ASX ANNOUNCEMENT

ANNUAL REPORT

SYDNEY, Monday 21 October 2013: Cellmid Limited (ASX:CDY) is pleased to release the attached 2013 Annual Report.

End

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Cellmid Limited (ASX: CDY)
Cellmid is an Australian biotechnology company developing innovative novel therapies and diagnostic tests for inflammatory diseases and cancer. Cellmid holds the largest and most comprehensive portfolio of intellectual property related to midkine and midkine antagonists globally. The Company's most advanced development programs involve using its anti-midkine antibodies for the treatment of cancer and inflammatory diseases. In addition, Cellmid is commercialising midkine as a biomarker for cancer diagnosis. Elevated midkine concentration in the blood and other body fluids is strongly indicative of cancer. For further information please see www.cellmid.com.au.

Midkine (MK)
Midkine is a multifunctional growth factor that is highly expressed during embryonic development. Midkine modulates many important biological interactions such as cell growth, cell migration and cellular adherence. These functions are relevant to cancer, inflammation, autoimmunity, ischemia, nerve growth/repair and wound healing. Midkine is barely detectable in healthy adults and only occurs as a consequence of the pathogenesis of a number of different disorders. Midkine expression is often evident very early in disease onset, even before any apparent physical symptoms. Accordingly, midkine is an important early marker for diagnosing cancers and autoimmune diseases. Finally, because midkine is only present in a disease context, targeting midkine does not harm normal healthy tissues.

CELLMID

2013 Annual Report

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Cellmid Limited (ASX:CDY)
Annual Report

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Chairman's Letter

Dear Shareholder

I am pleased to present to you the 2013 Annual Report for Cellmid Limited.

Despite the on-going challenging conditions in the equity market in which we operate the Company has, during the year, achieved a number of important milestones spanning the entire spectrum of our business activities. While our progress has not been reflected in share price performance, we believe that our focus on building a balanced pharmaceutical product development business with both sustainable revenues and scale-changing upside potential will ultimately be reflected in the share market. There are already some pleasing indications that market sentiment to the biotechnology sector is improving, and with the solid scientific foundations across our three focus areas of consumer health, diagnostics, and therapeutics, your company will be well positioned to benefit from further improvement in these sentiments.

It is pleasing to be able to report the continuing growth and development of our suite of diagnostic licenses based on our core Midkine technology. The CxBladder test, developed by our licensee Pacific Edge, was launched commercially in March 2013, providing the Company with a significant milestone payment as well as the prospect of an early royalty stream. Quest (Celera) have also reported good progress on their development of a lung cancer diagnostic test using Midkine as one of the key markers, successfully transferring the test onto their commercial Luminex platform. We also entered into a new license agreement with major Japanese company Fujikura, who are already well advanced in developing a pathology-friendly latex based assay for Midkine. We are also confident that new research collaborations entered into during the year will lead to more licensing opportunities in the future.

Progress with our suite of therapeutic antibodies has been equally pleasing, with highly encouraging results from experiments with an animal model of diabetic nephropathy (kidney disease). In addition, several collaborative studies are underway on the use of Midkine antibodies in a wide range of cancers. The results of all these studies will guide the Company in selecting the first disease indication to take to the clinic. We are fortunate indeed that so many researchers around the world are now focusing on Midkine (and its antibodies) in a wide range of disease indications; with the strong protection of our wide-ranging Midkine patent portfolio, we will be well placed to share in any commercial successes flowing from this research. The fostering of this exciting research is an important part of our development strategy, evidenced by our sponsoring the "Excellence in Midkine Research" conference/workshop series - next to be held in April 2014 in Kyoto, Japan, hosted by the scientists who discovered midkine in the late 1980's.

Our patent portfolio around Midkine continues to grow, with two new granted patents during the year (Ischemia and Vascular Occlusive Disease) to add to our existing 76 patents and 20 patent families. Cellmid is without doubt the global leader in Midkine intellectual property; an enviable position indeed as its role in a wide range of disease indications is becoming well established and recognized.

Many shareholders may not be aware that based on early research work in Japan, Midkine has an important role in hair growth. Although we have not yet been able to actively pursue this application of Midkine, it did stimulate us some time ago to seek to position the Company in this important market sector. Thanks to the foresight and diligence of our CEO Maria Halasz and then director (now consultant) Ko Koike, we seized an opportunity in Japan in 2011 (?) to acquire limited rights to a suite of scientifically validated hair growth products based on natural plant extracts (FGF-5 inhibitors). The early response to our Australian launch of these products has been very encouraging, so much so that during the year we took the opportunity to acquire the owner of the core technology, Advangen Inc. This important acquisition, achieved with a modest cash component outlay, provides us with access to an established Japanese market and, importantly, the very substantial global market including China. The Advangen acquisition gives us a real opportunity to establish our Company as a global leader in scientifically and clinically validated hair growth technology; part of the scale-changing upside potential to which I referred earlier.

Further details of all these important developments can be found in the report from our CEO and Managing Director Maria Halasz elsewhere in this Annual Report.

During the year Robin Beaumont re-located overseas and so resigned from the Board. We thank Robin for his sterling service to the Company. We were delighted to welcome to the Board Graeme Kaufman and Martin Rogers, both exceptionally well qualified and experienced in the biotechnology sector. These additions to the Board, together with a dedicated executive and staff, ably led by CEO Maria Halasz, equip the Company well to deliver on its exciting business plan. I thank all shareholders for their continued support and encouragement.

Dr David King
Chairman

CEO's Report

Dear Shareholder,

I am delighted to report to you on this 2013 financial year, which was marked by the achievement of a number of important milestones for Cellmid in its therapeutic, diagnostic and consumer health businesses. The financial year has seen our Company grow substantially in its operations and revenues. Significantly up from the previous financial year the Company's operational revenue reached $761,288 in 2013 ($171,273 in 2012). This growth was largely the result of increased sales from our consumer health division.

With progress on all fronts this financial year we often received questions about the focus of the Company. As a pharmaceutical product development company we are indeed fortunate with programmes in all stages of the product cycle. We have OTC (over-the-counter) and diagnostic products on the market and novel drugs and early cancer diagnostics in development.

We are building a company with solid revenues while maintaining a strong potential for significant value inflection through cutting edge, proprietary and highly innovative therapies and diagnostic. We have adopted a low risk strategy to achieve these goals and have been consistent in managing costs and investing our shareholders' funds wisely. We believe that this strategy has started to pay off and 2013 has seen many major developments.

Early response to the Australian launch of the FGF-5 inhibitor hair growth products was strong, and we took advantage of the opportunity in early 2013 to acquire the owner of the technology, Advangen Inc., Japan. This exciting business represented immediate access to early revenues in Japan but most importantly shareholders should see gradual increase in sales following the broadening of the distribution in Australia and Japan and opening new markets in China, Europe, India and the USA in the coming years.

The Company's diagnostic division also started to deliver revenue during 2013 from milestone and upfront fees. Our third diagnostic license is also on its way with Fujikura signing an option agreement for the exclusive use of our reagents in Japan. Licensees Celera-Quest and Pacific Edge have both made significant progress in their respective diagnostic programmes. Importantly, the first commercial product with midkine as a biomarker, CxBladder, was launched by Pacific Edge in March 2013.

In 2013 Cellmid embarked on a programme of evaluating our portfolio of therapeutic antibodies in multiple disease indications. Our clear objective has been to produce compelling preclinical data that would determine a clinical development path for this valuable asset portfolio. Strong positive results in an animal model of diabetic nephropathy in January 2013 broadened the commercial opportunities for the Company's anti-midkine antibodies, while several cancer studies have been ongoing in various locations during the year.

Our Board has gone through a transition during the financial year with the resignation of Robin Beaumont, and the appointments of Graeme Kaufman and Martin Rogers. Robin has guided us with his insights and we are thankful for his contribution to the Company's development during his tenure. We are excited to have Graeme and Martin on board who have already shown that their extensive industry experience is invaluable for Cellmid.

Since the beginning of the 2013 financial year Cellmid has raised a total of $2.6M in two separate issues of equities or rights. In October 2012 we completed an options rights issue and raised $545,000. In March 2013 a further $2M was raised through a private placement of shares to sophisticated investors.

The Company delivered a solid financial performance with consolidated net loss down 22% to $1,541,307 ($1,972,483 in 2012), after providing for income tax, and eliminating non-controlling equity interests. Of the total of $761,288 operating revenue over $540K was attributable to wholesale product revenue.

Therapeutics division: Anti-midkine Antibody Programme

Cellmid's anti-midkine antibody (MK antibody) program has delivered compelling results during the 2013 financial year in diabetic nephropathy. Several preclinical studies in xenograft models of cancer have also been completed using the Company's proprietary antibodies during the financial year with results due in 4Q2013.

The results of these studies will be important for making a decision on "first in men" studies of this novel drug class. The results have also been the culmination of 18 months of preclinical studies, in which Cellmid's proprietary MK antibodies have been tested in several disease settings. These studies delivered valuable efficacy and mechanism of action information in addition to showing early indication of safety. Once results of the cancer studies are evaluated Cellmid will be ready to undertake IND-enabling studies.

CEO's Report
Continued

Outstanding preclinical results – diabetic nephropathy

In March 2013 Cellmid reported on compelling results in a diabetic nephropathy study in a mouse model of the disease using the Company's MK antibodies. Kidney damage was reduced significantly, as assessed by functional and histological analysis, with kidney structure largely preserved in the treated animals. The study provided important new information given that it was the first time the proprietary MK antibodies have been used in a therapeutic setting in a kidney disease model.

Renal histological assessment showed that glomerular sclerosis was reduced from 48% in untreated animals to below 20% in the MK antibody treated groups ($p<0.01$). Interstitial volume was also significantly reduced, from 35% in untreated animals to 12% in MK antibody treated groups ($p<0.01$). MK antibody treatment has also maintained tubular cell height; untreated animals had mean cell heights below 2µm, compared to 4µm for treated animals ($p<0.05$).

As a further indication of the efficacy of the Company's MK antibodies kidney function was preserved, with treated animals showing reduced protein leakage into the urine compared to untreated controls. Protein casts in the kidney, indicating damage, were also significantly reduced in antibody treated animals (Figure 1). Importantly, the MK antibody treated animals showed healthy weight gain and reduced mortality compared to untreated controls; only 6.3% of treated animals died before the end of the study, compared to 25% of the untreated animals.

Photographs show representative histological sections from treated and untreated mice. Protein casts are bright pink; yellow arrows indicate large protein cast deposits.

Diabetic nephropathy is the leading cause of chronic kidney disease globally. It is also one of the most significant long-term complications in terms of morbidity and mortality for patients with diabetes. In the USA alone, diabetes affects 26 million people, and the US Centre for Disease Control (CDC) estimates that as many as one in three adults could have diabetes by 2050 if current trends continue. Currently, diabetic nephropathy is managed by keeping glucose levels under control, however many of the patients develop end stage renal disease (ESRD). It is estimated that 30-40% of all ESRD is caused by diabetic nephropathy.

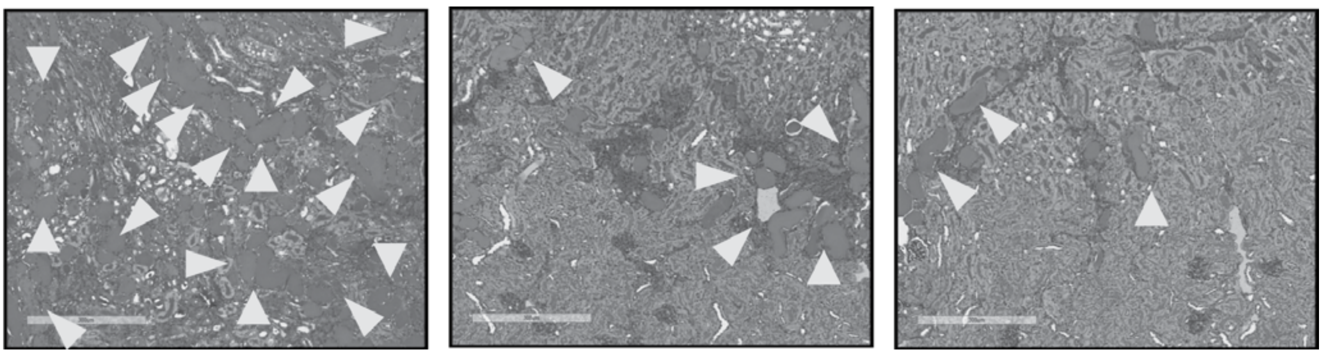
The results of the diabetic nephropathy study presented a promising start to the Company's review of the therapeutic potential of its MK antibody portfolio and will form part of the decision to select the first disease indication Cellmid can then take into the clinic.

Preclinical studies with MK antibodies completed in cancer – results due in 3Q2013

Several studies have been underway during the year using the Company's MK antibodies. These studies are expected to deliver therapeutic information looking at tumour growth, metastasis and angiogenesis as markers of efficacy.

