MYCELX TECHNOLOGIES CORPORATION (AIM: MYX)

Half Year Results Statement

For the six months ended 30 June 2013

MyCelx Technologies Corporation ("MyCelx" or the "Company"), the clean water technology and engineering company providing patented solutions to the Oil and Gas industry and other commercial industrial markets worldwide, is pleased to announce its interim unaudited results for the six months ended 30 June 2013.

Highlights

Financial

- Revenues up 85.1% to $9.42 million (2012 H1: $5.09 million)
  - Equipment revenues (either sold or leased) up 41.9% to $3.93 million (2012 H1: $2.77 million)
  - Recurring revenue from consumable filtration media and service up 136.6% to $5.49 million (2012 H1: $2.32 million)
- Gross profit up 131.5% to $5.14 million (2012 H1: $2.22 million) and gross profit margins increased to 54.5% (2012 H1: 43.5%)
- Profit before tax was $0.33 million (2012 H1: Loss before tax was $1.54 million)
- EBITDA $0.5 million (2012 H1: EBITDA of negative $1.4 million)
- Contracted order book up 122.8% to $7.42 million (2012 H1: $3.33 million)

Operational

- New contracts, contract extensions and purchase orders, signed:
  - SABIC, two contract extensions and a new contract worth a total of $7.1 million
  - Produced water treatment systems in Albania and Canada worth $1.7 million
  - Wastewater treatment project in Saudi Arabia worth $0.9 million
- Successful new trials in Canada and Middle East
- Moved manufacturing operations and corporate offices to new location in Duluth, Georgia to efficiently expand manufacturing capability
- Live demonstration established in Houston facility showcasing full Produced Water Treatment system including real-time, quantifiable oil removal monitoring

Post period end events

- Line of credit of $5 million established in August for the continued expansion of the fast-to-market lease program
- Installed projects in UAE, US, and Saudi Arabia
- Delivered systems to India, Albania, and Australia for installation in H2 2013
- Received purchase order from global E&P operator for leased system in the Gulf of Mexico
- Received $375K filter replacement order for specialist mercury removal from gas condensate application
- Successful downstream trial at refinery in Alberta, Canada
- Hired Director of Engineering Operations

Outlook

- On certain projects, unforeseen end user delays are expected to defer associated revenues into 2014 therefore reducing projected equipment sales in H2. This is likely to result in revenue and gross profit expectations that are generally consistent with H1 results.
- Recurring media sales continue to grow steadily as new installs add to the recurring media base

Commenting on these results, Connie Mixon, CEO, said:

"We are pleased with our results for the first half of 2013. Strong revenue growth and careful cost control means we are profitable at the pre-tax level at the half year. We are also seeing further momentum generated by our new Texas-based demonstration center. The real-time demonstration of our technology and equipment capabilities is already translating into additional significant project opportunities with a number of super majors in the Gulf of Mexico.

We continue to experience, and are very well positioned to exploit, the significant opportunities driven by the oil and gas and petrochemical industries' desire and need to implement a cost effective, proven technology. Our new manufacturing facility in Georgia has allowed us to streamline operations and service our global clients more efficiently.

Our new business pipeline is strong across all geographies and we are seeing the average project size continue to increase in value. While these significant and more complex projects will result in increased media uptake and improved recurring revenue for MyCelx, we have experienced a number of end user related delays which will likely impact the full year results and increase our caution for 2014 guidance. However, industry acceptance of our technology and products remains strong and our order book still underpins substantial growth next year. We look forward to the future with confidence."

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Chairman's and Chief Executive Officer's Statement

Introduction

The Company demonstrated strong commercial progress with profitability in the first half of 2013 as it continued to focus on expanding engineering and project execution capability. The Middle East region experienced further growth with new sales as well as renewed leases and new geographical regions were opened with sales in Alberta, Canada and Albania. The Company also opened its Houston demonstration center and relocated the corporate and manufacturing facility to Duluth, Georgia. All of these factors have contributed to broadening the reach and enhancing the profile of the Company globally.

Operational Review

During the period, the Company was active across all regions particularly in the Middle East, North America and Europe. MyCelx received two contract extensions in Saudi Arabia for the large equipment leasing program for downstream application as well as a contract for a new system from an existing customer. Also in the Middle East, MyCelx systems were deployed to treat water at an offsite facility on an intermittent basis which serves as a reference for future mobile water treatment opportunities. The lease renewals, the new lease and the offsite application confirm the success of the 'fast to market' lease strategy which the Company will continue to pursue.

To that end, the Company invested capital in three new rental systems during the first half of the year, all of which have been allocated to new or existing projects. It expects to further invest in its rental fleet capacity in order to respond swiftly to customer demand shortening the sales timeline. While the Company is involved in large green field projects where timelines are less predictable, the lease strategy will continue to gain momentum in the Middle East and other regions as the Company vigorously pursues the lease opportunities with existing as well as new customers.

Expanding in new regions highlights the Company's success in gaining broader technology recognition and successful pilot trials. The first sales for produced water treatment systems were made in Alberta and Albania with installation scheduled for H2 2013, both of which underline the Company's ability to handle the more challenging areas of water treatment such as heavy oil and polymer-flood applications.

The Company's technical and engineering team has been predominantly focused during the first half on delivering the major projects previously announced in the Middle East, Australia, ONGC in India, and with the major US oil terminal facility. The team is engaged with finalizing the design and implementation of the standardized modular systems for offshore deployment as well as for the lease and emergency response market. We are also pleased to welcome a new Director of Engineering Operations in Houston with extensive project delivery experience as well as water treatment and chemical engineering expertise.

The Company's business development efforts during the period have been predominantly focused on the US, particularly the Gulf of Mexico following the success of the Houston demonstration center and the Middle East. In Houston, over 100 oil and gas professionals have attended presentations and real-time water processing, in some cases using water samples specifically shipped to the facility from the potential customer installation. By utilising sophisticated monitoring equipment the customer is able to view results as water is processed. Tremendous momentum has been achieved through this venue and the Company is currently working on numerous project proposals with several of the super majors in the

Gulf of Mexico. Furthermore, in Alberta, the Company has made the first sale of a produced water system in the region resulting from successful trials in 2012.

