CELLMID

2015 Annual Report

Contents

Cellmid Limited (ASX:CDY)
Annual Report

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Chairman's Letter

Dear Shareholder

I am pleased to present to you the 2015 Annual report for Cellmid Limited.

During the financial year the Company has continued to make good progress in both the midkine (MK) oncology diagnostics/therapeutics business, and in the hair loss products focused consumer health business (Advangen Subsidiary). It is especially pleasing that revenues in the burgeoning consumer health business grew by 63% during the 2015 financial year, and we anticipate further strong growth in the current year following the ramp up of our direct and indirect marketing activities, and the recent launch of our TV and social media advertising campaign.

The successful completion of a small capital raising during the year, and a more substantial $4 million raising (at a 30% higher price than the earlier raising) shortly after the end of the reporting year have, together with our anticipated sales revenue stream, ensured that we are and will be adequately funded to drive further growth and development in both of our operating divisions.

In our MK division, early in the year we completed our first ever formal pre-clinical toxicity study on our first in class MK antibody drug CAB102. The study was conducted by a leading US pre-clinical contract research organisation, and showed no dose limiting toxicities for our humanised antibody administered to rats and non-human primates. This highly successful study de-risks MK as a therapeutic target and opens the path to the clinic for our CAB102 program.

Our anti-MK antibodies are the subject of two important new collaboration agreements entered into during the year. In November 2014, the Company entered into an agreement with Zoetis Inc., the world's largest producer of medicine and vaccines for pets and livestock, for the evaluation and option to license one of our anti-MK antibodies for therapeutic use in companion animals. In June 2015, the Company entered into a research collaboration agreement with a world-leading group at Complutense University, in Madrid, to test our humanised anti-MK antibodies in state of the art *in vivo* disease models of glioblastoma. This exciting study follows on from earlier work by this group which provided strong evidence that MK plays a key role in promoting the growth and proliferation of the most drug-resistant brain tumours.

Agreements such as these are an important part of our strategy to develop products which will deliver scale-changing upside potential to Cellmid. They are possible because of the breadth and depth of our portfolio of patents around MK. This portfolio was further strengthened during the year with the grant of important new patents for the use of MK in promoting hair growth, and for treating or preventing heart failure. Key patents were also granted for anti-MK antibodies to prevent and treat cancer, inflammatory and auto-immune diseases. Cellmid remains the clear global leader in MK and anti-MK intellectual property.

It is the MK patent portfolio which underpins the Company's diagnostic portfolio. Although no new diagnostic collaborations were entered into during the year, the Cxbladder® test developed by our licensee Pacific Edge is now in the market and generating royalty income; and new developments are in the pipeline with all our collaborators.

With all the exciting clinical and scientific developments around MK, it is not surprising that we are very much looking forward to the fourth in our co-hosted MK Symposium series, to be held in April 2016 in Budapest, Hungary. This invitation-

only meeting will be co-hosted with distinguished scientist Professor Ferdinandy, of Semmelweis University (and co-founder of Pharmahungary Group). These symposia are valuable mechanisms for the invited scientists to share with us many exciting developments around MK, spanning a wide range of disease indications.

Developments have been no less exciting in our consumer health division. This division has a clear focus on anti-aging hair care, including hair loss, hair thinning, and hair quality.

The Company has substantial intellectual property and know-how around a range of botanical extracts which inhibit the FGF5 protein.

Early in the 2015 financial year, a landmark study from Columbia University, NY, identified FGF5 as the cornerstone regulator of human hair growth.

This study provided the first human mechanism of action evidence on Cellmid's FGF5-blocking strategy, which had (prior to the study) relied on evidence from other mammals and our own clinical data.

The potency of Cellmid's new formulation, évolis® ONE, and the FGF5 mechanism was demonstrated conclusively in a clinical study commissioned by the Company early in 2015. The blinded, placebo-controlled study of évolis® ONE demonstrated conclusively that the product was highly effective in reducing hair loss, and improving both hair growth and quality.

With the growing awareness and sales growth of the évolis® product range, and encouraged by these new studies, the Company has significantly ramped up its marketing, merchandising, and advertising efforts in recent months. We are confident that these initiatives will be rewarded in the year ahead with increased sales in both local and targeted overseas markets. Our products are already established in Japan, and we are well advanced with preparations to penetrate substantial new markets in Taiwan, China and the USA, both with our own product range, and through white label agreements. The road ahead for Advangen is an exciting one.

Further details on all the significant developments referred to above can be found in the report of our CEO, Maria Halasz.

Graeme Kaufman and Martin Rogers both resigned their positions on the Board of the Company at the end of the year. Both Graeme and Martin served the Company with distinction, and I thank them both for their outstanding contributions across all areas of our business. We have been fortunate indeed in finding such able and well-credentialed replacements in Bruce Gordon and Dr Fintan Walton. Both Bruce and Fintan bring valuable and new skills to the Board at a time when our business is evolving rapidly.

The exceptional dedication, commitment and professionalism of our small team of staff and consultants, ably led by our indefatigable CEO Maria Halasz, has enabled the Company to outperform even our own ambitious expectations for the year passed. I congratulate them all on a job well done. I also take this opportunity to thank all shareholders for their support and encouragement.

David King
Chairman

CEO's Report

Dear Shareholder

At the close of the 2015 financial year it is my pleasure to report to you on the developments at Cellmid. We have achieved solid progress in both divisions by further advancing toward clinical testing of the CAB102 program and reporting record revenue for the consumer health business. With a $1.3 million capital raising in December 2014 and the $4 million we raised shortly after the close of the financial year in July 2015 we are set for growth.

The Company's operations continued to expand during the 2015 financial year. Sales in our consumer health division reached $1.84 million, up 63% from 2014 ($1.15 million). Trade receivables have increased two and a half fold, also a reflection of strong activity in this business. The 2015 financial year has been an important period of positioning the Company's évolis® hair loss products as market leaders; not only because of the innovative and proprietary FGF5 technology that is unique to Cellmid's brands but also because of their superior clinical performance. With the recent capital raising of $4 million the Company is well placed to deliver on the advertising and marketing plan which is expected to drive distribution and revenue.

The CAB102 program has received a further boost with the completion of a first ever formal toxicology study on a midkine (MK) inhibitor antibody. The single dose studies have been conducted on both rodents and non-human primates and have resulted in no mortalities, morbidities, and organ damage or dose limiting toxicities in either species. Prior to this important testing we have selected lead humanised candidates, completed the process of cell line development, cell banking and the manufacturing of CAB102. With sufficient quantities of antibody produced the program can now proceed to multi-dose toxicity studies in preparation for human clinical trials.

First ever toxicology study of an anti-MK antibody delivers promise of safety for CAB102

Selection of CAB102 was the result of a humanisation and candidate appraisal program in which dozens of Cellmid's proprietary and patent-protected antibodies were assessed for efficacy, binding characteristics and manufacturability. We know from this selection process that CAB102 was the most effective in a pre-clinical xenograft study using a K-Ras mutant, highly refractory and difficult to treat human non-small cell lung carcinoma (NSCLC) cell line NCI-H460, significantly reducing mean tumour volumes at 21 days post treatment.

Once CAB102 was selected as our lead candidate our manufacturing process commenced. Antibody production from cell line development to GMP manufacture normally takes 16 to 18 months and can cost several million dollars. We have decided to reduce the risk of the program and separated the process of cell line development, research cell banking and non-GMP manufacture from the GMP manufacturing process. This allowed us to continue with the CAB102 production with the funds raised in December 2014. We have advanced on the time consuming, but relatively lower cost component, cell line development without major financial commitments to GMP manufacture.

Our manufacturer, Rodon Biologics, was successful in developing and cell banking a cell line expressing gram quantities of CAB102 and produced sufficient amount to complete single dose toxicity studies. CAB102 belongs to the group of first in class drugs with the potential to become a breakthrough therapy. On this path, the first hurdle for CAB102, as for any first in class drug, before it can be tested in humans is assessing its safety and toxicology in rodents and non-human primates.

We have engaged a leading USA based pre-clinical contract research organisation to conduct single dose toxicity studies with CAB102 on rats and cynomolgus macaques. CAB102 was administered by intravenous infusion at three dose levels; 10, 50 and 100mg/kg. The animals were monitored for 14 days after dosing for clinical signs, morbidities, weight changes, clinical chemistries and blood cell counts. Major organs were observed for gross abnormalities.

CAB102 was well tolerated at all dose levels in both rats and macaques without any mortalities, morbidities, dose limiting toxicities or organ damage. Even at the highest doses there have been no adverse events seen. Histological assessment confirmed that there have been no abnormal changes in the tissues of the treated animals.

These were significant findings for several reasons. Firstly, this allows the program to proceed to its next logical step of multi-dose toxicity studies. Secondly, CAB102 was designed to bind to rat and macaque MK similarly as it would bind to human MK. This means that when given to these animals it neutralises their own MK in the same way CAB102 may neutralise MK in humans. Not observing any deleterious side effects while 'mopping up' MK in these species may answer the question of what may happen in humans.

Immuno-oncology and CAB102

Cancer therapy has been revolutionised in recent years by the emergence of immuno-oncology, an area of study where treatments are developed to teach our immune system how to fight cancer. The first of these drugs, an immune checkpoint inhibitor, was developed for skin cancer and has been used to treat metastatic melanoma since 2013. Its high efficacy rate, including some patients who recovered completely, heralded a new era for the prognosis of patients with many solid tumours, not just melanoma.

In this universe of companies fighting for ever more effective immuno-oncology drugs some of the challenges of cancer treatment remain. The first one is the highly toxic nature of the current immuno-oncology drugs. Whilst many patients who respond tend to survive beyond five years, hence considered to be effectively cured, a significant percentage will experience severe side effects that preclude them from participating in these treatments.

There is also a time delay between the commencement of treatment with immuno-oncology drugs and patient response, as it may take months to kick-start the immune system. Monitoring progression free survival is frequently not meaningful and these studies can be very long, five or more years, relying on overall survival as the key clinical endpoint. They may also have limited value for patients with highly aggressive cancer types such as brain or pancreatic cancer, where most don't survive for the few months required for the immune system to start fighting.

CAB102 may present a solution for aggressive tumour types such as brain or pancreatic cancer and its safety profile may make it an alternative for patients who cannot tolerate the severe side effects of other drugs. Our collaboration with Professor Guillermo Velasco's group at Complutense University will go some way in developing the data and rational for the clinical testing of CAB102 in these areas.

In June 2015 we expanded our earlier collaboration with the Department of Biochemistry and Molecular Biology at Complutense University. The group, led by Professor Velasco, are world leaders in the study of the molecular mechanisms that regulate brain cancer cell death, particularly via cannabinoid receptor signalling.

Glioblastoma is one of the most lethal forms of cancer with extremely poor prognosis. The median survival rate for patients with glioblastoma is 14 months. 70% will die within two years of diagnosis and 90% will die within five years. Glioblastoma is incurable; the standard treatment is resection where possible, then concurrent radiation and chemotherapy. Almost 100% of glioblastoma reoccurs.

MK has been previously identified by Professor Velasco's group as the key signalling molecule driving drug resistance in gliomas. They have also found that higher levels of MK in glioma and glioblastoma patients were significantly correlated with more aggressive disease.

When several of Cellmid's murine antibodies were tested in *in vitro* studies to assess whether they can prevent glioma/glioblastoma cell growth, a number of candidates were found to be effective, some with apparently high potency. The next logical step is to assess Cellmid's MK antibodies, including CAB102, in various models of the disease, which is the subject of the current program and may extend to full pre-clinical validation.

In November 2014 Cellmid signed an agreement with Zoetis, one of the largest animal health companies in the world, for the evaluation and option to license one of the Company's anti-MK antibodies for therapeutic use in companion animals.

