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EpiStem to be admitted to AIM; £3m funds raised

EpiStem Holdings Plc.
Fundraising and Placing by Teather and Greenwood
2.5m of new Ordinary Shares at 124 pence per share

Highlights

- EpiStem Holdings Plc Admission to AIM 4th April 2007
- 2.5 million shares successfully placed at 124 pence per share raising £2.6 million net of expenses
- EpiStem is a biotechnology company commercialising adult stem cells in the areas of oncology and gastrointestinal diseases
- Money will be used to:
 - enable the partnering of novel therapeutic compounds
 - widen the diagnostic platform of the existing cash-flow positive fee for service business
 - general corporate services.
- Institutional investors include:
 - Calculus
 - Yorkshire Fund Managers
 - Rensburg Sheppards
 - Zeus Capital
 - New Star
 - Octopus

Commenting on the completion of the placing, David Evans, Chairman of EpiStem said:

"We are delighted at the positive response that we have had from both our existing investors and new institutions in supporting the development plans of the Company. Alongside our existing list of investors including, Calculus, Yorkshire Fund Managers, Rensburg Sheppards and Jon Moulton, we welcome as new shareholders established institutional investors such as New Star and Octopus.

The money raised will allow us to advance our therapeutic candidates leading to licensing partnerships. We believe candidate therapeutics will enable us to regulate and repair tissue renewal processes providing a new development approach for oncology based diseases. Epithelial cancers account for over 80% of adult cancers. Our integrated discovery and preclinical platform will enable pharmaceutical companies to access data and therapeutics based on the company's unrivalled research knowledge in stem cells which has been amassed over 30 years originally starting at the Paterson Institute at Christie's Hospital, Manchester, UK."

Commenting on his new role as CEO, Matthew Walls said:

The Company has been able to build a profitable and cash generative service support business alongside a innovative discovery program based on its core technology. An AIM quotation gives us the profile to expand our service support business as well as become a leading supplier of validated candidate novel therapeutics for a pharmaceutical industry increasingly demanding novel targets..

The Board has a clear vision of how we will drive both sides of the business to generate shareholder value. The team is highly professional and has an acute sense of how to commercialise its technology for both the short-term expansion and long-term growth of the Company. "

History

EpiStem is a biotechnology company commercialising adult stem cells in the areas of oncology and gastrointestinal diseases as well as cosmeceutical applications. EpiStem develops innovative therapeutics and diagnostic biomarkers and provides contract research services to drug development companies. The Group's expertise is focused on the regulation of adult stem cells located in epithelial tissue, which includes the gastrointestinal tract, skin, hair follicles, breast and prostate. EpiStem does not conduct research in the areas of embryonic stem cells or stem cell transplantation.

Fundraising and Placing

Under the Fundraising and Placing, EpiStem Holdings Plc is issuing 2.5m New Ordinary Shares representing approximately 38 per cent of the Enlarged Share Capital.

Reasons for Admission and the Placing

The Company intends to raise approximately £2.6 million net of expenses pursuant to the Fundraising. The net proceeds Fund raising will be used to:

- fund further research to enable the commercial partnering of therapeutic candidate(s) from the Novel Therapies Division;
- fund the development of the Company's diagnostic platform based on epithelial stem cell biology; and
- general corporate purposes.

The Directors also believe that the profile of the Group will be significantly enhanced as a UK quoted public company.

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