In the Middle East, the Company secured an additional lease for a system to treat process water from an existing SABIC-affiliated customer as the technology continues to be adopted in different areas of the petrochemical processing operation. The Company made progress on multiple project opportunities in Oman, Kuwait, and Qatar and experienced further penetration in Jubail Industrial City, Saudi Arabia. Other regions of focus during the first half included: India, Malaysia, South America and the UK, all of which have yielded multiple proposals that continue to build the Company's prospective pipeline of business.

A measure of the Company's progress in the last two years is the increasing size, profile and complexity of projects in which it is involved. While these projects typically involve higher values for both equipment and recurring media sales, they are often subject to lengthier timelines to completion that can be beyond the control of the Company. This is particularly the case with major green field projects involving multiple interdependent and complex work streams managed by Engineering, Procurement and Construction companies. The Company is currently involved in three such projects in Australia, India and the USA, where it has become evident that installation is likely to occur later than previously envisaged, which will affect how much revenue can be recognised for each project in the current year. In addition, it has become evident that two substantial purchase orders that were expected during Q3 2013 may now be received in Q4. Consequently, the growth of equipment sales in H2 2013 will be more challenging. While recurring media sales will continue to grow into H2, overall revenue and gross profit expectations will likely be consistent with H1 results.

Financial

The Company continued to record a strong financial performance, with total revenues increasing by 85.1% to $9.42 million for the first half of 2013, compared to $5.09 million for the first half of 2012. Revenues from equipment sales and leases increased by 41.9% to $3.93 million for the first half of 2013 (H1 2012: $2.77 million), while recurring revenues from consumable filtration media and service increased by 136.6% to $5.49 million (H1 2012: $2.32 million). Gross profit increased by 131.5% to $5.14 million in the first half of 2013, compared to $2.22 million in the first half of 2012. Gross profit margins increased in the first half of 2013 to 54.5% from 43.5% for the first half of the previous year.

Total operating expenses for the first half of 2013 were $4.79 million. The largest component of operating expenses was Selling, General and Administrative expenses, which includes $2.80 million of salaries and travel.

The Company recorded a profit before tax of $0.33 million in the first half of 2013 compared to a loss before tax of $1.54 million in the first half of 2012. Basic profit per share was 0 cents, compared to basic loss per share of 12 cents for the first half of the previous year.

The Company experienced a cash outflow of approximately $5 million in the first half due to several short term factors. In preparation for the physical move of manufacturing operations to Duluth, Georgia in June 2013, media inventory was built up by $0.6 million to accommodate customer needs for approximately four months. This temporary increase will reduce over the remainder of 2013. Equipment inventory also increased $0.9 million during the period due to the number of installations scheduled for the second half of the year. Receivables increased $3.6 million due to timing of customer payments. These receivable balances have already been collected in H2.

In order to finance the equipment fabrication timeline the Company secured a $5.0 million working capital line of credit through Wells Fargo Bank in conjunction with the Export-Import Bank. This line of credit is secured by certain of the Company's receivables and inventory.

Corporate

In May 2013, the Company bid farewell to three retiring Directors: former Chairman and co-founder John Mansfield, Sr., and Non-executive Directors Dr. Dale Threadgill and Ian Johnson. The Board resolved to bestow upon Mr. Mansfield the title of Chairman Emeritus upon his retirement in recognition of his contribution to the Company, particularly during its early development. The Board is also grateful to Dale and Ian for their contributions to the Company through the IPO and during its subsequent development.

The Board currently consists of three Executive Directors and three Non-executive Directors: Tim Eggar (Chairman [Non-executive]); Connie Mixon (Chief Executive Officer); Mark Clark (Chief Financial Officer); Hal Alper (Chief Science Officer); Brian Rochester (Non-executive Director) and Swinton Griffith (Non-executive Director).

As previously discussed, the Company moved its manufacturing facilities and corporate offices to a new location in Duluth, Georgia in June 2013. The new 65,000 square feet facility will enable the Company to efficiently expand its manufacturing capability and realize operating leverage while better serving the global customer base.

The Company expanded the Middle East office to seven permanent employees, emphasizing our commitment to the region and the size of the opportunity that we believe exists for both the supply and operation of complex water treatment systems. Overall, in the first half the Company added 11 permanent employees in engineering and engineering support.

Summary and Outlook

The market for clean water systems is very robust as the oil and gas sector continues to experience strong growth while continuously seeking proven technology to treat the volumes of water associated with their production goals. MyCelx is well positioned to benefit from the tremendous market growth by providing patented technology to solve the industry's toughest water challenges.

We saw solid progress in the first half 2013. The Company experienced the benefit of recurring consumable media sales and service from the current installed base and leases as well as delivery of six projects contracted in 2011 and early 2012.

Our new business pipeline is strong across all geographies and we are seeing the average project size continue to increase in value. While these significant and more complex projects will result in increased media uptake and improved recurring revenue for MyCelx, we have experienced a number of end user related delays which will likely impact the full year results and increase our caution for 2014 guidance. However, our order book still underpins substantial growth next year and we look forward to the future with confidence.

Tim Eggar
Chairman

Connie Mixon
Chief Executive Officer

MYCELX TECHNOLOGIES CORPORATION
Statements of Operations
(USD, in thousands, except share data)

	Six Months Ended 30 June 2013 (unaudited)	*Six Months Ended 30 June 2012 (unaudited)*	*Year Ended 31 December 2012*
Revenue	**9,423**	**5,093**	**12,297**
Cost of goods sold	4,285	2,877	5,737
Gross profit	**5,138**	**2,216**	**6,560**
Operating expenses:			
Research and development	202	380	870
Selling, general and administrative	4,439	3,217	7,065
Depreciation and amortization	145	159	219
Total operating expenses	**4,786**	**3,756**	**8,154**
Operating income (loss)	**352**	**(1,540)**	**(1,594)**
Other expense			
Interest expense	(19)	(1)	(2)
Income (loss) before income taxes	**333**	**(1,541)**	**(1,596)**
Provision for income taxes	(276)	(5)	(380)
Net income (loss)	**57**	**(1,546)**	**(1,976)**
Earnings (loss) per share-basic	**0.00**	**(0.12)**	**(0.15)**
Earnings (loss) per share-diluted	0.00	(0.12)	(0.15)
Shares used to compute basic income (loss) per share	**12,995,930**	**12,922,873**	**12,922,873**
Shares used to compute diluted income (loss) per share	**14,249,251**	**12,922,873**	**12,922,873**

16 September 2013

The accompanying notes are an integral part of the financial statements.

