



ASX ANNOUNCEMENT

SETTLEMENT OF ADVANGEN INC. ACQUISITION COMPLETED FORM 603

SYDNEY, Tuesday, 28 May 2013: Cellmid Limited (ASX: CDY) is pleased to advise that the settlement of the acquisition of Advangen Inc., Japan (Advangen) has been completed.

As part of the settlement process Cellmid completed payment of JPY120M (AU\$1.2M) in cash and issued 55,737,624 shares at a nominal issue price of 5 cents each to 12 Advangen Inc. shareholders, thereby acquiring 100% of the shares of that company.

All of the shares will be subject to voluntary escrow agreements for up to 12 months. A Notice of Initial Substantial Holder (Form 603) has been attached to this release in relation to Cellmid's interest in the escrowed shares.

End

Contact:
Maria Halasz, CEO
T +612 9221 6830

Cellmid Limited (ASX: CDY)

Cellmid is an Australian biotechnology company developing innovative novel therapies and diagnostic tests for inflammatory diseases, heart attack and cancer. Cellmid holds the largest and most comprehensive portfolio of intellectual property related to midkine and midkine antagonists globally. The Company's most advanced development programme is for the treatment of inflammatory disorders and cancer using its large portfolio of anti-midkine antibodies.

Elevated midkine concentration in the blood and other body fluids is strongly indicative of cancer. Cellmid is commercialising midkine as a biomarker for cancer diagnosis. The first product with midkine as one of the markers, CxBladder, was launched in the US in early 2013.

In 2010 Cellmid set up a dedicated subsidiary, Advangen International Pty Ltd, for the development of midkine for hair growth. Through this subsidiary, the Company acquired exclusive rights in certain territories to a range of hair growth products utilising FGF-5 inhibition technology. The products have since been listed with the TGA and launched on the Australian pharmacy market. The Company intends to expand the distribution of these products internationally in the future.

Transaction background

Advangen Inc. (Advangen) is a private Japanese biotechnology company funded by venture capital investors since 2002. It was originally set up to commercialize the FGF-5 inhibitor hair growth technology developed at Japan's National Institute of Advanced Industrial Science & Technology (AIST).

Advangen Inc. has since developed a range of hair loss prevention lotions and shampoos based on the company's FGF-5 inhibition technology and commenced sales of its first product in Japan in 2007. The market response to Advangen's products has been outstanding and more than 700,000 bottles of the products have been sold since in Japan.

In addition to the current technology Advangen has been actively involved in research and development of additional hair growth products, including new FGF-5 inhibitors. The scientists at Advangen have deep knowledge and experience in developing hair loss products. They understand the requisite animal models and have laboratory facilities to test compounds for in vitro anagen activity (growth promoting) of any compound. It has collaborations with research institutes and has been generating new intellectual property with the view to filing new patents.

In late 2012 Advangen secured Chinese import permits for its Jo-Ju® and Lexilis® branded lotions and shampoos. China is expected to become the most significant market for Advangen's products, and discussions have commenced with several potential distributors to achieve maximum sales. The challenge is to find the most suitable partner that can not only secure strong market penetration through their distribution network, but is also willing to fund marketing costs.

Cellmid has been looking to boost its resources, both expertise and access to capital, since 2010, when the company discovered that midkine is a potent hair growth factor in animals. The Company filed patents around this new intellectual property and has been looking for alternatives to funding the product development program.

An agreement was signed between Advangen and Cellmid (Advagen International Pty Ltd) in late 2010, and amended in 2011, which granted Cellmid manufacturing and distribution rights to Advangen's products in Australia, Europe and the USA. According to this agreement Cellmid was to pay a royalty on sales of the évolis® lotions.

In May 2013 Cellmid has made a successful offer to acquire 100% of Advangen Inc. shares. This acquisition has now been settled, and Cellmid has global rights to the FGF-5 inhibitor products. In addition, Cellmid product sales will now be free of royalty, and raw material costs on évolis® lotions will be reduced providing for greater profitability.