This collaboration is the result of the extensive pre-clinical validation of Cellmid's anti-MK antibodies showing efficacy in animal models of many diseases. Zoetis has experience in the development and commercialisation of animal health products and will evaluate the performance of Cellmid's anti-MK antibody in their proprietary models with the view to license.

The agreement is exclusive for the use of one of Cellmid's anti-MK antibodies in animals. The terms of the agreement are expected to remain largely confidential but include an upfront exclusivity payment. Most importantly, the agreement indicates potential external validation of Cellmid's proprietary technology and the strength of its patent portfolio.

Presenting at the World Congress of Angiogenesis

One of the key mechanisms whereby MK drives tumour growth is angiogenesis, the promotion of blood vessel growth. Peer-reviewed studies have previously demonstrated that adding MK to various disease models promotes blood vessel growth, while inhibiting MK reduces the formation of blood vessels. In Cellmid's own *in vivo* studies one of its anti-MK antibodies inhibited angiogenesis.

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These findings were presented in April 2015 at the World Congress on Angiogenesis. The Congress is the pre-eminent annual scientific meeting attended by leaders in science, the pharma and biotech industry as well as government, to advance the fight against diseases where angiogenesis is the key driver.

The World Congress is hosted by the Angiogenesis Foundation, a non-profit, charitable research institute founded in 1994 by colleagues and students of Dr Judah Folkman, discoverer and pioneer in the field of angiogenesis. The Angiogenesis Foundation has so far assisted over 10,000 patients worldwide by providing access to evidence based angiogenesis treatments and clinical trials. The organisation is the recognised scientific and clinical research leader in the field of angiogenesis and it has been a significant endorsement and recognition of the quality of MK science to be invited to present at this event.

Cxbladder® delivers the first royalty for Cellmid's diagnostic portfolio

The number of MK diagnostic studies and collaborations has continued to advance during the year, some expanding to areas other than cancer. Concurrently, our licensees have been working hard to achieve their respective product development goals.

Cxbladder® commercial sales commenced in the USA in 2014

Cellmid signed a license agreement with Pacific Edge Limited in 2010 for the use of MK as one of the biomarkers in their bladder cancer test (Cxbladder®). 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, urethral endoscopies, to monitor reoccurrence. Pacific Edge's Cxbladder® has the potential to replace cystoscopy over time as a preferred method of patient monitoring tool.

Pacific Edge has recently launched a second test including MK, designed to triage patients with haematuria. This, together with Cxbladder®, is expected to contribute significantly to the $100 million revenue foreshadowed in Pacific Edge's sales projections for year 5 of operations.

Quest (Celera) lung cancer license

Cellmid signed a license agreement with Quest (Celera) in October 2009 enabling Quest (Celera) to include MK as one of the biomarkers in a lung cancer diagnostic test. 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 2014 Quest (Celera) provided their update and advised that during that period they continued to work diligently towards the launch of a lung cancer diagnostic test which includes MK. Cellmid did not receive an annual report from Quest (Celera) in 2015.

Consumer health division delivered strong clinical results and 63% revenue increase in 2015

Cellmid is well positioned to take advantage of the innovation trend in hair care globally, where the fastest growing segments are those with performance driven products. Of the $90 billion annual hair care market worldwide anti-aging products enjoy double digit growth. This trend is largely driven by baby boomers and gen-X enjoying longer and healthier lives and demanding products that enhance this newly found mid-life youth. We commenced product development of our évolis® range during 2015 in preparation for entering some of the largest markets including the USA, China, UK and Germany.

Our consumer health products originate from novel technology, FGF5 inhibition, which helps reduce hair loss and thinning and facilitate the growing of new hair follicles. Cellmid is the only company to date globally with products on the market with this technology. FGF5 inhibition also represents the first novel, scientifically validated approach in topical hair loss treatments for 30 years.

Cellmid's products are marketed as over the counter medicines in Australia, and quasi-drugs in Japan, and they stand apart from other products that may have poor efficacy or side effect profile. Our first Australian born brand, évolis®, was launched in pharmacies in 2013 as a lotion, and most recently (May 2015) we commenced sales of the évolis® shampoo and Active Pack.

Since the acquisition of Advangen Inc. in 2013, our consumer health business based on these innovative FGF5 inhibitor hair growth products has gone through two consecutive years of sales growth. In 2015 we reported $1.84 million revenue from Australia and Japan, almost half of which came through during the June quarter. We foreshadowed some of this

increase when we outlined our distribution, marketing and advertising plans for the Australian pharmacy and Japanese direct sales markets in early 2015.

In addition to increased sales in Australia and Japan our consumer health division received several boosts during the year contributing to growing market recognition of the FGF5 inhibitor hair growth range. In July 2015 a landmark study was published in the prestigious American journal, the Proceedings of the National Academy of Sciences (PNAS), entitled '*FGF5 is a crucial regulator of hair length in humans*'.

The study was published by scientists at Columbia University Medical School and has shown conclusively that the *fgf5* gene dysfunction was the cause of abnormally long hair and eyelash growth in three families. The researchers used cutting edge genome analysis technique to screen every gene in five individuals with abnormally long hair and eyelashes and found that the mutations arising in a single gene, *fgf5*, caused the condition.

This has been a significant finding and confirmed what our scientists have previously believed; that FGF5 is equally important for human hair growth as it is for animals. The Columbia University study also validates blocking FGF5 as a likely mechanism by which to promote eyelash growth. This is a significant new product opportunity for Cellmid and one which we have been working on since early 2015.

In a most important further development, and a key milestone in Cellmid's product development for international markets, we have formulated and tested an alternative évolis® product, which we called évolis® ONE. The clinical study was conducted by AMA Laboratories in New York, USA, and resulted in strong positive outcomes in all measured clinical endpoints. The study was randomised, blinded and placebo controlled with 32 patients and lasted for 16 weeks. évolis® ONE, in an optimised and GMP manufactured form, was used in a twice daily regime.

Using Gravimetric Analysis évolis® ONE has shown a statistically significant 80.2% reduction in hair loss over 112 days. Hair differentiation (anagen/telogen ratio, or a measure of growing versus resting follicles) improved with an increase of 44.2% in growing follicles during the same period as analysed by the Van Scott 'hair pluck' method. Hair release and recovery (overall improvement of hair quality and volume) was quantified by PhotoGrammetrix™ measurements and has shown an improvement by a statistically significant 143.3%.

The results of this study have been important for several reasons; we now have a highly potent formulation, optimised and GMP manufactured, ready for markets such as the USA, China and Europe. The study results also support stronger hair growth claims and firm up our position as market leaders amongst innovative technologies for hair growth.

Australian operations – Advangen International Pty Ltd

The Australian business has been focused on expanding pharmacy sales on the basis of our new, six stock keeping unit (SKU) product range. During the year we have developed a three pillar strategy; increasing distribution and opening new doors, deploying sales teams to GPs and pharmacies and launching a national advertising campaign including television and digital channels.

We started to implement this strategy as soon as our product manufacturing was completed in May 2015. We increased distribution of shampoos and lotions to around 500 stores, of which over 250 started to stock our Active Packs. Concurrently, we deployed our first sales team, a 20 member GP sales force representing évolis® to medical practitioners as one of only four non-competing brands.

As our distribution continued to grow through signing up new pharmacy buying groups we have developed an advertising campaign, which was designed to not only build the brand but also to drive customers to pharmacies. This advertising campaign started after the closing of the 2015 financial year and is expected to be implemented in the coming 12 months. As an early sign of the campaign Australian sales reached their best quarter in June 2015 with sales of around $430,000.

Japanese operations – Advangen Inc.

During the reporting period Advangen Japan built strong multichannel distribution including private label, salon, television shopping and retail. Originally relying on one or two customers only, it has been a key objective since the acquisition in 2013 to broaden our market presence and find dynamic sales channels not previously accessed by the business.

QVC, a Japanese television shopping channel, is a new addition to these channels where Jo-Ju® RED, the female lotion product, has been sold since November 2014. The one hour shows have since been shown at increasingly better time slots where revenue potential could reach tens of thousands of dollars. Overall, QVC contributed over 25%

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of the total revenue in 2015. Japanese sales peaked during the last quarter of the financial year with just over $526,000, reflecting several high earning time slots at QVC.

Outlook for the consumer health division

Cellmid's consumer health division has been a strong performer, but substantial potential is still awaiting in some of the largest hair care markets in the world. The USA, Brasil, China, Japan and Germany account for almost 50% of the $90 billion annual hair market and our FGF5 inhibitors are positioned at the top end, as premium priced, novel, anti-aging hair growth products.

The Company is well funded to firm up its market position in Australia and Japan, and to continue its campaign to reach other markets. There has been intense interest in Cellmid's FGF5 inhibitor hair growth products from around the world, as evidenced by the recently signed agreement with Maywufa of Taiwan. This private label supply agreement is only the first in what is expected to be a series of products we plan to develop for established local brands in addition to forging ahead with our own global expansion plans for the évolis® products.

Patent portfolio update

Cellmid holds the most significant intellectual property assets related to MK worldwide. Cellmid's patent portfolio currently includes 82 patents in 21 patent families, which cover the use of MK and anti-MK agents for therapeutic purposes in a number of diseases, as well as the use of MK as a diagnostic marker in cancer and other disorders.

During the period our patent portfolio continued to grow with new filings and grants. Following the European grant in 2014, the Japanese (15 December 2014) and USA (29 June 2015) patent offices granted the patent entitled "Antibody recognising C-domain of midkine". The granted claims provide broad coverage as they relate to antibodies and antibody fragments which bind to the important functional C-domain of growth factor MK. The patent also grants composition of matter claims for MK-specific antibodies, including Cellmid's lead anti-cancer antibody.

This key patent family is now close to full grant in all major jurisdictions and forms the basis for the Company's cancer therapeutic programs. Cellmid's patent coverage for its therapeutic antibodies now extends across cancer, inflammatory and autoimmune diseases, multiple sclerosis and surgical adhesion.

The USA Patent Office granted the Company's patent application 11/720,983 "Composition for treating or preventing myocardial disorder or heart failure" on 21 January 2015. It is a member of a key patent family in Cellmid's MK patent portfolio and covers claims for the use of MK as a treatment for heart failure which commonly follows non-fatal heart attack.

The UK and the Australian patent offices granted the patent application titled "Method of treatment or prevention of hair loss or for the enhancement of hair growth". This patent protects the use of MK and the closely related protein pleiotrophin for use as hair loss/hair growth treatments covering topical formulations of all kinds including shampoos, conditioners, creams and lotions.

This has been a year of progress in the Company's midkine and consumer health divisions. The higher than expected revenue which resulted from the stellar last quarter performance of our consumer health business is early indicator that our market strategy is beginning to work. With the strong interest in our products, and the potentially high value therapeutic MK assets, we expect increasing interest in the Company's shares.

The progress in this 2015 financial year would not be possible without the support and contribution of our eminent Chairman, Dr David King. I would also like to thank the dedicated Cellmid team for their hard work and our outgoing Directors, Martin Rogers and Graeme Kaufman, for their valuable input.

Thank you for your support in 2015.

Maria Halasz
CEO and Managing Director

Directors' Report

The Directors present their report, together with the financial statements of the Group, being Cellmid Limited **("the Company")** and the entities it controlled, for the financial year ended 30 June 2015.

