

MedMira Inc.

Condensed Interim Consolidated Financial Statements
For the six months ended January 31, 2014 and January 31, 2013
(Unaudited – Prepared by Management)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited financial statements for the period ending January 31, 2014

March 31, 2014

Management's responsibility for financial reporting

The accompanying consolidated financial statements of MedMira Inc. (MedMira or the Company) are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements includes amounts and assumptions based on management's best estimates which have been derived with careful judgement.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to ensure that the financial records are reliable for preparation of the consolidated financial statements.

The Board of Directors of the Company is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the condensed interim consolidated financial statements and the accompanying management's discussion and analysis. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is a subcommittee of the Board of Directors. It is responsible for oversight of the internal control and financial matters assisting the Company's management and independent auditors to ensure that the integrity of the financial reporting process is maintained.

(signed) *Hermes Chan*
Chief Executive Officer

(signed) *Jelle Kuypers*
Chief Financial Officer

Unaudited consolidated statements of financial position
As at January 31, 2014 and July 31, 2013

In Canadian dollars

	<i>Notes</i>	31-Jan-14 \$	31-Jul-13 \$
Assets			
<i>Current assets</i>			
Cash		2,426,743	20,942
Trade and other receivables		219,983	320,253
Prepaid expenses		118,477	70,103
Current tax assets		160,966	205,489
Inventories	4	<u>289,894</u>	<u>205,000</u>
Total current assets		<u>3,216,064</u>	<u>821,787</u>
<i>Non-current assets</i>			
Property, plant and equipment		377,638	345,056
Intangible assets		<u>2</u>	<u>2</u>
Total non-current assets		<u>377,640</u>	<u>345,058</u>
Total assets		<u>3,593,704</u>	<u>1,166,845</u>
Liabilities			
<i>Current liabilities</i>			
Current portion of debt	7	1,781,056	2,190,635
Accounts payable and accrued liabilities		1,865,164	2,560,003
Deferred revenue		<u>146,140</u>	<u>103,322</u>
Total current liabilities		<u>3,792,360</u>	<u>4,853,960</u>
<i>Non-current liabilities</i>			
Provision for royalty		763,306	739,817
Long term portion of debt	7	<u>4,334,072</u>	<u>4,683,668</u>
Total non-current liabilities		<u>5,097,379</u>	<u>5,423,485</u>
Total liabilities		<u>8,889,739</u>	<u>10,277,445</u>
Equity			
Share capital	5	59,018,425	55,661,183
Warrant reserve	5	7,207,647	4,493,647
Stock based compensation reserve	5	1,099,202	1,099,202
Equity reserve		595,770	595,770
Accumulated deficit		<u>(73,217,079)</u>	<u>(70,960,402)</u>
Total shareholders' deficiency		<u>(5,296,035)</u>	<u>(9,110,600)</u>
Total liabilities and equity		<u>3,593,704</u>	<u>1,166,845</u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Approved on behalf of the Board of Directors

(signed) *Hermes Chan*, Director

(signed) *Romano Robusto*, Director

**Unaudited consolidated statements of operations and comprehensive (loss) income
For the three and six months ended January 31, 2014 and January 31, 2013**

