CELLMID LIMITED

ABN 69 111 304 119

ASX APPENDIX 4D
RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Name of Entity	Cellmid Limited
ABN	69 111 304 119
Half year ended	31 December 2016
Previous corresponding period	31 December 2015

The following information should be read in conjunction with both the Financial Report for the year ended 30 June 2016 and the Interim Financial Report for the half year ended 31 December 2016 and the attached auditors' review report.

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

Financial Results

				31 Dec 2016 $
Revenue from ordinary activities for the period	Up	56%	to	$2,179,924
Loss from ordinary activities after tax for the period attributable to members	Down	13%	to	($1,510,541)
Net Loss after tax for the period attributable to members	Down	13%	to	($1,510,541)

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

Net Tangible Assets

	Current Period 31 Dec 2016	Previous Period 31 Dec 2015
Net tangible assets per ordinary share	0.48 cents	0.43 cents

The company did not gain or lose control over any entities during the half year period.

OPERATING RESULTS AND REVIEW OF OPERATIONS

Revenue for the Consolidated Entity increased by 56% to $2,179,924 for the six months ending 31 December 2016 compared with the same period last year (31 December 2015: revenue of $1,393,643). The Consolidated Entity incurred an after-tax loss attributed to members of $1,510,541 for the half year ending 31 December 2016 down 13% from the same period last year (31 December 2015: loss of $1,728,141). The Consolidated Entity continued to make significant progress in all three of its wholly owned subsidiaries; Lyramid, Kinera and Advangen as outlined in the following operational report.

LYRAMID LIMITED

Lyramid Limited (Lyramid) is engaged in the commercialization of the Consolidated Entity's midkine (MK) antibody assets, including their application in therapeutic programs as well as the MK diagnostic portfolio. MK is an important growth factor highly expressed during embryonic development and it modulates many important biological interactions.

Driving its **diagnostic opportunities** since 2009 the Consolidated Entity built up extensive clinical evidence on MK's role in early cancer diagnosis and signed three licenses and a large number of collaborations to commercialise these findings. During the reporting period Lyramid received $146,586 income from royalties and sales of its MK diagnostic kit (MK ELISA).

Pacific Edge licensed MK as one of the biomarkers in their bladder cancer diagnostic test (CxBladder®) in 2010. During the half year ended 31 December 2016 Pacific Edge paid to the Consolidated Entity $92,421 in royalties, up 50% from the same period last year (31 December 2015: royalties of $61,660).

The number of material milestones Pacific Edge reported during the first half on FY2017 included broadening reimbursement opportunities in the USA and expanding the utility and use of CxBladder®. In October 2016, Pacific Edge became Approved Provider to Tricare Health Plan Networks in the US, which provides health care to 9.4 million beneficiaries of the US Military Health system.

In October 2016 CxBladder® Monitor was adopted as a replacement for cystoscopy for low risk patients monitored for recurrence of bladder cancer by the Waitemata District Health Board. In December 2016, clinical study results of the same test, CxBladder® Monitor, were accepted for publication in the American Journal of Urology. The study confirmed strong performance (93% sensitivity and 97% negative predictive value) of the test and the potential of it to replace cystoscopy in low risk patients. Monitoring bladder cancer patients is one of the most significant market opportunities for CxBladder® as many patients have up to 24 visits to their urologist over a 5 year period, and may also have lifelong monitoring for recurrence.

MK has an important role in cell growth, cell migration and cellular adherence. These functions are relevant to **therapeutic opportunities** for Lyramid in cancer, inflammation, autoimmunity, ischemia, nerve growth/repair and wound healing. Since 2010 the Consolidated Entity, together with collaboration partners from commercial and research organisations, built an extensive portfolio of pre-clinical evidence and has been able show that its MK antibodies may be important therapeutic agents in multiple cancer indications, acute and chronic kidney disease, autoimmunity and adhesion driven diseases. During the reporting period Lyramid continued to build on this evidence in glioblastoma, bone and kidney disease.

