ISSUE 5

# CELLMID NEWS

24 FEBRUARY 2010

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## NEW NAME, SAME FOCUS

**Dear Shareholder,**

It is my pleasure to update you on Cellmid's recent progress.

Changing the name in November 2009 from Medical Therapies to Cellmid was the culmination of the strategic transformation of the company. The new name, Cellmid, is now associated with "the midkine company" and the unique strategy of building multiple revenue sources around a novel target.

On the deal making front the first success was the lung cancer license to Celera on 29 October 2009. We will continue to pursue collaborations and similar licensing of our IP in the coming year.

In addition to our out-licensing activities we have now commenced the delivery of the product development programs foreshadowed in November 2009. The preclinical validation of our therapeutic antibodies for the treatment of rheumatoid arthritis (CRA102) and multiple sclerosis (CMS101) are well under way.

On the diagnostic front our midkine ELISA development is progressing well. The CAN104 veterinary diagnostic program has already started with the view to further validate midkine as a tumor marker in dog cancers. Other, human, programs for cancer screening and diagnosis (CS5000 and CK3000) are in advanced planning and negotiations.

Cellmid is financially sound with the completion of $4.16 million in capital raising and commitments, ensuring the company's 2010 core programs are fully funded. With a clear product development strategy and multiple revenue opportunities Cellmid is ideally set for growth in 2010.

Yours sincerely,

Maria Halasz
CEO and Managing Director

IMPORTANT DATES

- **18th March 2010**
  **Pharma R&D Partnering Conference presentation by Cellmid Head of Product Development, Darren Jones.**
- **15 April 2010**
  **New website launch**
- **31 April 2010**
  **4C Quarterly Report**
- **1 July 2010**
  **Commencement of new R & D Tax Credit System**

## !!! NEWSFLASH !!!

### New research finds that midkine may be important in tumour prognosis, malignant transformation and tumour angiogenesis

Researchers, lead by Professor Ando at the Graduate School of Medicine at Kumamoto University, have examined tissue samples from patients with salivary gland tumour. They found that high midkine levels positively correlated with malignancy of the tumours. Further, they have looked at micro vessel density (MVD), an indicator of tumour angiogenesis or vascularisation. They found a significant correlation between the degree of MK expression and MVD ($p<0.001$). In addition to its prognostic value this indicates that midkine may play important roles in malignant transformation and tumour angiogenesis in salivary gland tumours. Further details of the study results will be made available once publication is confirmed in the International Journal of Oral and Maxillofacial Surgery.

## MIDKINE PRODUCT DEVELOPMENT PROGRAMS

In addition to the progressive out-licensing of the cancer diagnostic portfolio Cellmid has advanced on a number of internal product development programs.

| Diagnostic Programs | Proof of concept | Clinical Validation | Regulatory approval | Launch |
|---|---|---|---|---|
| MK ELISA | → | → | | |
| CAN104 (canine cancer diagnosis) | → | → | | |
| CS5000 and CK3000 (cancer screening) | → | | | |
| CPEB105 (Gastric cancer diagnosis) | → | | | |
| **Therapeutic Programs** | Research | Preclinical | Clinical | Registration |
| CAMI103 (heart attack) | → | → | | |
| CMS101 (Multiple sclerosis) | → | → | | |
| CRA102 (Rheumatoid arthritis) | → | → | | |

## DIAGNOSTIC PROGRAMS

### MIDKINE ELISA AND CAN104 (CANINE CANCER DIAGNOSIS)

Accurately and sensitively measuring the amount of midkine in patient blood samples is a powerful tool for the diagnosis and monitoring of cancer. Cellmid is currently developing a sensitive and robust assay, an **ELISA**, to do this in partnership with Biogenes GmbH of Germany. Once completed Cellmid will use distributors to sell the product to the research market in addition to making it available to its clinical collaborators. It is expected that a highly accurate midkine ELISA will accelerate Cellmid's cancer diagnostic pipeline.

The company's **CAN104** program, for the validation of midkine as a pan cancer marker in dogs, has also started. Up to 40% of all pet dogs die of cancer and cancer diagnosis and treatment in dogs is a rapidly growing market. Cellmid believes that midkine may be a cost effective and clinically significant early tool to allow effective diagnosis and treatment. The CAN104 study is expected to yield validation data following the testing of up to 175 dogs in key cancer indications such as mammary carcinoma, hemangiosarcoma, mast cell tumours and osteosarcoma. Cellmid has engaged the services of CPC Veterinary Consulting (Melbourne) to assist in the sample collection, testing and evaluation of this program.