In Canadian dollars

	Notes	for the three months ended		for the six months ended	
		31-Jan-14	31-Jan-13	31-Jan-14	31-Jan-13
		\$	\$	\$	\$
Product					
Product sales	3	103,649	220,426	278,369	422,114
Royalties	3	-	35,360	-	35,360
Product cost of sales		<u>(46,250)</u>	<u>(182,175)</u>	<u>(127,238)</u>	<u>(269,610)</u>
Gross margin on product		<u>57,400</u>	<u>73,611</u>	<u>151,130</u>	<u>187,864</u>
Services					
Service sales	3	415,066	277,806	713,192	620,619
Service cost of sales		<u>(269,903)</u>	<u>(191,604)</u>	<u>(521,328)</u>	<u>(481,632)</u>
Gross margin on services		<u>145,163</u>	<u>86,202</u>	<u>191,864</u>	<u>138,988</u>
Operating expenses					
Research and development	10	(170,187)	(40,506)	(287,477)	(121,296)
Sales and marketing		(318,992)	(103,423)	(450,516)	(224,633)
Other direct costs		(199,534)	(93,450)	(291,838)	(151,218)
General and administrative		<u>(669,784)</u>	<u>(499,530)</u>	<u>(1,056,050)</u>	<u>(908,644)</u>
Total operating expenses		<u>(1,358,497)</u>	<u>(736,909)</u>	<u>(2,085,881)</u>	<u>(1,405,791)</u>
Operating loss		<u>(1,155,935)</u>	<u>(577,096)</u>	<u>(1,742,887)</u>	<u>(1,078,939)</u>
Non-operating income (expenses)					
Financing		<u>(261,389)</u>	<u>1,650,827</u>	<u>(513,791)</u>	<u>2,295,022</u>
Net (loss) income		<u>(1,417,323)</u>	<u>1,073,731</u>	<u>(2,256,678)</u>	<u>1,216,083</u>
Basic (loss) earnings per share	6	(0.003)	0.003	(0.005)	0.003
Diluted (loss) earnings per share	6	(0.003)	0.003	(0.005)	0.003

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Unaudited consolidated statements of changes in equity attributable to equity holders of the Company

In Canadian dollars

	Notes	Share capital				Equity reserve	Accumulated deficit	Shareholders' deficiency
		Common shares	Preferred shares	Warrant reserve	Option reserve			
Balance at July 31, 2012		55,658,683	2,500	4,493,647	1,099,202	595,770	(70,558,101)	(8,708,299)
Net and comprehensive income		-	-	-	-	-	1,216,083	1,216,083
Balance at January 31, 2013		55,658,683	2,500	4,493,647	1,099,202	595,770	(69,342,018)	(7,492,216)
Net and comprehensive loss		-	-	-	-	-	(1,618,384)	(1,618,384)
Balance at July 31, 2013		55,658,683	2,500	4,493,647	1,099,202	595,770	(70,960,402)	(9,110,600)
Net and comprehensive loss		-	-	-	-	-	(2,256,678)	(2,256,678)
Issuance of common shares and warrants for cash		3,097,536	-	2,479,113	-	-	-	5,576,649
Issuance of common shares and warrants for debt		293,464	-	234,887	-	-	-	528,351
Share issuance costs		(33,758)	-	-	-	-	-	(33,758)
Balance at January 31, 2014		59,015,925	2,500	7,207,647	1,099,202	595,770	(73,217,079)	(5,296,036)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Unaudited consolidated statements of cash flows
For the six months ended January 31, 2014 and January 31, 2013

In Canadian dollars

	<i>Notes</i>	31-Jan-14	31-Jan-13
		\$	\$
Cash from operating activities			
Cash receipts from customers		1,134,649	1,315,988
Cash paid to suppliers and employees		<u>(3,476,124)</u>	<u>(2,749,309)</u>
Net cash from operating activities		<u>(2,341,475)</u>	<u>(1,433,321)</u>
Cash from investing activities			
Payment to acquire property, plant and equipment		<u>(74,466)</u>	<u>(90,538)</u>
Net cash from investing activities		<u>(74,466)</u>	<u>(90,538)</u>
Cash from financing activities			
Cash proceeds from share issuance		5,576,649	-
Share issuance costs		(33,758)	-
Cash proceeds from interest		10,517	-
Cash proceeds from new debt		399,547	-
Cash payment on existing debt		(1,018,536)	(224,713)
Cash payment of interest		<u>(158,591)</u>	<u>(220,833)</u>
Net cash from financing activities		<u>4,775,829</u>	<u>(445,546)</u>
Net increase (decrease) in cash		2,359,887	(1,969,405)
Cash at the beginning of the period		20,942	2,416,809
Effects of exchange on the foreign currency cash balances		<u>45,914</u>	<u>878</u>
Cash at the end of the period		<u><u>2,426,743</u></u>	<u><u>448,282</u></u>

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

MedMira Inc.