In August 2016, the Consolidated Entity reported on new research indicating that its midkine antibodies (MK antibodies) improve bone quality and fracture healing in an animal model of osteoporosis. The study was conducted and published by Lyramid collaborators at the University Medical Centre in Ulm, Germany, on the therapeutic benefit of MK antibodies in the important clinical setting of osteoporosis.

The study was led by Dr Astrid Liedert at the Institute of Orthopedic Research and Biomechanics, University Medical Center Ulm and the results were published in PLoS ONE. *(Haffner-Luntz M et al., Inhibition of Midkine Augments Osteoporotic Fracture Healing. PLoS One. 2016 Jul 13;11(7):e0159278. doi: 10.1371/journal.pone.0159278. PMID: 27410432).*

The results followed a previous publication from the same group showing that treatment with Lyramid's MK antibody accelerated bone fracture healing in otherwise normal rodents. The publication in August 2016 demonstrated that MK antibodies were also effective in accelerating bone healing in osteoporotic settings, and therefore may benefit elderly patients with fragile bones that are prone to debilitating and sometime fatal fractures. Especially at risk are post-menopausal women with over 30% experiencing osteoporotic fractures after the age of 50. The Consolidated Entity filed a patent application earlier this year covering its MK antibodies for fracture healing and restoring bone loss due to osteoporosis.

In October 2016 Lyramid reported the results of its preclinical collaboration with Complutense University, Spain, showing that its proprietary MK antibodies are effective in improving tetrahydrocannabinol (THC) treatment response in animal models of cannabinoid resistant glioblastoma multiforme; one of the most common and aggressive forms of brain cancer. In the current study Lyramid's collaborators, led by Professor Guillermo Velasco, observed that MK antibodies, in combination with the cannabinoid THC, inhibited tumour growth in gliomas that are resistant to THC. Overcoming THC resistance highlights a potential treatment strategy using MK antibodies to enhance glioblastoma sensitivity to treatment, and provides a strong rationale for the continued clinical development of MK antibodies to treat brain cancer in combination with cannabinoids.

Lyramid's scientific advisors have been instrumental in steering the company's clinical development plan during the reporting period, in addition to driving engagement by key opinion leaders from relevant clinical and scientific fields.

KINERA LIMITED

Kinera Limited (Kinera) is engaged in the commercialization of the Consolidated Entity's midkine protein assets in ischemia related diseases. Ischemic conditions include acute myocardial infarction and stroke amongst other diseases. During the reporting period Kinera has developed clinical validation strategy in an undisclosed orphan disease indication that is primarily driven by ischemic events. Lyramid has engaged with relevant research partners to accelerate this promising development program.

ADVANGEN LIMITED

During the half-year ended 31 December 2016 Advangen Limited (Advangen) sold products largely to pharmacies, hair salons and through direct to consumer channels and received total revenue of $2,007,230, up 65% compared with the same period last year (31 December 2015: $1,216,254). For the first time, quarterly sales exceeded $1 million during 1Q2017, contributing to the strong growth during the half-year.

Advangen has continued to implement its business development, marketing and advertising initiatives globally and anticipates that these initiatives will continue to drive revenue growth throughout 2017.

Importantly, Advangen signed a distribution partnership in the **USA** in July 2016 with Colour Collective, a specialist in the launch of high end hair brands. The USA is important for Advangen as the largest market for hair loss treatments with sales of around US$3.5 billion annually. Global hair loss sales are estimated to be around US$7 billion per year. Topical treatments account for US$2.3 billion, of which minoxidil (mostly for men) based products are the largest revenue generators. Advangen's FGF5 inhibitor hair loss products are formulated for men and women. This is particularly important as almost half those suffering from hair loss are women without a safe and effective treatment alternative.

Since the signing of the partnership with Colour Collective in July 2016 the global branding and packaging of the évolis® hair loss products have been completed and the first set of these products, évolis® REVERSE, was launched in November 2016. An extensive public relations campaign in October resulted in editorial features and mentions in the Daily Mail, WWD, Allure, Men's Health and Prevention magazines, amongst others. Significantly, évolis® REVERSE was named as Top Ten Grooming Product by Men's Health Magazine (USA) in 2017.