Since its discovery MK's role in cancer has been validated extensively. Approximately 200 peer-reviewed publications have been released on the topic. These studies, by multiple research groups around the world, show that MK is a key driver of tumorigenesis in at least 25 different types of cancers, including those of the breast, lung, colorectal, gastrointestinal, liver, pancreatic and brain. Furthermore, these studies describe multiple mechanisms of action by which MK promotes cancer

Figure1. Anti-MK antibodies reduce protein cast deposits in the kidneys of mice with Adriamycin-induced nephropathy.



Untreated   Antibody 1   Antibody 2

The biology of how midkine promotes cancer has been well described by dozens of research groups globally. When developing the current preclinical studies we have postulated that MK antibodies would have anti-cancer activities via multiple mechanisms of action. Given that these expectations are confirmed the MK antibody programme in cancer would be in the lead as Cellmid's "first in men" study.

Diagnostics division: midkine as an early cancer biomarker

It has been a productive year for our diagnostic business with significant achievements by our licensing partners, a major new option to license and several new collaborations. We received around $200,000 in license fees in this business during the 2013 year, and a subsequent $1 million in cash and Pacific Edge shares in July 2013.

As a major step in commercialising our diagnostic assets the Company signed an Option to License Agreement with Fujikura in February 2013, a Japanese diagnostics company. Fujikura is one of the largest suppliers of latex particles for the medical diagnostics industry in Japan. While traditionally servicing other industries with polymers and resins, Fujikura has been actively expanding into medical diagnostics.

Under the terms of the Option to License Agreement Cellmid was to supply Fujikura with its proprietary anti-midkine diagnostic antibodies for validation on Fujikura's latex platform. Cellmid received an initial fee in February 2013. During the first stage of the agreement Fujikura was able to reach accuracy of 500 picogram/ml midkine in serum on its proprietary latex diagnostic platform. This event triggered a further $400K payment in July 2013 when Fujikura elected to exercise its license option.

A latex based test with a 500 picogram/ml accuracy means that the test will be able to identify individuals with elevated midkine levels, which may lead to the development of a number of cancer diagnostic products.

Fujikura has regulatory and product development programmes in place to accelerate this path to market. Once Fujikura launches its cancer diagnostic products Cellmid will also receive royalties on any products sold. A latex based assay is well accepted in pathology labs and it can easily be automated, reducing processing costs.

This is a significant agreement for Cellmid not only because it allows midkine to become a widely used test, but it is also the first significant reagent supply agreement where the Company's proprietary diagnostic antibodies are sold in commercial quantities.

Cellmid's existing licensees, Quest and Pacific Edge, have also achieved significant milestones in their product development and commercialisation programmes, which resulted in the payment of a milestone fee from Pacific Edge and an Option fee from Fujikura, both in July 2013, after the closing of the financial year.

Pacific Edge Limited - Bladder cancer license

Cellmid signed a license agreement with Pacific Edge Limited in 2010 for the use of midkine as one of the biomarkers in their bladder cancer test (Cxbladder). Pacific Edge has achieved solid progress since the license was signed and has recently received CLIA registration of its Pennsylvania labs. With the CLIA registration Pacific Edge started to roll-out a sales and marketing programme in July 2013 and they expect revenues to grow gradually.

The license between Cellmid and Pacific Edge provides for a milestone fee payable in shares, which is due on the first sale of Cxbladder in the USA. Commencement of sales in July triggered the issue of over 1M Pacific Edge shares with the value of over $600,000 at the time. Royalties on revenues are expected to be paid to Cellmid semi-annually.

Bladder cancer is one of the most common forms of malignancies. In the United States around one million patients present annually with haematuria; of these, 68,000 are diagnosed with bladder cancer. Once treated patients will have regular cystoscopies, painful urethra endoscopies, to monitor reoccurrence. Pacific Edge's Cxbladder has the potential to replace cystoscopy over time as a preferred method of patient monitoring tool.

Cxbladder, with midkine as of the important biomarkers, has shown outstanding performance in clinical studies to date, with 100% sensitivity and 85% specificity in late stage bladder cancer. This specificity is expected to increase when using it in a monitoring setting. The test can also be used to differentiate between high and low grade cancers. Cxbladder was the subject of a comparative study of 485 patients and it significantly outperformed other commercially available bladder cancer tests. Importantly, it has identified 20 cases of bladder cancer that were not identified by cystoscopy during clinical work-up.

On the basis of sales projections released by Pacific Edge Cellmid is expected to receive regular royalties from this license from late 2014.

[1] Clinical Laboratory Improvement Amendment, CLIA, sets standards and issues certificates for clinical laboratory testing in the United States. It is administered by the US Centre for Medicare and Medical Devices, CMS

CEO's Report
Continued

Quest (Celera) Lung Cancer License

Cellmid signed a license agreement with Quest (Celera) in October 2009 enabling Quest to include midkine as one of the biomarkers in a lung cancer diagnostic test. The license covers using midkine for the early diagnosis, prognosis, disease monitoring and management of lung cancer. The terms of the agreement provide for a milestone payment at the time of regulatory clearance for the lung cancer test, and royalties to be paid semi-annually.

In March 2013 Cellmid received an annual update on the progress made in the development of the lung cancer test. As a significant milestone on the road to market, Quest (Celera) has reported that they have transferred and validated their six-marker based lung cancer test from ELISA format onto the commercial Luminex platform. Luminex is widely used by pathology labs internationally, and should provide the ideal platform for product launch.

Quest has also advised that they are progressing with clinical validation of the test. Samples obtained from the National Cancer Institute sponsored chest X-Ray screening Prostate, Lung, Colorectal and Ovarian Trial (PLCO) are used to demonstrate clinical accuracy of the test. Quest (Celera) is particularly focused on developing a test for the diagnosis of indeterminate pulmonary nodules identified through CT scan or chest x-ray.

Lung cancer is the leading cause of cancer death in the United States. Currently CT scans are performed to diagnose lung cancer; however these are expensive, lack the required accuracy and have a poor safety profile. Cost effective, safer and more accurate methods, such as Quest's lung cancer test, are urgently needed to improve survival, limit side effects and reduce costs.

The next stage in the licensing agreement is a milestone payment, which is due to Cellmid at the time Quest (Celera) receives regulatory approval for the test.

Other Diagnostic Collaborations

Several research collaborations have been initiated during the 2013 financial year including a colorectal cancer screening programme, an early diagnosis study for hepatocellular carcinoma and two prostate cancer diagnostic projects. Cellmid will continue to report on these as they deliver results. The Company has also completed sample collection in its CK3000 healthy volunteer study with result expected in 4Q2013.

Consumer Health Division

During the financial year our pharmacy distribution was expanded significantly and it was evident that our evolis® hair growth products addressed a large and growing market need. The Australian launch of this scientifically validated range of products in mid-2012 resulted in early adoption by many pharmacy buyer groups and the opening of around 700 pharmacy doors nationally. Our wholesale revenue results exceeded internal expectations reaching just under $540,000 (for the first eight months), reflecting retail sales of over $1.2M for the same period. This is an exceptional result for a brand new product, in a new segment and against the minimal early advertising spending.

Frostbland was appointed as the Company's exclusive Australian distributor to pharmacies in September 2012 and has done an excellent job at getting the products on the shelves. The roll-out of the products will be ongoing until we reach a market penetration of around 1,000-1,200 pharmacies in Australia. We have commenced the systematic training of sales and pharmacy staff amongst our current stockists. We have regular checks on pharmacies to ensure correct stocking on the products and we have commenced test advertising in select geographical areas to learn how best we may spend our advertising dollars.

In practice several months may pass between signing up a pharmacy chain to sell the products and actual stocking of shelves. Even more time is needed for the training of pharmacy sales staff, and therefore it is not unusual to see no sales from chain stores for 6-8 months. With this understanding, we have a marketing plan focused on signing up independent pharmacies, delivering training and driving customer traffic by relevant local advertising. An increase in sales is expected to result nationally as both the training and advertising broadens, and this may be accelerated once a celebrity brand ambassador is appointed.

With the acquisition of Advangen Inc., in May 2013 the Company's consumer health division has become an international business. The market for hair loss products is US$1-2 billion annually in the USA alone, affecting 52 million patients (US Department of Health and Human Services, 2009). The global market is estimated to be several times this amount. There is an outstanding potential for Cellmid's clinically proven FGF-5 inhibitor product range to gain a share of this market.

We have also achieved a number of strategic objectives with the acquisition. The deal enables Cellmid full ownership of the FGF-5 inhibitor technology platform, which underpins the Company's existing successful évolis® hair product range and is the basis of other Advangen Inc. brands generating revenues in Japan. The Company has gained immediate access to the established Japanese hair growth market. New market opportunities will also be pursued including China where import permits are already in place for the Lexilis® and Jo-Ju® branded products.

The profitability of évolis® sold in Cellmid's existing markets has improved as there will no longer be royalties payable to Advangen Inc. In addition, savings are expected on raw material costs of the active ingredients. Boosting the product pipeline of the merged group, Advangen's FGF-5 inhibition technology comes with a number of new candidates that include natural extracts and novel compounds with very high potency. An important strategic driver has been accessing the hair growth product development expertise which comes with the scientific and regulatory staff of Advangen Inc. This should greatly facilitate Cellmid's own programme to develop midkine as a hair loss treatment.

This is a company changing deal for Cellmid. Our objective is to establish ourselves as a global leader in scientifically and clinically validated hair growth technology building a substantial business, which provides cash flow and adds significant shareholder value.

Patent Portfolio Update

Managing our patent portfolio has been one of the top priorities this year as we have faced several challenging prosecutions. As always we have had a very strong focus on building a cohesive strategy that makes commercial sense while retaining our position as the midkine company. Our portfolio currently stands at 78 patents and 20 patent families, with two new granted patents in the 2013 financial year, as Cellmid remains the global leader in MK intellectual property.

In July 2012 the Company was granted a key midkine protein patent by the United States Patent and Trademark Office (USPTO) entitled "Nitric oxide synthase activator" ('277). This is a fundamentally important patent in the Company's programme for the treatment of various forms of ischemia including heart attack. Patent '277 protects the use of midkine to treat ischemic disorders including heart attack. Specifically, this patent covers the stimulation of nitric oxide (NO) synthesis by MK injection. Nitric oxide is a key signalling molecule that mediates blood flow, vasodilation and angiogenesis (growth of new blood vessels).

While this programme has not been advanced significantly during the 2013 financial year due to resourcing issues, it remains one of the most valuable assets with potential for early partnering.

In January 2013 the European Patent Office (EPO) granted Cellmid's patent application 06746805.8 entitled "Pharmaceutical composition for vascular occlusive disease". The application was filed in May 2006 and the patent is expected to expire in 2026. The claims granted cover the use of short interfering RNAs (siRNAs) to prevent midkine expression in blood vessel walls. Animal studies show that midkine expression in damaged blood vessels contributes significantly to vessel narrowing and obstruction, and inhibiting midkine prevents or reduces this narrowing.

Vascular occlusive disease is the biggest cause of premature death in Western nations. Vascular occlusive disease occurs where blood vessels are narrowed or blocked, and it is observed at many sites in the body, including the heart (coronary heart disease, CHD), the brain (stroke), the kidney (renovascular disease) and the limbs (peripheral vascular disease such as deep vein thrombosis).

Targeting MK in vascular disease is a novel potential treatment of both the initial vessel narrowing (stenosis) and the re-occurrence of narrowing (restenosis) that frequently occurs after surgical interventions such as stenting. Cellmid does not have an siRNA programme in this indication, however this patent could represent product pipeline and partnering opportunities in the future. With this patent Cellmid's patent coverage for siRNA and antibodies extends across cardiovascular disease, inflammatory and autoimmune diseases, cancer, multiple sclerosis and surgical adhesion.

Although we can look back to an exceptionally productive financial year, it is not entirely satisfying as the Company's share price hasn't tracked the significant increase in the value of our assets. However, we believe that continuing on our growth path and taking advantage of the improving sentiment towards our sector may ultimately change this.

I would like to thank our Chairman, Dr David King, the Board and the committed Cellmid team for their contribution in achieving these substantial milestones this financial year. I would also like to thank all our shareholders for their active support.

Maria Halasz
CEO and Managing Director

Directors' Report

Contents

Your directors present their report, together with the financial statements of the Group, being Cellmid Limited (**Cellmid** or **the Company**) and its controlled entities (**Group**), for the financial year ended 30 June 2013.