MYCELX TECHNOLOGIES CORPORATION
Balance Sheets
(USD, in thousands, except share data)

	As of 30 June 2013 (unaudited)	*As of 30 June 2012 (unaudited)*	*As of 31 December 2012*
ASSETS			
Current Assets			
Cash and cash equivalents	2,845	12,605	9,059
Restricted cash	600	-	100
Accounts receivable	4,790	795	2,177
Unbilled accounts receivable	808	24	449
Inventory – net	4,597	3,538	2,964
Prepaid expenses	275	90	295
Other assets	140	23	129
Total Current Assets	**14,055**	**17,075**	**15,173**
Property and equipment – net	8,031	1,281	3,832
Intangible assets – net	547	429	476
Total Assets	**22,633**	**18,785**	**19,481**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	1,913	1,654	1,801
Payroll and accrued expenses	750	272	835
Deferred revenue	105	365	315
Capital lease obligations – current	4	20	13
Note payable – current	73	3	-
Other current liabilities	45	-	63
Total Current Liabilities	**2,890**	**2,314**	**3,027**
Capital lease obligations – long-term	-	4	1
Note payable – long-term	2,203	-	-
Total Liabilities	**5,093**	**2,318**	**3,028**

Stockholders' Equity			
Common stock, $0.025 par value, 100,000,000 shares authorised, 13,161,638 shares issued and outstanding at 30 June 2013 and 100,000,000 shares authorised, 12,922,873 shares issued and outstanding at 30 June 2012 and 31 December 2012.	383	324	324
Additional paid-in capital	26,770	25,383	25,799
Accumulated deficit	(9,613)	(9,240)	(9,670)
Total Stockholders' Equity	**17,540**	**16,467**	**16,453**
Total Liabilities and Stockholders' Equity	**22,633**	**18,785**	**19,481**

The accompanying notes are an integral part of the financial statements.

MYCELX TECHNOLOGIES CORPORATION
Statements of Stockholders' Equity
(USD, in thousands)

	Common Stock		**Additional Paid-in Capital**	**Accumulated Deficit**	**Total**
	Shares	**$**	**$**	**$**	**$**
Balances at 31 December 2011	**12,923**	**324**	**24,947**	**(7,694)**	**17,577**
Stock based compensation expense	-	-	436	-	436
Net loss for the period	-	-	-	(1,546)	(1,546)
Balances at 30 June 2012 (unaudited)	**12,923**	**324**	**25,383**	**(9,240)**	**16,467**
Stock based compensation expense	-	-	416	-	416
Net loss for the period	-	-	-	(430)	(430)
Balances at 31 December 2012	**12,923**	**324**	**25,799**	**(9,670)**	**16,453**
Stock based compensation expense	-	-	229	-	229
Stock issued on exercise of options and warrants	239	59	742	-	801
Net income for the period	-	-	-	57	57
Balances at 30 June 2013 (unaudited)	**13,162**	**383**	**26,770**	**(9,613)**	**17,540**

The accompanying notes are an integral part of the financial statements.

MYCELX TECHNOLOGIES CORPORATION
Statements of Cash Flows
(USD, in thousands)

	Six Months Ended 30 June 2013 (unaudited)	*Six Months Ended 30 June 2012 (unaudited)*	*Year Ended 31 December 2012*
Cash flow from operating activities			
Net income (loss)	57	(1,546)	(1,976)
Adjustments to reconcile net income(loss) to net cash used in operating activities:			
Depreciation and amortization	385	159	406
Stock compensation	229	436	852
Change in operating assets and liabilities:			
Accounts receivable	(2,613)	405	(977)
Unbilled accounts receivable	(359)	(24)	(449)
Inventory	(1,633)	(2,268)	(1,694)
Prepaid and other expenses	9	(33)	(351)
Employee loans and advances	-	30	37
Accounts payable	112	498	645
Payroll and accrued expenses	(85)	17	580
Deferred revenue	(210)	270	220
Other current liabilities	(18)	-	63
Net cash used in operating activities	(4,126)	(2,056)	(2,644)
Cash flow from investing activities			
Payments for purchases of property and equipment	(4,563)	(317)	(3,132)
Payments on capital lease obligations	(10)	(10)	(20)
Payments for purchases of intangible assets	(92)	(96)	(126)
Net cash used in investing activities	(4,665)	(423)	(3,278)
Cash flows from financing activities			
Net proceeds from option and warrant exercises	801	-	-
Payments on notes payable	(10)	(10)	(13)
Proceeds from notes payable	2,286	-	-
Increase in restricted cash	(500)	-	(100)
Net cash provided by (used in) financing activities	2,577	(10)	(113)
Net decrease in cash and cash equivalents	(6,214)	(2,489)	(6,035)
Cash and cash equivalents, beginning of period	9,059	15,094	15,094
Cash and cash equivalents, end of period	2,845	12,605	9,059
Supplemental disclosures of cash flow information:			
Cash payments for Interest	19	1	2

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Nature of business and basis of presentation

Basis of presentation **–** These interim financial statements have been prepared using recognition and measurement principles of Generally Accepted Accounting Principles in the United States of America ("U.S. GAAP").

The interim financial statements for the six months ended 30 June 2013 and 2012 have not been audited.

Nature of business – MyCelx Technologies Corporation ("MyCelx" or the "Company") was incorporated in the State of Georgia on 24 March 1994. The Company provides clean water technology equipment and related services to the oil and gas, power, marine and heavy manufacturing sectors.

2. Summary of significant accounting policies

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase. At 30 June 2013 all of the Company's cash and cash equivalent balances were held in noninterest-bearing transaction accounts.