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Cellmid Limited

ACN/ARSN 69 111 304 119

1. Details of substantial holder (1)

Name Cellmid Limited

ACN/ARSN (if applicable) 69 111 304 119

The holder became a substantial holder on 24/05/2013

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
ORD	55,737,624	55,737,624	8.56%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Cellmid Limited	Cellmid Limited is party to a number of voluntary restriction agreements with its shareholders under which each shareholder is prohibited from disposing of their shares for a prescribed period of time. Details of the relevant shareholders, the number of shares they hold and the applicable restriction period is set out in Annexure A to this form. A pro-forma copy of the voluntary restriction agreement signed by each registered holder is set out in Annexure B	55,737,624 ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Cellmid Limited	See Annexure A	The persons named in Annexure A	A total of 55,737,624 ordinary shares See Annexure A for number of shares held by each registered holder

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Cellmid Limited	24/05/2013	The purchase price under the acquisition agreement in respect of Advangen Inc, Japan between Cellmid Limited and the persons named in Annexure A, comprising \$1.2M cash and 55,737,624 shares in the capital of Cellmid Limited.		55,737,624 ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
N/A	N/A

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Cellmid Limited	Suite 1802, 15 Castlereagh Street, Sydney NSW 2000
See Annexure A	See Annexure A

Signature

print name	Maria Halasz	capacity	Director
sign here		date	24/05/2013

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.


 Maria Halasz

Registered Holder	Number of ordinary shares held	Escrow Period	Registered holder's address
Dr Masahiro Asada	475,248	12 Months	2-12 Nagakunidai Tsuchiura-shi Ibaraki 300-0810 Japan
Mr Takanori Hibi	4,752,475	12 Months	490-56 Shimo-beppu Tsukuba-shi Ibaraki 300-2666 Japan
Dr Toru Imamura	712,871	12 Months	2-20-12-1301 Senju-Azuma Adachi-ku Tokyo 120-0025 Japan
Dr Noriie Itoh	9,504,950	12 Months	770-38 Ochi-cho Midori-ku, Chiba-shi Chiba 267-0055 Japan
Dr Syuichi Oka	712,871	12 Months	101 Ocean's nirai 907 Kojya Okinawa-shi Okinawa 904-2161 Japan
Ms Hiroko Kazama	2,376,238	12 Months	Castle 27-303 27-5 Mochibuku-cho Yokkaichi-shi Mie 510-8012 Japan
Ms Naoko Takeda	2,376,238	12 Months	404-201 4-2-2 Namiki Tsukuba-shi Ibaraki 305-0044 Japan
bhp No.2 Investment Limited Partnership	14,257,426	12 Months	Level 2 1-2-8 Higashikanda Chiyoda-ku Tokyo 101-0031 Japan
bhp Inc	2,851,485	12 Months	Level 2 1-2-8 Higashikanda Chiyoda-ku Tokyo 101-0031 Japan
Biotech Healthcare No.1 Limited Partnership	8,732,673	6 months	Level 2 1-2-8 Higashikanda Chiyoda-ku Tokyo 101-0031 Japan
The Yasuda Enterprise Development III Limited Partnership	1,4485,149	6 Months	Marumasu Kojimachi Bild 8F 3-3-8 Kojimachi Chiyoda-ku Tokyo 102-0083 Japan
Moore Family Nominee Pty Ltd ATF Moore Family Superannuation Fund	7,500,000	3 Months	20A Redan Lane Mosman NSW 2088 Australia


Maria Halasz

BETWEEN:

CELLMID LIMITED ABN 69 111 304 119

AND:

**THE PERSON OR CORPORATION SET FORTH IN SCHEDULE 1 AS
HOLDER**

VOLUNTARY RESTRICTION DEED

THIS DEED is made the

day of

2013

BETWEEN: Cellmid Limited ABN 69 111 304 119 of Level 6, 40 King Street, Sydney New South Wales 2000 (**Entity**)

AND: The person or corporation set forth in Schedule 1 (**Holder**)

RECITALS:

- A. The Entity intends to issue the Restricted Securities to the Holder.
- B. The Holder will hold the Restricted Securities as set out in this Deed.
- C. The Holder will only deal with the Restricted Securities upon the terms set out in this Deed.