During the reporting period, in addition to rolling out its USA e-commerce strategy, Advangen has also commenced a comprehensive outreach to high end retailers and hair salons. Partnerships are expected to come online during the course of calendar 2017.

In **Australia**, Advangen continued to implement its comprehensive national marketing and advertising campaign with strong growth in pharmacy and e-commerce sales. Australian sales increased by 195% during the reporting period, mostly due to strong sell through in pharmacies. Pharmacy distribution has increased and reached approximately 1,200 active stores that are serviced by Advangen's national sales team. The évolis® professional salon products have been beta tested in over 100 hair salons in Australia during the reporting period. Commercial launch is planned for 2Q2017.

Sales in **Japan** remained strong and were largely supported by a direct-to-consumer sales campaign with QVC, the television shopping channel, and the consistent performance within the salon market. Further campaigns with QVC are planned throughout 2017. Launch of the évolis® concept store in Tokyo has been delayed with an expected commencement date in mid-2017. A significant component of the delay was the limited supply of suitable properties in high traffic areas in Tokyo, as several major shopping malls are being refurbished or extended. The additional time was utilized to crystallize the branding of the store, which will take advantage of the recognition created by QVC during the 2015 and 2016 financial years.

Negotiations are ongoing with several pharma and distribution companies for the selling of évolis® branded, Australian manufactured products in China. Regulatory filings for the évolis® branded lotions and shampoos have been completed with the SFDA (Chinese Food and Drug Administration) for the two-stage application process. Products for regulatory testing have been shipped.

PATENTS

The Consolidated Entity has been granted the patent by the European Patents Office for application 04717839.7 entitled "Preventative for Adhesion Following Abdominal Surgery". This patent protects the use of antibodies or nucleotide based drugs targeting midkine (MK) that prevent the formation of surgical adhesions.

This patent complements the already granted US patent 10/547,011 entitled "Agents for Preventing Post-Laparotomy Adhesions", which covers the use of MK antibodies. Together with related patents already granted in USA and Japan, the European patent was the last one in this family, enabling extensive coverage of the Consolidated Entity's anti-MK agents for application in a major area of unmet clinical need.

CAPITAL RAISING AND LOANS

During the half-year the Consolidated Entity successfully raised $4.2 million through a private placement to sophisticated investors and the exercise of listed and unlisted options issuing a total of 135,366,503 new ordinary shares.

The $700,000 Fast Finance R&D Loan facility, which fell due for repayment on 24 February 2017, is currently being renegotiated and it is expected to be refinanced.

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year, which significantly affected or could significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

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

CELLMID LIMITED

ACN 111 304 119

Interim Financial Report

For the Half-Year Ended 31 December 2016

CELLMID LIMITED
ACN 111 304 119

Interim Financial Report Contents
For the Half-Year Ended 31 December 2016

CELLMID LIMITED
ACN 111 304 119

Directors' Report
For the Half-Year Ended 31 December 2016

The Directors present their report, together with the interim financial statements of Cellmid Limited and controlled entities ("the Consolidated Entity") for the half-year ended 31 December 2016.

DIRECTORS

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

Dr David King	Appointed 18 January 2008
Ms Maria Halasz	Appointed 19 November 2007
Mr Bruce Gordon	Appointed 1 July 2015
Dr Fintan Walton	Appointed 21 July 2015

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN NATURE OF ACTIVITIES

The principal activities of the Consolidated Entity during the half-year were:

- The development and commercialisation of therapeutic and diagnostic products for the management of diseases such as cancer and various chronic inflammatory conditions by targeting midkine, (Midkine Businesses: Lyramid and Kinera); 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: Advangen Limited).

OPERATING RESULTS AND REVIEW OF OPERATIONS

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[1] © Statista 2015
[2] Chain Drug Review, IRI, © Statista 2015

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EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the half-year, which significantly affected or could significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2016 is set out on page 5 of the interim consolidated financial report.