Directors

The following persons were directors of Cellmid during the financial year and up to the date of this report, unless otherwise stated:

Dr David King (appointed 18 January 2008)
Ms Maria Halasz (appointed 19 November 2007)
Mr Robin Beaumont (resigned 27 August 2012)
Mr Graeme Kaufman (appointed 27 August 2012)
Mr Martin Rogers (appointed 19 September 2012)

Other Key Management Personnel

The following persons were key management personnel of Cellmid during the financial year and up to the date of this report, unless otherwise stated:

Mr Nicholas Falzon (Company Secretary appointed 6 October 2010)
Ms Jillian McGregor (Company Secretary appointed 16 July 2013)
Mr Andrew Bald (Company Secretary appointed 6 August 2012 and resigned 8 April 2013)

Principal Activities and Significant Changes in the Nature of Activities

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

- the development and commercialisation of diagnostic and therapeutic products for the management of diseases such as cancer and various chronic inflammatory conditions by targeting midkine (**Midkine Business**); and
- the 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**)

There were no significant changes in the nature of the activities during the financial year.

Operating Results and Review of Operations for the Year

The consolidated net loss of the Group was down 22% to $1,541,307 ($1,972,483 in 2012), after providing for income tax, and eliminating non-controlling equity interests. Revenue from product sales was up by more than 300% to $541,649 ($132,826 in 2012), while total Revenue was up by 345% to $761,288 for the year ($171,273 in 2012).

REVIEW OF OPERATIONS

The Group has grown its Consumer Health Business significantly during the reporting period and, with the acquisition of Advangen Inc., opened up a global opportunity for the commercialisation of its FGF-5 inhibitor hair growth products.

The Midkine Business has reached critical product development objectives in relation to the midkine antibody program and commencing the studies necessary for the 'first in man' phase 1/2a clinical trials of its anti-midkine antibodies in multiple solid tumours. Significant progress has also been achieved in the Group's diagnostic business with the launch of the first commercial product with midkine as a biomarker, CxBladder by Pacific Edge Limited, and a new option to license agreement with Fujikura Kasei (Japan).

Consumer Health Business - Acquisition of Advangen Inc. means a global opportunity for the FGF-5 inhibitor hair growth products

Advangen International Pty Ltd, a controlled entity, was set up to commercialise over-the-counter hair growth products based on the FGF-5 inhibition technology developed by Advangen Inc. (Japan). Advangen International Pty Ltd originally negotiated exclusive manufacturing and distribution rights for Australia, USA and Europe and commenced its commercial proof of concept program in September 2012 in Australia by the appointment of a pharmacy distributor.

The results of the commercial proof of concept program have indicated strong global potential for the FGF-5 inhibitor hair growth products. To fully exploit this opportunity the Group acquired Advangen Inc. (Japan) in May 2013. The transaction involved the payment of $1.2 million in cash and the issuing of 55,737,624 Cellmid shares at an agreed price of $0.05 each with a total deal value of $4.0 million. At the time of the acquisition Advangen Inc. had unaudited annualised sales of around $1 million and cash and equivalents of around $400,000.

The acquisition of Advangen Inc. is expected to make a significant positive impact on the Group's operations in future financial years. It provides global ownership of the FGF-5 inhibition technology and immediate access to the established Japanese markets for the products. It is a whole-of-chain acquisition resulting in reduced cost of goods and no royalties.

The acquisition delivered valuable additional assets including Chinese import permits for the Lexilis and Jo-Ju brands, with the potential to accelerate geographical expansion of the distribution. It also provides opportunities for product improvements and further clinical validation programs to expand the markets for chemotherapy related hair loss and androgenic alopecia.

Midkine business

Advances in therapeutic product development - midkine antibodies heading to the clinic

Under this program the Group has been developing its anti-midkine antibody drugs for the treatment of cancer and inflammatory diseases. The program received a significant boost during the period with positive results in its pre-clinical programs in diabetic nephropathy and solid tumours, paving the way for clinical development.

In January 2013 the Group received results indicating that its antibody drug reduced mortality and preserved kidney function in a study of a mouse model of diabetic nephropathy. Kidney damage was significantly reduced in this Adriamycin induced kidney damage model. This bolstered the Group's preclinical data package, which has already included positive efficacy results in animal models of several cancer types such as osteosarcoma, rectal carcinoma and glioblastoma. The review of the pharmacological data package resulted in the development of a clinical development plan involving a phase 1/2a study for the Group's anti-midkine antibody drug in multiple solid tumour types. The program is expected to be implemented in the coming financial year.

Midkine (MK) Diagnostic Program

Two of the Group's licensees, Pacific Edge Limited and Celera-Quest, made significant progress towards commercialisation of their respective products. The Group has also signed an option to license agreement with Fujikura Kasei for the use of two proprietary anti-midkine antibodies in Fujikura's latex diagnostic products. Internal diagnostic programs, including the colorectal cancer project at the John Hunter Hospital are progressing with sample collection and testing. This is a prospective program with results expected in late 2014.

Pacific Edge Limited - launched CxBladder in the USA with midkine as one of the biomarkers

The Group signed a license agreement with Pacific Edge Limited in 2010 for the use of the Group's biomarker, midkine, as one of the biomarkers in CxBladder, a bladder cancer diagnostic test. According to the terms of the license Pacific Edge paid an upfront fee and was to pay a milestone fee in shares on reaching first sale of the product outside of Australia and New Zealand. Pacific Edge has made solid progress towards this milestone during the reporting period and successfully launched its CxBladder test in the USA in March 2013. Pacific Edge reported setting up a sales force to urologists in April with sales expected to commence shortly.

Celera-Quest license update

The Group signed a license agreement with Celera-Quest in 2009 enabling Quest to use midkine as one of six biomarkers in their test for the early diagnosis, prognosis and disease management of lung cancer. The Group received an upfront payment at the time of signing, a milestone payment will become payable by Celera-Quest at the time of regulatory clearance and royalties on sales. Celera-Quest provided their annual update to the Group in March 2013 confirming that they have transferred and validated the six marker assay on the Luminex platform. They have also advised that they are progressing with further clinical validation using serum samples from a National Cancer Institute sponsored trial.

Fujikura Kasei option to license

The Group signed an Option to License Agreement with Fujikura Kasei for the exclusive supply of the Group's proprietary antibodies for validation in Fujikura's latex diagnostic platform. The agreement provides that Fujikura will proceed to license subject to reaching the minimum 500 picogram/mL limit of detection. This is to ensure that Fujikura's latex assay will be able to identify individuals with elevated midkine levels. The validation program was progressing well during the reporting period. Fujikura paid an option fee on signing and will pay a milestone fee upon completion of the validation and exercise of its option to license.

Intellectual Property update

The Group has a large and valuable patent portfolio which consists of 78 patents across 20 patent families. Of these 52 patents have been granted, 25 filed or under examination and one in PCT stage.

Two significant midkine therapeutic patents have been granted during the reporting period. The patent entitled "Pharmaceutical composition for vascular occlusive disease" (06746805.6) was granted by the European Patent office in January 2013. The Group's patent application "Nitric oxide Synthase activator" (12/593,277) was granted in the USA in July 2012.

Financial Position

The net assets of the Group, after eliminating non-controlling interests, are significantly up at $5,305,157 ($2,089,484 as at 30 June 2012). The directors believe that the Group is in a stable financial position to expand and grow its current operations.

Significant Changes in the State of Affairs

The Group acquired Advangen Inc. (Japan) in May 2013. The transaction involved the payment of $1.2 million in cash and the issuing of 55,737,624 Cellmid shares at an agreed price of $0.05 each with a total deal value of $4 million. In the financial statement the transaction is recorded at $2.9 million ("fair value") as Cellmid shares were traded on market at $0.03 at the time of the acquisition. The acquisition is expected to have a significant positive impact on the Group's operations.

Dividends Paid or Recommended

The Company has not paid or declared any dividends during the financial year (2012: nil).

Directors' Report
Continued

Events after the Reporting Period

There are two items which have occured after the reporting date as follows:

- Pacific Edge have issued 1,084,622 shares to Cellmid having achieved their requisite milestone. The shares have been issued pursuant to the midkine diagnostic licence agreement signed on 17 May 2010; and

- The escrow shares issued during the year will be released within the next 12 months.

Other than these items, no other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Future Developments, Prospects and Business Strategies

Likely developments, future prospects and business strategies of the operations of the Group and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information could result in unreasonable prejudice to the consolidated Group.

Environmental Issues

The Group's operations are not subject to significant environmental regulations under the laws of the Commonwealth and the state.

Board and Audit Committee meetings

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Board meetings		**Audit Committee meetings**	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ms Maria Halasz	6	6	5*	5
Dr David King	6	6	5	5
Mr Robin Beaumont	3	3	3	3
Mr Graeme Kaufman	3	3	2	2
Mr Martin Rogers	3	3	2	2

The Nomination Committee and Remuneration Committee of the board of directors (**Board**) met on several occasions during the financial year on an informal basis.

* Maria Halasz was in attendance at audit committee and remuneration committee meetings by invitation.

Information on Directors and Company Secretaries

David King	– Chairman (Non-executive)
Qualifications	– Fellow of The Australian Institute of Company Directors, Fellow of the Australian Institute of Geoscientists and a PHD in Seismology from the Australian National University.
Experience	– Experience in high growth companies and a track record in starting business ventures and developing them into attractive investment and/or take-over targets.
Interest in Shares and Options	– Shares: 22,500,000 indirectly held. Options: 11,250,000 indirectly held (Expiry: 23 October 2016, exercisable at $0.034 each).
Special Responsibilities	– Chairman of the Remuneration Committee and Nomination Committee.
Directorships held in other listed entities during the three years prior to the current year	– Current directorships - Robust Resources Limited, Republic Gold Limited Previous directorship - Gas2Grid Limited and Ausmon Resources Limited and Sapex Limited, Eastern Star Gas Limited.

Maria Halasz	– Managing Director (Executive)
Qualifications	– A Graduate of the Australian Institute of Company Directors; MBA, BSc in microbiology.
Experience	– Over 19 years experience in biotechnology companies; initially working in executive positions in biotechnology firms, then managing investment funds and later holding senior positions in corporate finance specialising in life sciences.
Interest in Shares and Options	– Shares: 1,050,000 directly held. Shares: 5,700,000 indirectly held. Options: 7,000,000 (Expiry: 20 November 2014, exercisable at $0.056 each) indirectly held. Options: 1,362,625 (Expiry: 23 October 2016, exercisable at $0.034 each) indirectly held. Options: 5,000,000 (Expiry: 15 June 2017, exercisable at $0.032 each) indirectly held. (Shares in Advangen International Pty Ltd: 278,049, indirectly held).
Special Responsibilities	– Managing Director and Chief Executive Officer.
Directorships held in other listed entities during the three years prior to the current year	– None

Directors' Report
Continued

Graeme Kaufman	– Director – Non-executive (Appointed 27th August 2012)
Qualifications	– BSc & MBA from Melbourne University
Experience	– Over 45 years' experience in biotechnology spanning technical, commercial and financial areas. Having worked for 34 years at CSL Limited, Australia's largest biopharmaceutical company, he held senior positions including Production Director, General Manager Finance and General Manager Biosciences.
Interest in Shares and Options	– Options: 1,000,000 (Expiry: 1 June 2014, exercisable at $0.05 each) directly held.
Special Responsibilities	– Chairman of the Audit Committee and member of the Remuneration and Nomination Committee.
Directorships held in other listed entities during the three years prior to the current year	– Bionomics Ltd and IDT Australia Ltd

Martin Rogers	– Director – Non-executive (Appointed 19th September 2012)
Qualifications	– Chemical Engineering and Science Degrees from University of New South Wales
Experience	– Martin Rogers is the former CEO and current non-executive director of Prima BioMed Ltd. He has a depth of experience in incubating companies and publicly listed organisations. Mr Rogers has experience in all aspects of financial, strategic and operational management and has raised over $100m in equity.
Interest in Shares and Options	– Shares: 5,155,700 shares indirectly held. Options: 44,000,000 (Expiry: 23 October 2016, exercisable at $0.034 each) indirectly held
Special Responsibilities	– Member of the Audit Committee and member of the Remuneration Committee
Directorships held in other listed entities during the three years prior to the current year	– Consegna Limited, Prima BioMed Ltd and OncoSil Medical Limited

Jillian McGregor	– Company Secretary (Appointed 16 July 2013)
Qualifications	– Bachelor of commerce and law from University of New South Wales
Experience	– Jillian has worked as a corporate lawyer for more than 15 years in mid and top tier Australian law firms. During this time she has provided Corporations Act and ASX Listing Rule advice to many ASX listed companies including advice on related party transactions, capital raising requirements, and meeting continuous disclosure requirements.
Interest in Shares and Options	– Nil
Special Responsibilities	– Nil
Directorships held in other listed entities during the three years prior to the current year	– Nil

Nicholas Falzon	–	Company Secretary & Financial Controller
Qualifications	–	Bachelor of Business at UTS and a member of the Institute of Chartered Accountants of Australia
Experience	–	As a partner at Lawler Partners Nicholas works with a number of listed and unlisted companies advising them on all aspects of their financial management.
Interest in Shares and Options	–	Nil
Special Responsibilities	–	Nil
Directorships held in other listed entities during the three years prior to the current year	–	Nil

Remuneration report

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

The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Additional information

A. Principles used to determine the nature and amount of remuneration

The performance of the Group depends on the quality of its directors and executives.