IT IS AGREED:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **In this Deed:**

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited;

Business Day means any day which is not a Saturday, Sunday or a public holiday in Sydney, New South Wales.

Corporations Act means the *Corporations Act 2001 (Cwlth)*;

Dispose has the meaning ascribed to it in the Listing Rules;

Holding Lock has the meaning ascribed to it in the Listing Rules;

Listing Rules means the Listing Rules of the ASX as amended from time to time;

Party means any party to this Deed and references to **Parties** shall have a corresponding meaning;

Recognised Trustee has the meaning ascribed to it in the Listing Rules;

Restriction Period means the period commencing on the dates of issue of the Restricted Securities and ending on the _____ month anniversary of that date;

Restricted Securities means the Shares set forth in Schedule 2 and any securities attaching to or arising out of those Shares;

Security Interest means any bona fide third party interest in or right:

- (a) over property (including any retention of title to property or any right to set off or withhold payment of any deposit or other moneys); or
- (b) created or otherwise arising over property under a mortgage, charge, bill of sale (as defined in any relevant statute), lien, pledge, trust or right, by way of security for the payment of a debt or other monetary obligation or the performance of or compliance with any other obligation and any instrument or transaction which reserves, constitutes or evidences the interests and rights referred to in paragraph (b);

Share means ordinary shares in the capital of the Entity and references to **Shares** shall have a corresponding meaning;

The terms **control** and **takeover bid** shall have the meanings ascribed to those terms in section 9 of the Corporations Act;

1.2 In this Deed, unless the contrary intention appears:

- (a) a reference to:
 - (i) any statute, ordinance, code or other law includes regulations and other statutory instruments under any of them and consolidations, amendments re-enactments or replacement of any of them;
 - (ii) a person, firm, corporation, association or government body includes any other of them; or
 - (iii) a person includes the person's successors, executors, administrators, substitutes (including a person who becomes a Party by novation) and assigns;
- (b) the singular includes the plural and vice versa; and
- (c) words and expressions defined in the Listing Rules or the Corporations Act, and not in this Deed, have the meanings ascribed to them in the Listing Rules or the Corporations Act (as applicable).

2. ESCROW RESTRICTIONS

2.1 Subject to clause 2.2, during the Restriction Period, the Holder will not do any of the following:

- (a) Dispose of, or agree or offer to Dispose of, the Restricted Securities;
- (b) create, or agree or offer to create, any Security Interest in the Restricted Securities; or
- (c) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of the Restricted Securities.

2.2 Despite anything else in this clause 2, if a takeover bid is made or other formal scheme of arrangement is proposed for the acquisition of some or all of the Shares in the Company, if:

- (a) acceptance of the take-over bid or scheme of arrangement is recommended by the board of the Entity; and
- (b) the board of the Entity resolves to end the restriction on the Restricted Securities so that they may be transferred to the bidder,

the Holder may accept the offer on such terms the Holder decides in respect of some or all of the Restricted Securities registered in its name.

2.3 The Holder acknowledges and agrees that if the takeover bid or scheme of arrangement does not proceed, the Restricted Securities will continue to be restricted in accordance with the terms of this Deed for the remainder of the Restriction Period.

3. SHARES - HOLDING LOCK

3.1 The Entity may implement any procedure it considers necessary or appropriate, including without limitation a Holding Lock, to restrict the Holder from Dealing with the Restricted Securities during the Restriction Period.

3.2 The Holder:

- (a) acknowledges and agrees that during the Restriction Period, the Restricted Securities will be subject to the restrictions imposed by the Entity under clause 3.1;
- (b) consents to the Entity placing such restrictions, including without limitation a Holding Lock, on the Restricted Securities during the Restriction Period, in accordance with clause 3.1; and

- (c) undertakes to not request (or allow another person to request) release of the Restricted Securities from the restrictions imposed in accordance with clause 3.1.

