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AACR Conference Used to Present Epistem's Plucked Hair Biomarker

Epistem plc (LSE: EHP), the UK epithelial stem cell company, announced today that data on its plucked hair biomarker platform will be presented at the joint international meeting of the American Association for Cancer Research (AACR), National Cancer Institute (NCI) and European Organisation for Research and Treatment of Cancer (EORTC) being held in San Francisco, California, from October 22nd -26th 2007.

Epistem's biomarker technology is a potentially powerful tool to enable drug companies to measure the effects of new cancer treatments over time in a minimally invasive manner. The biomarker technology is targeted at informing on the early-stage assessment of drugs in preclinical development thereby assisting go/no-go development decisions and reducing the risk of an expensive drug failure in later clinical trials.

The biomarker technology works by taking individual plucked human hairs at various times during cancer treatment and analysing mRNA gene expression changes. Using this approach a core gene set or 'gene signature' is derived in relation to the test drug treatment. Gene expression change in hairs can provide drug development companies with a measure of drug exposure, toxicity, dose/schedule and patient selection in preclinical and clinical drug development. This approach also has the potential to offer oncologists a simple means to more effectively treat cancer patients.

A joint poster presentation will be undertaken with AstraZeneca plc demonstrating the utility of measuring mRNA expression in individual plucked human scalp hairs. Furthermore, the quality of the single hair gene expression data opens up the possibility of using this approach to evaluate drug response in a clinical setting.

An abstract can be viewed on the AACR website at www.aacr.org or under 'latest news' at the Epistem website at www.epistem.co.uk

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Additional Information

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.

EpiStem operates two distinct business divisions, Contract Research Services and Novel Therapies.

Contract Research Services
Contract Research Services provides specialised preclinical efficacy testing primarily for drug development companies on a fee for service basis. This division on a standalone basis is cash generative and profitable with a five-year track record of providing testing services to over 72 international company clients primarily in Europe and the United States.

Novel Therapies
Novel Therapies is focused on developing its own innovative therapeutics and diagnostic biomarkers. Through its discovery platform, Novel Therapies has identified 250 potential drug candidates, of which a subset will undergo further evaluation as stem cell regulators for the Group's emerging drug development pipeline. Novel Therapies is also developing its clinical diagnostic biomarker technology.

Combined Business Model
The Group is exploiting its combined business model to advance its own therapeutic candidates to late preclinical stage development. The business model integrates the discovery efforts of Novel Therapies with the efficacy testing assays of its Contract Research Services Division, to identify and characterise new drug candidates. Revenues generated by Contract Research Services will assist in offsetting Novel Therapies' investment requirements for the discovery and development of therapeutics. In February 2007, EpiStem licensed its first drug candidate to a clinical development company. With the validation of the Novel Therapies discovery platform and the achievement of discovery milestones, the Directors believe that additional licensing partnerships will be forthcoming for therapeutics, diagnostics and cosmeceuticals starting in 2008.