Directors' Report
For the Half-Year Ended 31 December 2016

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

DW King

Director: ....
Dr David King

Dated this 27th day of February 2017

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Sydney NSW 2000

Australia

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

As lead auditor for the review of Cellmid Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

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

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

Gareth Few

Gareth Few
Partner

Sydney, 27 February 2017

Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2016

	Note	Half-Year 31 December 2016 $	Half-Year 31 December 2015 $
Revenue	3	2,179,924	1,393,643
Other income	3	831,409	1,155,452
Less Expenditure			
Manufacturing sales expense		(760,122)	(466,932)
Advertising and marketing expense		(729,893)	(1,638,806)
Bad debt expense		(8,565)	(6,880)
Communication expense		(52,391)	(55,587)
Conferences and meetings expense		(59,650)	(44,158)
Consultancy expense		(331,831)	(136,894)
Depreciation and amortisation expense		(79,933)	(77,544)
Employee benefits expense		(1,296,727)	(985,057)
Finance costs		(94,339)	(80,110)
Foreign exchange loss		(58,730)	-
Occupancy expense		(113,740)	(108,460)
Professional fees expense		(266,917)	(117,490)
Research and development expense		(155,117)	(196,898)
Share-based compensation		(53,269)	(40,385)
Subscriptions expense		(46,916)	(55,928)
Travel expenses		(191,857)	(109,446)
Other expenses		(221,877)	(148,007)
Loss before income tax		(1,510,541)	(1,719,487)
Income tax expense		-	(8,654)
Loss for the half-year after income tax		(1,510,541)	(1,728,141)
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		(239,780)	137,254
Total comprehensive income for the half-year		(1,750,321)	(1,590,887)
Loss for the half-year is attributable to:			
Owners of Cellmid Limited		(1,510,541)	(1,728,141)
Total comprehensive income for the half-year attributable to:			
Owners of Cellmid Limited		(1,750,321)	(1,590,887)
Earnings per share for loss attributable to the owners of Cellmid Limited			
Basic earnings per share (cents)		(0.16)	(0.19)
Diluted earnings per share (cents)		(0.16)	(0.19)

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

CELLMID LIMITED
ACN 111 304 119

Statement of Financial Position
As at 31 December 2016

	Note	31 December 2016 $	30 June 2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		5,345,308	2,686,329
Trade and other receivables		253,380	298,339
Inventories		2,400,951	2,009,792
Other assets		133,487	136,644
TOTAL CURRENT ASSETS		8,133,126	5,131,104
NON-CURRENT ASSETS			
Plant and equipment		52,987	69,017
Intangible assets		1,938,983	2,214,693
TOTAL NON-CURRENT ASSETS		1,991,970	2,283,710
TOTAL ASSETS		**10,125,096**	**7,414,814**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,550,140	1,434,443
Employee benefits		236,224	223,001
Loans and borrowings		869,253	802,177
TOTAL CURRENT LIABILITIES		2,655,617	2,459,621
NON-CURRENT LIABILITIES			
Employee benefits		71,718	68,336
Loans and borrowings		326,868	196,807
TOTAL NON-CURRENT LIABILITIES		398,586	265,143
TOTAL LIABILITIES		**3,054,203**	**2,724,764**
NET ASSETS		**7,070,893**	**4,690,050**
EQUITY			
Issued capital	4	36,504,721	32,426,826
Reserves		2,356,288	2,542,799
Accumulated losses		(31,790,116)	(30,279,575)
TOTAL EQUITY		**7,070,893**	**4,690,050**

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

CELLMID LIMITED

ACN 111 304 119

Statement of Changes in Equity

For the Half-Year Ended 31 December 2016

	Issued capital $	Share-based payments reserve $	General reserve $	Foreign exchange reserve $	Accumulated losses $	Total Equity $
Balance at 1 July 2016	32,426,826	2,036,900	(79,864)	585,763	(30,279,575)	4,690,050
Loss for the half-year after income tax	-	-	-	-	(1,510,541)	(1,510,541)
Other comprehensive income	-	-	-	(239,780)	-	(239,780)
Total comprehensive income for the half-year, net of tax	**-**	**-**	**-**	**(239,780)**	**(1,510,541)**	**(1,750,321)**
Transactions with equity holders						
Shares issued during the half-year net of transaction costs	4,077,895	-	-	-	-	4,077,895
Share-based payment expense for the half-year	-	53,269	-	-	-	53,269
Balance at 31 December 2016	**36,504,721**	**2,090,169**	**(79,864)**	**345,983**	**(31,790,116)**	**7,070,893**