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

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

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

Remuneration structure

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

Non-executive director remuneration

Objective

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

Structure

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

The constitution and the ASX Listing Rules specify that the maximum aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of shareholders. At the general meeting of shareholders in 2005, the maximum amount was set at $300,000 per annum. In 2013, the Group paid non-executive directors a total of $145,802 (2012: $143,349).

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

Executive remuneration

Objective

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

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

Structure

A policy of the Board is the establishment of employment or consulting contracts with the CEO and other senior executives.

Remuneration consists of fixed remuneration under an employment or consultancy agreement and may include long term equity-based incentives that are subject to satisfaction of performance conditions. The equity-based incentives are intended to retain key executives and reward performance against agreed performance objectives.

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration that is both appropriate to the position and competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of Group-wide and individual performance, relevant comparative remuneration in the market, and internal and (where appropriate) external advice on policies and practices.

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

Remuneration policy and performance

Other than the CEO, Ms Halasz, none of the director's remuneration is'at risk' remuneration. Refer to the table below for further information on Ms Halasz's remuneration.

B. Details of remuneration (audited)

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

2013

	Short-term benefits			Post employment benefits		Share-based payment	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Retirement benefits	Options	Total
	$	$	$	$	$	$	$
Non-executive directors							
David King (Chairman)	65,000	-	-	5,850	-	-	70,850
Robin Beaumont [2]	4,767	-	-	-	-	-	4,767
Graeme Kaufman	34,058	-	-	3,065	-	-	37,123
Martin Rogers	33,062	-	-	-	-	-	33,062
Total non-executive directors	**136,887**	**-**	**-**	**8,915**	**-**	**-**	**145,802**
Executive directors and key Management							
Maria Halasz	400,000	-	-	36,000	-	-	436,000
Nicholas Falzon [1]	-	-	-	-	-	-	-
Total Executive directors and key Management	**400,000**	**-**	**-**	**36,000**	**-**	**-**	**436,000**
Total	**536,887**	**-**	**-**	**44,915**	**-**	**-**	**581,802**

1. Nicholas Falzon, company secretary, was appointed on 6 October 2010, is a partner of Lawler Partners Pty Ltd who provides accounting and company secretarial services to Cellmid Limited. The contract is based on normal commercial terms. A total of $92,125 (2012 $75,250) was received by Lawler Partners Pty Limited in relation to this contract for the year.
2. Robin Beaumont resigned as director on 27th August 2012.

2012

	Short-term benefits			Post employment Benefits		Share-based payment	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Retirement benefits	Options	Total
Non-executive directors							
David King (Chairman)	65,000	-	-	5,850	-	-	70,850
Robin Beaumont	30,000	-	-	-	-	42,499	72,499
Total non-executive directors	**95,000**	**-**	**-**	**5,850**	**-**	**42,499**	**143,349**
Executive directors and key Management							
Maria Halasz	400,000	-	-	36,000	-	30,500	466,500
Nicholas Falzon [1]	-	-	-	-	-	-	-
Total Executive directors and key Management	**400,000**	**-**	**-**	**36,000**	**-**	**-**	**466,500**
Total	**495,000**	**-**	**-**	**41,850**	**-**	**-**	**609,849**

1. Nicholas Falzon, company secretary, was appointed on 6 October 2010, is the partner of Lawler Partners Pty Ltd who provides accounting and company secretarial services to Cellmid Limited. The contract is based on normal commercial terms. A total of $75,250 (2011 $52,300) was received by Lawler Partners Pty Limited in relation to this contract for the year.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	**Fixed remuneration**		**At risk STI**		**At risk LTI**	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Directors						
David King	100%	100%	-	-	-	-
Maria Halasz	100%	96%	-	-	-	4%
Robin Beaumont	100%	41%	-	-	-	59%
Graeme Kaufman	100%	n/a	-	-	-	n/a
Martin Rogers	100%	n/a	-	-	-	n/a
Other company and group executives						
Nicholas Falzon	100%	100%	-	-	-	-
Andrew Bursill	100%	n/a	-	n/a	-	-

C. Service agreements

The CEO, Maria Halasz, is an employee of the group under an agreement signed on 21 September 2007. Under the terms of the present contract:

- Ms Halasz may resign from her position and thus terminate this contract by giving six months' written notice. On resignation any unvested options will be forfeited.
- The group may terminate the employment agreement by providing six months' written notice or providing payment in lieu of the notice period (based on the fixed component of Ms Halasz's remuneration).
- The group may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the CEO is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. On termination with cause, any unvested options will immediately be forfeited.
- Ms Halasz's employment agreement provides for issuing performance incentives subject to the discretion of the board. During the 2013 financial year there has been no performance incentive issued to Ms Halasz.

D. Share-based compensation

Options

2013

	Options Granted in 2013	Value of options at grant date	Options Vested In 2013	Value of options expensed in 2013	Proportion of Remuneration
				$	%
Maria Halasz	-	-	-	-	0%
David King	-	-	-	-	0%
Graeme Kaufman	-	-	-	-	0%
Martin Rogers	-	-	-	-	0%
Robin Beaumont	-	-	-	-	0%
Total	-	-	-	-	0%

No options were granted to the directors as share-based compensation during the financial year.

No options have been granted since the end of the financial year.

This concludes the remuneration report which has been audited.

Loan to directors and executives

There were no loans to directors or executives during or since the end of the year.

Shares under option

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

	Expiry Date	Exercise Price	Number under option
Unlisted options	19 March 2014	$0.05	27,198,435
Unlisted options	01 June 2014	$0.05	8,250,000
Unlisted options	01 July 2014	$0.05	5,002,006
Unlisted options	20 November 2014	$0.056	7,000,000
Unlisted options	20 November 2014	$0.035	2,000,000
Unlisted options	19 February 2015	$0.062	600,000
Unlisted options	15 November 2015	$0.10	100,000
Unlisted options	15 November 2016	$0.03	3,971,962
Listed options	23 October 2016	$0.034	290,542,770
Unlisted options	15 June 2017	$0.032	5,000,000
Unlisted options	14 August 2017	$0.034	1,440,000
Total			**351,105,173**

No shares were issued on the exercise of options during the income year ended 30 June 2013 (2012: nil).

No amounts are unpaid on any of the shares for the 2013 income year (2012:$nil).

2,000,000 options were lapsed during the income year ended 30 June 2013 (2012: 6,599,995).

Director and Officer Insurance

During the financial year, the Group paid a premium to insure the directors and officers of the Group.

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

Indemnifying Officers or Auditor

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

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

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

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

Proceedings on behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important.

Details of the amounts paid or payable to the auditor, BDO (formerly PKF) for audit and non-audit services provided during the year are set out below.

	Consolidated group	
	2013	2012
	$	$
Auditing or reviewing the financial statement		
BDO (formerly PKF)	**54,900**	45,000
BDO Japan	**10,200**	-
	65,100	45,000

Rounding off of amounts

The Company is of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the annual financial report are rounded off to a dollar, unless otherwise indicated.

Auditor's Declaration

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 24 for the annual report ended 30 June 2013.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the directors

Director
Dr David King

Sydney

Dated this day of 28 August 2013

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

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

As lead auditor of Cellmid Limited for the year ended 30 June 2013, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

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

Arthur Milner

Partner

BDO East Coast Partnership

Sydney, 28 August 2013

Corporate Governance Statement

Unless disclosed below, all the recommendations of the ASX Corporate Governance Council (including 2010 amendments) have been applied for the entire financial year ended 30 June 2013 (ASX Principles).

Board Composition

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the directors' report.

The names of independent directors that have served on the board of directors of the Company (**Board**) during the period are:

- David King
- Robin Beaumont (Resigned on 27 August 2012)
- Graeme Kaufman (Appointed on 27 August 2012)
- Martin Rogers (Appointed on 19 September 2012)

Independent directors are those who have the ability to exercise their duties unfettered by any business or other relationship and are willing to express their opinions free of concern about their position or the position of any third party. The Board does not believe it is possible to draft a list of criteria which is appropriate to characterise, in all circumstances, whether a non-executive director is independent. However, in determining the independent status of a director the Board will consider whether the director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another group member;
- has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- is a material supplier or customer of the company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Company or another group member other than as a director.

In some cases the Board needs to make an assessment of the materiality of a relationship in order to determine if a director is independent. A "material relationship" includes a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the director's decisions in relation to the Company. When considering whether a relationship is "material", the Board will consider the materiality to each of the Company, the director and the person or organisation with which the director is related (as customer, supplier, or adviser). The Board has not set materiality thresholds, considering it more effective to assess relationships on the individual circumstances applicable on a case-by-case basis and where appropriate, with the assistance of external advice.

Independent directors have the right to seek independent professional advice in the furtherance of their duties as directors at the Company's expense. Written approval must be obtained from the Chairman prior to incurring any expense on behalf of the Company.

David King, Graeme Kaufman and Martin Rogers are members of the nomination committee. These members have attended meetings of the nomination committee on an ad hoc basis as needed during the year. When appointing new directors, the Board and the nomination committee look to ensure that an appropriate balance of skills, experience, expertise and diversity is maintained. The Board has not approved a formal nomination committee charter and as such, no such charter or summary of such charter is disclosed on the company's website.

Ethical Standards

The Board acknowledges and emphasises the importance of all directors and employees maintaining the highest standards of corporate governance practice and ethical conduct.

A code of conduct has been established requiring directors and employees to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the share trading policy outlined in the code of conduct.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to diversity and recognises the benefits arising from employee and Board diversity and the importance of benefiting from all available talent.

The Board believes that the Company benefits from this diversity.

However, due to the size of the Company and small number of persons employed by the company and its controlled entities, the Board has not established a formal diversity policy in accordance with Recommendation 3.2 of the ASX Principles. As such and for the same reasons, the Company is not able to disclose in this annual report the measurable objectives for achieving gender diversity in accordance with the diversity policy and progress towards achieving those objectives.

The Company is able to disclose the following gender diversity statistics for the company and its controlled entities as at the date of this annual report:

- women employees (67%);
- women in senior executive positions (57%); and
- women on the Board (25%).

Trading Policy

The Company has a policy on the sale and purchase of its securities by its directors and employees. In addition, this policy applies to advisers, contractors and consultants who may obtain confidential or price sensitive information in relation to the Company.

The purpose of the policy is to avoid conduct known as 'insider trading'. In some respects, the Company's policy extends beyond the strict requirements of the Corporations Act 2001 (Cth) (**Corporations Act**).

Audit Committee

The names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee are included in the directors' report.

CEO/CFO Declaration

As required by section 295A of the Corporations Act, the CEO and CFO have declared that in their opinion:

a. the financial records of the company and controlled entities for the financial year have been properly maintained in accordance with section 286 of the Corporations Act;
b. the financial statements and notes for the financial year comply with accounting standards;
c. the financial statements and notes for the financial year give a true and fair view of the financial position and performance of the company and its controlled entities in accordance section 297 of the Corporations Act;
d. any other matters prescribed by the Corporations Regulations in relation to the financial statements and notes for the financial year have been satisfied.

In addition, in accordance with Recommendation 7.3 of the ASX Principles, the CEO and CFO stated to the Board that the declaration provided under section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Performance Evaluation

An annual performance evaluation of the Board has not been made during the year.

A performance evaluation for the CEO has taken place during the financial year in accordance with the evaluation process disclosed by the Company. This evaluation has been conducted by the Chairman on a quarterly basis during the year with regard to performance measures set at the commencement of the year.

A performance evaluation for other senior management has been conducted by the CEO during the financial year in accordance with the evaluation process disclosed by the Company.

Board Roles and Responsibilities

The Board is first and foremost accountable to its shareholders through delivery of timely and balanced disclosures.

The Board sought external guidance to assist the drafting of its “Board Charter” which has been made publicly available on the Company’s website. This document details the adopted practices and processes in relation to matters reserved for the Board’s consideration and decision-making. The Board is ultimately responsible for ensuring its actions are in accordance with key corporate governance principles.

Shareholder Rights

Shareholders are entitled to vote on significant matters impacting on the business, which include the election and remuneration of directors and changes to the constitution. Shareholders are strongly encouraged to attend and participate in the Annual General Meetings of the Company, to lodge questions to be answered by the Board and/or the CEO, and are able to appoint proxies.

Risk Management

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the risk profile of the business is undertaken and reviewed by the Board, covering all aspects of the business from the operational level through to strategic level risks. The CEO has been delegated the task of implementing internal controls to identify and manage risks for which the Board provides oversight and is required to report to the Board on whether such risks are being managed effectively. The effectiveness of the implemented internal controls is monitored and reviewed regularly. During the year, the CEO has reported to the Board as to the effectiveness of the Company’s management of its material business risks.