Notes to the unaudited condensed interim consolidated financial statements

For the three and six months ended January 31, 2014 and January 31, 2013

In Canadian dollars

1. Reporting entity

Nature of operations

MedMira Inc. (MedMira or the Company) is a biotechnology company headquartered in Canada. The address of the Company's registered office is 155 Chain Lake Drive, Suite 1, Halifax, Nova Scotia, B3S 1B3. OnSite Lab Holdings AG owns the majority of MedMira's shares and is the controlling shareholder. MedMira, through its subsidiaries, is engaged in the business of research, development and manufacturing of rapid diagnostics and technologies. The Company invests in research in order to maintain and expand its position in the global diagnostics market. MedMira's research is focused on specific areas of the broader diagnostics market, namely the rapid, point-of-care, and *in vitro* sectors.

2. Significant accounting policies

a. Basis of presentation

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, using the same basis of measurement and presentation and the same accounting policies as described in notes 2 and 3 to the Company's audited consolidated financial statements as at and for the year ended July 31, 2013, except as noted below. The condensed interim consolidated financial statements should be read in conjunction with those audited consolidated financial statements.

The condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries which are shown below.

	Country of incorporation	Ownership interest	
		31-Jan-14	31-Jul-13
		%	%
MedMira Inc.	Canada	100	100
MedMira Laboratories Inc.	Canada	100	100
Maple Biosciences Inc.	Canada	100	100
MedMira International AG	Switzerland	100	N/A

The condensed interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All financial information is presented in Canadian dollars unless explicitly stated.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2014.

b. Going-concern

The condensed interim consolidated financial statements have been prepared on a going-concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. However, certain adverse conditions and events cast significant doubt upon the validity of this assumption.

MedMira Inc.

Notes to the unaudited condensed interim consolidated financial statements

For the three and six months ended January 31, 2014 and January 31, 2013

In Canadian dollars

The Company has incurred losses and negative cash flows from operations on a cumulative basis since inception. For the six months ended January 31, 2014, the Company realized a net loss of \$2.3 million (January 31, 2013 – net income \$1.2 million), consisting of a net loss from operations of \$1.7 million (January 31, 2013 – net loss \$1.1 million), and other non-operating expenses of \$0.5 million (January 31, 2013 – gain of \$2.3 million). Negative cash flows from operations were \$2.3 million (January 31, 2013 – \$1.4 million). As at January 31, 2014, the Company had an accumulated deficit of \$73.2 million (July 31, 2013 – \$71.0 million). In addition to its on-going working capital requirements, the Company must secure sufficient funding for its research and development programs for existing commitments, including its current portion of loans of \$1.8 million. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going-concern.

Management is pursuing other financing alternatives to fund the Company's operations so it can continue as a going-concern. Management plans to secure the necessary financing through new equity and debt arrangements. Nevertheless, there is no assurance that this initiative will be successful.

The Company is subject to risks associated with early stage companies, including but not limited to, dependence on key individuals, competition from substitute services and larger companies, and the requirement for the continued successful development and marketing of its products and services. The Company's ability to continue as a going-concern is dependent upon its ability to generate positive cash flow from operations and secure additional financing. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going-concern assumption not appropriate. These adjustments could be material.

c. Changes in accounting policies

The Company adopted the following new and revised International Financial Reporting Standards (IFRS) effective August 1, 2013:

- IFRS 10, Consolidated Financial Statements, defines the principles of control and establish the basis of determining when and how an entity should be included within a set of consolidated financial statements. The adoption of IFRS 10 had no impact on the Company's accounting or disclosures.
- IFRS 11, Joint Arrangements, provides guidance on the accounting for joint arrangements. The adoption of IFRS 11 had no impact on the Company's accounting or disclosures.
- IFRS 12, Disclosure of Interests in Other Entities, requires disclosures relating to a company's interests in subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The adoption of IFRS 12 had no impact on the Company's disclosures.
- IFRS 13, Fair Value Measurement, defines and provides guidance for measuring fair value and requires disclosures about fair value measurements. The adoption of IFRS 13 had no impact on the Company's accounting or disclosures.

d. Future changes in accounting policies

In November 2009, IFRS 9, Financial Instruments, was issued introducing new requirements for classifying and measuring financial assets. In October 2010, IFRS 9 was reissued, incorporating guidance on accounting for financial liabilities and carrying over requirements from existing IFRS regarding derecognition of financial assets and financial liabilities. In December 2011, IFRS 9 was amended deferring the effective date to annual periods beginning on or after

MedMira Inc.

Notes to the unaudited condensed interim consolidated financial statements

For the three and six months ended January 31, 2014 and January 31, 2013

In Canadian dollars

January 1, 2015, with early application permitted. In November 2013, IFRS 9 was further amended to delay the effective date to a future date to be determined. The amendment also provides relief from restating comparative information and required disclosures in IFRS 7, Financial Instruments.

3. Revenue

	for the three months ended		for the six months ended	
	31-Jan-14	31-Jan-13	31-Jan-14	31-Jan-13
	\$	\$	\$	\$
Product sales	103,649	220,427	278,369	422,114
Service revenue	415,066	277,805	713,192	620,619
Royalties and licence	-	35,360	-	35,360
Total revenue	518,715	533,592	991,561	1,078,093

Service revenue is generated from research work on a contract with the U.S. Army. The costs associated with research conducted to earn this revenue have been recognized as a service cost of sales.

The Company organizes and records revenue based on major geographical territories around the world. The table below provides the geographic breakdown of revenue. The negative \$4,032 for the Asia Pacific region represents a reallocation of a proforma invoice previously recorded as revenue.

	for the three months ended		for the six months ended	
	31-Jan-14	31-Jan-13	31-Jan-14	31-Jan-13
	\$	\$	\$	\$
North America	517,983	318,050	930,901	797,247
Latin America and the Caribbean	833	9,181	31,501	73,010
Europe	3,931	1,734	3,931	3,209
Asia Pacific	(4,032)	204,627	25,228	204,627
Total revenue	518,715	533,592	991,561	1,078,093

4. Inventories

As at January 31, 2014, there were no valuation allowances against inventory (July 31, 2013 – \$nil).

During the six months ended January 31, 2014, inventory valued at \$39,269 was expensed as a cost of goods sold (January 31, 2013 – \$133,449).

	31-Jan-14	31-Jul-13
	\$	\$
Raw materials and consumables	161,572	133,034
Work in process	105,202	65,975
Finished goods	23,120	5,991
Total inventories	289,894	205,000

5. Capital and other components of equity

a. Authorized

The Company is authorized to issue an unlimited number of Series A preferred shares, non-voting, non-participating, redeemable at the Company's option at \$0.001 per share after March 31, 2010, convertible into an equal number of common shares upon the Company meeting certain milestones. The preferred shares earn no dividends.

The Company is authorized to issue an unlimited number of voting common shares without nominal or par value.

b. Share capital issued

	Number of		Value of		
	Common shares	Preferred shares	Common shares \$	Preferred shares \$	Total share capital \$
Balance at July 31, 2013	392,264,320	5,000,000	55,658,683	2,500	55,661,183
Issued for cash	111,532,973	-	3,097,536	-	3,097,536
Issued to repay debt	10,567,027	-	293,464	-	293,464
Share issuance costs	-	-	(33,758)	-	(33,758)
Balance at January 31, 2014	514,364,320	5,000,000	59,015,925	2,500	59,018,425

The total common shares issued and outstanding include 4,064,464 common shares held in escrow scheduled to be released when the Company obtains positive operating cash flow. The Company closed a CAD \$6.105 million (CHF 5.5 million) equity investment with OnSite Lab Holding AG (controlling shareholder) in September 2013. Under the terms of the deal, OnSite Lab Holding AG acquired 122,100,000 equity units at \$0.05 per unit that were issued against cash and debt.

