

CELLMID LIMITED

ABN 69 111 304 119

ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

Name of Entity	Cellmid Limited
ABN	69 111 304 119
Half year ended	31 December 2010
Previous corresponding period	31 December 2009

The following information should be read in conjunction with both the Financial Report for the year ended 30 June 2010 and the Interim Report for the half year ended 31 December 2010 and the attached auditors' review report.

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

Financial Results

				31 Dec 2010 \$
Revenue from ordinary activities for the period	Down	80%	To	\$43,167
Loss from ordinary activities after tax for the period attributable to members	Up	5%	To	(\$640,070)
Net Loss after tax for the period attributable to members	Up	5%	To	(\$640,070)

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

General Overview

The Group incurred an after tax loss attributed to members of \$640,070 for the six months to 31 December 2010 (2009: loss of \$612,647). While the Group incurred a loss over the six months, it has made significant progress in all three key business divisions (diagnostics, therapeutics and cosmeceuticals) as follows:

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ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2010 (continue)

Midkine Diagnostics Division

MK-ELISA – FIRST EVER MIDKINE BLOOD TEST COMPLETED

A key achievement for the Group during the period has been the completion of the development of the first, fully validated midkine blood test, the MK-ELISA. The test is highly sensitive detecting midkine in blood both in healthy individuals and in cancer patients. The MK-ELISA is currently sold to researchers and used in the Group's in-house development programs. The Group is currently pursuing CE marking of the test with the view to it becoming the gold standard in midkine measurement.

CK-3000 – COLLABORATION WITH KUMAMOTO UNIVERSITY COMMENCED

The testing of up to 3,000 blood samples from healthy individuals and cancer patients has commenced during the reporting period with the collection of the first 400 blood samples. These are expected to be tested during calendar 1Q2011.

CAN104 - CANINE CANCER DIAGNOSTIC PROGRESSING

Blood sample collection from healthy dogs has been completed during the period and the Group has commenced collecting samples from cancer bearing dogs.

Midkine Therapeutic Division

CAMI103 – MIDKINE FOR THE TREATMENT OF HEART ATTACK

A six stage pre-clinical development program has reached significant milestones for the validation of midkine as a treatment for heart attack as follows:

Stage 1: Dose ranging and tolerability studies – COMPLETED

Stage 2: Pharmacokinetic studies with IV – COMPLETED

Stage 3: In vivo acute dose response studies – COMPLETED (awaiting report)

Stage 4: In vivo co-morbidity studies – COMMENCED

Stage 5: Proof of concept in large animals – IN PLANNING

Stage 6: Chronic infarction studies – IN PLANNING

CAB101 – LEAD ANTIBODY SELECTED FOR HUMANISATION

Following the development and completion of relevant cell migration assays the Group has completed selection of its lead antibody candidate. It is expected that following humanisation it will be tested in several inflammatory and autoimmune disease models. Humanisation is scheduled to commence during 1Q2011 (calendar).

Cosmeceutical Division – Advangen International Pty Ltd

The Group's wholly owned subsidiary, Advangen International Pty Ltd (Advangen), has been established for the development and sale of products for the treatment of various forms of hair loss (alopecia).

ADVANGEN PRODUCTS

Advangen has acquired the exclusive Australian rights to a range of scientifically validated hair growth cycle extension products; the Advangen range of hair growth

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ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2010 (continue)

products. Advangen has also secured rights for the sale of these products in other major markets such as the USA and Europe.

In early December 2010 Advangen launched its hair loss products through its dedicated commerce website www.advangen.com.au. The Group plans to conduct extensive test marketing of the products during calendar 2011, including web based and direct marketing. Key distribution channels will be explored including selling the products through selected hair salons.

The current Advangen range of products consists of:

Jo-Ju™ Hair Growth Cycle Extension Lotion: A lotion for women with active ingredients that have been validated to extend the growth phase of the hair cycle resulting in thicker hair over time.