Remuneration Policies

The Company's remuneration committee comprises of the following non-executive directors:

- o David King (Chair, independent)
- o Graeme Kaufman (independent)
- o Martin Rogers (independent)

The remuneration committee reviews the senior executive packages annually by reference to company performance, executive performance, comparable information from industry sectors and other listed companies and independent advice.

Executives may also be entitled to participate in the Company's employee incentive plan.

The amounts of remuneration for all key management personnel for the Company, including all monetary and non-monetary components, are detailed in the directors' report under the heading key management personnel compensation. All remuneration paid to executives is valued at the cost to the Company and expensed. Shares given to executives are valued as the difference between the market price of those shares and the amount paid by the executive. Options are valued using the Black-Scholes methodology.

The Board expects that the remuneration structure implemented will result in the Company being able to attract and retain the best executives to run the consolidated group. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, options and other incentive payments are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to predetermined performance criteria. The Board can exercise its discretion in relation to approving incentives, bonuses and options and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria.

Remuneration Committee

The names of the members of the remuneration committee and their attendance at meetings of the committee are detailed in the directors' report.

The Board has not approved a formal remuneration committee charter and as such, no such charter or summary of such charter is disclosed on the Company's website.

There are no schemes for retirement benefits other than statutory superannuation for non-executive directors.

Financial Report

Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2013

	Note	Consolidated Group 2013 $	2012 $
Revenue	3	**541,649**	132,826
Other revenue	3	**170,764**	38,447
Other income	3	**48,875**	-
		761,288	171,273
Less Expenditure			
Cost of sales		**84,606**	33,157
Advertisement & marketing expenses		**214,411**	58,454
Bad debts		**1,227**	-
Consultancy expenses		**422,171**	300,122
Communication expenses		**37,122**	38,339
Depreciation and amortisation expenses		**16,634**	11,419
Director's remuneration		**150,640**	108,350
Employee benefits expenses		**885,483**	873,947
Finance costs		**1,124**	39,714
(Gain) / Loss on foreign exchange		**(13,338)**	(49,237)
Reclassification of impairment loss on available for sale asset	20	**-**	7,090
Occupancy expenses		**102,058**	95,864
Professional fees		**108,434**	164,721
Research and development expenses		**475,361**	599,047
Share - based compensation		**4,032**	228,999
Subscriptions expenses		**71,035**	88,018
Travel expenses		**201,255**	155,674
Other expenses		**326,206**	126,598
		3,088,461	2,880,276
Loss before income tax	4	**(2,327,173)**	(2,709,003)
Income tax benefit	5	**785,866**	736,520
Loss for the year		**(1,541,307)**	(1,972,483)
Other comprehensive income, net of tax		**-**	-
Total comprehensive loss for the year		**(1,541,307)**	(1,972,483)
Net loss attributable to			
Owners of Cellmid Limited		**(1,528,041)**	(1,970,360)
Non-controlling interests		**(13,266)**	(2,123)
		(1,541,307)	(1,972,483)
Earnings per share for loss attributable to the ordinary equity holders of the Company		**Cents**	Cents
Basic earnings per share (cents)	8	**(0.27)**	(0.46)
Diluted earnings per share (cents)	8	**(0.27)**	(0.46)

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

Consolidated Statement of Financial Position

As at 30 June 2013

	Note	Consolidated Group 2013 $	2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**1,754,994**	1,050,593
Trade and other receivables	10	**255,695**	71,168
Inventories	11	**1,694,926**	1,289,237
Other assets	15	**73,321**	30,638
TOTAL CURRENT ASSETS		**3,778,936**	2,441,636
NON-CURRENT ASSETS			
Other financial assets	12	**-**	42,910
Plant and equipment	13	**51,633**	32,276
Intangibles assets	14	**2,163,150**	1,440
TOTAL NON-CURRENT ASSETS		**2,214,783**	76,626
TOTAL ASSETS		**5,993,719**	2,518,262
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**501,299**	258,577
Provisions	17	**134,755**	135,448
TOTAL CURRENT LIABILITIES		**636,054**	394,025
NON-CURRENT LIABILITIES			
Provisions	17	**52,508**	34,753
TOTAL NON-CURRENT LIABILITIES		**52,508**	34,753
TOTAL LIABILITIES		**688,562**	428,778
NET ASSETS		**5,305,157**	2,089,484
EQUITY			
Contributed equity	18	**25,336,522**	20,799,831
Reserves	19	**1,966,375**	1,746,085
Accumulated Losses	19	**(21,969,496)**	(20,441,455)
Capital and reserves attributable to owners of Cellmid Limited		**5,333,401**	2,104,461
Non-controlling interest		**(28,244)**	(14,978)
TOTAL EQUITY		**5,305,157**	2,089,483

This consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2013

Consolidated Group		Attributable to owners of Cellmid Limited								
			Reserves							
	Note	Issued Capital	Share Based Payments Reserve	General Reserve	Foreign exchange reserve	Available for Sale Reserve	Accumulated Losses	Total	Non-controlling interest	Total equity
		$	$	$	$	$	$	$	$	$
Balance at 1 July 2011		18,838,712	1,660,231	-	-	10,120	(18,471,095)	2,037,968	-	2,037,968
Loss for the year as reported in the 2011 financial statements		-	-	-	-	-	(1,970,360)	(1,970,360)	(2,123)	(1,972,483)
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income for the year 30 June 2012		**-**	**-**	**-**	**-**	**-**	**(1,970,360)**	**(1,970,360)**	**(2,123)**	**(1,972,483)**
Transactions with equity holders:										
Contributions of equity		1,805,120	-	(11,005)	-	-	-	1,794,115	21,005	1,815,120
Share based compensation		156,000	-	-	-	-	-	156,000	-	156,000
Movement in share based payment reserve		-	62,999	-	-	-	-	62,999	-	62,999
Movement in available for sale reserve		-	-	-	-	(10,120)	-	(10,120)	-	(10,120)
Net movement as a result of shares issued to minority interest		-	-	33,860	-	-	-	33,860	(33,860)	-
Total		**1,961,120**	**62,999**	**22,855**	**-**	**(10,120)**	**(1,970,360)**	**66,494**	**(14,978)**	**51,516**
Balance at 30 June 2012	**18 & 19**	**20,799,832**	**1,723,230**	**22,855**	**-**	**-**	**(20,441,455)**	**2,104,462**	**(14,978)**	**2,089,484**
Balance at 1 July 2012		20,799,832	1,723,230	22,855	-	-	(20,441,455)	2,104,462	(14,978)	2,089,484
Loss for the year as reported in the 2013 financial statements		-	-	-	-	-	(1,528,041)	(1,528,041)	(13,266)	(1,541,307)
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income for the year 30 June 2013		**-**	**-**	**-**	**-**	**-**	**(1,528,041)**	**(1,528,041)**	**(13,266)**	**(1,541,307)**
Transactions with equity holders:										
Contributions of equity		4,536,690	-	-	-	-	-	4,536,690	-	4,536,690
Share based compensation		-	4,033	-	-	-	-	4,033	-	4,033
Movement in share based payment reserve		-	-	-	-	-	-	-	-	-
Movement in available for sale reserve		-	-	-	-	-	-	-	-	-
Movement in foreign exchange reserve		-	-	-	216,257	-	-	216,257	-	216,257
Net movement as a result of shares issued to minority interest		-	-	-	-	-	-	-	-	-
Total		**4,536,690**	**4,033**	**-**	**216,257**	**-**	**-**	**4,756,980**	**-**	**4,756,980**
Balance at 30 June 2013	**18 & 19**	**25,336,522**	**1,727,263**	**22,855**	**216,257**	**-**	**(21,969,496)**	**5,333,401**	**(28,244)**	**5,305,157**

This statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2013

	Note	Consolidated Group 2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts (inclusive of GST)		**644,080**	116,225
Payments to suppliers and employees (inclusive of GST)		**(2,552,229)**	(1,977,623)
Research and development expenses		**(475,361)**	(599,047)
Interest received		**30,833**	5,370
Income tax benefit		**785,866**	736,520
Other grant income		**115,167**	-
Finance costs		**(1,124)**	(39,714)
Net cash used in operating activities	20	**(1,452,768)**	(1,758,269)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of subsidiary, net of cash acquired	28	**(803,911)**	-
Proceeds on sale of financial asset		**91,785**	-
Purchase of non-current assets		**(26,734)**	(31,931)
Net cash used in investing activities		**(738,860)**	(31,931)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of share issue costs)		**2,864,561**	1,805,120
Repayment of borrowings		**-**	(556,835)
Net cash provided by financing activities		**2,864,561**	1,248,285
Net increase / (decrease) in cash held		**672,933**	(541,915)
Cash and cash equivalents at beginning of financial year		**1,050,593**	1,592,508
Effect of exchange rate changes		**31,468**	-
Cash and cash equivalents at end of financial year	9	**1,754,994**	1,050,593

This statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Contents

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The company is a public company, listed on the Australian Stock Exchange. It is incorporated in Australia and is domiciled in Australia.

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

The financial statements comprise the consolidated financial statements of the Group.

The financial statements were authorised for issue by the directors on 28 August 2013.

Basis of Preparation

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

The preparation of financial statements in conformity with AIFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 21.

New, revised or amending Accounting Standards and Interpretations adopted

The Group 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.

Any significant impact on the accounting policies of the Group 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 financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income

The Group has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

a. Going Concern

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Based on anticipated levels of operational cash flow, the Group has sufficient cash to fund current operations for more than one year.

b. Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Cellmid Limited at the end of the reporting period. A controlled entity is any entity over which Cellmid Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

c. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, is the Board of Directors.

d. Revenue and Other Income Recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method.

Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Government grants are recognised in profit and loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate, but not before the receipt of the grant is relatively certain.

e. Income Tax

The income tax expense (revenue) for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

f. Cash and Cash Equivalents

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

g. Receivables

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

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

h. Inventories

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

i. Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture and fittings	20%
Office equipment	6.7-33.33%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

j. Investments and Other Financial Assets

The Group classified its investments in the following categories: loans and receivables and available for sale financial assets.

The classification depends on the nature and purpose of the investment and is determined at the time of initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.
Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

Loan and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Available-for-sale financial assets

Listed shares and listed redeemable notes held by the group that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit and loss. The fair value of available-for-sale assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit and loss are determined based on the amortised cost of the monetary asset. Other foreign gains and losses are recognised in other comprehensive income.

k. Intangibles Other than Goodwill

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. The Group has determined the useful life of the intangible assets at 20 years. There is no amortisation charge to the intangible assets in the 2013 financial Year.

Research and development

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

Expenditure on development projects (relating to the design and testing of new or improved products) are capitalised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

l. Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a re-valued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

m. Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

n. Provisions

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

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

o. Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within the income year have been measured at the amounts expected to be paid when the liability is settled. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements.

Wages and salaries, annual leave and sick leave

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

Long service leave

Liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service.

Retirement benefit obligations

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

Share-based payments

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

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

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

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

p. Equity-settled compensation

The Group operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the binominal pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

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

q. Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Foreign currency transactions

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

Foreign operations

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

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

r. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

s. Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.
The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non¬controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre¬existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

t. Earnings per Share

Basic earnings per share

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

Diluted earnings per share

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

u. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

v. Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest $1.

w. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the group has decided not to early adopt. A discussion of those future requirements as they apply to the group and their impact on the group is as follows:

– ***AASB 10 Consolidated Financial Statements***

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The Group will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the Group has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

– ***AASB 12 Disclosure of Interests in Other Entities***

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the Group such as significant judgements and assumptions made in determining whether it has a controlling or non¬controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

– ***AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13***

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the Group from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

– ***AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)***

This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability of the Group.

– ***AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement***

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel (XIVIR). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the Group.

– ***AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards***

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the Group.

– ***AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle***

The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities. The adoption of the amendments from 1 July 2013 will not have a material impact on the Group.

- ***AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039***

  This amendment is applicable to annual reporting periods beginning on or after 1 January 2013. The amendment removes reference in AASB 1048 following the withdrawal of Interpretation 1039. The adoption of this amendment will not have a material impact on the Group.

- ***AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments***

  These amendments are applicable to annual reporting periods beginning on or after 1 January 2013. They amend AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of these amendments will not have a material impact on the Group.