Restricted cash

The Company classifies as restricted cash all cash whose use is limited by contractual provisions. As of 30 June 2013, restricted cash included $500,000 cash on deposit in a money market account as required by a lender (see Note 9) and $100,000 in a certificate of deposit relating to the Company's Commercial Credit Card Program.

Trade accounts receivable – Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company provides credit in the normal course of business to its customers and performs ongoing credit evaluations of those customers and maintains allowances for doubtful accounts, as necessary. Accounts are considered past due based on the contractual terms of the transaction. Credit losses, when realised, have been within the range of the Company's expectations and, historically, have not been significant. The allowance for doubtful accounts was $0 for the six months ended 30 June 2013 and 2012, and the year ended 31 December 2012.

Inventories – Inventories consist primarily of raw materials and filter media finished goods as well as equipment to house the filter media and are stated at the lower of cost or market value. Equipment that is in the process of being constructed is also included in inventory (work-in-progress). We apply the FIFO method (first in; first out) to account for inventory. Manufacturing work-in-progress and finished products inventory includes all direct costs, such as labor and materials, and those indirect costs which are related to production, such as indirect labor, rents, supplies, repairs and depreciation costs. A valuation reserve is recorded for slow moving or obsolete inventory items. The reserve is determined by item based on purchases in the recent past and/or expected future demand. At 30 June 2013 and 2012, and 31 December 2012, the valuation reserve was $12,000, $0 and $12,000, respectively.

Prepaid expenses and other current assets – Prepaid expenses and other current assets include non-trade receivables that are collectible in less than 12 months, security deposits on leased space and various prepaid amounts that will be charged to expenses within 12 months. Non-trade receivables that are collectible in 12 months or more are included in long-term assets.

Property and equipment – All property and equipment are valued at cost. Depreciation is computed using the straight-line method for financial reporting over the following useful lives:

Office equipment	5-10 years
Leasehold improvements	1-5 years
Manufacturing equipment	7-15 years
Research and development equipment	7-10 years
Purchased software	1-5 years
Equipment leased to customers	5-10 years
Building	39 years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalised. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense includes depreciation on leased equipment which is included in cost of goods sold. Depreciation expense on leased equipment included in cost of goods sold for the six months ended 30 June 2013 and 2012, and the year ended 31 December 2012 was $240,000, $0, and $187,000, respectively.

Intangible assets – Intangible assets are comprised of patents. Intangible assets are amortised over their estimated useful lives using the straight-line method.

Revenue recognition – The Company's revenue consists of media product and equipment sales. Revenues from media sales are recognised, net of sales allowances, when products are shipped and risk of loss has transferred to customers, collection is probable, persuasive evidence of an arrangement exists, and the sales price is fixed or determinable. The Company offers customers the option to lease or purchase their equipment. Lease agreements range from one to twelve months in length and are renewed at the end of each agreement, if necessary. The lease agreements meet the criteria for classification as operating leases; accordingly, revenue on lease agreements is recognised as income over the lease term.

Revenues on long-term contracts related to construction of equipment are recognised on the percentage-of-completion basis using costs incurred compared to total estimated costs. Costs are recognised and considered for percentage completion as they are incurred in the manufacture of the equipment. Therefore, revenues may not be related to the progress billings to customers. Revenues are based on estimates, and the uncertainty inherent in estimates initially is reduced progressively as work on the contract nears completion. Revenues on short-term contracts (six months or less) are recognised on the completed contract method. A contract is considered complete when all costs except insignificant items have been incurred and delivery of equipment has occurred.

Contract costs include all direct labor and benefits, materials unique to or installed to the project, subcontractor costs, as well as costs relative to contract performance such as travel to a customer site and shipping charges. Provision for estimated losses on uncompleted contracts is made in the period in which such losses are determined. No such provisions have been recognised as of 30 June 2013 and 2012, and 31 December 2012. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income, which are recognised in the period in which the revisions are determined. Actual results could vary from estimates used in the financial statements.

Unbilled accounts receivable represents revenues recognised in excess of amounts billed. Deferred revenue represents billings in excess of revenues recognised. Contract retentions are recorded as a component of accounts receivable.

Impairment of long-lived assets – The Company accounts for long-lived assets in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360, Property, Plant and Equipment. Long-lived assets to be held and used, including property and equipment and intangible assets with definite useful lives, are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss, if any, is recognised for the difference between the fair value and carrying value of the assets. Impairment analyses, when performed, are based on the Company's business and technology strategy, management's views of growth rates for the Company's business, anticipated future economic and regulatory conditions, and expected technological availability. For purposes of recognition and measurement, the Company groups its long-lived assets at the lowest level for which there are identifiable cash flows, which are largely independent of the cash flows of other assets and liabilities. No impairment charges were recorded in the six months ended 30 June 2013 and 2012, and the year ended 31 December 2012.

Shipping and handling costs – Consistent with FASB ASC 605-45-50 Shipping and Handling Fees and Costs, the Company classifies shipping and handling amounts billed to customers as revenue, and shipping and handling costs as a component of costs of goods sold.

Research and development costs – Research and development costs are expensed as incurred. Research and development expense for the six months ended 30 June 2013 and 2012, and the year ended 31 December 2012 was approximately $202,000, $380,000 and $870,000, respectively.

Advertising costs – The Company expenses advertising costs as incurred. Advertising expense for the six months ended 30 June 2013 and 2012, and the year ended 31 December 2012 was approximately $17,000, $3,000 and $11,000, respectively.

Rent expense – The Company records rent expense on a straight-line basis for operating lease agreements that contain escalating rent clauses. The deferred rent liability included in accrued expenses in the accompanying balance sheet represents the cumulative difference between rent expense recognised on the straight-line basis and the actual rent paid.

Income Taxes – Income taxes consist of taxes due plus deferred taxes related primarily to differences between the basis of depreciation, inventory capitalisation, and net operating losses, and timing differences of research and development tax credits for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled. Deferred taxes also are recognised for operating losses that are available to offset future taxable income and tax credits that are available to offset future federal income taxes. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realised or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. The Company has elected to use the reduced credit method, under section 280C, for calculating federal research and development tax credits. Under this method research and development costs are expensed as incurred.