	Issued capital $	Share-based payments reserve $	General reserve $	Foreign exchange reserve $	Accumulated losses $	Total Equity $
Balance at 1 July 2015	28,701,311	1,860,777	(131,941)	124,421	(26,780,659)	3,773,909
Loss for the half-year after income tax	-	-	-	-	(1,728,141)	(1,728,141)
Other comprehensive income	-	-	-	137,254	-	137,254
Total comprehensive income for the half-year, net of tax	**-**	**-**	**-**	**137,254**	**(1,728,141)**	**(1,590,887)**
Transactions with equity holders						
Shares issued during the half-year, net of transaction costs	3,725,515	-	-	-	-	3,725,515
Share-based payment expense for the half-year	-	40,385	-	-	-	40,385
Equity value of loan	-	24,578	-	-	-	24,578
Balance at 31 December 2015	**32,426,826**	**1,925,740**	**(131,941)**	**261,675**	**(28,508,800)**	**5,973,500**

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

CELLMID LIMITED

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Statement of Cash Flows

For the Half-Year Ended 31 December 2016

	Half-Year 31 December 2016 $	Half-Year 31 December 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,354,660	1,682,874
Payments to suppliers and employees	(4,762,810)	(3,826,937)
Interest received	16,238	21,744
Finance costs	(4,937)	(4,493)
Grant income	831,409	1,121,562
Net cash used by operating activities	(1,565,440)	(1,005,250)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(4,123)	(9,740)
Net cash used by investing activities	(4,123)	(9,740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares (net of transaction costs)	4,077,895	3,725,515
Proceeds from loans and borrowings	237,000	227,800
Repayment of loans and borrowings	(40,217)	(8,386)
Net cash provided by financing activities	4,274,678	3,944,929
Net increase in cash and cash equivalents held	2,705,115	2,929,939
Cash and cash equivalents at the beginning of the half-year	2,686,329	1,582,899
Effect of exchange rate changes	(46,136)	11,800
Cash and cash equivalents at the end of the half-year	5,345,308	4,524,638

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

Notes to the Financial Statements
For the Half-Year Ended 31 December 2016

Note 1 Summary of significant accounting policies

Basis of preparation

This general purpose interim financial report for the half-year ended 31 December 2016 has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard *AASB 134*: Interim Financial Reporting, as appropriate for for-profit oriented entities. Compliance with *AASB 134*: Interim Financial Reporting ensures compliance with International Financial Reporting *Standard IAS 34: Interim Financial Reporting*.

This interim financial report is intended to provide users with an update on the latest annual financial report of Cellmid Limited ("the Company") and controlled entities ("the Consolidated Entity"). As such it does not contain information that represents relatively insignificant changes occurring during the half-year within the Consolidated Entity. This interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this interim financial report is to be read in conjunction with the annual financial report of the Consolidated Entity for the year ended 30 June 2016, together with any public announcements made during the half-year.

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

New, revised or amending Accounting Standards or Interpretations adopted

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the half-year.

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

Going concern

The Directors have prepared the interim financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. Based on anticipated levels of operational cash flow, the Consolidated Entity has sufficient cash to fund current operations for at least one year from the date the Directors approved the interim financial report for release to the members of the Company.

Notes to the Financial Statements
For the Half-Year Ended 31 December 2016

Note 2 Operating segments

Identification of reporting segments

The Consolidated Entity is organised into two operating segments: (1) research and development of diagnostics and therapeutics; and (2) research, development and marketing of hair growth products.