Lexilis™ Hair Growth Cycle Extension Lotion: A lotion for men with active ingredients that have been validated to extend the growth phase of the hair cycle resulting in thicker hair over time.

Jo-Ju™ Hair Growth Shampoo: A shampoo for men and women.

It is expected that new products will be launched through calendar 2011.

CAIR106 – MIDKINE STUDIES FOR HAIR REGENERATION ARE IN PROGRESS

Advangen has commenced studies in mice treated with chemotherapy agents for the prevention and/or regeneration of hair using midkine. These studies are expected to contribute to Advangen's recently filed patent application on using midkine for the treatment of various forms of hair loss (alopecia).

Midkine Conference

The Group held its inaugural "Excellence in Midkine Research" conference between 4th and 6th November 2010 to great success. The conference was attended by over 50 scientists and advisers from 11 countries. Professors Takashi Muramatsu and Kenji Kadomatsu, the discoverers of midkine, have delivered keynote addresses. In addition, several scientific presentations have been delivered on topics including diagnostic and therapeutic applications of the Group's intellectual property portfolio. Besides raising the profile of midkine the conference has delivered several collaborations between the participants and the Group. Representatives from the University of Istanbul have offered to host the next conference which is expected to be held in mid 2012.

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ASX APPENDIX 4D RESULTS FOR ANNOUNCEMENT TO THE MARKET FOR THE SIX MONTHS ENDED 31 DECEMBER 2010 (continue)

Net Tangible Assets

	Current Period 31 Dec 2010	Previous Period 31 Dec 2009
Net tangible assets per ordinary share	0.73 cents	1.08 cents

The company did not gain or lose control over any entities during the 6-month period.

Associate and Joint Venture entities

Name	Ownership Interest		Aggregate share of losses, where material		Contribution to net loss, where material	
	2010	2009	2010	2009	2010	2009
	%	%	\$'000	\$'000	\$'000	\$'000
Advangen International Pty Ltd	100	100	77	0	77	0

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

**CELLMID LIMITED
and Controlled Entities
ABN 69 111 304 119**

**INTERIM REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2010**

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**CELLMID LIMITED
and Controlled Entities**

ABN 111 304 119

Interim Financial Report

DIRECTORS' REPORT

Your Directors submit the financial report of the Consolidated Group for the half-year ended 31 December 2010.

Directors

The names of directors who held office during or since the end of the half-year:

Dr David King (Chairman)

Ms Maria Halasz (Chief Executive Officer)

Mr Robin Beaumont (Non executive director)

Mr Koichiro Koike (Non executive director) Resigned – 10 December 2010

Principal Activities

The principal activities of Cellmid Limited are the development and commercialisation of diagnostic and therapeutic products for the management of diseases such as cancer and various chronic inflammatory conditions.

Review of Operations

The Group incurred an after tax loss attributed to members of \$640,070 for the six months to 31 December 2010 (2009: loss of \$612,647). Whilst the Consolidated Group incurred a loss over the six months, it has made significant progress in all three key business divisions (diagnostics, therapeutics and cosmeceuticals) as follows:

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Rounding off of amounts

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

Auditor's Declaration

The lead auditor's independence declaration under s 307C of the *Corporations Act 2001* is set out on page 6 for the half-year report ended 31 December 2010.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the *Corporations Act 2001*.

On behalf of the directors



Director

Dr David King

Sydney

Dated this 22nd day of February 2011

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS
ACT 2001**

TO THE DIRECTORS OF CELLMID LIMITED

As lead auditor for the review of the financial report of Cellmid Limited and the entities it controlled for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- b. no contraventions of any applicable code of professional conduct in relation to the review.