The Company recognises interest accrued related to tax in interest expense and penalties in operating expenses. During the six months ending 30 June 2013 and 2012, and the year ended 31 December 2012 the Company recognised no interest or penalties. The Company's tax years 2009 through 2012 remain subject to examination by federal, state and foreign income tax jurisdictions.

Earnings per share – Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and potentially dilutive shares outstanding during the period. Potentially dilutive shares consist of the incremental common shares issuable upon conversion of the exercise of common stock options and warrants. Potentially dilutive shares are excluded from the computation if their effect is antidilutive.

Fair value of financial instruments – The Company uses the framework in ASC 820, Fair Value Measurements and Disclosures to determine the fair value of its financial assets. ASC 820 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value and expands financial statement disclosures about fair value measurements.

The Company did not elect to account for financial instruments using the fair value option of ASC 825. The Company's financial instruments that are not measured at fair value as of 30 June 2013 and 2012, and 31 December 2012 include cash and cash equivalents, accounts receivable, accounts payable, and the line of credit. The carrying values of these financial instruments approximate fair value due to the short term nature of those assets and liabilities. The note payable resulting from the Company's purchase of property and a building (see Note 9) is also not measured at fair value at 30 June 2013. As noted, the Company did not elect to account for financial instruments using the fair value option of ASC 825. The Company also believes it is impractical to disclose the fair value of the note payable as it is an illiquid financial instrument.

Foreign currency transactions – From time to time the Company transacts business in foreign currencies (currencies other than the United States Dollar). These transactions are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency transaction gains or losses are included in selling, general and administrative expenses.

Share-based compensation – The Company issues equity-settled share-based awards to certain employees, which are measured at fair value at the date of grant. The fair value determined at the grant date is expensed, based on the Company's estimate of shares that will eventually vest, on a straight-line basis over the vesting period. Fair value for the share awards representing equity interests identical to those associated with shares traded in the open market is determined using the market price at the date of grant. Fair value is measured by use of the Black Scholes valuation model.

Recently issued accounting standards – Recent authoritative guidance issued by the FASB (including technical corrections to the ASC), and the American Institute of Certified Public Accountants did not or is not expected to have a material effect on the Company's financial statements.

Reclassifications – Certain reclassifications have been made to prior year's presentation to be consistent with current year presentation.

3. Accounts receivable

Accounts receivable and their respective allowance amounts at 30 June 2013 and 2012, and 31 December 2012 follow:

	30 June 2013 *US$000*	30 June 2012 *US$000*	31 December 2012 *US$000*
Accounts receivable	4,790	795	2,177
Less: allowance for doubtful accounts	-	-	-
Total receivable, net	4,790	795	2,177

4. Inventories

Inventories consist of the following at 30 June 2013 and 2012, and 31 December 2012:

	30 June 2013 *US$000*	30 June 2012 *US$000*	31 December 2012 *US$000*
Raw materials	1,503	820	1,005
Work-in-progress	1,900	2,157	1,008
Finished goods	1,206	561	963
Less: Inventory reserve	(12)	-	(12)
Total inventory, net	4,597	3,538	2,964

5. Property and equipment

Property and equipment consists of the following at 30 June 2013 and 2012, and 31 December 2012:

	30 June 2013 *US$000*	30 June 2012 *US$000*	31 December 2012 *US$000*
Office equipment	400	186	326
Leasehold improvements	274	123	139
Manufacturing equipment	665	372	416
Construction in progress	31	31	31
Research and development equipment	310	81	274
Land	709	-	-
Building	2,460	-	-
Purchased software	92	51	90
Equipment leased to customers	4,125	876	3,227

	9,066	1,720	4,503
Less: accumulated depreciation	(1,035)	(439)	(671)
Property and equipment – net	8,031	1,281	3,832

Depreciation expense for the six months ended 30 June 2013 and 2012, and the year ended 31 December 2012 was approximately $364,000, $133,000 and $363,000, respectively. Depreciation expense includes depreciation on leased equipment which is included in cost of goods sold. Depreciation expense on leased equipment included in cost of goods sold for the six months ended 30 June 2013 and 2012, and the year ended 31 December 2012 was $240,000, $0, and $187,000, respectively.

6. Intangible assets

During 2009, the Company entered into a patent rights purchase agreement with a shareholder. The agreement provided for the immediate payment of $28,000 in 2009 with the possibility of an additional $72,000 based on profits on the sales of a particular product. During 2010, the Company paid $22,000 based on profits on the sales of the product and paid the remaining $50,000 in 2011. The patent is amortised utilising the straight-line method over a useful life of 17 years which represents the remaining legal life. Accumulated amortisation on the patent was approximately $17,000, $10,000, and $13,000 as of 30 June 2013 and 2012, and 31 December 2012, respectively

Intangible assets as of 30 June 2013 and 2012, and 31 December 2012 consist of the following:

	Weighted Average Useful lives	30 June 2013 *US$000*	30 June 2012 *US$000*	31 December 2012 *US$000*
Patent defense cost	15 years	798	644	706
Purchased patents	17 years	100	100	100
		898	744	806
Less accumulated amortisation		(351)	(315)	(330)
Intangible assets – net		547	429	476

Approximate aggregate future amortisation expense is as follows:

Year ending 31 December		
2013	$	48,000
2014		42,000
2015		39,000
2016		37,000
2017		25,000

Amortisation expense for the six months ended 30 June 2013 and 2012, and the year ended 31 December 2012 was approximately $21,000, $26,000 and $43,000, respectively.

7. Income taxes

The components of income taxes shown in the consolidated statement of operations are as follows:

	30 June 2013 *US$000*	30 June 2012 *US$000*	31 December 2012 *US$000*
Current:			
Federal	-	-	-
Foreign	276	-	380
State	-	5	-
Total current provision	276	5	380
Deferred:			
Federal	-	-	-
Foreign	-	-	-
State	-	-	-
Total deferred provision	-	-	-
Total provision for income taxes	276	5	380

The provision for income tax varies from the amount computed by applying the statutory corporate federal tax rate of 34%, primarily due to the effect of certain nondeductible expenses and changes in valuation allowances.