NOTE 2: PARENT INFORMATION

	2013	2012
	$	$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	**2,500,986**	2,719,856
TOTAL ASSETS	**6,273,428**	2,794,729
LIABILITIES		
Current liabilities	**480,084**	380,914
TOTAL LIABILITIES	**532,593**	415,667
NET ASSETS	**5,740,835**	2,379,062
EQUITY		
Contributed equity	**25,273,651**	20,799,832
Accumulated losses	**(21,317,677)**	(20,144,000)
Share based payment reserve	**1,784,862**	1,733,350
TOTAL EQUITY	**5,740,836**	2,389,182
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Loss of the parent entity	**(1,173,677)**	(1,842,581)
Total comprehensive loss	**(1,173,677)**	(1,842,581)

NOTE 3: REVENUE AND OTHER INCOME

	Consolidated Group 2013 $	2012 $
Revenue from continuing operations		
Sales revenue:		
– sale of goods	**541,649**	132,826
	541,649	132,826
Other revenue:		
– interest received	**30,833**	5,370
– government grants received	**115,167**	-
– rental revenue	**24,000**	24,000
– royalties	**358**	704
– other revenue	**406**	8,373
	170,764	38,447
Total revenue	**712,413**	171,273
Other income:		
– Gain on disposal of financial assets	**48,875**	-
Total other income	**48,875**	-

NOTE 4: LOSS FOR THE YEAR

	Consolidated Group 2013 $	2012 $
Loss before income tax from continuing operations includes the following specific expenses:		
Cost of sales	**(84,606)**	(33,157)
Finance cost	**(1,124)**	(39,714)
Employee benefits expense	**(813,602)**	(810,563)
Defined contribution superannuation expenses	**(71,880)**	(63,384)
Foreign currency translation gain/(losses)	**13,338**	49,237
Rental expense on operating leases:		
– minimum lease payments	**(95,842)**	(91,176)
Depreciation and amortisation		
– Plant and equipment	**(16,634)**	(11,419)
Research and development expense	**(475,361)**	(599,047)

NOTE 5: INCOME TAX EXPENSE

		Consolidated Group	
		2013	2012
		$	$
a.	**The components of tax expense comprise:**		
	– Income tax benefit	**785,866**	736,520
		785,866	736,520
b.	**Numerical reconciliation of income tax expense to**		
	Loss before income tax expense	**(2,327,173)**	(2,709,003)
	Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2012: 30%)	**(698,152)**	(812,701)
	A: Add:		
	Tax effect of:		
	– Research and development expenditure	**396,695**	523,910
	– Share based payment	**1,210**	68,700
	– Deduction on un-deducted & R&D core technology expenditure	**(190,438)**	(190,438)
	– Impairment loss on asset revaluation	**-**	2,127
	– Sundry items	**6,406**	13,313
		213,873	417,612
	Adjusted income tax	**(484,279)**	(395,089)
	Tax losses not brought to account	**484,279**	395,089
	Research and development tax benefit	**785,866**	736,520
	Income tax benefit	**785,866**	736,520

A $785,866 (2012 $736,520) research and development tax offset was received for a claim in accordance with the Commonwealth Governments Research and Development Tax Incentive.

c.	**Tax losses**		
	Carried forward unused tax losses	**11,853,317**	10,536,355
	Current unused tax losses for which no deferred tax asset has been recognised	**1,614,264**	1,316,962
	Total	**13,467,581**	11,853,317
	Potential future tax benefit at notional tax rate 30%	**4,040,274**	3,555,995

All unused tax losses were incurred by Australian entities.

This income tax benefit arose from losses will only be obtained if:

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

ii. The group continues to comply with the conditions for deductibility imposed by tax legislation; and

iii. No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

d. As Advangen International Pty Ltd ceased to be a wholly owned subsidiary of Cellmid Limited on 13 March 2012, it ceased to be part of the tax consolidated group from that date.

NOTE 6: INTERESTS OF KEY MANAGEMENT PERSONNEL (KMP)

a. Directors and key management personnel

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

David King (Chairman) - *appointed from 18 January 2008 to current*

Ms Maria Halasz (Chief Executive Officer) - *appointed from 19 November 2007 to current*

Mr Robin Beaumont (Non executive) - *appointed from 12 October 2009 to 27 August 2012*

Mr Graeme Kaufman (Non executive) - *appointed from 27 August 2012 to current*

Mr Martin Rogers (Non executive) - *appointed from 19 September 2012 to current*

Mr Nicholas Falzon (Secretary and Financial Controller) - *appointed from 6 October 2010 to current*

Mr Andrew Bald (Secretary) - *appointed from 6 August 2012 to 8 April 2013*

Ms Jillian McGregor (Secretary) - *appointed from 16 July 2013 to current*

b. Directors and key management personnel compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2013.

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

	2013	2012
	$	$
Short - term employee benefits	**536,887**	495,000
Post - employment benefits	**44,915**	41,850
Share - based payments	**-**	72,999
	581,802	609,849

c. Equity instrument disclosures relating to key management personnel

Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration, together with terms and conditions of the options, can be found in note 18.

(i) KMP Options Holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Cellmid Limited and other key management personnel of the group, including their personally related parties, are set out as table below.

30 June 2013	Balance at Beginning of the Year	Granted as remuneration during the Year	Exercised during the Year	Other Changes during the Year	Balance at end of Year	Vested and Exercisable at the end of the Year
Directors of Cellmid Limited						
M Halasz	17,000,000	-	-	(637,375)	16,362,625	16,362,625
D King	-	-	-	11,250,000	11,250,000	11,250,000
R Beaumont	3,971,962	-	-	-	3,971,962	3,971,962
G Kaufman	-	-	-	1,000,000	1,000,000	1,000,000
M Rogers	-	-	-	44,000,000	44,000,000	44,000,000
Other key management personnel						
J McGregor	-	-	-	-	-	-
N Falzon	-	-	-	-	-	-
A Bald	-	-	-	-	-	-

Maria Halasz owns 16,362,625 options indirectly.
David King owns 11,250,000 options indirectly.
Martin Rogers owns 44,000,000 options indirectly.

30 June 2012	Balance at Beginning of the Year	Granted as remuneration during the Year	Exercised during the Year	Other Changes during the Year	Balance at end of Year	Vested and Exercisable at the end of the Year
Directors of Cellmid Limited						
M Halasz	12,000,000	5,000,000	-	-	17,000,000	17,000,000
D King	-	-	-	-	-	-
R Beaumont	-	3,971,962	-	-	3,971,962	3,971,962
Other key management personnel						
N Falzon	-	-	-	-	-	-

(ii) KMP Shareholdings

The numbers of shares in the Company held during the financial year by each director and key management personnel of Cellmid Limited, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

30 June 2013	Balance at Beginning of the Year	Received during the Year on the exercise of options	Other Changes during the Year	Balance at the end of the Year
Directors of Cellmid Limited				
M Halasz	2,725,250	-	4,024,750	6,750,000
D King	22,500,000	-	-	22,500,000
R Beaumont	1,875,000	-	-	1,875,000
G Kaufman	-	-	-	-
M Rogers	-		5,155,700	5,155,700
Other key management personnel				
J McGregor	-	-	-	-
N Falzon	-	-	-	-
A Bald	-	-	-	-

Maria Halasz owns 5,700,000 shares indirectly.
David King owns 22,500,000 shares indirectly.
Robin Beaumont owns 1,875,000 shares indirectly.
Martin Rogers owns 5,155,700 shares indirectly.

30 June 2012	Balance at Beginning of the Year	Received during the Year on the exercise of options	Other Changes during the Year	Balance at the end of the Year
Directors of Cellmid Limited				
M Halasz	1,365,000	-	1,360,250	2,725,250
D King	13,476,669	-	9,023,331	22,500,000
R Beaumont	700,000	-	1,175,000	1,875,000
Other key management personnel				
N Falzon	-	-	-	-

Maria Halasz owns 2,725,250 shares indirectly.
David King owns 22,500,000 shares indirectly.
Robin Beaumont owns 1,875,000 shares indirectly.

(iii) Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above. The chief executive officer is employed under an employment service contract.

NOTE 7: AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and a non-related audit firm:

	Consolidated Group	
	2013	2012
	$	$
– auditing or reviewing the financial statement BDO	**54,900**	45,000
– BDO Japan	**10,200**	-
	65,100	45,000

NOTE 8: EARNINGS PER SHARE

	Consolidated Group	
	2013	2012
	$	$
a. **Basic and diluted earnings per share:**		
Basic EPS and dilutive EPS	**(0.27)**	(0.46)
b. **Loss used in calculating basic and diluted earnings per share:**		
Loss	**(1,541,307)**	(1,972,483)
c. **Weighted average number of shares used as the denominator**		
	No.	No.
Weighted average number of ordinary shares used in calculating dilutive EPS	**563,832,659**	427,266,234

d. **Information concerning the classification of securities.**

Options

Options granted to executives and directors are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. In the year ended 30 June 2013, these options were in fact anti-dilutive, and consequently diluted EPS is the same as basic EPS. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note18.

NOTE 9: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2013	2012
	$	$
Cash at bank and in hand	**1,754,994**	1,050,593
	1,754,994	1,050,593

The effective interest rate on short term bank deposits was 3.5 - 4.5% (2012: 3.5-4.5%); these deposits were all on call.

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	**1,754,994**	1,050,593
	1,754,994	1,050,593

NOTE 10: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2013	2012
	$	$
Trade receivables	**41,123**	52,791
Other receivables	**214,572**	18,377
Total current trade and other receivables	**255,695**	71,168

Effective interest rates and credit risk

The Group has no significant concentration of credit risk with respect to any single counterparty, or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. The class of assets described as ‘trade and other receivables” is considered to be the main source of credit risk related to the group.

There is no interest rate risk for the balances of trade and other receivables.

There is no material credit risk associated with other receivables.

No receivables are past due or impaired.

NOTE 11 : INVENTORIES

	Consolidated Group	
	2013	2012
	$	$
Inventory at lower of cost and net realisable value	**1,694,926**	1,289,237
Total inventories	**1,694,926**	1,289,237

NOTE 12: OTHER FINANCIAL ASSETS

	Consolidated Group	
	2013	2012
	$	$
Available-for-sale financial assets	**-**	42,910
Total non-current financial assets	**-**	42,910
Available-for-sale financial assets		
Listed investments, at fair value:		
– shares in listed corporations	**-**	42,910
Total available-for-sale financial assets	**-**	42,910

NOTE 13: PLANT AND EQUIPMENT

	Note	Consolidated Group 2013 $	2012 $
PLANT AND EQUIPMENT			
Plant and equipment at cost:		**366,065**	129,759
Accumulated depreciation		**(314,432)**	(97,483)
Total plant and equipment		**51,633**	32,276

	Note	Plant and Equipment $	Total $
Consolidated Group			
Balance at 1 July 2011		11,764	11,764
Additions		31,931	31,931
Disposals		-	-
Depreciation expense		(11,419)	(11,419)
Balance at 30 June 2012		32,276	32,276
Additions through business combinations	28	9,257	9,257
Additions		26,734	26,734
Disposals		-	-
Depreciation expense		(16,634)	(16,634)
Balance at 30 June 2013		51,633	51,633

NOTE 14: INTANGIBLE ASSETS

	Trademarks & Licences $
Consolidated Group:	
Balance at 1 July 2012:	
Intangibles acquired with acquisition of Advangen Incorporated (Note 28)	1,440
Patent 1	1,441,140
Patent 2	720,570
Closing value at 30 June 2013	**2,163,150**

Intangible assets, other than goodwill, have finite useful lives. The Group has determined the useful life of the intangible asset at 20 years.

There is no amortisation charge to the intangible assets in the 2013 financial year.

The net exchange difference regarding intangible assets acquired with the acquisition of Advangen Incorporated arising on the translation of a foreign operation into the presentation currency is $152,805 (2012: Nil).

NOTE 15: OTHER ASSETS

	Consolidated Group	
	2013	2012
	$	$
Prepayments	**73,321**	30,638
Total other assets	**73,321**	30,638

NOTE 16: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2013	2012
	$	$
Unsecured liabilities:		
Trade payables	**271,936**	112,702
Sundry payables and accrued expenses	**229,363**	145,875
Total trade and other payables	**501,299**	258,577

NOTE 17: PROVISIONS

	Employee Benefits	
	Annual Leave	Long Service Leave
	$	$
Consolidated Group		
Opening balance at 1 July 2012	**135,448**	34,753
Additional (Reversal of) provisions	**(693)**	17,755
Balance at 30 June 2013	**134,755**	52,508

Analysis of total provisions

	Consolidated Group	
	2013	2012
	$	$
Current	**134,755**	135,448
Non-current	**52,508**	34,753
	187,263	170,201

Provision for Employee Benefits

A provision has been recognised for employee entitlements relating to annual leave and long service leave.