PKF



Bruce Gordon

Partner

Sydney

22 February 2011

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

	Note	Consolidated Group	
		31.12.2010	31.12.2009
		\$	\$
Revenue		9,276	-
Interest income		33,438	3,078
Other income		453	218,239
Changes in inventories of finished goods and work in progress		(1,855)	-
Consultancy expense		(63,469)	(99,362)
Employee benefits expense		(302,132)	(260,551)
Depreciation and amortisation expense		(5,746)	(8,097)
Directors remuneration		(101,758)	(52,585)
Finance costs		(60)	(3,656)
Occupancy costs		(40,454)	(12,571)
Professional fees		(22,512)	(8,327)
Research and development expense		(344,042)	(182,196)
Other expenses		(257,768)	(142,434)
Share-based compensation		-	(255,100)
Loss before income tax		<u>(1,096,629)</u>	<u>(803,562)</u>
Income tax benefit		456,559	190,915
Loss from continuing operations		<u>(640,070)</u>	<u>(612,647)</u>
Profit/(loss) from discontinued operations		-	-
Loss for the period	2	<u>(640,070)</u>	<u>(612,647)</u>
Loss attributable to:			
— members of the parent entity		(640,070)	(612,647)
— non-controlling interest		-	-
		<u>(640,070)</u>	<u>(612,647)</u>
Earnings per share			
From continuing and discontinued operations:			
— basic earnings per share (cents)		(0.19)	(0.27)
— diluted earnings per share (cents)		(0.19)	(0.27)
From continuing operations:			
— basic earnings per share (cents)		(0.19)	(0.27)
— diluted earnings per share (cents)		(0.19)	(0.27)
The accompanying notes form part of these financial statements			
Loss for the period		(640,070)	(612,647)
Other comprehensive income			
Loss on available-for-sale investments taken to equity		(14,476)	-

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

	Note	Consolidated Group	
		31.12.2010	31.12.2009
		\$	\$
Other comprehensive income for the period		(14,476)	-
Total comprehensive loss for the period		(654,546)	(612,647)
Total comprehensive loss attributable to:			
— members of the parent entity		(654,546)	(612,647)
— non-controlling interest		-	-
		(654,546)	(612,647)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Consolidated Group	
	31.12.2010	30.06.2010
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,782,827	2,093,185
Trade and other receivables	43,001	56,941
Inventories	1,095,808	1,000,000
TOTAL CURRENT ASSETS	2,921,636	3,150,126
NON-CURRENT ASSETS		
Property, plant and equipment	10,392	14,232
Available for sale financial asset	39,417	53,893
TOTAL NON-CURRENT ASSETS	49,809	68,125
TOTAL ASSETS	2,971,445	3,218,251
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	138,493	312,760
Provisions	69,676	56,552
TOTAL CURRENT LIABILITIES	208,169	369,312
NON-CURRENT LIABILITIES		
Borrowings	245,990	-
TOTAL NON-CURRENT LIABILITES	245,990	-
TOTAL LIABILITIES	454,159	369,312
NET ASSETS	2,517,286	2,848,939
EQUITY		
Contributed equity	17,709,166	17,386,273
Reserves	1,649,648	1,664,124
Accumulated losses	(16,841,528)	(16,201,458)
TOTAL EQUITY	2,517,286	2,848,939

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

	Issued Capital	Share Based Payment Reserve	Asset For Sale Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2009	14,255,828	1,344,331	-	(14,861,510)	738,649
Total comprehensive loss for the period	-	-	-	(612,647)	(612,647)
Subtotal	14,255,828	1,344,331	-	(15,474,157)	126,002
Transactions with equity holders:					
Contributions of equity	3,380,221	-	-	-	3,380,221
Capital raising costs	(245,946)	-	-	-	(245,946)
Share based payments	-	255,100	-	-	255,100
Balance at 31 December 2009	17,390,103	1,599,431	-	(15,474,157)	3,515,377
Balance at 1 July 2010	17,386,273	1,660,231	3,893	(16,201,458)	2,848,939
Total comprehensive loss for the period	-	-	(14,476)	(640,070)	(654,546)
Shares issued during the period	300,393	-	-	-	300,393
Exercise of options	22,500	-	-	-	22,500
Balance at 31 December 2010	17,709,166	1,660,231	(10,583)	(16,841,528)	2,517,286

