangen Limited was registered on 19 August 2014 as an Australian public company limited by shares.

Note 6 Contingent assets and Contingent Liabilities

In the opinion of the Directors, neither the Consolidated Entity nor the Company have any contingent assets or contingent liabilities at 31 December 2014 (30 June 2014: \$nil).

Notes to the Financial Statements

For the Half-Year Ended 31 December 2014

Note 7 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.

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CELLMID LIMITED and Controlled Entities

ACN 111 304 119

Directors' Declaration
For the Half-Year Ended 31 December 2014

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 2014 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 section 303(5) (a) of the Corporations Act 2001.

On behalf of the directors



.....
Dr David King
Director

Dated this 24th day of February 2015

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 interim consolidated statement of financial position as at 31 December 2014, the interim consolidated statement of profit or loss and other comprehensive income, the interim consolidated statement of changes in equity and the interim 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 2014 and of 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 2014 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 small, stylized version of the BDO logo, consisting of the letters 'BDO' in a cursive script.A handwritten signature in cursive script that reads 'Gareth Few'.

Gareth Few
Partner

Sydney, 24 February 2015

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