A reconciliation of the differences between the effective tax rate and the federal statutory tax rate is as follows:

	30 June 2013	30 June 2012	31 December 2012
Federal statutory income tax rates	34.0%	34.0%	34.0%
State tax rate, net of federal benefit	.5%	(.2%)	.2%
Valuation allowance	(5.9)%	(34.0%)	(41.8%)
Other	0.0%	.2%	(.5%)
Withholding Tax	54.2%	-	(15.7%)
Effective income tax rate	82.8%	0.0%	(23.8%)

The significant components of deferred income taxes included in the balance sheets are as follows:

	30 June 2013 *US$000*	30 June 2012 *US$000*	31 December 2012 *US$000*
Deferred tax assets			
Other	31	2	29
Accrued liability	6	-	131
Charitable contributions	6	-	5
Research and development credits	159	167	159

Equity compensation	521	519	442
Net operating loss	2,905	2,787	2,791
Total gross deferred tax asset	3,628	3,475	3,557
Deferred tax liabilities			
Property and equipment	(553)	(371)	(454)
Other	-	(1)	-
Equity compensation	-	(180)	-
Total gross deferred tax liability	(553)	(552)	(454)
Net deferred tax asset before valuation allowance	3,075	2,923	3,103
Valuation allowance	(3,075)	(2,923)	(3,103)
Net deferred tax asset	-	-	-

Deferred tax assets and liabilities are recorded based on the difference between an asset or liability's financial statement value and its tax reporting value using enacted rates in effect for the year in which the differences are expected to reverse, and for other temporary differences as defined by ASC-740, Income Taxes. At 30 June 2013, the Company has recorded a valuation allowance of $3.0 million for which it is more likely than not that the Company will not receive future tax benefits due to the uncertainty regarding the realization of such deferred tax assets.

As of 30 June 2013, the Company has approximately $8.0 million of gross U.S. federal net operating loss carry forwards that will begin to expire in the 2019 tax year.

In July 2006, the Financial Accounting Standards Board issued Interpretation ASC-740-10-25, Income Taxes, an interpretation of ASC-740. The standard clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognised in the financial statements. Under ASC-740, the impact of an uncertain income tax position on the income tax return must be recognised at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. ASC-740 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. ASC-740 applies to all tax positions related to income taxes.

As a result of the adoption and implementation of ASC-740, a tax position is recognised as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognised is the largest amount of tax benefit that has a greater than 50% likelihood of being realised on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Company recognises interest and penalties related to tax positions in income tax expense. At 30 June 2013 and 2012, and 31 December 2012, there was no accrual for uncertain tax positions or related interest.

8. Line of credit

Since 2010, the Company has had a bank line of credit that allows for borrowings up to $400,000. The line of credit is revolving and is payable on demand. The balance on the line of credit at 30 June 2013 and 2012, and 31 December 2012 was $0. The line of credit carries an interest rate of prime plus 0.30%. The interest rate on 30 June 2013 and 2012, and 31 December 2012 was 3.55%. Interest expense related to this loan for the six months ended 30 June 2013 and 2012, and the year ended 31 December 2012 was $0.

9. Note payable

In April 2011, the Company entered into a lending agreement with a shareholder in the original amount of $1,500,000, payable within 5 days after the Company receives at least $15,000,000 in cash proceeds from an equity offering. The note had an interest rate of 10%, and the Company issued the shareholder 50,000 warrants to purchase common stock of the Company with an exercise price of $0.01 per share. The shareholder may exercise his warrants until April 3, 2016. The note was recognised net of a discount related to the stock warrant. The balance of this note was converted to common stock in connection with the Company's public offering in August 2011. See more discussion of the public offering in Note 10. The warrants remained outstanding at 30 June 2013.

On 27 March 2013, the Company entered into a term loan agreement with a lender for the purchase of property and a building for its manufacturing operations and corporate offices. The Company borrowed proceeds of $2,285,908 at a fixed interest rate of 4.45%. The loan has a 10 year term with monthly payments based on a 20 year amortization. In accordance with the terms of the agreement, the Company is required to maintain a minimum cash balance of $3 million, including $500,000 in a deposit account with the lending bank. As of 30 June 2013, the Company had restricted cash and cash equivalents of $500,000 related to the loan agreement. Future maturities of long-term debt are as follows as of 30 June, 2013:

Year Ending December 31,		
2013	$	46,144
2014		74,350
2015		77,774
2016		81,092
2017		85,092
Thereafter		1,921,456
	$	2,285,908

10. Public offering of common stock

Authorised Shares and Shares Issuance

On 11 July 2011 the authorised share capital of the Company was increased to 100,000,000 Common Shares at a par value of $0.025 each. On 4 August 2011 the Company issued an additional 5,787,455 shares of common stock for $3.44 per share ("the Issuance"). The Company incurred costs in the Issuance of these shares of approximately $3,475,000. The Company received net proceeds of approximately $16,512,000.

Shareholder Loan Repayment

As part of the Issuance, the note payable to a shareholder of $1,500,000 referred to in Notes 9 and 13 was paid by conversion to 437,353 shares of the Company's common stock.

11. Stock compensation

Stock Options

In July 2011, the Company's shareholders approved the Conversion Shares and the Directors' Shares, as well as the Plan Shares and Omnibus Performance Incentive Plan ("Plan"). This included the termination of all outstanding stock incentive plans, cancellation of all outstanding stock incentive agreements, and the awarding of stock incentives to Directors and certain employees and consultants. The Company established the Plan to attract and retain Directors, officers, employees and consultants. The Company reserved ten percent of the Common Shares issued and outstanding immediately following completion of the issuance of additional shares discussed in Note 10.

Upon the Issuance of these additional shares, an award of share options was made to the Directors and certain employees and consultants, and a single award of restricted shares was made to the former Chief Financial Officer. In addition, additional stock options were awarded to two employees and a Director in May 2012 and September 2012, and one employee in January 2013. The awards of stock options and restricted shares made upon the Issuance were in respect of 85 percent of the Common Shares available under the Plan, equivalent to 8.5 percent of the enlarged share capital. The total number of shares reserved for stock awards and options under this Plan is 1,316,163, with 1,141,728 shares allocated as of 30 June 2013. The shares are allocated as 269,713 shares to Non-Executive Directors and 872,015 shares to employees and executives.