The Series A preferred shares had a stated capital of \$2,500 at January 31, 2014 (July 31, 2013 – \$2,500).

c. Warrants

	Number of warrants	Warrant reserve \$
Balance at July 31, 2013	196,119,500	4,493,647
Issued to repay debt	111,532,973	2,479,113
Issued for cash	10,567,027	234,887
Expired warrants	(6,119,500)	-
Balance at January 31, 2014	312,100,000	7,207,647

As part of the equity investment with OnSite Lab Holding AG in September 2013, 122,100,000 warrants were issued in exchange for cash and debt. In Q2 2014 6.1 million warrants expired reducing the closing balance to a total of 312.1 million.

Notes to the unaudited condensed interim consolidated financial statements
For the three and six months ended January 31, 2014 and January 31, 2013
In Canadian dollars

The total warrants outstanding at January 31, 2014 are shown below.

Issued	Number	Exercise price \$	Expiry date
December 8, 2010	20,000,000	0.10	December 8, 2014
July 18, 2011	30,000,000	0.10	July 18, 2015
January 31, 2012	20,000,000	0.10	January 31, 2016
June 11, 2012	120,000,000	0.10	June 11, 2016
September 30, 2013	<u>122,100,000</u>	0.10	September 30, 2017
	312,100,000		

d. Stock based compensation

The Company has established a stock option plan for its employees, officers, and directors. All options vest immediately upon issue and the Company is authorized to issue a maximum of 13,000,000 options annually upon approval by shareholders. Options that have been issued and remain outstanding are exercisable into an equivalent of 3,270,000 common shares (July 31, 2013 – 4,530,000) at an exercise price of \$0.10. The options expire between December 8, 2014 and September 30, 2017. During the three months ended January 31, 2014, no options were issued (January 31, 2013 – nil). All options outstanding at January 31, 2014 were exercisable.

	Number	Weighted average exercise price \$	Equity reserve \$
Options outstanding July 31, 2013	4,530,000	0.10	1,099,202
Options expired/forfeited	(1,260,000)	0.10	-
Options outstanding January 31, 2014	<u>3,270,000</u>	<u>0.10</u>	<u>1,099,202</u>

The following table summarizes information about options outstanding and exercisable at January 31, 2014.

Range of exercise prices	Number outstanding and exercisable	Weighted average exercise price per share	Weighted average remaining contractual life (years)
0.10	3,270,000	0.10	1.20

MedMira Inc.

Notes to the unaudited condensed interim consolidated financial statements

For the three and six months ended January 31, 2014 and January 31, 2013

In Canadian dollars

6. Earnings (loss) per share

	for the three months ended		for the six months ended	
	31-Jan-14	31-Jan-13	31-Jan-14	31-Jan-13
	\$	\$	\$	\$
Net (loss) income attributable to common shareholders	(1,417,267)	1,073,732	(2,256,622)	1,216,083
Issued common shares	514,364,320	392,264,320	514,364,320	392,264,320
Weighted average number of common shares	474,782,452	392,264,320	474,782,452	392,264,320
Basic (loss) earnings per share	(0.003)	0.003	(0.005)	0.004
Diluted (loss) earnings per share	(0.003)	0.003	(0.005)	0.004

Basic and diluted (loss) earnings per share are the same for the three and six months ended January 31, 2014 and 2013 as the exercise of potentially dilutive instruments would be anti-dilutive.