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

	Consolidated Group	
	31.12.2010	31.12.2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	10,799	-
Payments to suppliers and employees	(1,275,647)	(576,592)
R&D tax rebate received	456,559	190,915
Royalty income	243	212,227
Interest received	33,438	3,040
Finance costs	(60)	(3,656)
Income tax paid	-	-
Net cash used in operating activities	(774,668)	(174,066)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(1,906)	-
Net cash used in investing activities	(1,906)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	220,226	3,380,221
Proceeds from borrowings	7 245,990	-
Repayment of borrowings	-	(19,339)
Share issue costs	-	(245,946)
Dividends paid	-	-
Net cash provided by financing activities	466,216	3,114,936
Net (decrease)/ increase in cash held	(310,358)	2,940,870
Cash and cash equivalents at beginning of the half-year	2,093,185	163,161
Cash and cash equivalents at end of half-year	1,782,827	3,104,031

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 1: BASIS OF PREPARATION

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with *International Financial Reporting Standard IAS Interim Financial Reporting*. The half-year report does not include notes of the type normally included in annual financial report and should be read in conjunction with the most recent annual financial report.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Cellmid limited and its controlled entities (the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2010, 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 statements.

Segment information

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

NOTE 2: RESULTS FOR THE PERIOD

All revenue and expense items that are relevant in explaining the financial performance for the interim period have been included in the Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

NOTE 3: CONTRIBUTED EQUITY

	31.12.2010	30.06.2010	31.12.2010	30.06.2010
	Number	Number	\$	\$
Share Capital				
1 July Opening Balance	325,781,294	187,571,266	17,328,284	14,197,839
Share issue	800,000¹	-	16,000	-
Share issue	3,466,669²	25,010,028	86,667	550,221
Share issue	-	113,200,000	-	2,830,000
Share issue costs	-	-	-	(249,776)
Conversion of converting notes	12,756,526	-	197,726	-
Exercise of options	750,000	-	22,500	-
	343,554,489	325,781,294	17,651,177	17,328,284

¹ Issued in lieu of consultancy services.

² Issued in lieu of directors' fees.

Options

1 July Opening balance	32,702,001	18,099,995	57,989	57,989
Options issued	100,000	5,002,006	-	-
Options issued	-	9,000,000	-	-
Options lapsed	-	(3,000,000)	-	-
Options issued	-	3,600,000	-	-
Options exercised	(750,000)	-	-	-
	32,052,001	32,702,001	57,989	57,989

Total contributed equity

17,709,166 17,386,273

NOTE 4: OPERATING SEGMENTS

The primary business segment and the primary geographic segment within which the consolidated entity operates are biotechnology and Australia respectively. For primary reporting purposes, the entity operates in one business segment and one geographic segment as described.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**NOTE 5: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 6: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no change since the last annual reporting date.

NOTE 7: BORROWINGS

During the half-year the company signed a funding agreement with La Jolla Cove Investors Inc. for the provision of up to US\$8m over three years. Funds received under the facility are not due for repayment until five years from issue and consequently funds received have been recorded as a non-current liability. La Jolla has the option of converting the notes at anytime

DIRECTORS' DECLARATION

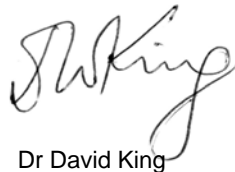
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 14 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to s.303 (5) of the *Corporations Act 2001*.

On behalf of the directors

Director



Dr David King

Sydney

Dated this 22nd day of February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Cellmid Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cellmid Ltd, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration. The consolidated entity comprises Cellmid Ltd and the entities it controlled at 31 December 2010 or from time to time during the half-year ended at that date.

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 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 an Interim 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 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 2010 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 Ltd, 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 Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Tel: 61 2 9251 4100 | Fax: 61 2 9240 9821 | www.pkf.com.au
PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia
DX 10173 | Sydney Stock Exchange | New South Wales

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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 the consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PKF



Bruce Gordon
Partner
Sydney
22 February 2011