1. GENERAL INFORMATION

Information on Directors

The names, qualifications, experience and special responsibilities of each person who has been a Director during the year and to the date of this report are:

Dr David King	**Chairman (Non-executive)**
Qualifications	PhD in Seismology, Australian National University, Fellow of The Australian Institute of Company Directors, Fellow of the Australian Institute of Geoscientists.
Experience	Experience as Chairman, Executive and Non-executive Director in high growth companies, across a variety of sectors, and particularly in governance issues in publicly listed companies.
Interest in shares and options	Shares: 22,500,000 indirectly held. Options: 11,250,000 (Expiry: 23 October 2016, exercisable at $0.034 each) indirectly held.
Special responsibilities	Member of the Audit Committee and member of the Nomination and Remuneration Committee.
Other directorships in listed entities held in the previous three years	Current directorships: Galilee Energy Limited and African Petroleum Corporation. Previous directorships: Robust Resources Limited, Republic Gold Limited and Tengri Resources Limited.

Ms Maria Halasz	**Managing Director (Executive)**
Qualifications	MBA, BSc in Microbiology, University of Western Australia, Graduate of the Australian Institute of Company Directors.
Experience	Over 20 years' experience in biotechnology companies; 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: 13,554,375 directly held. Shares: 9,715,625 indirectly held. Options: 1,500,000 (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.
Special responsibilities	Managing Director and Chief Executive Officer.
Other directorships in listed entities held in the previous three years	None.

Mr Bruce Gordon	**Director (Non-executive) (Appointed 1 July 2015)**
Qualifications	BA, Macquarie University, Fellow of The Institute of Chartered Accountants Australia and New Zealand and Fellow of The Australian Institute of Company Directors.
Experience	An audit and corporate finance specialist, Bruce Gordon is an experienced finance professional with a career spanning more than 35 years advising, and providing financial services to private and publicly listed companies as well as subsidiaries of large multinationals.
Interest in shares and options	Shares: 500,000 shares indirectly held.
Special responsibilities	Chairman of the Audit Committee and member of the Nomination and Remuneration Committee. Appointed Chairman of the Audit Committee 1 July 2015.
Other directorships in listed entities held in the previous three years	None.
Other	Mr Gordon was a former partner of BDO East Coast Partnership, resigning on 30 June 2014. Both Cellmid Limited and BDO East Coast Partnership have confirmed that Mr Gordon's appointment satisfies the independence requirements of the Corporations Act.

Dr Fintan Walton	**Director (Non-executive) (Appointed 21 July 2015)**
Qualifications	PhD, Genetics, Trinity College Dublin.
Experience	Dr Walton is Founder and CEO of PharmaVentures Ltd, a UK based corporate advisory firm that provides advice on all aspects of corporate transactions, business brokering, mergers and acquisitions and licensing deals to a diversified global network.
Interest in shares and options	Shares: Acquired 300,000 ordinary shares directly held on market on 10 August 2015.
Special responsibilities	Member of the Audit Committee and member of the Nomination and Remuneration Committee.
Other directorships in listed entities held in the previous three years	None.

Mr Martin Rogers	**Director (Non-executive) (Ceased 30 June 2015)**
Qualifications	BSc. Chemical Engineering, University of New South Wales.
Experience	Mr Rogers has been both an investor and senior executive in a privately funded advisory business in the science and biotechnology sectors, where he was instrumental in significantly increasing the value of investments. Mr Rogers also holds a number of not-for-profit roles.
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 Nomination and Remuneration Committee.
Other directorships in listed entities held in the previous three years	Chairman of Actinogen Limited, Non-executive Chairman of Rhinomed Ltd and Non-executive Chairman of OncoSil Medical Limited.

Mr Graeme Kaufman	**Director (Non-executive) (Ceased 30 June 2015)**
Qualifications	BSc and MBA, Melbourne University.
Experience	Experience in biotechnology across all aspects of 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	Nil.
Special responsibilities	Chairman of the Audit Committee and member of the Nomination and Remuneration Committee.
Other directorships in listed entities held in the previous three years	Bionomics Ltd and IDT Australia Ltd.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary	
Mrs Lucy Rowe	**Company Secretary (Appointed 31 March 2015).**
Qualifications	BA, University of Sydney, Grad. Dip Legal Studies, University of New South Wales and PS146 Securities Advisor Accreditation.
Experience	Mrs Rowe worked in the financial services sector until 2005 when she joined New Guinea Energy Ltd. Since its incorporation she has held various roles including Investor Relations Manager and Company Secretary until August 2015.

Principal activities and significant changes in 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 Group's principal activities during the financial year.

2. OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Operating results

The consolidated loss for the Group was up at $3,337,348, after providing for income tax ($1,480,836 in 2014). This was due to an increase in research and development expenditure, manufacturing costs for the new évolis® product range and an increase in sales and marketing activity. Sales from the new campaign commenced in May 2015 and resulted in an increased revenue for the consumer health business of $1,842,804 ($1,150,931 in 2014).

Total revenue and other income was $2,967,562 for the reporting period, including the R&D tax credit of $988,451. In 2014 the total revenue and other income was $3,549,980, which included the R&D tax credit of $754,233 and a one-off diagnostic license of $1,645,017.

Review of operations

The Group closed a successful year for the consumer health business in Australia and Japan. In Australia, it has increased its pharmacy distribution and broadened its product offerings. Sales representatives to medical practitioners commenced during the month of May and a comprehensive advertising and marketing strategy was developed. Japanese distribution channels have grown from hair salon and direct marketing to include television shopping channel (QVC Japan) and various retail channels as well.

Further development milestones have been achieved in the Group's midkine business with the completion of the first ever toxicology study with a midkine (MK) inhibitor, the Group's humanised antibody CAB102. Cell line and process development have been completed in a non-GMP environment, and CAB102 was produced in sufficient quantities for single and multi-dose toxicology studies. The Group is continuing its clinical and financial planning for its CAB102 human study.

i. Consumer health business – Increased distribution began to show growth in sales for the Group's FGF5 inhibitor hair growth products

The consumer health business was set up to commercialise over the counter hair growth products based on the FGF5 inhibition technology developed by Advangen Inc. (Japan). With the acquisition of Advangen Inc. (Japan) in May 2013 the Group has taken control of global rights for the technology. During the reporting period, the Group has developed new products and completed a human clinical study using its novel FGF5 inhibitor in a GMP manufactured formulation. The blinded, placebo controlled clinical study was conducted in the USA. The 32 patient study showed marked improvement in hair recovery and release (143%), reduction in hair loss (80%) and increase in the percentage of growing follicles (44%) over 16 weeks. This was a landmark study and formed the basis of the Group's ability to make improved therapeutic claims in its marketing.

In Australia, the Group has increased its product offerings from two SKUs (stock keeping unit) to six SKUs. Stocking of this increased product offering commenced in May 2015 and around 250 pharmacies have been supplied between mid-May and 30 June 2015.

The Group has been developing a new évolis® branded salon range in Australia with 15 SKUs. The range will include anti-aging, damage protection, colour protection products, including the Group's proprietary FGF5 inhibitors. Importantly, once launched in 2016, évolis® will be the single brand sold in Australia strengthening brand awareness.

In Japan the Group's distribution agreement with Natural Garden, a direct marketing company, resulted in the development of a new brand Andeprong® Scientist. A successful trial launch was initiated in March 2015, and resulted in further orders in May 2015.

The most significant achievement for the reporting period was the QVC television channel contract, which contributed to the sales growth in Japan. The advertorial style shows lasted one hour each and resulted in better than expected sales. The Group has been able to secure further time slots until at least the end of calendar 2015 as a result of better than expected performance.

The Group's Chinese import permits for the Lexilis® and JoJu® brands, which have been licensed to Beijing based Huana Likang in FY2014, have not yet delivered significant revenue, with marked increase in sales unlikely until the latter part of FY2016.

Global business development activities increased during the period and the Group is currently engaged in distribution and licensing discussions with potential partners in several territories. Concurrently, the Group commenced plans for its international évolis® brand expansion. The Group's focus is to continue to build its pharmacy retail distribution model in Australia, which then can be replicated in similar markets in Europe and in the USA.

ii. Midkine business

Progress in pre-clinical product development and manufacturing

Under this program the Group has been developing its anti-MK antibody drug (CAB102) and elected to a 'first in man' clinical strategy in oncology. The Group has achieved significant milestones, such as manufacturing and formal toxicology studies of CAB102. The Group has completed manufacturing of its humanised anti-MK antibody (CAB102) in a non-GMP facility by contract manufacturer, Rodon. The resulting material has subsequently been used for the first ever formal toxicology studies with an anti-MK antibody in rats and cynomolgus monkeys. Significantly, the toxicology study resulted in no significant adverse effects, and a clean path to multi-dose studies and eventually clinical application.

This study was an essential component of the clinical development program and progressed the Group further along the path to the clinic. The Group is continuing its clinical and financial preparations for its first CAB102 clinical study. From the $1.3 million received in December 2014 the Group was able to complete the non-GMP component of the antibody manufacturing and single dose toxicity studies.

As part of the Group's review of its clinical strategy in June 2015 the Group has signed a research collaboration with Complutense University in Spain for studying CAB102 in animal models in brain tumour. This is significant as it comes on the back of an earlier collaboration where Professor Guillermo Valesco's team at Complutense University has been able to demonstrate that MK was responsible for cannabinoid treatment resistance in some brain tumour patients. Further studies are planned to ascertain the efficacy of the Group's CAB102 antibody in brain tumour in a number of animal models. Pending the outcome of the studies this may contribute to the focus from a multiple solid tumour to a specific solid tumour strategy in the Group's clinical program.

The Group has continued to strengthen its intellectual property position for this program and received a grant from the US and Japanese patent offices for its most important MK antibody patent applications, "Antibody Recognising C-domain of midkine" with oncology claims. Another US patent entitled "Composition for treating or preventing myocardial disorder or heart failure" was granted in January 2015.

iii MK diagnostic program

Pacific Edge Limited continued to make significant progress towards commercialisation of their Cxbladder® bladder cancer test during the reporting period. Fujikura Kasei has progressed to clinical development of its latex based diagnostic test with the Group's MK antibodies and other partnerships and internal diagnostic programs are on foot.

iv. Pacific Edge Limited – continued commercialisation of Cxbladder® in the USA with MK as one of the biomarkers

The Group signed a license agreement with Pacific Edge Limited in 2010 for the use of the Group's MK marker as one of the biomarkers in Cxbladder®, a bladder cancer diagnostic test. In FY2014 the Group received a milestone payment after the launch of the test in the USA. In FY2015 the Group received its first royalty on sales of $68,000. Pacific Edge, in their last report to shareholders advised that their growth strategy is on track with an expanded product offering. In the USA, which is Pacific Edge's primary market, they are building scale with new products. The company has also commenced South East Asian activities recently.

v. Quest (Celera) license

The Group signed a license agreement with Quest (Celera) in October 2009 for the use of MK in their lung cancer diagnostic test. The Group received an upfront payment at the time of signing, and a milestone payment may become payable by Quest (Celera) at the time of regulatory clearance and royalties on sales. During the reporting period Quest (Celera) has not given the Group a formal report on their activities.

Pursuant to the license agreement Quest (Celera) had until 31 October 2014 to commercialise their lung cancer blood test with MK included on an exclusive basis. After that date the Group has the right to terminate exclusivity at any time, however Quest (Celera) will maintain their ability to use MK on a non-exclusive basis. The Group did not exercise its right to terminate Quest (Celera)'s exclusivity during the reporting period.

vi. 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 MK antibodies for validation in Fujikura's latex diagnostic platform in FY2013. The agreement provided that Fujikura will proceed to exercise its option to license subject to reaching the minimum 500 picogram/ml limit of detection. The validation program was completed successfully and Fujikura Kasei exercised its option to license in FY2014. Since then Fujikura Kasei has continued development of their latex diagnostic test and commenced clinical sample studies.

vii. Intellectual property update

The Group has a large and valuable patent portfolio which consists of 82 patents across 21 patent families. Of these 70 patents have been granted, 10 filed or under examination, one in PCT (Patent Cooperation Treaty) and one in provisional filing stage. The Group has received four new grants during the reporting period, one patent transitioned to PCT and one new patent was filed.