7. Loans and borrowings

	31-Jan-14		31-Jul-13	
	Carrying value	Contract value	Carrying value	Contract value
	\$	\$	\$	\$
Short term loans	252,249	252,249	714,191	714,191
Loan 1	943,173	1,092,500	919,380	1,150,000
Loan 2	1,173,441	1,350,000	1,223,342	1,500,000
Loan 3	29,930	31,000	33,201	39,000
Loan 4	-	-	5,758	5,136
ACOA loans	1,011,745	1,308,595	1,081,163	1,453,999
Nova Scotia Government loan 1	2,647,149	3,190,000	2,843,099	3,480,000
Nova Scotia Government loan 2	57,442	97,390	54,169	97,390
Total loan principal	6,115,128	7,321,734	6,874,303	8,439,716
Long term portion of principal	4,334,072		4,683,668	
Current portion payable of principal	1,781,056		2,190,635	

Short term loans

The Company had one short term loan with a related party. The loan was utilised by the Company for short term working capital requirements, and is payable on demand with an interest rate of 3%. The loan was not in default at January 31, 2014.

Loan 1

Loan established October 31, 2012, bearing 5% interest with monthly interest only payments until November 30, 2013, followed by equal monthly principal payments and accrued interest for five additional years ending November 30, 2018. The loan is secured by interest on intellectual property and on the step-up technology. The loan was not in default at January 31, 2014.

MedMira Inc.

Notes to the unaudited condensed interim consolidated financial statements

For the three and six months ended January 31, 2014 and January 31, 2013

In Canadian dollars

Loan 2

Loan established July 31, 2012, bearing 5% interest with monthly interest only payments until July 31, 2013, followed by equal monthly principal payments and accrued interest for five additional years ending July 31, 2018. The loan was not in default at January 31, 2014.

Loan 3

Loan established July 31, 2012, bearing 5% interest with monthly principal payments of \$1,000, and accrued monthly interest ending September 30, 2016. The loan was not in default at January 31, 2014.

Loan 4

Loan established August 24, 2011, bearing no interest payable in equal monthly payments of US\$5,000. The loan was repaid in the quarter ending January 31, 2014.

Atlantic Canada Opportunities Agency (ACOA) loan

Loan established October 31, 2012, bearing no interest with monthly principal repayments of \$3,747 until July 31, 2013, followed by equal monthly principal payments of \$24,234 for five additional years ending July 31, 2018. The loan is secured by all present and after acquired personal property, excepting consumer goods. The loan was not in default at January 31, 2014.

Nova Scotia Government loan 1

Loan established September 14, 2012, bearing 3% interest with monthly interest only payments until September 31, 2013, followed by equal monthly principal payments for five additional years ending August 31, 2018. The loan is secured by first interest on intellectual property and on the Maple BioSciences Inc. sensor technology. The loan was not in default at January 31, 2014.

Nova Scotia Government loan 2

Loan established September 14, 2012, bearing no interest with the balance due by August 31, 2018. The loan is secured by first interest on intellectual property and on the Maple Bio Science Inc. sensor technology. The loan was not in default at January 31, 2014.

8. Financial instruments

a. Foreign currency risk

Most of the Company's sales are made in foreign currencies. The Company's U.S. dollar foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are shown in the table below.

	31-Jan-14	31-Jul-13
	US\$	US\$
Cash and cash equivalents	448,463	1,239
Trade and other receivables	180,910	315,347
Prepaid expense	-	22,257
Accounts payable and accrued liabilities	79,985	161,066
Deferred income	99,428	66,512
Debt		5,000

A one cent change in the U.S. dollar exchange rate would result in approximately a \$4,500 (July 31, 2013 – \$1,000) impact on the balance sheet and consolidated statement of income.

b. Liquidity risk

Liquidity risk represents the possibility that the Company may not be able to gather sufficient cash resources, when required and under reasonable conditions, to meet its financial obligations. As at January 31, 2014, the Company does not have sufficient cash to meet all of its continual liabilities.