### CS5000 AND CK3000 (HUMAN CANCER SCREENING)

We have commenced negotiations for two large screening programs in Japan. The first one, **CK3000** is a collaboration with a Japanese medical school and is expected to test the midkine levels of up to 3000 healthy individuals. The test results should be instructive on normal midkine levels and yield information on possible exclusion criteria for cancer screening.

**CS5000** is a two stage project, initially for the testing of up to 2,000 samples from individuals with positive results from other primary screening tests. An additional 3,000 individuals may also be tested subject to clinically relevant results from the first stage. These additional samples will be collected from the primary screening population and tested for midkine levels. The objective of the studies will be to obtain data on the relevance of midkine as a pan cancer marker for primary population screening.

# THERAPEUTIC PROGRAMS

## CMS101 (MULTIPLE SCLEROSIS ANTIBODY)

Cellmid's multiple sclerosis (MS) program has commenced with the successful production of the first of two therapeutic antibodies to be used in the confirmational pre-clinical studies. The second antibody is currently being produced and the trials are scheduled to commence in April 2010. Preliminary validation studies by Cellmid's scientists have shown that midkine plays a critical role in the pathogenesis of MS, and therapeutic strategies that block or remove midkine can greatly limit progression and development of the disease. Results of the confirmation studies are expected in June and the most promising antibody will then be advanced as a lead candidate towards human clinical trials.

## CRA102 (RHEUMATOID ARTHRITIS ANTIBODY)

Also underway is Cellmid's rheumatoid arthritis (RA) program. Previous studies have demonstrated that midkine plays a crucial role in RA development and progression. In a similar anti-midkine strategy to that for treating MS (see CMS101), Cellmid will also test its two lead monoclonal antibodies in a preclinical animal model of RA. As for the CMS101 program the antibodies are in final production and studies are scheduled to begin in April. Results of these studies are expected to be available in June. The study is being conducted in collaboration with Preclin Biosystems of Switzerland. Preclin is a leading pre-clinical research organisation specialising in autoimmune diseases.

**"Cellmid's business model of owning and controlling all aspects of a key native molecule with roles in many different diseases is visionary and unlike any other I have seen in biotech. This model creates a wealth of unique and exciting opportunities, and I am delighted to be working towards realising this potential" responded Darren Jones, the recently appointed Head of Product of Development when asked why he decided to join Cellmid.**

## CAMI103 (HEART ATTACK)

CAMI103 is Cellmid's midkine therapeutic program for the treatment of heart attack. Previous studies carried out by Cellmid's scientists have demonstrated that midkine is a potent inhibitor of cell death and a powerful promoter of blood vessel growth. The studies completed to date, including those on large animals closely mimicking the function and structure of the human heart, have demonstrated significant reduction in mortality and improvement in various cardiac outputs. These studies have also shown that administering midkine helps maintain heart function in the weeks after heart attack by preventing 'ventricular remodeling', a common result of heart attack that often leads to eventual heart failure in recovering patients. Cellmid is expected to commence a pre-clinical collaboration in April to further develop midkine as a treatment for heart attack. This comprehensive program will run for 12-15 months, with the objective to lodge an IND application and commence human clinical trials pending on positive study outcomes.

Darren Jones MSc
Joined Cellmid in October as
Head of Product Development

## IN BRIEF

### ROBIN BEAUMONT IS CELLMID'S NEW INDEPENDENT DIRECTOR

The Cellmid Board has been enriched with the industry skills and corporate experience of Robin Beaumont. Since his appointment to the Board in October 2009 Robin has been a vocal and welcome contributor to the company's strategy.

Robin Beaumont joined Cellmid as independent non-executive director on 16 October 2009

### CELLMID'S CORE PROGRAMS ARE FULLY FUNDED FOR 2010

With the successful closing of the Company's $4.16 million in capital raising and commitments, all current core product development programs are fully funded for the 2010 calendar year and some beyond. This allows Cellmid to rapidly progress through some of the pre-clinical therapeutic studies and advance the clinical validation programs in the diagnostic portfolio.

### PHARMA R&D PARTNERING WORLD ASIA PRESENTATION

Cellmid has been invited to present at the Pharma R&D Partnering World Asia Conference on 18th March 2010. The presentation is titled "Midkine, a validated marker for early cancer diagnosis and disease management". Copy of the presentation will be made available on the company's website (www.cellmid.com.au) on the same day.

**CELLMID LIMITED**

Level 6, 40 King Street
Sydney NSW 2000
AUSTRALIA

Phone: +612 9299 0311
Fax: +612 92999 2198
E-mail: info@cellmid.com.au

**Cellmid Limited** (ASX:CDY) 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. In addition to its product development programs Cellmid is actively seeking partners for some of its non-core assets.