The USA (29 June 2015) and the Japanese (15 December 2014) patent offices granted the key MK antibody patent entitled "Antibodies recognising the C-domain of midkine" with claims over the Group's lead antibody CAB102 for the prevention and treatment of cancer, autoimmune diseases and inflammatory conditions. The USA Patent Office has also granted the Group's application "Composition for treating or preventing myocardial disorder or heart failure" (21 January 2015). In addition, the Group received an Australian grant of its patent entitled "Method of treatment or prevention of hair loss for the enhancement of hair growth on 12 January 2015.

3. FINANCIAL REVIEW

Financial position

The net assets of the Group at 30 June 2015 were $3,773,909 ($5,663,726 at 30 June 2014) while current assets remained relatively consistent at $4,173,616 ($4,499,891 at 30 June 2014). The Directors believe that the Group is in a stable financial position in order to carry out its current operations.

4. OTHER ITEMS

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the entities in the Group during the year.

Dividends paid or recommended

The Company has not paid or declared any dividends during the financial year (2014: nil).

Events since the end of the financial year

Since the end of FY2015 the Group has raised $4 million through a private placement to sophisticated and institutional investors. The Group has raised $3.3 million under Listing Rule 7.1 by the issuing of shares at 3 cents each. A further $700,000 was raised at the same time under Listing Rule 7.4, which will be subject to the approval of Shareholders at the next Extraordinary General Meeting.

The funding raised is expected to enable the Group to deliver on its 2016 growth strategy for the consumer health business in Australia and allow for the further development of its global marketing strategy.

Apart from the matters noted above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Likely developments and expected results of operations

The Group is focused on developing both its consumer health and midkine businesses in the coming year. Maximizing market penetration for the Groups' FGF5 inhibitor hair loss products in Australia and internationally will be the focus of the consumer health business. The Group will also continue to progress its CAB102 program towards the clinic.

Environmental regulations

The Group's operations are not regulated by any significant environmental law of the Commonwealth or of a state or territory of Australia or Japan.

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.

Indemnification and insurance of officers and auditors

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.

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 than 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.

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 is important and relevant where the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

SIC class order 98/100 rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' report have been rounded to the nearest dollar, unless otherwise indicated.

Meetings of Directors

Five meetings of the Directors were held during the financial year. Attendances by each Director during the year were as follows:

	Directors' Meetings		Audit Committee		Nomination and Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dr David King	5	5	4	4	-	-
Ms Maria Halasz	5	5	-	4*	-	-
Mr Martin Rogers	5	4	4	2	-	-
Mr Graeme Kaufman	5	5	4	4	-	-

* by invitation

Shares under option

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

	Expiry date	Exercise Price	Number under option
Unlisted options	15 November 2015	$ 0.100	100,000
Listed options	23 October 2016	$ 0.034	290,542,770
Unlisted options	15 November 2016	$ 0.030	3,971,962
Unlisted options	15 June 2017	$ 0.032	5,000,000
Unlisted options	14 August 2017	$ 0.034	1,440,000
			301,054,732

No shares were issued on the exercise of options during the financial year ended 30 June 2015. No further shares have been issued on exercise of options since 30 June 2015.

12,000,000 shares were held in escrow and unpaid at 30 June 2015 (12,000,000 in 2014). Refer to note 18(a) for further details.

14,602,006 options were lapsed during the financial year ended 30 June 2015 (38,448,435 in 2014).

5. REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration agreements for the Group in accordance with the requirements of the Corporations Act 2001 and its regulations.

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

5. REMUNERATION REPORT (AUDITED) (CONTINUED)

The key management personnel of the Group for the year consisted of the following Directors of Cellmid Limited:

Name of Director	Position	Date Appointed	Date Ceased
Dr David King	Non-executive Chairman	18 January 2008	Current
Ms Maria Halasz	CEO and Managing Director	14 April 2007	Current
Mr Martin Rogers	Non-executive Director	19 September 2012	30 June 2015
Mr Graeme Kaufman	Non-executive Director	27 August 2012	30 June 2015

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.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to performance of the Group. No performance based bonus or incentive payments are in place, however Maria Halasz has employee loan shares that will vest upon key milestones being achieved. These milestones are detailed in the Equity-based compensation section of this remuneration report.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

The table below details the last five years earnings and total shareholders return.

	$ 2015	$ 2014	$ 2013	$ 2012	$ 2011
Revenue	1,842,804	1,150,931	541,649	132,826	149,735
EBITDA	(3,202,134)	(2,165,345)	(2,341,372)	(2,702,954)	(2,776,753)
EBIT	(3,333,472)	(2,277,485)	(2,358,006)	(2,714,373)	(2,777,009)
Loss after income tax	**(3,337,348)**	**(1,480,836)**	**(1,541,307)**	**(1,972,483)**	**(2,269,637)**

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	$ 2015	$ 2014	$ 2013	$ 2012	$ 2011
Share price at financial year end	0.03	0.03	0.02	0.02	0.02
Total dividends declared	-	-	-	-	-
Basic earnings per share	(0.43)	(0.21)	(0.27)	(0.46)	(0.65)

Remuneration structure

In accordance with best practice corporate governance, the structure of Non-executive Director and senior executive 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 2015, the Group paid non-executive directors a total of $175,925 ($157,780 in 2014).

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 Chief Executive Officer 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. Details of these performance conditions are outlined in the equity based payments section of this remuneration report. 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.

5. REMUNERATION REPORT (AUDITED) (CONTINUED)

Senior executives 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 Chief Executive Officer, Ms Halasz, none of the other executive's remuneration is at risk' remuneration. Refer below for further information on Ms Halasz's remuneration.

Remuneration details for the year ended 30 June 2015

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.

	Short-term benefits		Long-term benefits	Post-employ-ment benefits	Share based payments	
2015	Cash salary fees $	Employee entitlements $	Employee entitlements $	Superannuation $	Options $	Total $
Directors						
Non-executive Directors						
David King	65,000	-	-	6,175	-	71,175
Graeme Kaufman	50,000	-	-	4,750	-	54,750
Martin Rogers	50,000	-	-	-	-	50,000
Total Non-executive Directors	**165,000**	**-**	**-**	**10,925**	**-**	**175,925**
Executive directors and key management						
Maria Halasz	400,000	23,961	12,511	38,000	73,467	547,939
Nicholas Falzon[1]	-	-	-	-	-	-
Lucy Rowe[2]	6,000	-	-	-	-	6,000
	571,000	**23,961**	**12,511**	**48,925**	**73,467**	**729,864**

	Short-term benefits		Long-term benefits	Post-employ-ment benefits	Share based payments	
2014	Cash salary fees $	Employee entitlements $	Employee entitlements $	Superannuation $	Options $	Total $
Directors						
Non-executive Directors						
David King	65,000	-	-	5,999	-	70,999
Graeme Kaufman	37,500	-	-	3,448	-	40,948
Martin Rogers	45,833	-	-	-	-	45,833
Total Non-executive Directors	**148,333**	**-**	**-**	**9,447**	**-**	**157,780**
Executive Directors and key management						
Maria Halasz	400,000	25,221	10,750	37,000	52,047	525,018
Nicholas Falzon[1]	-	-	-	-	-	-
	548,333	**25,221**	**10,750**	**46,447**	**52,047**	**682,798**

1. Nicholas Falzon, Company Secretary, was appointed on 6 October 2010, and is a Director of PKF Lawler Partners Pty Ltd who provided accounting and Company Secretarial services to Cellmid Limited. The contract was based on normal commercial terms. A total of $39,000 ($105,600 in 2014) was received by PKF Lawler Partners Pty Limited in relation to this contract for the year. Nicholas Falzon resigned as Company Secretary on 31 March 2015.
2. Lucy Rowe, Company Secretary, was appointed on 31 March 2015.

Mr Martin Rogers and Mr Graeme Kaufman resigned as Directors on 30 June 2015. No remuneration or termination benefits were paid on cessation. Mr Bruce Gordon was appointed as a Director on 1 July 2015 and Dr Fintan Walton was appointed as a Director on 21 July 2015.

KMP shareholdings

The number of shares held in the Company during the financial year by each Director and key management personnel of Cellmid Limited, including their personally related parties, are set out below.

	Balance at beginning of year	Received as part of remuneration	Other changes	Balance at end of year
2015				
David King	22,500,000	-	-	22,500,000
Maria Halasz	22,500,000	-	770,000	23,270,000
Graeme Kaufman	-	-	-	-
Martin Rogers	5,155,700	-	-	5,155,700
2014				
David King	22,500,000	-	-	22,500,000
Maria Halasz	6,750,000	12,000,000	3,750,000	22,500,000
Graeme Kaufman	-	-	-	-
Martin Rogers	5,155,700	-	-	5,155,700

KMP option holdings

The number of options held in the Company during the financial year by each Director and key management personnel of Cellmid Limited, including their personally related parties, are set out below.

	Balance at beginning of year	Acquired	Expired/ forfeited	Other changes	Balance at end of year	Vested and exercisable at end of year
2015						
David King	11,250,000	-	-	-	11,250,000	11,250,000
Maria Halasz	13,500,000	-	(7,000,000)	-	6,500,000	6,500,000
Graeme Kaufman	-	-	-	-	-	-
Martin Rogers	44,000,000	-	-	-	44,000,000	44,000,000
2014						
David King	11,250,000	-	-	-	11,250,000	11,250,000
Maria Halasz	16,362,625	137,375	(3,000,000)	-	13,500,000	13,500,000
Graeme Kaufman	1,000,000	-	(1,000,000)	-	-	-
Martin Rogers	44,000,000	-	-	-	44,000,000	44,000,000

Relationship between remuneration policy and company performance

The proportion of remuneration linked to performance and the proportion that is fixed is as follows:

	Fixed remuneration		At risk STI		At risk LTI	
	2015 %	2014 %	2015 %	2014 %	2015 %	2014 %
Directors						
David King	100.0	100.0	-	-	-	-
Maria Halasz	86.6	90.1	-	-	13.4	9.9
Graeme Kaufman	100.0	100.0	-	-	-	-
Martin Rogers	100.0	100.0	-	-	-	-
Other key management personnel						
Nicholas Falzon	100.0	100.0	-	-	-	-
Lucy Rowe	100.0	100.0	-	-	-	-

Service agreements

The Chief Executive Officer, Maria Halasz, is an employee of the Group under an agreement signed on 21 September 2007. Under the terms of the present contact:

- 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 2015 financial year there has been no performance incentive issued to Ms Halasz.