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors who are identified as the Chief Operating Decision Makers ("CODM"), in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews both adjusted earnings before interest, tax, depreciation and amortisation (segment result) and profit before income tax.

Types of products and services

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

(1) Midkine Diagnostic and Therapeutic (Midkine Business)

- Midkine diagnostics and therapeutics for cancer and inflammatory conditions.

(2) 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 Consolidated Entity operates is Australia at 31 December 2016. For primary reporting purposes, the Consolidated Entity operated in three geographical segments, Australia, Japan and USA at 31 December 2016.

Segment performance

31 December 2016	**Midkine $ Australia**	**Consumer Health $ Australia**	**Consumer Health $ Japan**	**Consumer Health $ USA**	**Consolidated $**
Revenue					
Consumer health and product sales to external customers	35,753	786,541	1,220,689	-	**2,042,983**
Interest received	16,237	-	1	-	**16,238**
Royalties and licences	110,833	-	-	-	**110,833**
Other revenue	-	-	9,870	-	**9,870**
Total revenue	**162,823**	**786,541**	**1,230,560**	**-**	2,179,924
Other income					
Government grant received	831,409	-	-	-	**831,409**
Expenses					
Share based compensation	(53,269)	-	-	-	**(53,269)**
Depreciation and amortisation	(6,701)	(2,771)	(70,461)	-	**(79,933)**
Net loss in foreign exchange	(14,366)	(9,180)	(35,184)	-	**(58,730)**
Finance costs	(89,402)	-	(4,937)	-	**(94,339)**
Other expenses	(1,065,974)	(1,859,475)	(1,092,132)	(218,022)	**(4,235,603)**
Profit / (Loss) before income tax	**(235,480)**	**(1,084,885)**	**27,846**	**(218,022)**	**(1,510,541)**
Income tax expense	-	-	-	-	**-**
Loss after income tax	**(235,480)**	**(1,084,885)**	**27,846**	**(218,022)**	**(1,510,541)**

Note 2 Operating segments (continued)

Segment assets and liabilities

31 December 2016	Midkine $	Consumer Health $	Consumer Health $	Consumer Health $	Consolidated $
	Australia	Australia	Japan	USA	
Assets					
Segment assets	5,732,892	846,948	3,362,195	183,061	**10,125,096**
Liabilities					
Segment liabilities	(1,302,591)	(893,727)	(855,376)	(2,509)	**(3,054,203)**

Segment performance

31 December 2015	Midkine $	Consumer Health $	Consumer Health $	Consumer Health $	Consolidated $
	Australia	Australia	Japan	USA	
Revenue					
Consumer health and product sales to external customers	68,716	266,268	949,986	-	**1,284,970**
Interest received	21,602	131	11	-	**21,744**
Royalties and licences	86,848	-	-	-	**86,848**
Other revenue	-	-	81	-	**81**
Total revenue	**177,166**	**266,399**	**950,078**	**-**	**1,393,643**
Other income					
Government grant received	1,121,562	-	-	-	**1,121,562**
Net gain in foreign exchange	7,257	-	26,633	-	**33,890**
Expenses					
Share based compensation	(40,385)	-	-	-	**(40,385)**
Depreciation and amortisation	(8,237)	(1,299)	(68,008)	-	**(77,544)**
Finance costs	(77,553)	(454)	(2,103)	-	**(80,110)**
Other expenses	(1,170,970)	(1,974,366)	(925,207)	-	**(4,070,543)**
Loss before income tax	**8,840**	**(1,709,720)**	**(18,607)**	**-**	**(1,719,487)**
Income tax expense	-	-	(8,654)	-	**(8,654)**
Loss after income tax	**8,840**	**(1,709,720)**	**(27,261)**	**-**	**(1,728,141)**

Segment assets and liabilities

31 December 2015	Midkine $	Consumer Health $	Consumer Health $	Consumer Health $	Consolidated $
	Australia	Australia	Japan	USA	
Assets					
Segment assets	5,372,313	632,715	2,934,854	-	**8,939,882**
Liabilities					
Segment liabilities	(1,589,926)	(889,450)	(487,006)	-	**(2,966,382)**