4. CERTIFICATES AND STATEMENTS OF HOLDING

- 4.1 In the event that Restricted Securities are certificated, the Holder will deposit the certificates for the Restricted Securities with a bank or Recognised Trustee for the Restriction Period.
- 4.2 In the event that the Restricted Securities are not certificated, then the Holder shall provide a copy of this Deed to the share registrars of the Entity.

5. WARRANTIES

the Holder represents and warrants to the Entity that the Holder is the sole legal and beneficial holder of the Restricted Securities and that no other person has a substantial interest (including without limitation a substantial economic interest) in the Restricted Securities.

6. CONSEQUENCES OF BREACHING THIS DEED

- 6.1 If it appears to the Entity that the Holder may breach this Deed, the Entity is entitled, but not obliged, to take the steps necessary to prevent the breach, or to enforce this Deed.
- 6.2 If the Holder breaches this Deed, the Entity may:
 - (a) take the steps necessary to enforce this Deed, or to rectify the breach;
 - (b) to the extent permitted by law, Corporations Act and the Listing Rules, refuse to acknowledge, deal with, accept or register any sale, assignment, transfer or conversion or other Disposal of any of the Restricted Securities;
 - (c) sue the Holder for breach of contract; or
 - (d) do all or any of the above things at its option.
- 6.3 The Holder indemnifies and keeps indemnified the Entity against any loss the Entity sustains as a result of any breach of this Deed by the Holder. Without limiting the generality of this indemnity, the Entity's loss is expressly agreed to include all legal costs which the Entity may incur. However, in no event will the Holder be liable for indirect or consequential losses.
- 6.4 The rights and remedies of the Entity referred to in this clause 6 are in addition to and do not derogate from any other rights and remedies that the Entity may have at law as a result of the Holder breaching this Deed.

7. NOTICE

- 7.1 Any notice or other communication to or by any Party shall be in writing and in English.
- 7.2 A notice is deemed to be delivered:
 - (a) If delivered personally, when left at the person's address;
 - (b) If sent by prepaid mail within Australia, three Business Days after posting;
 - (c) if sent by prepaid mail outside of Australia, five Business Days after posting; or
 - (d) if sent by facsimile or electronic mail, at the time and on the day it was successfully sent.
- 7.3 The addresses and numbers for service are initially:

Entity

Address: Suite 1802, Level 18, 15 Castlereagh Street, Sydney
New South Wales 2000
Facsimile: +61 2 9221 8535
Email: halasz@cellmid.com.au
Attention: Maria Halasz

The Holder

As set forth in Schedule 2

8. GENERAL

- 8.1 Each Party shall be responsible for all its own costs incurred in the negotiation of, and the performance of its obligations pursuant to, this Deed including, without limitation, legal costs.
- 8.2 This Deed shall be governed by and construed in accordance with the laws of New South Wales. The Parties submit to the non-exclusive jurisdiction of the courts of New South Wales and the division of the Federal Court of Australia in that jurisdiction and the courts of appeal from them. Each Party waives any immunity or any objection it may have to any action in those courts and to a claim that any action has been brought in an inconvenient forum or to those courts not having jurisdiction.
- 8.3 This Deed may be executed in counterparts. A counterpart may be a facsimile or in electronic or digital form. Together all counterparts make up one and the same document.

Holder's Details

Name:
Address:
Facsimile:
Email:
Attention:

SCHEDULE 2

Restricted Securities to be issued to Holder: _____ Ordinary Shares

EXECUTED by the Parties as a deed

EXECUTED by **Cellmid Limited** ABN 69 111 304
119 by its Attorney Maria Halasz under a power of
attorney dated

.....
Maria Halasz

In the presence of:

.....
Signature of Witness

.....
Name of Witness (BLOCK LETTERS)

EXECUTED by the person or corporation set
forth in **Schedule 1** as **Holder**

.....
Director

.....
Name (BLOCK LETTERS)

.....
Director/Secretary

.....
Name of (BLOCK LETTERS)

OR

SIGNED SEALED AND DELIVERED by the
person or corporation set forth in **Schedule 1**
as **Holder**

.....
Holder

in the presence of:

.....
Signature of Witness

.....
Name of Witness (BLOCK LETTERS)