Equity-based compensation

Details of the options granted as remuneration to those key management personnel and executives during the year:

Share-based payments	Options Granted in 2015 No.	Value of options at grant date $	Options vested in 2015 No.	Value of shares expensed in 2015 $	Proportion of remuneration %
Directors					
David King	-	-	-	-	-
Maria Halasz[1]	-	-	-	73,467	13.4
Graeme Kaufman	-	-	-	-	-
Martin Rogers	-	-	-	-	-
Other key management personnel					
Nicholas Falzon	-	-	-	-	-
Lucy Rowe	-	-	-	-	-

Share-based payments	Options Granted in 2014 No.	Value of options at grant date $	Options vested in 2014 No.	Value of shares expensed in 2014 $	Proportion of remuneration %
Directors					
David King	-	-	-	-	-
Maria Halasz[1]	12,000,000	219,600	-	52,047	9.9
Graeme Kaufman	-	-	-	-	-
Martin Rogers	-	-	-	-	-
Other key management personnel					
Nicholas Falzon	-	-	-	-	-

1. On 25 November 2013, 12,000,000 loan shares were granted to Maria Halasz in three equal tranches under the Cellmid Limited and Controlled Entities Employee Incentive Plan and as approved by Shareholders at the Annual General Meeting on 22 November 2013. Ordinary shares were issued under the arrangement funded by a limited recourse loan with the following vesting conditions attached:

Tranche	Vesting date	Shares	Vesting condition
1	25/11/2016	4,000,000	Shares will vest at any time before the vesting date when the Group's operating revenue reaches a total of $4,000,000 over any consecutive 12 months. The fair value at the date of grant was $73,200.
2	25/11/2016	4,000,000	Shares will vest at any time before the vesting date subject to the first patient being recruited into the Group's planned midkine antibody trial. The fair value at the date of grant was $73,200.
3	25/11/2016	4,000,000	Shares will vest at any time before the vesting date subject to the signing of one of the following agreements for the Group's consumer health products in a territory outside of Australia and Japan: (a) a diagnostic or therapeutic licence; or (b) a distribution agreement. The fair value at the date of grant was $73,300.

The effect of the arrangement is akin to an option. The value of the shares at the date of grant was $0.0183 per share.

Loans to Directors and other members of key management personnel

There were no loans to Directors or other members of key management personnel during or since the end of the financial year.

This concludes the remuneration report which has been audited.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2015 has been received and can be found on page 67 of the financial report.

This Directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Director

Dr David King

Dated this 31st day of August 2015

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Cellmid Limited and its Controlled Entities ("the Group") have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations – 3rd edition ("the ASX Principles") are applicable for financial years commencing on or after 1 July 2014, consequently for the Group's 30 June 2015 year end. As a result, the Group has chosen to publish its Corporate Governance Statement on its website rather than in this Annual Report.

The Corporate Governance Statement and governance policies and practices can be found in the corporate governance section of the Company's website at http://www.cellmid.com.au.

The Group's Corporate Governance Statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

Annual Financial Report

Contents

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue	3	**1,842,804**	1,150,931
Other revenue	3	**126,559**	1,123,956
Other income	3	**998,199**	1,275,093
		2,967,562	3,549,980
Less Expenditure			
Manufacturing sales expense		**(671,698)**	(333,085)
Advertisement and marketing expense		**(411,455)**	(257,763)
Bad debts expense		**(18,890)**	(978)
Consultancy expense		**(181,037)**	(303,373)
Conference and meetings expense		**(44,674)**	(150,653)
Communication expense		**(98,561)**	(88,982)
Depreciation and amortisation expense		**(131,338)**	(112,140)
Employee benefits expense		**(2,140,147)**	(1,702,980)
Finance costs		**(27,809)**	(2,511)
Loss on foreign exchange		**(8,441)**	(28,926)
Occupancy expense		**(210,584)**	(195,236)
Professional fees		**(164,754)**	(144,714)
Research and development expense		**(1,302,009)**	(811,385)
Share-based compensation		**(82,990)**	(133,523)
Subscription expense		**(84,507)**	(95,091)
Travel expense		**(235,304)**	(253,302)
Other expenses		**(487,349)**	(409,248)
Loss before income tax expense	4	**(3,333,985)**	(1,473,910)
Income tax expense	5	**(3,363)**	(6,926)
Loss for the year after income tax		**(3,337,348)**	(1,480,836)
Other comprehensive income, net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		**89,062**	(180,898)
Total comprehensive income for the year		**(3,248,286)**	(1,661,734)
Loss for the year is attributable to:			
Owners of Cellmid Limited		**(3,337,348)**	(1,473,815)
Non-controlling interest		**-**	(7,021)
		(3,337,348)	(1,480,836)
Total comprehensive income for the year is attributable to:			
Owners of Cellmid Limited		**89,062**	(180,898)
Non-controlling interest		**-**	-
		(3,248,286)	(1,661,734)
Earnings per share for loss attributable to the owners of Cellmid Limited			
Basic earnings per share (cents)	8	**(0.43)**	(0.21)
Diluted earnings per share (cents)	8	**(0.43)**	(0.21)

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

Statement of Financial Position

As at 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**1,582,899**	2,501,753
Trade and other receivables	10	**618,647**	220,471
Inventories	11	**1,727,460**	1,709,365
Other assets	12	**244,610**	68,302
TOTAL CURRENT ASSETS		**4,173,616**	4,499,891
NON-CURRENT ASSETS			
Plant and equipment	13	**74,989**	43,269
Intangible assets	14	**1,898,942**	1,911,265
TOTAL NON-CURRENT ASSETS		**1,973,931**	1,954,534
TOTAL ASSETS		**6,147,547**	6,454,425
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	**1,004,343**	563,183
Loans and borrowings	16	**1,070,639**	-
Employee benefits	17	**206,836**	166,254
TOTAL CURRENT LIABILITIES		**2,281,818**	729,437
NON-CURRENT LIABILITIES			
Employee benefits	17	**62,549**	61,262
Loans and borrowings	16	**29,271**	-
TOTAL NON-CURRENT LIABILITIES		**91,820**	61,262
TOTAL LIABILITIES		**2,373,638**	790,699
NET ASSETS		**3,773,909**	5,663,726
EQUITY			
Issued capital	18	**28,701,311**	27,401,832
Reserves	19	**1,853,257**	1,705,205
Accumulated losses		**(26,780,659)**	(23,443,311)
TOTAL EQUITY		**3,773,909**	5,663,726

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

Statement of Changes in Equity

For the year ended 30 June 2015

	Note	Issued Capital $	Acquisition Reserve $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $	Non-controlling Interests $	Total Equity $
Balance at 1 July 2014		**27,401,832**	**(131,941)**	**1,801,787**	**35,359**	**(23,443,311)**	**5,663,726**	**-**	**5,663,726**
Loss for the year after income tax		-	-	-	-	(3,337,348)	(3,337,348)	-	**(3,337,348)**
Other comprehensive income		-	-	-	89,062	-	89,062	-	**89,062**
Total comprehensive income for the year, net of tax		**-**	**-**	**-**	**89,062**	**(3,337,348)**	**3,248,286**	**-**	**3,248,286**
Transactions with equity holders									
Share based payments	19	100,000	-	82,990	-	-	182,990	-	**182,990**
Shares issued during the year - placement	18	1,258,700	-	-	-	-	1,258,700	-	**1,258,700**
Transaction costs		(83,221)	-	-	-	-	(83,221)	-	**(83,221)**
Shares issued during the year – other		24,000	-	(24,000)	-	-	-	-	**-**
Balance at 30 June 2015		**28,701,311**	**(131,941)**	**1,860,777**	**124,421**	**(26,780,659)**	**3,773,909**	**-**	**3,773,909**
Balance at 1 July 2013		**25,336,522**	**22,855**	**1,727,263**	**216,257**	**(21,969,496)**	**5,333,401**	**(28,244)**	**5,305,157**
Loss for the year after income tax		-	-	-	-	(1,473,815)	(1,473,815)	(7,021)	**(1,480,836)**
Other comprehensive income		-	-	-	(180,898)	-	(180,898)	-	**(180,898)**
Total comprehensive income for the year, net of tax		**-**	**-**	**-**	**(180,898)**	**(1,473,815)**	**(1,654,713)**	**(7,021)**	**(1,661,734)**
Transactions with equity holders									
Share based payments	19	-	-	74,524	-	-	74,524	-	**74,524**
Shares issued during the year	18	2,178,530	-	-	-	-	2,178,530	-	**2,178,530**
Transaction costs		(113,220)	-	-	-	-	(113,220)	-	**(113,220)**
Derecognise non-controlling interest	19	-	(154,796)	-	-	-	(154,796)	35,265	**(119,531)**
Balance at 30 June 2014		**27,401,832**	**(131,941)**	**1,801,787**	**35,359**	**(23,443,311)**	**5,663,726**	**-**	**5,663,726**

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

Statement of Cash Flows

For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**1,599,534**	1,856,193
Payments to suppliers and employees		**(5,729,738)**	(4,991,303)
Interest received		**27,296**	52,026
Grant income		**988,451**	845,775
Finance costs		**(8,907)**	(2,496)
Net cash used in operating activities	20	**(3,123,364)**	(2,239,805)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds on sale of financial asset		**-**	1,000,260
Purchase of non-current assets		**(60,929)**	(3,259)
Net cash (used in) / provided by investing activities		**(60,929)**	997,001
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares (net of share issue costs)		**1,175,479**	2,006,313
Proceeds from loans and borrowings		**1,099,910**	-
Net cash provided by financing activities		**2,275,389**	2,006,313
Net (decrease) / increase in cash and cash equivalents held		**(908,904)**	763,509
Cash and cash equivalents at beginning of financial year		**2,501,753**	1,754,994
Effect of exchange rate changes		**(9,950)**	(16,750)
Cash and cash equivalents at end of financial year	9	**1,582,899**	2,501,753

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

Notes to the Financial Statements

Contents

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

Cellmid Limited is a public company, listed on the Australian Stock Exchange, limited by shares and incorporated and domiciled in Australia.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for 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 cover Cellmid Limited as a Group, consisting of Cellmid Limited and the entities it controlled at the end of, or during the year.

The financial statements were authorised for issue by the Directors on 31st August 2015.

Basis of Preparation

Historical Cost Convention
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.

Critical Accounting Estimates
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 1(w).

Parent Entity Information
In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Group only. Supplementary information about the parent entity is included in Note 2.

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.

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 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities)
The Group has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

New, revised or amending Accounting Standards and Interpretations adopted (continued)

(AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets)
The Group has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

(AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C))
The Group has applied Parts A to C of AASB 2014-1 from 1 July 2014.

These amendments affect the following standards:

(AASB 2 'Share-based Payment'): clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition';

(AASB 3 'Business Combinations'): clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9;

(AASB 8 'Operating Segments'): amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker;

(AASB 13 'Fair Value Measurement'): clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139;

(AASB 116 'Property, Plant and Equipment'): and *(AASB 138 'Intangible Assets')*: clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; and

(AASB 124 'Related Party Disclosures'): extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity.

(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.

For the year ended 30 June 2015, the Group incurred a loss from continuing operations after tax of $3,337,348 (2014: $1,480,836). In the same period the Group had operating cash outflows of $3,123,364 (2014: $2,239,805).

However, subsequent to the year end, the Group has raised funding of $4 million through a private placement (refer Note 21). As a result, the cash flow forecast for the next 12 months prepared by management indicates that the Group will have sufficient cash assets to be able to meet its debts as and when they are due.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Cellmid Limited ("the Company") as at 30 June 2015 and the results of all subsidiaries for the year then ended. Cellmid Limited and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns

(b) Principles of consolidation (continued)

through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(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 recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of products is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the products and the cessation of all involvement in those products.

Interest revenue is recognised as interest accrues using the effective interest rate method.

Royalties are recognised on a straight-line basis over the period of the agreement.

Government grants are recognised in profit or 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 or benefit 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, unused tax losses and adjustments recognised for prior periods where applicable.

(e) Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. 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 only 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. they relate to the same taxation authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(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 consolidated statement of financial position.

(g) Trade and other receivables

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

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment 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 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 is measured at historical cost less accumulated depreciation and any accumulated impairment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 and loss and other comprehensive income during the financial period in which they are incurred.

(i) Plant and equipment (continued)

Depreciation
Depreciation is calculated 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 asset are:

Class of 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 disposal proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(j) Intangible assets other than Goodwill

Patents and trademarks
Patents and trademarks have a finite life and are measured at cost less any accumulated amortisation and any impairment losses. The Group has determined the useful life of the intangible assets at 20 years.

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) is 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.

(k) 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. 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.