The options granted to Non-Executive Directors upon the Issuance have an exercise price equal to $0.86 per share. All other options granted under the Plan upon the Issuance have an exercise price equal to $3.44 per share. Options granted in May 2012 have an exercise price equal to $3.87 per share and options granted in September 2012 and January 2013 have an exercise price equal to $4.02 per share. Unless otherwise agreed, all options vest contingent on continuing service with the Company at the vesting date and compliance with the covenants applicable to such service.

Employee options vest over three years with a third vesting ratably each year. Vesting accelerates in the event of a change of control. Options granted to Non-Executive Directors and one executive vest partially on issuance and will vest partially one to two years later. All Non-Executive Director options must be exercised during the course of the 2015 or 2016 calendar years or they will expire. Vesting accelerates in the event of a change of control.

As discussed in Note 2, the Company uses the Black Scholes valuation model to measure the fair value of options granted. Since we do not have a sufficient trading history from which to calculate our historical volatility, our expected volatility is based on a basket of comparable companies' historical volatility. As our initial options were granted in 2011, we do not have sufficient history of option exercise behavior from which to calculate our expected term. Accordingly, the expected terms of options are calculated based on the short-cut method commonly utilised by newly public companies. The risk free interest rate is based on a blended average yield of two and five year United States Treasury Bills at the time of grant. The assumptions used in the Black Scholes option pricing model for options granted in 2011, 2012 and 2013 were as follows:

	Number of Options Granted	Grant Date	Risk-Free Interest Rate	Expected Term	Volatility	Exercise Price	Fair Value
2011	253,805	08/05/11	0.34%	3.9 years	45.00%	$0.86	$2.63
	661,188	08/05/11	0.34%	6 years	45.00%	$3.44	$1.46

2012	26,000	05/09/12	0.42%	3.9 years	45.00%	$3.87	$1.35
	110,000	05/09/12	0.42%	6 years	45.00%	$3.87	$1.65
	90,000	09/13/12	0.42%	6 years	45.00%	$4.02	$1.71
2013	10,000	01/01/13	0.42%	6 years	45.00%	$4.02	$1.75

The Company assumes a dividend yield of 0.0%.

The following table summarizes the Company's stock option activity for the six months ended 30 June 2013:

Stock Options	**Shares**	**Weighted-Average Exercise Price**	**Weighted-Average Remaining Contractual Term (in years)**	**Average Grant Date Fair Value**
Total Outstanding at 31 Dec. 2012	1,103,587	$2.97	5.5	$1,936,921
Granted	10,000	$4.02	6.0	$17,500
Exercised	(124,922)	$3.44		
Forfeited	-			
Total Outstanding at 30 June 2013	988,665	$2.92	5.4	$1,772,035
Exercisable at 30 June 2013	397,576			

A summary of the status of unvested options as of 30 June 2013 and changes during the six months ended 30 June 2013 is presented below:

Unvested Options	**Shares**	**Weighted-Average Fair Value at Grant Date**
Unvested at 31 December 2012	583,418	$1.51
Granted	10,000	$1.75
Vested	(263,375)	$1.49
Forfeited	-	
Unvested at 30 June 2013	330,043	$1.54

As of 30 June 2013, total unrecognised compensation cost of $268,000 was related to unvested share-based compensation arrangements awarded under the Plan.

Restricted Share Award
On 5 August 2011, the Company issued a restrictive share award to the former Chief Financial Officer. This award consisted of 153,063 shares of Common Stock in the Company. These shares are subject to a number of restrictions and forfeiture provisions that continued for up to two to three years, based on performance, the achievement of certain financial milestones and continuity of service.

17,007 of the restricted shares granted to the former Chief Financial Officer were immediately vested without restrictions or forfeiture provisions effective at the time of the Issuance. 34,014 of the shares were subject to restrictions and forfeiture provisions that lapsed ratably each quarter over a 24 month period.

The former Chief Financial Officer changed his role within the Company as of 31 May 2012 and the restricted share award was modified. As a result, all of the restrictions related to these share awards immediately lapsed resulting in $171,000 of stock based compensation expense being immediately recognised.

Stock Warrants

On 29 July 2011, the Company and one of its consultants entered into a warrant agreement for the consultant's assistance in connection with the Company's initial public offering on 4 August 2011. Pursuant to this agreement, the Company agreed to grant to the consultant a warrant to subscribe for Common Shares representing 1.5 percent of the total shares outstanding immediately following the initial public offering, or 193,843 warrant shares. The warrant vested upon the Issuance. The exercise price of the warrant is $3.44 per share. The warrant is exercisable in whole or in part at any time in the period between 5 August 2011 and 5 August 2016.

The warrant is exercisable, at the election of the consultant, without payment of the exercise price, for such number of Common Shares as is calculated in accordance with a formula set out in the warrant agreement. In summary, that formula operates by calculating the notional net gain that the shareholder would have made if it had exercised its warrant at the exercise price and then sold its shares at the current market value. The formula then uses the notional net gain to calculate such lesser number of Common Shares that the shareholder would need to acquire (at nil acquisition cost) in order to achieve the same notional net gain. In the event that the shareholder exercises the warrant (or any part of it) in this manner, the warrant is deemed to have been exercised in respect of such number of Common Shares as would have been required in order to achieve the same notional net gain had the warrant been exercised at the exercise price.

In addition, either the consultant or the Company may elect, in certain circumstances, including a merger or sale of substantially all of the assets of the Company, to receive or provide (as the case may be) a cash payment, in substitution for the warrant, calculated in accordance with a formula set out in the warrant agreement.

In May 2013, the consultant exercised 113,843 warrants for consideration paid to the Company and we received proceeds of approximately $371,000.