NOTE 18: CONTRIBUTED EQUITY

	Note	Consolidated Group 2013 No.	2012 No.	2013 $	2012 $
a. Share Capital					
At the beginning of the year		**520,843,117**	392,634,129	**20,741,843**	18,780,723
Shares issued during the year		**129,626,962**	128,208,988	**3,962,418**	1,961,120
At the end of the year	18.c	**650,470,079**	520,843,117	**24,704,261**	20,741,843
b. Options					
Balance at the beginning of the year		**36,923,968**	34,552,001	**57,989**	57,989
Listed		**-**	-	**-**	
Other		**317,181,205**	(6,599,995)	**574,272**	-
Directors		**-**	3,971,962	**-**	-
Executives		**-**	5,000,000	**-**	-
At the end of the year	18.d	**354,105,173**	36,923,968	**632,261**	57,989
Total contributed equity				**25,336,522**	20,799,832

Capital Risk Management

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

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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

c. Movement in ordinary share capital

		Consolidated Group		
		Number of shares	Issued price	$
Date	**Details**			
	Opening balance 1 July 2011	**392,634,129**		**18,780,723**
4/10/2011	Share issue	4,000,000	0.0390	156,000
2/12/2011	Share issue	23,560,944	0.0170	400,708
13/12/2011	Share issue	4,411,765	0.0160	71,250
13/01/2012	Exercise of converting note options	1,666,667	0.0120	20,000
24/01/2012	Share issue	22,500	-	-
17/02/2012	Exercise of converting note options	1,442,309	0.0104	15,000
20/02/2012	Exercise of converting note options	2,083,333	0.0096	20,000
27/02/2012	Exercise of converting note options	3,191,489	0.0094	30,000
2/03/2012	Exercise of converting note options	3,191,489	0.0094	30,000
16103/2012	Exercise of converting note options	1,595,745	0.0094	15,000
28/03/2012	Exercise of converting note options	2,105,263	0.0095	20,000
4/04/2012	Exercise of converting note options	2,777,778	0.0090	25,000
12/04/2012	Exercise of converting note options	3,333,333	0.0090	30,000
20/04/2012	Exercise of converting note options	14,196,360	0.0090	127,767
4/05/2012	Share issue	12,283,641	0.0165	202,680
7/05/2012	Share issue	5,175,428	0.0165	85,395
30/05/2012	Share issue	31,689,481	0.0165	522,876
12/06/2012	Share issue	11,481,463	0.0165	189,444
	Closing balance 30 June 2012	**520,843,117**		**20,741,843**
	Opening balance 1 July 2012	**520,843,117**		**20,741,843**
27/07/2012	Share issue	24,242,424	0.0165	400,000
31/08/2012	Capital raising costs	-		(20,000)
19/03/2013	Share issue	14,650,000	0.0400	586,000
20/03/2013	Share issue	14,991,359	0.0400	599,654
22/03/2013	Share issue	13,755,555	0.0400	550,222
27/03/2013	Share issue	6,250,000	0.0400	250,000
31/03/2013	Capital raising costs	-		(7,014)
9/04/2013	Capital raising costs	-		(60,000)
21/05/2013	Capital raising costs	-		(8,573)
10/05/2013	Cellmid FPO escrowed for 3 months from Issue	7,500,000	0.0300	225,000
20/05/2013	Cellmid FPO escrowed for 6 months from Issue	10,217,822	0.0300	306,535
20/05/2013	Cellmid FPO escrowed for 12 months from Issue	38,019,802	0.0300	1,140,594
	Closing balance 30 June 2013	**650,470,079**		**24,704,261**

Ordinary shares

No limit has been set on the total number of ordinary shares that the Company may issue. The ordinary shares do not carry par value.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hand every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

d. Movement in options

		Consolidated Group	
		Number of options	**$**
Date	**Details**		
	Opening balance 1 July 2011	**34,552,001**	**57,989**
8 Jan 12	Options lapsed	(549,995)	-
7 Mar 12	Options issued	3,971,962	-
8 May 12	Options lapsed	(6,050,000)	-
12 Jun 12	Options issued	5,000,000	-
	Closing balance 30 June 2012	**36,923,968**	**57,989**
	Opening balance 1 July 2012	**36,923,968**	**57,989**
14/08/2012	Options issued	1,400,000	-
15/08/2012	Options issued	40,000	-
29/10/2012	Options issued	244,542,770	489,086
30/10/2012	Options issued	18,000,000	57,600
16111/2012	Options issued	3,000,000	6,000
1/11/2012	Capital Raising Costs	-	(22,908)
1/12/2012	Capital Raising Costs	-	(32,705)
6112/2012	Options issues	25,000,000	50,000
19/03/2013	Options issues	9,825,000	9,825
20/03/2013	Options issues	7,370,635	7,371
22/03/2013	Options issues	6,002,800	6,003
27/03/2013	Options issues	3,375,000	3,375
2/04/2013	Options issues	625,000	625
16104/2013	Options lapsed	(2,000,000)	-
	Closing balance 30 June 2013	**354,105,173**	**632,261**

Options

On 14th and 15th August 2012, 1,440,000 share options were granted to Mr Darren Jones, Ms Anita Hicks and Ms Erin Grant as part of the employee share scheme. The options are exercisable on or before 14th August 2017 with an exercise price at $0.034 each. The options hold no voting or dividend rights and are not transferable.

On 30th October 2012, 18,000,000 share options were granted to Mr Martin Rogers in lieu of cash payment for consulting fees accrued prior to his directorship with Cellmid. The options are exercisable on or before 23rd October 2016 with an exercise price at $0.034 each. The options hold no voting or dividend rights and are not transferable.

These options vested immediately on grant date. Further details of these options are provided in the directors' report. The options hold no voting or dividend rights and are not listed. During the financial year, no other options vested with key management personnel (2012: Nil).

NOTE 19: RESERVES AND ACCUMULATED LOSSES

a. Reserves

	Consolidated Group	
	2013	2012
	$	$
Share based payment reserve		
Balance 1 July	**1,723,230**	1,660,231
Option expense	**4,033**	62,999
Balance 30 June	**1,727,263**	1,723,230

Options

On 14th and 15th August 2012, 1,440,000 share options were granted to Mr Darren Jones, Ms Anita Hicks and Ms Erin Grant as part of the employee share scheme. The options are exercisable on or before 14th August 2017 with an exercise price at $0.034 each. The options hold no voting or dividend rights and are not transferable.

Available for sale reserve		
Balance 1 July	**-**	10,120
Gain (loss) on revaluation	**-**	(17,210)
	-	(7,090)
Reclassification impairment loss to profit and loss	**-**	7,090
Balance 30 June	**-**	-
General reserve		
Balance 1 July	**22,855**	-
Net movement as a result of shams issued to minority interest	**-**	33,860
	22,855	33,860
Contributions of equity	**-**	(11,005)
Balance 30 June	**22,855**	22,855
Foreign exchange reserve		
Balance 1 July	**-**	-
Foreign exchange expense	**216,257**	-
Balance 30 June	**216,257**	-

Foreign exchange reserve is the net exchange difference arising on the translation of the financial statements into the presentation currency and on the translation of a foreign operation into the presentation currency.

Total reserves		
Balance 1 July	**1,746,085**	1,670,351
Revalution, option expense and foreign exchange expense	**220,290**	75,734
Balance 30 June	**1,966,375**	1,746,085

b. Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated Group	
	2013	2012
	$	$
Balance 1 July	**(20,441,455)**	(18,471,095)
Net income (loss) for the year	**(1,528,041)**	(1,970,360)
Balance 30 June	**(21,969,496)**	(20,441,455)

NOTE 20: CASH FLOW INFORMATION

	Consolidated Group	
	2013	2012
	$	$
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss for the year	**(1,541,307)**	(1,972,483)
Non - cash flows in loss:		
- Depreciation and amortisation	**16,634**	11,419
- Share base payment	**4,033**	228,999
- Bad and doubtful debt	**1,227**	-
- Gain on sale of financial asset	**(48,875)**	-
- Impairment loss on non - current investment	**-**	7,090
Changes in assets and liabilities, net of the effects of purchase of subsidiaries :		
- (increase)/decrease in trade and other receivables	**22,890**	(43,565)
- (increase)/decrease in prepayments	**(11,583)**	617
- (increase)/decrease in inventories	**(59,303)**	(192,055)
- increase/(decrease) in trade and other payables	**146,453**	124,873
- increase/(decrease) in provisions	**17,063**	76,836
Cash flow from operations	**(1,452,768)**	(1,758,269)

NOTE 21: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

a. Critical accounting estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

i. Estimated impairment of intellectual property

The group tests annually whether intellectual property has suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of the intellectual property have been determined based on reviewing the status of the research and development program, progress on its patent applications and projected cash flow calculations. These calculations require the use of assumptions, including estimating timing of cash flows, product development and availability of resources to exploit the assets.

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

There are two items which have occured after the reporting date as follows:

- Pacific Edge have issued 1,084,622 shares to Cellmid having achieved their requisite milestone. The shares have been issued pursuant to the midkine diagnostic licence agreement signed on 17 May 2010; and
- The escrow shares issued during the year will be released within the next 12 months;

Other than these items, no other matter or circumstance has arisen since 30 June 2013 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NOTE 23: RELATED PARTY TRANSACTIONS

Related Parties

a. The group's main related parties are as follows:

Parent entities:
Cellmid Limited is the ultimate parent entity.

Subsidiaries:
For details of disclosures relating to subsidiaries, refer to Note 25: Controlled Entity.

Key management personnel:
For details of disclosures relating to key management personnel, refer to Note 6: Interests of Key Management Personnel (KMP) and the remuneration report in the directors' report.

b. Transactions with related parties

Key management personnel:
Martin Rogers received 18,000,000 options in lieu of a consulting fee. The consulting work was performed prior to his directorship.
There were no other related party transactions during the year ended 30 June 2013.

Subsidiaries:
The transactions with subsidiaries have been eliminated on consolidation of the group.

NOTE 24: FINANCIAL RISK MANAGEMENT

Specific Financial Risk Exposures and Management

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

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

	Note	Consolidated Group	
		2013	2012
		$	$
Financial assets			
Cash and cash equivalents	9	**1,754,994**	1,050,593
Loans and receivables	10	**255,695**	71,168
Available-for-sale financial assets	12	**-**	42,910
Total financial assets		**2,010,689**	1,164,671
Financial liabilities			
Financial liabilities at amortised cost:			
- trade and other payables	16	**501,299**	258,577
Total financial liabilities		**501,299**	258,577

a. Credit risk

Credit risk is managed on a Group basis. The group has no significant concentration of credit risk.

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

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

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

b. Liquidity risk

The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions The Group is not exposed to any material liquidity risk.

The table below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

(a) all non-derivative financial liabilities

(b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carving balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flow	Carrying amount liabilities
As 30 June 2013	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-derivative							
Trade and other payable	501,299	-	-	-	-	-	501,299
Total	501,299	-	-	-	-	-	501,299
Derivative							
Borrowings	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

Contractual maturities of financial liabilities	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flow	Carrying amount liabilities
As 30 June 2012	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-derivative							
Trade payable	258,577	-	-	-	-	-	258,577
Total	258,577	-	-	-	-	-	258,577
Derivative							
Borrowings	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

c. Market risk

Foreign exchange risk

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

The Group has no significant concentration of foreign exchange risk. The maximum exposure to foreign exchange risk is the fluctuation in the US dollar on its USD denominated bank account and also the Japanese Yen bank accounts.

Price risk

The Group is not exposed to any material price risk.

NOTE 25: SUBSIDIARY AND TRANSACTIONS WITH NON-CONTROLLING INTEREST

a. Significant investments in subsidiary

	Country of Incorporation	Percentage Owned (%)	
		2013	2012
Subsidiaries of Cellmid Limited			
Advangen International Pty Limited	Australia	95	95
Advangen Limited	Australia	100	-
Advangen Incorporated	Japan	100	-

NOTE 26: SEGMENT INFORMATION

Identification of reporting segments

The Group's 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 (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

Geographic segment information

The primary geographic segment within which the Group operates is Australia as at 30 June 2013. For primary reporting purposes, the Group operates in two geographic segment as described as at 30 June 2013.

Major customers

During the year ended 30 June 2013 approximately 70% of the Group's external revenue was derived from sales to Frost-bland Pty Ltd (32%) and Fujikura Kasai Co Limited (38%) through the biotechnology and retailing operating segments.