The Group undertakes a review and assesses potential impairment on a regular basis for all its intangible assets.

(l) 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.

Due to their short term nature they are measured at amortised cost and are not discounted.

(m) Provisions

Provisions are recognised when the Group has a present 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.

(n) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees up to the end of the reporting period. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

Short term employee benefits
Liability for wages and salaries, including non-monetary benefits, annual leave, long service 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.

Other long term employee benefits
Liability for annual leave and long service leave not expected to be settled within 12 months from the reporting date 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, of employee departures and period of service.

Retirement benefit obligations
Contributions for retirement benefit obligations 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.

(o) 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 either the Binomial or Black-Scholes 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, and 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 either a Binominal pricing or Black-Scholes option 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, and are credited to share capital.

(q) Functional and presentation currency

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)

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

Receivables and payable are stated inclusive 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 consolidated 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.

(s) Business combinations (continued)

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 or loss attributable to 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) New accounting standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2015. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ("OCI"). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch).

New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ("ECL") model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Group will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the Group.

(w) 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.

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.

Estimated impairment of intellectual property
The Group tests annually whether intellectual property has suffered any impairment. 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.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of receivables
The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(x) Change in accounting policy for refundable R&D tax incentives

The Group previously accounted for refundable R&D tax incentives as an income tax benefit. The entity has determined that these incentives are more akin to government grants because they are not conditional upon earning taxable income. The Group has therefore made a voluntary change in accounting policy during the reporting period. Refundable tax incentives are now accounted for as government grants under 'AASB 120 Accounting for Government Grants and Disclosure of Government Assistance' because the Directors consider this policy to provide more relevant information to meet the economic decision-making needs of users, and to make the financial statements more reliable.

As a result of this change in accounting policy, the R&D tax incentive benefit for the year ended 30 June 2015 of $988,451 (2014: $754,032) has been reclassified from income tax benefit to other income. There is no impact on either the basic or diluted earnings per share of the Group.

2. PARENT ENTITY INFORMATION

The following information has been extracted from the books and records of the parent, Cellmid Limited, and has been prepared on the same basis as the consolidated financial statements, except as disclosed below.

Investments in subsidiaries and intercompany loans are accounted for at cost in the financial statements of the parent entity.

	Consolidated	
	2015	2014
	$	$
Statement Of Financial Position		
ASSETS		
Current assets	**1,560,800**	4,813,472
Non-current assets	**6,563,915**	3,047,883
TOTAL ASSETS	**8,124,715**	7,861,355
LIABILITIES		
Current liabilities	**(1,709,264)**	(579,055)
Non-current liabilities	**(61,467)**	(61,262)
TOTAL LIABILITIES	**(1,770,731)**	(640,317)
EQUITY		
Issued capital	**28,701,311**	27,401,832
Accumulated losses	**(24,208,104)**	(21,982,582)
Share based payment reserve	**1,860,777**	1,801,788
TOTAL EQUITY	**6,353,984**	7,221,038
Statement Of Profit Or Loss And Other Comprehensive Income		
Loss of the parent entity	**(2,225,522)**	(664,905)
Total comprehensive income	**(2,225,522)**	(664,905)

Contingent liabilities and contingent assets

The parent entity has given bank guarantees as at 30 June 2015 of $65,829 (30 June 2014: $65,829) relating to the lease of commercial office space.

Apart from the item noted above the parent entity had no contingent liabilities or contingent assets at 30 June 2015.

Capital Commitments

The parent entity had no capital commitments at 30 June 2015 (Nil at 30 June 2014).

3. REVENUE AND OTHER INCOME

	Consolidated	
	2015	2014
	$	$
Revenue from continuing operations		
Revenue:		
- Consumer health and sale of products	**1,842,804**	1,150,931
Other revenue:		
- interest received	**27,296**	52,054
- licence fees and royalties	**99,263**	1,009,188
- rental revenue	**-**	26,220
- other revenue	**-**	36,494
Total other revenue	**126,559**	1,123,956
Total Revenue	**1,969,363**	2,274,887
Other income:		
- Government grants	**988,451**	845,574
- Gain on foreign exchange	**6,140**	-
- Gain on disposal of financial asset	**3,608**	429,519
Total other income	**998,199**	1,275,093

4. LOSS FOR THE YEAR

	Consolidated	
	2015	2014
	$	$
Loss before income tax includes the following specific expenses:		
Manufacturing sales expense	**(671,698)**	(333,085)
Finance costs	**(27,809)**	(2,511)
Defined contribution superannuation expense	**(148,992)**	(82,138)
(Loss)/Gain on foreign exchange	**(8,441)**	(28,926)
Minimum lease payments	**(193,653)**	(179,986)
Depreciation and amortisation expense	**(131,338)**	(112,140)
Research and development expense	**(1,302,009)**	(811,385)

5. INCOME TAX

	Consolidated	
	2015	2014
	$	$
(a) The major components of income tax expense comprise:		
Income tax expense	**(3,363)**	(6,926)
	(3,363)	(6,926)
(b) Numerical reconciliation of income tax expense to accounting loss:		
Loss for year before income tax expense	**(3,333,985)**	(1,473,910)
Prima facie tax benefit on loss from ordinary activities before income tax at 30.57% (2014: 31.67)[1]	**(1,019,036)**	(466,727)
Add / (less) tax effect of:		
- Share based payment	**54,897**	40,057
- Sundry items	**52,160**	32,449
- Research and development expenditure	**756,006**	669,972
- Research and development core technology expenditure	**(190,438)**	(190,438)
- Tax losses not brought to account	**343,048**	(78,377)
Income tax expense	**(3,363)**	(6,926)

1. The Group operates across two tax jurisdictions being Australia and Japan each with difference corporate tax rates. The applied tax rate of 30.57% represents the average tax rate applicable to the Group for the financial year ended 30 June 2015.

(c) Unused tax losses

	Australia	**Japan**	**Total**
Movements in unused tax losses	**$**	**$**	**$**
Carried forward unused tax losses at the beginning of the financial year	13,003,688	2,001,538	15,005,226
Current unused tax losses for which no deferred tax asset has been recognised	1,761,320	258,196	2,019,516
Prior period differences between tax calculation and income tax return	(725,735)	33,453	(692,282)
Carried forward unused tax losses at the end of the financial year	14,039,273	2,293,187	16,332,460
Notional tax rate	30.00%	35.64%	
Potential future tax benefit	**4,211,782**	**817,292**	**5,029,074**

This income tax benefit arising from tax losses will only be realised if:

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the Group 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 Group in realising the benefit from the deductions for the losses.

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	(Non-Executive Chairman)	
Ms Maria Halasz	(CEO and Managing Director)	
Mr Graeme Kaufman	(Non-Executive Director)	- resigned on 30 June 2015
Mr Martin Rogers	(Non-Executive Director)	- resigned on 30 June 2015
Mr Nicholas Falzon	(Company Secretary)	- resigned on 31 March 2015
Mrs Lucy Rowe	(Company Secretary)	- appointed on 31 March 2015

(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 2015.

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

	Consolidated	
	2015	2014
	$	$
Short-term employment benefits	**594,961**	573,554
Long-term benefits	**12,511**	10,750
Post-employment benefits	**48,925**	46,447
Share-based payments	**73,467**	52,047
	729,864	682,798

7. AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the parent entity, its related practices and unrelated firms:

	Consolidated	
	2015	2014
	$	$
Audit or review of the financial statements		
- BDO East Coast Partnership –Australia	**52,500**	52,500
- BDO Toyo & Co – Japan	**10,640**	10,479
	63,140	62,979

8. EARNINGS PER SHARE

	Consolidated	
	2015	2014
	$	$
Basic and diluted earnings per share (in cents)	**(0.43)**	(0.21)
(a) Reconciliation of earnings to profit or loss from continuing operations		
Loss for the year attributable to the owners of Cellmid Limited	**(3,337,348)**	(1,473,815)
	No.	No.
(b) Weighted average number of ordinary shares used in calculating basic and dilutive earnings per share	**766,526,094**	696,596,038

Options

No options were issued to executives or directors during the 2015 financial year.

315,656,738 options granted in the year ended 30 June 2014 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 2015, these options were anti-dilutive, and consequently diluted earnings per share is the same as basic earnings per share. The options have not been included in the determination of basic earnings per share. Details relating to options are set out in Note 18.

9. CASH AND CASH EQUIVALENTS

	Consolidated	
	2015	2014
	$	$
Cash at bank and in hand	**1,582,899**	2,495,778
Short-term bank deposits	**-**	5,975
	1,582,899	2,501,753

The effective interest rate on short term bank deposits was 2.5% (2014: 3.5 - 4.5%); these deposits were all on call.

Reconciliation of cash

Cash and cash equivalents reported in the Statement of Cash Flows are reconciled to the equivalent items in the Statement of Financial Position as follows:

Cash and cash equivalents	**1,582,899**	2,501,753

10. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2015	2014
	$	$
Current		
Trade receivables	**605,858**	177,787
Less: Provision for impairment	**(15,019)**	-
Other receivables	**27,808**	42,684
	618,647	220,471

Impairment of receivables
The Group has recognised a loss of $18,890 (2014: $978) in profit or loss in respect of impairment of receivables for the year ended 30 June 2015.

	Consolidated	
	2015	2014
	$	$
The ageing of the impaired receivables provided for above are:		
0 to 3 months overdue	**-**	-
3 to 6 months overdue	**-**	-
Over 6 months overdue	**15,019**	-
	15,019	-
Movements in the provision for impairment of receivables are:		
Opening balance	**-**	-
Additional provisions recognised	**18,890**	978
Receivables written off during the year as uncollectable	**(3,871)**	(978)
Unused amounts reversed	**-**	-
Closing balance	**15,019**	-

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $26,686 as at 30 June 2015 (30 June 2014: $27,300).

The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices.

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 23(a). 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.

11. INVENTORIES

	Consolidated	
	2015	2014
	$	$
Current		
Midkine and MK ELISA	**1,018,995**	1,019,368
Finished goods	**662,590**	643,009
Raw materials	**45,875**	46,988
	1,727,460	1,709,365

12. OTHER ASSETS

	Consolidated	
	2015	2014
	$	$
Prepayments	**244,610**	68,302

13. PLANT AND EQUIPMENT

	Consolidated	
	2015	2014
	$	$
At cost	**425,892**	362,806
Accumulated depreciation	**(350,903)**	(319,537)
	74,989	43,269

Movements in carrying amounts of plant and equipment

	$
Balance at 1 July 2014	43,269
Additions	60,929
Depreciation	(29,209)
Balance at 30 June 2015	**74,989**
Balance at 1 July 2013	51,633
Additions	3,259
Depreciation	(11,623)
Balance at 30 June 2014	**43,269**

14. INTANGIBLE ASSETS

	Consolidated	
	2015	2014
	$	$
Patents and trademarks		
At cost	**2,109,775**	2,011,782
Accumulated amortisation	**(210,833)**	(100,517)
	1,898,942	1,911,265

Movements in carrying amounts of patents and trademarks

	$
Balance at 1 July 2014	1,911,265
Additions	-
Amortisation	(102,129)
Foreign exchange movements	89,806
Balance at 30 June 2015	**1,898,942**
Balance at 1 July 2013	2,163,150
Additions	-
Amortisation	(100,517)
Foreign exchange movements	(151,368)
Balance at 30 June 2014	**1,911,265**

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

15. TRADE AND OTHER PAYABLES

	Consolidated	
	2015	2014
	$	$
Trade payables	**652,927**	293,378
GST payable	**-**	1,340
Other payables	**351,416**	268,465
	1,004,343	563,183

16. LOANS AND BORROWINGS

	Consolidated	
	2015	2014
	$	$
Current	**1,070,639**	-
Non-current	**29,271**	-
	1,099,910	-

On 15 May 2015, Cellmid Limited entered into an R&D loan advance agreement with Platinum Road for $1,000,000. The loan is secured for a period of eight months from commencement, the date at which the R&D tax credit is expected to be received and the loan repaid.