The Company also continues to have an ongoing need for substantial capital resources to research and develop, commercialize and manufacture its products and technologies. The Company is not yet generating a sufficient ongoing revenue stream, nor can it be certain that it will receive significant revenue before additional cash is required. As a result, there can be no guarantee that the Company will have sufficient capital to fund its ongoing operations, develop or commercialize its products without future financing.

The Company's contractual maturities for its financial liabilities are outlined in the table below.

For the period ended January 31, 2014

	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	\$	\$	\$	\$	\$
Loans	7,321,734	1,781,057	3,052,616	1,516,808	971,254
Total debt	7,321,734	1,781,057	3,052,616	1,516,808	971,254

For the year ended July 31, 2013

	Total	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
	\$	\$	\$	\$	\$
Loans	8,439,716	2,190,635	3,057,616	3,133,966	57,499
Total debt	8,439,716	2,190,635	3,057,616	3,133,966	57,499

The payments noted above do not include interest payments.

MedMira Inc.

Notes to the unaudited condensed interim consolidated financial statements

For the three and six months ended January 31, 2014 and January 31, 2013

In Canadian dollars

9. Related parties

The following transactions were recorded with related parties during the three and six months ended January 31, 2014:

- Director fees totalling \$8,117 were incurred (July 31, 2013 - \$16,250).

The following balances with related parties were outstanding at January 31, 2014:

- Accounts payable totalling \$24,309 was due to directors (July 31, 2013 – \$37,244).
- Short term loans totalling \$ 252,249 was due to a director (July 31, 2013 – \$107,778).
- A royalty provision was owed to OnSite Lab Holding AG of \$763,306 (July 31, 2013 – \$739,817).

10. Research and development

The Company receives government grants to offset the cost of developing certain products. These grants are recognized as a credit against the research expense in the period the expense is incurred. There are no unfulfilled conditions regarding the grants.

In addition to grants, the Company receives revenue related to a contract with the U.S. Army. Research expenses related to the U.S. Army contract are recognized in service cost of sales when the revenue is earned. During the three months ended January 31, 2014, \$269,903 (six month ended \$521,328) of the research costs incurred were recognized in service cost of sales (January 31, 2013 – \$191,604).

The following table provides a summary of aggregate research costs and reimbursements.

	for the three months ending		for the six months ending	
	31-Jan-14	31-Jan-13	31-Jan-14	31-Jan-13
	\$	\$	\$	\$
Research and development (R&D) expenses	440,090	262,032	808,805	651,769
Less: R&D allocated to cost of sales	269,903	191,604	521,328	481,632
Less: reimbursed R&D expenses	-	-	-	18,919
Net research and development expense	170,187	70,428	287,477	151,218

11. Expenses by nature

The following table provides the Company's expenses listed by the nature of the expense.

	for the three months ending		for the six months ending	
	31-Jan-14	31-Jan-13	31-Jan-14	31-Jan-13
	\$	\$	\$	\$
Investment income	10,487	2,510	10,517	4,647
Change in inventory	(18,051)	(68,350)	(56,416)	(137,168)
Employee benefits	(692,150)	(497,398)	(1,213,097)	(922,314)
Depreciation	(21,932)	(3,575)	(41,884)	(7,861)
Distribution	(31,600)	(22,965)	(49,085)	(42,873)
Facility	(123,593)	(1,044)	(210,257)	(2,244)
Professional services	(215,265)	(2,688)	(273,761)	(18,118)
Lab supplies	(58,657)	(220,655)	(144,552)	(481,632)
Other expenses	(461,078)	(39,326)	(716,272)	(73,371)
Exchange gains (losses)	36,711	(254,955)	21,937	(429,233)
Finance costs	(325,274)	(69,901)	(539,732)	(186,017)
(Gain)/Loss on settlement of debt	-	-	-	715,689
(Gain)/Loss on fair value of debt	(35,636)	1,718,484	(35,636)	1,718,484
(Gain)/Loss on fair value of royalty	-	-	-	-
	(1,936,038)	540,139	(3,248,238)	137,990