

ASX ANNOUNCEMENT

CELLMID LAUNCHES LIFESTYLE SUBSIDIARY

- Recent preclinical studies indicate that midkine may be useful in the treatment of various forms of hair loss (alopecia)
- Cellmid has established a wholly owned subsidiary, Advangen, to commercialise this opportunity and other lifestyle products
- Advangen is also the sole Australasian distributor for a range of ethical hair loss treatments from Japan
- Revenue from these market ready products is expected to support the midkine alopecia program

SYDNEY, 27 October 2010: Cellmid Limited (ASX:CDY) has launched Advangen International Pty Ltd (ADV), a wholly owned subsidiary focused on the development and sale of lifestyle related cosmeceutical products, initially for the treatment of various forms of hair loss.

The subsidiary was originally set up to take advantage of Cellmid's technology and intellectual property relating to midkine for cosmeceutical products, such as a topical hair loss treatment. The market for hair loss products is estimated to be several billion dollars annually. Most of this money is spent on products with little or no scientific basis.

ADV will be developing over-the-counter pharmacy products for lifestyle issues subject to the strict ethical product development standards of its parent company, Cellmid. To that end ADV has filed a provisional patent application and will conduct pre-clinical safety and efficacy trials. Subject to successful preclinical validation ADV will proceed to validate midkine for the treatment of various forms of alopecia in humans in controlled clinical trials.

To facilitate the funding of the lifestyle subsidiary ADV has negotiated exclusive Australasian distribution rights to a range of market ready, scientifically validated hair growth products from Advangen Inc. Japan. The range includes hair growth shampoo (Jo-Ju shampoo), lotion for women (Jo-Ju scalp lotion) and lotion for men (Lexilis scalp lotion). The products have only been sold in Japan with sales of over 500,000 units of scalp lotion during the first two years of marketing.

These products have been developed by Advangen Inc, the Japanese private company responsible for the formulation and sale of the shampoo and lotions based on research conducted by the National Institute of Advanced Industrial Science and Technology in Japan, with collaboration from the Department of Dermatological Science at the University of Tokushima on a human study.

One of the key active ingredients in these products, *Sanguisorba officinalis* root, has been shown to inhibit FGF-5, a key protein that triggers a transition in hair cycle and eventual hair loss. Animal and human studies demonstrated that using this FGF-5 inhibitor decreases the amount of hair lost and extends the growth phase (anagen) of each hair follicle. Over time, this should result in a fuller head of hair, with increased hair thickness and length.

Findings of the in vitro, pre-clinical and clinical studies in relation to the active ingredient have been detailed in the 2007 publication "*Sanguisorba officinalis* Root Extract has FGF-5 inhibitory activity and reduces hair loss by causing prolongation of the anagen period" (abstract appears below).

"We are excited to have exclusive rights to Advangen's scientifically validated, premier product range for hair loss", commented CEO of Cellmid, Maria Halasz. "These products have been developed to ethical pharmaceutical standards and the active ingredient is registered by the Ministry of Health and Welfare in Japan."

"Cellmid's subsidiary is the ideal product development and distribution partner for us in Australasia since they adhere to the same scientific principles that underpin our products" said CEO of Advangen Inc. Japan, Dr Takeo Matsumoto. "We look forward to broadening our collaborations with ADV further in the future and are pleased that they have adopted our company name, Advangen, with this in mind" he added.

At its inception ADV will be funded by a loan from Cellmid. Subject to the outcome of the initial test marketing ADV is expected to generate the majority of its revenue from product sales. Likewise, initially ADV will be run by Cellmid staff and all sales and marketing functions will be contracted to third party specialist organisations.

ADV will shortly launch a dedicated website for its products, allowing the users not only to purchase but to get informed on new developments, participate in trials and access general alopecia related information.

End

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ABSTRACT

***Sanguisorba officinalis* Root Extract has FGF-5 inhibitory activity and reduces hair loss by causing prolongation of the anagen period**, Nishinohon Journal of Dermatology, 2007, 69[1], pp81-6.

FGF-5 inhibitors with FGF-5-antagonizing activity may be effective against hair loss, as these inhibitors suppress the transition of hair follicles from the anagen to catagen phase caused by FGF-5. We screened 24 substances for their FGF-5-antagonizing activity using both an FGF receptor-1c-transfected Ba/F3 cell line and the C3H mouse, and finally detected *Sanguisorba Officinalis* Root Extract (SO extract) as a reliable FGF-5 inhibitor. Topical application of SO extract elongated the anagen period in C3H mice. In addition, in a clinical study using 39

volunteers with hair loss, the SO extract significantly decreased the telogen/anagen hair ratio and the number of shed hairs. This extract showed a high degree of usefulness clinically. These findings suggest that FGF-5-antagonizing activity of SO extract observed *in vitro* and *in vivo* is closely related to its clinical effects.

About Cellmid Limited (ASX: CDY)

Cellmid Limited is a biotechnology company listed on the Australian Stock Exchange. The Company is the owner of the most comprehensive intellectual property portfolio around midkine globally. Midkine is a significant novel therapeutic and diagnostic target. It is a native protein expressed during early cancer formation as well as at the onset of a number of inflammatory processes. Cellmid is committed to the commercialisation of its portfolio of therapeutic and diagnostic products.

Investment in biotechnology companies

There are a number of inherent risks associated with the research, development and commercialisation of pharmaceutical products. Investment in companies specialising in these activities carry specific risks which are different to those associated with trading and manufacturing businesses. As such, these companies should be regarded as highly speculative. Cellmid recommends that investors seek professional advice before making an investment in its shares.