16. LOANS AND BORROWINGS (CONTINUED)

The agreement gives the lenders the right to require Cellmid to issue new ordinary fully paid shares at 3.4 cents per share to reduce the principal amount, with the maximum total being 29,411,765 shares. Additionally, the lenders have the right to require Cellmid to issue fully paid ordinary shares in lieu of payment of accrued interest (at an annual rate of 15%, accrued monthly). These shares are to be issued at 2.3 cents per share, with a maximum total of 4,347,826 shares being issued.

In addition to this, 5% commission on the loan amount, being $50,000, was paid to Platinum Road on 19 May 2015 through the issue of 2,255,384 shares as a share based payment for the fee payable. This transaction has been recognised accordingly in the share based payments reserve.

The loan facility is secured by a fixed charge over the assets of the Group, and is fully drawn as at 30 June 2015.

The remaining loan amounts relate to loan facilities with Keiyo Bank Limited (JPY: 8,751,000) and a lease facility with Business Mitsui Trust Panasonic Finance KK (JPY: 629,036).

17. PROVISIONS

	Employee Benefits	
	Annual Leave	**Long Service Leave**
	$	**$**
Balance at 1 July 2014	166,254	61,262
Additional provisions	40,582	1,287
Provision for employee benefits at 30 June 2015	**206,836**	**62,549**

	2015	2014
	$	$
Analysis of total provisions		
Current	**206,836**	166,254
Non-current	**62,549**	61,262
Provision for employee benefits	**269,385**	**227,516**

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement.

18. ISSUED CAPITAL

			Consolidated	
	2015	2014	**2015**	2014
	Shares	Shares	**$**	$
Ordinary shares – fully paid	**795,167,175**	735,585,702	**28,069,050**	26,769,571
Unissued ordinary shares under options	**301,054,732**	315,656,738	**632,261**	632,261
			28,701,311	27,401,832

				Consolidated	
	Issue price	**2015**	2014	**2015**	2014
	$	**No.**	No.	**$**	$
(a) Ordinary shares					
At the beginning of the year		**735,585,702**	650,470,079	**26,769,571**	24,704,261
Escrowed shares - November 2013[1]			12,000,000	**-**	-
Shares issued - November 2013[2]	0.0340	**-**	3,515,625	**-**	119,531
Shares issued - December 2013	0.0300	**-**	66,666,666	**-**	2,000,000
Shares issued - December 2013	0.0150	**-**	2,333,332	**-**	35,000
Shares issued - February 2014	0.0400	**-**	600,000	**-**	24,000
Shares issued - August 2014	0.0400	**600,000**	-	**24,000**	-
Shares issued - December 2014	0.0230	**54,726,089**	-	**1,258,700**	-
Shares issued - December 2014	0.0270	**2,000,000**	-	**50,000**	-
Shares issued - May 2015	0.0222	**2,255,384**	-	**50,000**	-
Shares issue costs, net of tax		**-**	-	**(83,221)**	(113,221)
At the end of the year		**795,167,175**	735,585,702	**28,069,050**	26,769,571

1. 12,000,000 shares were issued to Maria Halasz on 25 November 2013 under a limited recourse loan arrangement. The shares were held in escrow and unpaid at 30 June 2015 and 30 June 2014. All other shares are fully paid.
2. On 25 November 2013, Cellmid Limited acquired the remaining 5% interest in its subsidiary, Advangen International Pty Ltd, from Direct Capital Group Pty Limited (a controlled entity of Maria Halasz) and related party of Cellmid Limited. Consideration of 3,515,625 shares in Cellmid Limited, with a market value of $119,531 was provided for the acquisition. The carrying value of the non-controlling interest as at the date of acquisition was a net liability position $35,265. Therefore the transaction resulted in an adjustment to the acquisition reserve of $154,796.

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have a limited amount of authorised capital and the fully paid ordinary shares have no par value.

(b) Options

(i) For information relating to the Cellmid Limited and controlled entities employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 28 Share-based payments.

(ii) For information relating to share options issued to key management personnel during the financial year, refer to the Remuneration Report.

(b) Options (continued)

	2015	2014
	No.	No.
At the beginning of the year	**315,656,738**	354,105,173
Options lapsed - July 2013	**-**	(3,000,000)
Options lapsed - March 2014	**-**	(27,198,435)
Options lapsed - April 2014	**-**	(8,250,000)
Options lapsed - July 2014	**(5,002,006)**	-
Options lapsed - November 2014	**(9,000,000)**	-
Options lapsed - February 2015	**(600,000)**	-
At the end of the year	**301,054,732**	315,656,738

(c) Capital risk management

The Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group looks to raise capital when an opportunity to invest in a business or company is seen as value adding relative to the current parent entity's share price at the time of the investment. The Group 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.

19. RESERVES

	Consolidated	
	2015	2014
	$	$
Share based payment reserve		
Balance at the beginning of the year	**1,801,787**	1,727,263
Share based payment expense	**82,990**	74,524
Shares issued under share based arrangements	**(24,000)**	-
Balance at the end of the year	**1,860,777**	1,801,787
Acquisition reserve		
Balance at the beginning of the year	**(131,941)**	22,855
Acquisition of non-controlling interests in Advangen International Pty Ltd	**-**	(154,796)
Balance at the end of the year	**(131,941)**	(131,941)
Foreign currency translation reserve		
Balance at the beginning of the year	**35,359**	216,257
Foreign exchange movements	**89,062**	(180,898)
Balance at the end of the year	**124,421**	35,359
Total reserves	**1,853,257**	1,705,205

19. RESERVES (CONTINUED)

(a) Share based payments reserve
This reserve records the cumulative value of employee services received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

(b) Acquisition reserve
On 25 November 2013, Cellmid Limited acquired the remaining 5% interest in its subsidiary, Advangen International Pty Ltd, from Direct Capital Group Pty Limited (a controlled entity of Maria Halasz) and related party of Cellmid Limited. Consideration of 3,515,625 shares in Cellmid Limited, with a market value of $119,531 was provided for the acquisition. The carrying value of the non-controlling interest as at the date of acquisition was a net liability position $35,265. Therefore the transaction resulted in an adjustment to the acquisition reserve of $154,796.

(c) Foreign currency translation reserve
Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income - foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed.

20. CASH FLOW INFORMATION

	Consolidated	
	2015	2014
	$	$
Reconciliation of loss after income tax to net cash used in operating activities		
Loss after income tax for the year	**(3,337,348)**	(1,480,836)
Adjustments for:		
- depreciation and amortisation	**131,338**	112,140
.- licence revenue	**-**	(570,741)
- share based payments	**182,990**	133,523
- bad and doubtful debts	**18,890**	-
Changes in operating assets and liabilities		
- (increase)/decrease in trade and other receivables	**(398,176)**	35,224
- (increase)/decrease in prepayments	**(18,095)**	5,019
- (increase) in inventories	**(176,308)**	(14,439)
- (decrease) in trade and other payables	**432,476**	61,884
- (decrease) in provisions	**41,869**	40,253
Net cash used in operating activities	**(3,123,364)**	(2,239,805)

21. EVENTS AFTER THE REPORTING PERIOD

Since the end of FY2015 the Group has raised $4 million through a private placement to sophisticated and institutional investors. The Group has raised $3.3 million under Listing Rule 7.1 by the issuing of shares at 3 cents each. A further $700,000 was raised at the same time under Listing Rule 7.4, which will be subject to the approval of Shareholders at the next Extraordinary General Meeting.

The funding raised is expected to enable the Group to deliver on its 2016 growth strategy for the consumer health business in Australia and allow for the further development of its global marketing strategy.

Apart from the matters noted above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

22. RELATED PARTY TRANSACTIONS

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 24. Transactions and balances between subsidiaries and the parent have been eliminated on consolidation of the Group.

Key management personnel
For details of disclosures relating to key management personnel, refer to the Remuneration Report contained within the Director's Report.

There were no related party transactions during the year ended 30 June 2015.

23. FINANCIAL RISK 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:

23. FINANCIAL RISK MANAGEMENT (CONTINUED)

		Consolidated	
		2015	2014
		$	$
Financial Assets			
Cash and cash equivalents	9	**1,582,899**	2,501,753
Trade and other receivables	10	**618,647**	220,471
Total financial assets		**2,201,546**	2,722,224
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	15	**1,004,343**	563,183
- Loans and borrowings	16	**1,099,910**	-
Total financial liabilities		**2,104,253**	563,183

The fair value of financial assets and liabilities equate to the carrying value.

(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; and
- only investing surplus cash with major financial institutions.

The Group is not exposed to any material liquidity risk.

Financial liabilities consist of two items, trade and other payables for which the contractual maturity dates are within 6 months of the reporting date and loans and borrowings. Loans and borrowings of $1,070,639 have contractual maturity dates within 6 months of the reporting date while the balance $29,271 has a contractual maturity date within the next three years.

(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 functional currency of the Group, being Australian dollars.

The maximum exposure to foreign exchange risk is the fluctuation in the US dollar on its USD and JPY denominated bank accounts and also the profit and net assets of the Japanese subsidiary, Advangen Incorporated.

The Group has performed a sensitivity analysis relating to its exposure to foreign currency risk at the end of the financial year. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At the end of the financial year, the effect on profit and equity as a result of changes in the foreign exchange rate with all other variables remaining constant would be as follows:

	Profit	Equity
	$	$
Year ended 30 June 2015		
+/- 1% in foreign exchange rates	+/-3,215	-/+ 6,125
Year ended 30 June 2014		
+/- 1% in foreign exchange rates	+/-2,707	+/- 938

Interest rate risk

The Group's main interest rate risk arises from deposits with banks and other financial institutions. Deposits made at variable rates expose the Group to interest rate risk. Management maintains approximately 100% of deposits with banks at call on variable interest rates.

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk at the end of the financial year. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk. At the end of the financial year, the effect on profit and equity as a result of changes in the interest rate with all other variables remaining constant would be as follows:

	Profit	Equity
	$	$
Year ended 30 June 2015		
+/- 1% in interest rates	+/- 15,829	+/- 15,829
Year ended 30 June 2014		
+/- 1% in interest rates	+/- 25,018	+/- 25,018

Price risk

The Group is not exposed to any material price risk.

24. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in Note 1:

Name	Country of Incorporation	Percentage Owned (%) 2015	Percentage Owned (%) 2014
Subsidiaries of Cellmid Limited:			
Advangen Limited	Australia	100	100
Advangen International Pty Ltd	Australia	-	100
Advangen Incorporated	Japan	-	100
Subsidiaries of Advangen Limited:			
Advangen International Pty Ltd	Australia	100	-
Advangen Incorporated	Japan	100	-

25. SEGMENT INFORMATION

Identification of reporting segments
The Group is organised into two operating segments: (1) research and development of diagnostics and therapeutics and (2) research, development and marketing of hair 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:

Midkine Diagnostic and Therapeutic (Midkine Business)

- Midkine diagnostics and therapeutics for cancer and inflammatory conditions.

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

- research, development and marketing of hair growth products.

Geographical segment information
The primary geographic segment within which the Group operates is Australia as at 30 June 2015. For primary reporting purposes, the Group operates in two geographic segments as described as at 30 June 2015.

