

ASX ANNOUNCEMENT

PRECLINICAL STUDY SHOWS REDUCTION IN DISEASE SEVERITY

- Cellmid has recently completed in vivo testing of two of its anti-midkine antibodies
- Both antibodies decreased disease severity in an animal model of multiple sclerosis
- Key mechanisms of actions have been demonstrated

SYDNEY, 19 August 2010 - Cellmid Limited (ASX:CDY) recently completed in vivo testing of two of its monoclonal antibodies, CDY91 and CDY92, in animal models of multiple sclerosis and rheumatoid arthritis. Testing was conducted independently by Swiss based Preclin, a contract research organisation with specialist expertise in autoimmune diseases.

Cellmid has a large number of proprietary anti-midkine antibodies which form important components in the Company's product portfolio. The testing has been done as the first phase of the company's antibody evaluation program. The objective of the studies has been to validate results from previous animal experiments using these antibodies. In addition, cell based assays have been completed to further elucidate the antibodies' effect on the development of inflammatory and autoimmune diseases with the view to identify the best disease indication for their use.

In the multiple sclerosis model (EAE) both CDY91 and CDY92 antibodies decreased disease severity. In the same model, treatment with Cellmid's CDY91 antibody significantly reduced inflammatory cell infiltration of the spinal cord indicating a disease modulating effect. This represents potential application in other inflammatory conditions.

In addition to its anti-inflammatory effect CDY91 has also significantly increased the number of regulatory T cells (Treg) in the periphery. Treg cells are key immune cells responsible for controlling autoimmunity. The greater the Treg numbers are the less likely that autoimmunity can develop.

"These findings are encouraging", said Darren Jones, Head of Product Development at Cellmid. "Previous studies using mice without the ability to produce midkine clearly demonstrated that midkine can drive multiple sclerosis like disease by increasing inflammation and suppressing Tregs", he added.

The current studies have confirmed midkine's dual role in inflammatory and autoimmune disease modulation, and they show that antibodies targeting midkine may be important in reducing severity of the symptoms via these mechanisms.

"Cellmid deliberately sought out an independent party to rigorously test the two antibody candidates, rather than conduct these studies in-house," said Maria Halasz, Cellmid CEO. "This approach ensures total objectivity, and we can now confidently progress our programs based on these results."

Cellmid will continue pre-clinical studies on CDY91 and CDY92 and will conduct further testing on a number of its other proprietary anti-midkine antibodies. Cellmid holds over 100 monoclonal antibodies to midkine and a large portfolio of patents for their application in the treatment of inflammation, autoimmunity, vascular plaque formation and adhesion related diseases such as endometriosis.

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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 and autoimmune 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.

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.