Notes to the Financial Statements
For the Half-Year Ended 31 December 2016

Note 3 Revenue and other income

	Half-Year 31 December 2016 $	Half-Year 31 December 2015 $
Revenue		
Consumer health and sale of products	2,042,983	1,284,970
Other revenue		
Interest received	16,238	21,744
Licence fees and royalties	110,833	86,848
Other revenue	9,870	81
	136,941	108,673
Total revenue	2,179,924	1,393,643

Other income		
Grant income	831,409	1,121,562
Net gain in foreign exchange	-	33,890
Total other income	831,409	1,155,452

Note 4 Issued capital

	31 December 2016 No.	30 June 2016 No.	31 December 2016 $	30 June 2016 $
At the beginning of the year	928,500,508	795,167,175	32,426,826	28,701,311
Shares issued – private placement	99,000,000	133,333,333	2,969,987	4,000,000
Shares issued – listed option conversion	32,394,541	-	1,101,415	-
Shares issued – unlisted option conversion	3,971,962	-	119,159	-
Transaction costs	-	-	(112,666)	(274,485)
	1,063,867,011	928,500,508	36,504,721	32,426,826

Note 5 Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries.

Name	Country of Incorporation	Percentage Owned (%) 2016	Percentage Owned (%) 2015
Subsidiaries of Cellmid Limited:			
Advangen Limited	Australia	100	100
Kinera Limited	Australia	100	-
Lyramid Limited	Australia	100	-
Subsidiaries of Advangen Limited:			
Advangen International Pty Ltd	Australia	100	100
Advangen Incorporated	Japan	100	100
Advangen LLC	USA	100	-

Note 6 Related Party Transactions

During the half year ending 31 December 2016 the remuneration for Maria Halasz has been restructured to more accurately reflect the management costs incurred by each wholly owned subsidiary of the Consolidated Entity. As a result, Direct Capital Group Pty Ltd, a related party to Maria Halasz, was paid $104,269 for management services. Maria Halasz's salary was reduced commensurately and her total remuneration over the Consolidated Entity did not change during the reporting period.

Note 7 Contingent assets and Contingent Liabilities

Claims
On 22 July 2016, Ikon Communications Pty Ltd (Ikon), a subsidiary of the WPP AUNZ (ASX:WPP) group of advertising agencies, filed legal action against Advangen International Pty Limited (Advangen), Cellmid's wholly owned subsidiary operating the Australian consumer health business.

Ikon's claim is for the amount of $939,055.65 pursuant to the Services Agreement entered into by the parties on 15 June 2015. In the claim Ikon alleges that Advangen has failed to pay certain invoices for services rendered in relation to an advertising campaign.

Advangen strongly disputes that Ikon is entitled to be paid for the work the subject of the invoices. It is Advangen's position that Ikon has breached the Services Agreement, failed to provide certain services at all or adequately and engaged in misleading and dishonest conduct that has caused Advangen loss and damage.

Advangen intends to vigorously defend its position and cross claim for payments already made for services not provided or properly provided by Ikon, as well as for any further damages. It will also ensure that there is adequate security for its costs, and if necessary, apply for an order that security for costs be provided by Ikon.

Guarantees
The Group has given bank guarantees as at 31 December 2016 of $65,829 (30 June 2016: $65,829) relating to the lease of commercial office space.

Other than the matter noted above, the Group had no contingent liabilities or contingent assets at 31 December 2016. (30 June 2016: Nil)

Notes to the Financial Statements

For the Half-Year Ended 31 December 2016

Note 8 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the half year, which significantly affected or could significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Directors' Declaration
For the Half-Year Ended 31 December 2016

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) (a) of the Corporations Act 2001.

On behalf of the Directors

Dr David King
Director

Dated this 27th day of February 2017

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Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cellmid Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cellmid Limited, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cellmid Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cellmid Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

(i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO East Coast Partnership

BDO

Gareth Few

Gareth Few
Partner

Sydney, 27 February 2017