12. Commitments and contingencies

Operating and Capital Leases – The Company has entered into capital lease agreements for equipment through 2014. Equipment under capital leases together with accumulated depreciation at 30 June 2013 and 2012, and 31 December 2012 is as follows:

	30 June 2013 *US$000*	30 June 2012 *US$000*	31 December 2012 *US$000*
Office equipment	19	19	19
Manufacturing equipment	47	47	47
	66	66	66
Less: Accumulated depreciation	(26)	(18)	(23)
Equipment under capital leases – net	40	48	43

The Company entered into an operating lease for equipment in July 2011 for a six month term with monthly lease payments of $15,000. The lease was expanded in January 2012 to include additional equipment and modified to become a monthly lease that is cancellable at any time by return of the equipment. The Company utilised the equipment each month in 2012 and made monthly payments of $30,000. The lease was terminated in January 2013 and the equipment was purchased from the lessor.

The Company entered into an operating lease for a commercial building in Gainesville, Georgia on 1 July 2006. The lease was amended on 19 August 2009. The amended lease commenced December 2009, with monthly payments of approximately $6,000 through June 2011. The lease was amended on 22 March 2011 to extend the term through June of 2013 with monthly payments of approximately $6,000 beginning in July 2011. The amendment also grants a three-year option through June 2016 with monthly payments ranging from approximately $6,000 to $7,000. As discussed in Note 9, the Company purchased property and a building in March 2013 for its manufacturing operations and corporate offices. As such, the option to extend the lease on the property in Gainesville, Georgia was allowed to expire.

The Company entered into an operating lease for additional warehouse space in Gainesville, Georgia on 1 March 2012. The lease was amended on 19 July 2012 to include additional space. The lease is for a period of three years with monthly payments of approximately $3,800.

The Company entered into an operating lease for warehouse and office space in Jubail Industrial City, Kingdom of Saudi Arabia, in May 2012. The lease is for a period of one year at an annual rate of $67,800 and includes an option to renew for a period of one year. In May 2013 the lease was extended for a period of one year.

In June 2012, the Company entered into an operating lease for an apartment in Jubail Industrial City, Kingdom of Saudi Arabia, to accommodate Company employees visiting the Jubail Industrial City office. The lease is for a period of one year at an annual rate of $36,000. The lease includes an option to renew for a period of one year or less. In June 2013 the lease was extended for a period of one year.

The Company entered into an operating lease for office space in London, United Kingdom in September 2012. The lease is for a period of one year at an annual rate of $33,000.

The Company entered into an operating lease for a commercial building on 11 September 2012 in Houston, Texas. The lease commenced October 2012, with monthly payments of approximately $6,500 through January 2018.

Future minimum lease payments under the capital and operating leases, together with the present value of minimum lease payments as of 30 June 2013 are as follows:

	Capital Leases US$000	Operating Leases US$000
Year Ending 31 December		
2013	3	238
2014	1	121
2015	-	91
2016	-	86
2017	-	89
2018	-	8
Thereafter	-	-
Total future lease payments	4	633
Less amount representing interest	-	
Net capital lease liability	4	
Less current portion	(4)	
Total long-term portion of capital lease obligations	-	

Rent expense for the six months ended 30 June 2013 and 2012, and the year ended 31 December 2012 was approximately $216,000, $67,000 and $243,000, respectively.

State Sales Tax – The Company has determined that it has a liability for state sales tax resulting from activities in states where it does not currently collect sales tax from customers and remit to taxing authorities. The ultimate amount due will depend on a number of factors, including the jurisdictional tax rates, the amount of sales to customers who already paid the tax or are exempt, and any penalties and interest. The Company recorded a liability of $120,000 in accrued expenses on the accompanying balance sheet to cover estimated potential exposure relating to the sales tax that should have been collected from its customers and remitted to tax jurisdictions. The Company is in the process of filing voluntary disclosure agreements with state and local taxing authorities and expects to resolve any liabilities by the end of 2013.

13. Related party transactions

The Company has held a patent rights purchase agreement since 2009 with a shareholder as described in Note 6.

In April 2011, the Company entered into a borrowing agreement with a shareholder in the original amount of $1,500,000, payable within 5 days after the Company receives at least $15,000,000 in cash proceeds from an equity offering. The note has a stated interest rate of 10%, and the Company issued the shareholder 50,000 warrants to purchase common stock of the Company, as further described in Note 9. The note is recognised net of a discount related to the stock warrant. The effective interest rate relating to this note is 17% with consideration of the discount on the issuance of the note. The note was repaid at the time of the public offering of stock in August 2011.

14. Concentrations

At 30 June 2013, four customers represented 95% of accounts receivable. During the six months ended 30 June 2013, the Company received 50% of its gross revenue from two customers.

At 31 December 2012, three customers represented 89% of accounts receivable. During the year ended 31 December 2012, the Company received 45% of its gross revenue from two customers.

At 30 June 2012, one customer represented 59% of accounts receivable. During the six months ended 30 June 2012, the Company received 66 of its gross revenue from two customers.

15. Subsequent Events

Management has evaluated subsequent events through 11 September 2013.

<u>Line of Credit</u>

The Company signed a line of credit agreement on 9 August 2013 with a maximum available amount of $5 million. The line of credit is backed by certain of the Company's receivable amounts and inventory including equipment and media filters. The interest rate on the line of credit is a fluctuating rate equal to the highest of the Prime Rate, a rate determined to be 1 ½% above daily one month LIBOR or the Federal Funds Rate plus 1 ½%.

Forward Looking Statements

This release contains certain statements that are or may be "forward-looking statements". These statements typically contain words such as "intends", "expects", "anticipates", "estimates" and words of similar import. All the statements other than statements of historical facts included in this announcement, including, without limitation, those regarding MyCelx's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to MyCelx's products and services) are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future and therefore undue reliance should not be placed on such forward-looking statements. There are a number of factors that could cause the actual results, performance or achievements of MyCelx to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding MyCelx's present and future business strategies and the environment in which MyCelx will operate in the future and such assumptions may or may not prove to be correct. Forward-looking statements speak only as at the date they are made. Neither MyCelx nor any other person undertakes any obligation (other than, in the case of MyCelx, pursuant to the AIM Rules for Companies) to update publicly any of the information contained in this announcement, including any forward-looking statements, in the light of new information, change in circumstances or future events.