Notes to the Financial Statements
Continued

Operating segment information

30 June 2013	Biotechnology $	Retailing $	Retailing $	Consolidated $
	Australia	Australia	Japan	
Revenue				
Sales revenue	215,279	311,098	15,272	541,649
Total sales revenue	215,279	311,098	15,272	541,649
Interest received	30,833	-	-	30,833
Royalties	358	-	-	358
Rental revenue	24,000	-	-	24,000
Government grant received	115,167	-	-	115,167
Other revenue	-	398	8	406
Total Revenue	**385,637**	**311,496**	**15,280**	**712,413**
Expenses	(2,374,994)	(576,661)	(115,015)	(3,066,671)
Share-based compensation	(4,032)	-	-	(4,032)
Gain on disposal of financial assets	48,875	-	-	48,875
Depreciation	(13,919)	(156)	(2,561)	(16,635)
Finance costs	(1,110)	(14)	-	(1,124)
Loss before income tax expenses	**(1,959,543)**	**(265,335)**	**(102,296)**	**(2,327,173)**
Income tax benefit				785,866
Loss after income tax benefit				**(1,541,307)**

30 June 2013	Biotechnology $	Retailing $	Retailing $	Consolidated $
	Australia	Australia	Japan	
Assets				
Segment assets	2,545,805	369,363	3,078,552	5,993,720
Unallocated assets:				-
Other financial assets				-
Total assets				**5,993,720**
Liabilities				
Segment liabilities	(532,592)	(79,483)	(76,487)	(688,562)
Total liabilities				**(688,562)**

30 June 2012	Biotechnology $	Retailing $	Retailing $	Consolidated $
	Australia	Australia	Japan	
Revenue				
Sales of products	12,590	115,704	-	128,294
Total sales revenue	**12,590**	**115,704**	**-**	**128,294**
Interest received	5,370	-	-	5,370
Royalties	704	-	-	704
Rental revenue	24,000	-	-	24,000
Government grant received	-	-	-	-
Other revenue	11,077	1,828	-	12,905
Total Revenue	**53,741**	**117,532**	**-**	**171,273**
Expenses	(2,412,460)	(236,921)	-	(2,649,381)
Share-based compensation	(228,999)	-	-	(228,999)
Gain on disposal of financial assets	49,237	-	-	49,237
Depreciation	(11,110)	(309)	-	(11,419)
Finance costs	(39,509)	(205)	-	(39,714)
Loss before income tax expenses	**(2,589,100)**	**(119,903)**	**-**	**(2,709,003)**
Income tax benefit			736,520	
Loss after income tax benefit				**(1,972,483)**
Assets				
Segment assets	2,135,203	340,149	-	2,475,352
Unallocated assets:			-	
Other financial assets			42,910	
Total assets				**2,518,262**
Liabilities				
Segment liabilities	(415,667)	(13,111)	-	(428,778)
Total liabilities				**(428,778)**

NOTE 27: COMMITMENTS

	Consolidated Group	
	2013	2012
	$	$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**174,039**	-
One to five years	**554,061**	-
More than five years	**728,100**	-

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

NOTE 28: BUSINESS COMBINATIONS

On 24 May 2013 Cellmid Limited acquired 100% of the ordinary shares of Advangen Incorporated (Japanese entity) for the total consideration transferred of JPY¥285,171,564. This has been translated to AUD$2,893,968 using the exchange rate per Reserve Bank of Australia (RBA) on 24 May 2013. The acquired business contributed revenues of $15,280 and loss after tax of $102,297 to the Group for the period from 25 May 2013 to 30 June 2013. The values identified in relation to the acquisition of Advangen Incorporated are final as at 30 June 2013.

Details of the acquisition are as follows:	**Book Value**	**Fair Value**	**Exchange Rate**	**Fair Value**
	¥JPY	¥JPY		$AU
Cash and cash equivalents	41,182,636	41,182,636	98.54	417,928
Trade and other receivables	19,594,272	19,594,272	98.54	198,846
Inventories	31,742,886	31,742,886	98.54	322,132
Other assets	2,850,035	2,850,035	98.54	28,923
Plant and equipment	848,292	848,292	98.54	8,609
Intangibles assets	-	198,099,144	98.54	2,010,342
Trade and other payables	(9,145,701)	(9,145,701)	98.54	(92,812)
Net assets acquired	**87,072,420**	**285,171,564**		**2,893,968**
Goodwill	-	-		-
Acquisition date fair value of the total consideration transferred		**285,171,564**		**2,893,968**
Representing:				
- Cash				1,221,839
- Fair value of issued shares				1,672,129
				2,893,968
Cash used to acquire business, net of cash acquired:				
Cash to acquire subsidiary				1,221,839
Less: Cash and cash equivalents on acquisition				417,928
Net cash used				**803,911**

NOTE 29: CONTIGENT LIABILITIES

a. Contingent liabilities

The parent entity and Group had no contingent liabilities at 30 June 2012 or at 30 June 2013.

b. Contingent assets

The parent entity and Group had no contingent assets at 30 June 2012 or at 30 June 2013.

NOTE 30: COMPANY DETAILS

The registered office of the company is:

Suite 1802, Level 18,
15 Castlereagh Street Sydney NSW 2000

The principal places of business are:

Cellmid Limited,
Suite 1802, Level 18,
15 Castlereagh Street Sydney NSW 2000

Advangen International Pty Limited.
Suite 1802, Level 18,
15 Castlereagh Street Sydney NSW 2000

Advangen Limited.
Suite 1802, Level 18,
15 Castlereagh Street Sydney NSW 2000

Advangen Incorporated,
Chiba Industry Advancement Centre Tokatsu Techno Plaza
511-6 Kashiwanoha Kashiwa,
Chiba 277-0082 Japan

Directors' Declaration

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 31-69, are in accordance with the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting equirements and:
    a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company and the group;
    c. the remuneration disclosures contained in the Remuneration Report comply with section 300A of the Corporations Act 2001;
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
    a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the Corporations Act 2001;
    b. the financial statements and notes for the financial year comply with Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view; and
3. in the directors' opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

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

Dr David King
Director

Dated 28th day of August 2013

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Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Cellmid Limited

Report on the Financial Report

We have audited the accompanying financial report of Cellmid Limited, which comprises the consolidated statement of financial position as at 30 June 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 year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Cellmid Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 12 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Cellmid Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

Arthur Milner
Partner

Sydney, 28 August 2013

Additional Information

The information in this section has been prepared as at 12 September 2013.

20 LARGEST SHAREHOLDERS

Holder Name	Balance	Percent
Cell Signals Inc	28,000,000	4.305
Seistend (Super) Pty Ltd <DW King Super Fund A/C>	22,500,000	3.459
Hera Investments Pty Ltd	21,250,000	3.267
Mr James Patrick Tuite & Mrs Wendy Tuite <Tuite Super 1 A/C>	20,646,462	3.174
Mr Gregory Glenn Worth <Worth S/F A/C>	19,000,000	2.921
Mr Trevor Gottlieb	15,350,000	2.360
Bhp No 2 Investment Limited Partnership	14,257,426	2.192
Mr Gregory Bernard Hilton	10,897,000	1.675
Dr Kuen Seng Chan	10,000,000	1.537
Bainpro Nominees Pty Limited	9,860,000	1.516
Dr Noriie Itoh	9,504,950	1.461
Biotech Healthcare No 1 Limited Partnership	8,732,673	1.343
Moore Family Nominee Pty Ltd <Moore Family Super Fund A/C>	7,500,000	1.153
Mr Ivan Staresinic	7,500,000	1.153
RAH STC Pty Ltd	6,250,000	0.961
Mr Harold Leonard Gottlieb & Mrs Helen Cynthia Gottlieb <H & H Gottlieb PSNL S/F A/C>	6,000,000	0.922
Direct Capital Pty Ltd	5,700,000	0.876
Mr Darin Anjoul & Mrs Tania Anjoul <Tan Group Super Fund A/C>	5,500,000	0.846
Mr Paul Ruggiero & Mrs Lorissa Ruggiero <L & P Ruggiero S/F A/C>	5,239,814	0.806
Mr Paul Ruggiero & Mrs Lorissa Ruggiero	5,125,001	0.788
Total	**238,813,326**	**36.714**
Issued Share Capital	**650,470,078**	

20 LARGEST HOLDERS OF QUOTED OPTIONS

Holder Name	Balance	Percent
Structure Investments Pty Ltd <Rogers Family A/C>	41,000,000	14.112
Mr Trevor Gottlieb	13,255,500	4.562
Seistend (Super) Pty Ltd <DW King Super Fund A/C>	11,250,000	3.872
Mr James Patrick Tuite & Mrs Wendy Tuite <Tuite Super 1 A/C>	10,323,231	3.553
Mr Janakan Krishnarajah	10,000,000	3.442
Paesler Trading Pty Ltd <Paesler Family A/C>	10,000,000	3.442
Mr Oscar Dario Rosero <Oscar Rosero Super Fund A/C>	10,000,000	3.442
Mr Gregory Glenn Worth <Worth S/F A/C>	8,000,000	2.753
Mr Paul Philip Ranby	7,535,813	2.594
Mr Egan Harvey Johnson	5,258,400	1.810
Hera Investments Pty Ltd	5,000,000	1.721

Additional Information
Continued

Mr Paul Ruggiero & Mrs Lorissa Ruggiero	5,000,000	1.721
Mr Sherman Yip	5,000,000	1.721
Mr Dragoslav Jevtic & Mrs Nicole Jevtic	4,540,000	1.563
Goffacan Pty Ltd	4,500,000	1.549
Mr Darin Anjoul & Mrs Tania Anjoul <Tan Group Super Fund A/C>	4,000,000	1.377
Mr Darin Anjoul & Mrs Tania Anjoul	4,000,000	1.377
Stanley George Malcolm	3,750,000	1.291
Black Cygnet Pty Ltd	3,129,232	1.077
Mr Steven Andrew Cooper*	3,000,000	1.033
Rogers SF Management Pty Ltd <Rogers Super Fund A/C>*	3,000,000	1.033
Talrind Pty Ltd <Worth D/T A/C>*	3,000,000	1.033
Prof William James Vagg*	3,000,000	1.033
Total	**177,542,176**	**61.107**
Issued Quoted Options	**290,542,770**	

* Quoted option holders on equal 20th position

SUBSTANTIAL HOLDERS

Cellmid Limited is a substantial holder of itself. It has a relevant interest in 48,237,624 ordinary shares. The relevant interest has arisen as it is a party to a number of voluntary restriction agreements with its shareholders under which the relevant shareholder is prohibited from disposing of its shares for a prescribed period of time.

Holdings Ranges	Holders	Total Units	%
1-1,000	48	7,254	0.001
1,001-5,000	36	112,180	0.017
5,001-10,000	135	1,247,077	0.192
10,001-100,000	897	44,030,909	6.769
100,001-9,999,999,999	625	605,072,658	93.021
Totals	**1,741**	**650,470,078**	**100.000**

NUMBER OF HOLDERS AND VOTING RIGHTS IN EACH CLASS OF SECURITIES

Class of Security	No of Holders	Voting Rights
Ordinary Shares	1,741	Yes
Quoted Options $0.034 expiring 23 October 2016	410	No
Unlisted $0.05 Options expiring 19 March 2014	35	No
Unlisted $0.05 Options expiring 1 June 2014	7	No
Unlisted $0.05 Options expiring 1 July 2014	14	No
Unlisted $0.035 Options expiring 20 November 2014	1	No
Unlisted $0.056 Options expiring 20 November 2014	1	No
Unlisted $0.062 Options expiring 19 February 2015	1	No
Unlisted $0.10 Options expiring 15 November 2015	1	No
Unlisted $0.03 Options expiring 15 November 2016	1	No
Unlisted $0.032 Options expiring 15 June 2017	1	No
Unlisted $0.034 Options expiring 14 August 2017	3	No

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

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

UNMARKETABLE PARCELS OF SHARES

The number of shareholders with less than a marketable parcel of shares is 338.

SECURITIES SUBJECT TO VOLUNTARY ESCROW

The following shares are subject to voluntary escrow arrangements:

Escrow Period	No of Ordinary Shares
6 months from issue (to be released 20 November 2013)	10,217,822
12 months from issue (to be released 20 May 2014)	38,019,802

CLASSES OF UNQUOTED SECURITIES

Class of Security	**No of Holders**	**Total Units**
Unlisted $0.05 Options expiring 19 March 2014	35	27,198,435
Unlisted $0.05 Options expiring 1 June 2014	7	8,250,000*
Unlisted $0.05 Options expiring 1 July 2014	14	5,002,006
Unlisted $0.035 Options expiring 20 November 2014	1	2,000,000
Unlisted $0.056 Options expiring 20 November 2014	1	7,000,000
Unlisted $0.062 Options expiring 19 February 2015	1	600,000
Unlisted $0.10 Options expiring 15 November 2015	1	100,000
Unlisted $0.03 Options expiring 15 November 2016	1	3,971,962
Unlisted $0.032 Options expiring 15 June 2017	1	5,000,000
Unlisted $0.034 Options expiring 14 August 2017	3	1,440,000

* Wise-Owl.com Pty Ltd holds 48.45% of the unquoted options in this class (4,000,000 options)

GENERAL

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

Corporate Directory

Office	Suite 1802, Level 18, 15 Castlereagh Street Sydney NSW 2000 Australia Tel: +612 9221 6830 Fax: +612 9221 8535 Email: info@cellmid.com.au www.cellmid.com.au
Non-Executive Chairman	Dr David King
Chief Executive Officer and Managing Director	Maria Halasz
Non-Executive Director	Graeme Kaufman (appointed 27 August 2012) Martin Rogers (appointed 19 September 2012)
Company Secretary	Nicholas Falzon Andrew Bald (resigned 8 April 2013) Jillian McGregor (appointed 16 July 2013)
Auditors	BDO Chartered Accountants Level 10, 1 Margaret Street Sydney NSW 2000 Australia
Solicitors	Piper Alderman Governor Macquarie Tower 1 Farrer Place Sydney NSW 2000 Australia
Patent Attorney	FB Rice & Co Level 23, 44 Market Street Sydney NSW 2000 Australia
Share Registry	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000 Australia

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