Modex announces a second collaboration with Serono to develop a high expression cell line for the production of a protein

Lausanne, Switzerland, August 6, 2001 - Modex Therapeutics Ltd (SWX New Market: MDXN) announced today that it has signed a second agreement with Serono S.A. (SWX: SEO and NSYE: SRA) for the engineering of a cell line for the production of a protein of commercial interest. The development will be based on a Modex proprietary expression system, which may result in high protein expression levels.

This two year program will be entirely funded by Serono with Modex earning milestone fees of up to CHF 1 million and a percentage on future income derived from the sale of products based on the expressed protein.

"This second collaboration is very exciting for us" said Jacques R. Essinger CEO of Modex "in that it allows us to further capitalize on our initial investment in protein expression technology previously developed for our BioDelivery programs. It also gives us the opportunity to create a first therapeutic protein production cell line of significant value, opening thus the door to a new business alley".

Modex has developed a unique immortalized human cell line and high expression system for its BioDelivery programs. This cell line can be engineered to express many proteins to very high levels. The cell line has been extensively tested for viral safety and tumorigenicity and represents a unique human cell line platform for industrial protein production.

"The signing of this agreement represents the second collaboration in this area, the first of which is in the final stage of completion, and reflects the creative and

productive relationship we have developed", said Franck Latrille Executive Vice-President Manufacturing Operations, of Serono.

Modex Therapeutics Ltd is a Swiss biotechnology company, based in Lausanne, with a focus on tissue repair, replacement and regeneration (T3R). T3R heralds a new era for healthcare, aiming at regenerating cells for the repair or replacement of deficient tissue. Modex currently focuses its development work on two cell-derived products and technologies:

EpiDex™ is a skin equivalent product in Phase II trials that is derived from stem and precursor cells found in the human hair follicle.

BioDelivery proprietary technology uses immortalized fibroblastic cells to continuously deliver therapeutic proteins and has several candidates in various stages of development.

The strategy of the company is to in-license advanced and promising T3R technologies, to drive them to a mature stage, and to realize the added value by licensing or selling the developed products to pharmaceutical, biotechnology or medical device companies. Modex Therapeutics (MDXN) has been listed on the SWX New Market since June 2000.

Serono is a global biotechnology leader. The Company has six recombinant products on the market, Gonal-F®, Luveris®, Ovidrel®/Ovitrelle®, Rebif®, Serostim® and Saizen® (Rebif® and Luveris® are not approved in the USA). In addition to being the world leader in reproductive health, Serono has strong market positions in neurology, metabolism and growth. The Company's research programs are focused on growing these businesses and on establishing new therapeutic areas. Currently, there are thirteen molecules in development.

In 2000, Serono achieved worldwide revenues of US$1.240 billion, and a net income of US$301 million, making it the third largest biotech company in the

world based on revenues. The Company operates in 45 countries, and its products are sold in over 100 countries. Bearer shares of Serono S.A., the holding company, are traded on the SWX Swiss Exchange (SEO) and its American Depositary Shares are traded on the New York Stock Exchange (SRA).

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