25. SEGMENT INFORMATION (CONTINUED)

	Midkine Australia		Consumer Health Australia		Consumer Health Japan		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	$	$	**$**	$	**$**	$	**$**	$
Revenue								
Consumer health and product sales to external customers	**47,790**	64,300	**658,030**	271,257	**1,136,984**	815,374	**1,842,804**	1,150,931
Total	**47,790**	**4,300**	**658,030**	**271,257**	**1,136,984**	**815,374**	**1,842,804**	**1,150,931**
Interest received	**27,280**	52,014	**-**	-	**16**	40	**27,296**	52,054
Royalties and licences	**99,263**	1,009,188	**-**	-	**-**	-	**99,263**	1,009,188
Rental revenue	**-**	26,220	**-**	-	**-**	-	**-**	26,220
Other revenue	**-**	19,900	**-**	10,988	**-**	5,596	**-**	36,494
Total revenue	**174,333**	**1,171,622**	**658,030**	**282,245**	**1,137,000**	**821,010**	**1,969,363**	**2,274,887**
Other income								
Government grant received	**952,621**	845,574	**35,830**	-	**-**	-	**988,451**	845,574
Gain/Loss on disposal of assets	**5,200**	429,519	**-**	-	**(1,592)**	-	**3,608**	429,519
Other income	**6,140**	-	**-**	-	**-**	-	**6,140**	-
Expenses	**(3,239,129)**	(2,917,117)	**(1,365,415)**	(606,005)	**(1,454,866)**	(1,252,594)	**(6,059,410)**	(4,775,716)
Share based compensation	**(82,990)**	(133,523)	**-**	-	**-**	-	**(82,990)**	(133,523)
Depreciation and amortisation	**(16,638)**	(7,562)	**(82)**	(271)	**(114,618)**	(104,307)	**(131,338)**	(112,140)
Finance costs	**(25,056)**	(2,501)	**(649)**	(10)	**(2,104)**	-	**(27,809)**	(2,511)
Loss before income tax	**(2,225,519)**	**(603,988)**	**(672,286)**	**(324,041)**	**(436,180)**	**(535,891)**	**(3,333,985)**	**(1,473,910)**
Income tax (expense)							**(3,363)**	(6,926)
Loss after income tax							**(3,337,348)**	**(1,480,836)**
Assets								
Segment assets	**2,605,320**	3,621,544	**865,258**	368,379	**2,676,969**	2,464,502	**6,147,547**	6,454,425
Total assets							**6,147,547**	**6,454,425**
Liabilities								
Segment liabilities	**(1,770,371)**	(640,317)	**(188,437)**	(87,287)	**(414,830)**	(63,095)	**(2,373,638)**	(790,699)
Total liabilities							**(2,373,638)**	**(790,699)**

26. COMMITMENTS

	Consolidated	
	2015	2014
	$	$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**134,508**	126,376
One to five years	**274,624**	402,444
Minimum lease payments	**409,132**	528,820

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

27. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group had no contingent liabilities or contingent assets at 30 June 2015 (Nil at 30 June 2014). The Group has given bank guarantees as at 30 June 2015 of $65,829 (30 June 2014: $65,829) relating to the lease of commercial office space.

28. SHARE-BASED PAYMENTS

The Cellmid Limited and Controlled Entities Employee Incentive Plan is designed as an incentive for eligible employees of the Group. Under the Plan, participants are granted options which only vest if certain conditions are met.

A summary of the Company options granted under the Plan is as follows:

Expiry Date	Exercise price	Balance at start of the year	Granted	Exercised	Forfeited/ expired	Balance at the end of the year
01/07/2014	0.050	5,002,006	-	-	(5,002,006)	-
20/11/2014	0.056	7,000,000	-	-	(7,000,000)	-
20/11/2014	0.035	2,000,000	-	-	(2,000,000)	-
19/02/2015	0.062	600,000	-	-	(600,000)	-
15/11/2015	0.100	100,000	-	-	-	100,000
15/11/2016	0.030	3,971,962	-	-	-	3,971,962
15/06/2017	0.032	5,000,000	-	-	-	5,000,000
14/08/2017	0.034	1,440,000	-	-	-	1,440,000
		21,142,006	-		(14,602,006)	10,511,962

The weighted average exercise price during the financial year was $0.034 ($0.030 in 2014). The weighted average remaining contractual life of the options outstanding at the end of the financial year was 1.31 years (2.24 years in 2014).

Refer to Note 1(o) for information as to how the fair value of these options were determined.

No options were granted during the 2015 financial year and share based payment expense for the period was $Nil.

Other options on issue

A summary of the Company options not issued under the plan is as follows:

Expiry Date	Exercise price	Balance at start of the year	Granted	Exercised	Forfeited/ expired	Balance at the end of the year
23/10/2016	0.034	290,542,770	-	-	-	290,542,770
		290,542,770	-	-	-	290,542,770

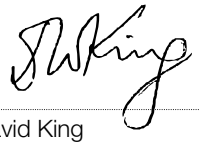
Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2015 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the Company and the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

Director 

Dr David King

Dated this 31st day of August 2015

BDO

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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 statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 2015 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 the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 31 August 2015

BDO

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Australia

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

As lead auditor of Cellmid Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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.

Gareth Few
Partner

BDO East Coast Partnership

Sydney, 31 August 2015

Additional Information
for Listed Entities

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 17 August 2015.

TWENTY LARGEST SHAREHOLDERS

Cellmid FPO Voluntary Escrow for 3 years
Fully Paid Ordinary Shares

Holder Name	Balance	Percent
MR GREGORY GLENN WORTH <WORTH S/F A/C>	35,500,000	3.922
CELL SIGNALS INC	28,000,000	3.093
UBS NOMINEES PTY LTD	27,946,666	3.087
NATIONAL NOMINEES LIMITED	26,610,862	2.940
SEISTEND (SUPER) PTY LTD <DW KING SUPER FUND A/C>	22,500,000	2.486
INSCAPE SOLUTIONS PTY LTD	22,350,000	2.469
MR JAMES PATRICK TUITE & MRS WENDY TUITE <TUITE SUPER 1 A/C>	20,646,462	2.281
RYDER INVESTMENT MANAGEMENT PTY LTD	16,666,666	1.841
DR KUEN SENG CHAN	15,000,000	1.657
MR TREVOR GOTTLIEB	14,510,000	1.603
MR HAROLD LEONARD GOTTLIEB & MRS HELEN CYNTHIA GOTTLIEB <H & H GOTTLIEB PSNL S/F A/C>	13,397,266	1.480
CITICORP NOMINEES PTY LIMITED	12,604,696	1.393
MR DARIN ANJOUL & MRS TANIA ANJOUL <TAN GROUP SUPER FUND A/C>	12,000,000	1.326
MS MARIA HALASZ	12,000,000	1.326
MR GREGORY BERNARD HILTON	10,897,000	1.204
MR MING LOV & MRS CHIU LOV <LOV FAMILY A/C>	10,003,770	1.105
DR NORIIE ITOH	9,504,950	1.050
TZ HOLDINGS PTY LTD <TZ HOLDINGS A/C>	9,071,000	1.002
MR IVAN STARESINIC	9,000,000	0.994
TALRIND PTY LTD <WORTH D/T A/C>	8,837,033	0.976
Total	**337,046,371**	**37.236**
Issued Share Capital	**905,167,175**	

Additional Information for Listed Entities
Continued

SUBSTANTIAL HOLDERS

There are no current substantial shareholders of Cellmid Limited shares.

HOLDINGS ANALYSIS

Holdings Ranges	Holders	Total Units	%
1-1,000	58	8,452	0.001
1,001-5,000	34	107,633	0.012
5,001-10,000	131	1,199,656	0.133
10,001-100,000	1,005	49,435,706	5.462
100,001-99,999,999,999	741	854,415,728	94.393
Totals	**1,969**	**905,167,175**	**100.000**

TWENTY LARGEST SHAREHOLDERS

Listed Options $0.034 Expiring 23 October 2016

Holder Name	Balance	Percent
STRUCTURE INVESTMENTS PTY LTD <ROGERS FAMILY A/C>	41,000,000	14.112
PATHOLD NO 77 PTY LTD <ACKERMAN SUPER FUND A/C>	34,251,482	11.789
MR EGAN HARVEY JOHNSON	18,003,220	6.196
MR TREVOR GOTTLIEB	13,255,500	4.562
SEISTEND (SUPER) PTY LTD <DW KING SUPER FUND A/C>	11,250,000	3.872
PAESLER TRADING PTY LTD <PAESLER FAMILY A/C>	10,000,000	3.442
MR JAMES PATRICK TUITE & MRS WENDY TUITE <TUITE SUPER 1 A/C>	9,523,231	3.278
MR OSCAR DARIO ROSERO <OSCAR ROSERO SUPER FUND A/C>	8,025,000	2.762
MR GREGORY GLENN WORTH <WORTH S/F A/C>	8,000,000	2.753
MR PAUL PHILIP RANBY	7,575,813	2.607
PROF WILLIAM JAMES VAGG	6,875,000	2.366
PROCURE TO REPORT PTY LTD	6,683,255	2.300
MR TRAFFORD WILLIAM VAGG	5,515,178	1.898
MR DARIN ANJOUL & MRS TANIA ANJOUL	5,000,000	1.721
MR DARIN ANJOUL & MRS TANIA ANJOUL <TAN GROUP SUPER FUND A/C>	5,000,000	1.721
DR ROBERT SYLVESTER VAGG & DR KYMBERLEY ANN VICKERY <RSVKAV SUPER FUND A/C>	4,700,000	1.618
CHAMIER ENDERSBEE PTY LTD <ENDERSBEE FAMILY SUPER A/C>	3,800,000	1.308
TALRIND PTY LTD <WORTH D/T A/C>	3,000,000	1.033
MS JOANNE MARTIN	3,000,000	1.033
MR STEVEN ANDREW COOPER	3,000,000	1.033
ROGERS SF MANAGEMENT PTY LTD <ROGERS SUPER FUND A/C>	3,000,000	1.033
Total	**210,457,679**	**72.436**
Total of Securities	**290,542,770**	

NUMBER OF HOLDERS AND VOTING RIGHTS IN EACH CLASS OF SECURITIES

Class of Security	No of Holders	Voting Rights
Ordinary Shares	1,963	Yes
Unlisted Options $0.10 expiring 15/11/2015	1	No
Listed Options $0.034 expiring 23/10/2016	349	No
Unlisted Options $0.03 expiring 15/11/2016	1	No
Unlisted Options $0.032 expiring 15/06/2017	1	No
Unlisted Options $0.034 expiring 14/08/2017	3	No
Cellmid FPO Voluntary Escrow for 3 years	1	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;
  - One vote for each fully paid share they hold; and
  - 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 271.

CLASSES OF UNQUOTED SECURITIES

Class of Security	No of Holders	Total Units
Unlisted $0.032 Options Expiring 15/06/17	1	5,000,000
Unlisted $0.034 Options Expiring 14/08/17	3	1,440,000
Unlisted $0.10 Options Expiring 15/11/15	1	100,000
Unlisted $0.03 Options Expiring 15/11/16	1	3,971,962

GENERAL

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

Corporate Directory

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 Incorporated Chiba Industry Advancement Centre Tokatsu Techno Plaza 5-4-6 Kashiwanoha, Kashiwa, Chiba 277-0082 Japan

BOARD OF DIRECTORS

Non-Executive Chairman	Dr David King
Managing Director and Chief Executive Officer	Ms Maria Halasz
Non-Executive Director	Mr Bruce Gordon (Appointed 1 July 2015) Dr Fintan Walton (Appointed 21 July 2015)
Company Secretary	Mrs Lucy Rowe (Appointed 31 March 2015)

AUDITORS, SOLICITORS AND PATENT ATTORNEY

Auditors	BDO East Coast Partnership Level 11, 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

Share Registry	Boardroom Limited Grosvenor Place Level 12, 225 George Street Sydney NSW 2000 Australia

CELLMID

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