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EPISTEM AWARDED FURTHER LONG TERM FUNDING FOR NIH BIODEFENCE PROGRAMME

MANCHESTER, UNITED KINGDOM – (Marketwire-November 03 2010) - Epistem plc (LSE: EHP), the UK biotechnology and personalised medicine company, announced today that it has been reappointed for up to five years to provide preclinical testing services as a subcontractor to the U.S. National Institutes of Health's (NIH) Radiation/Nuclear Medical Countermeasure Product Development Support Services Contract, which has been awarded to the University of Maryland School of Medicine (UMSOM) in Baltimore. In the first subcontract commencing in 2006, Epistem received approximately 3.5 million USD to develop models and evaluate novel drugs that can treat the effects of radiation damage to the gastrointestinal tract. The new five year subcontract is expected to extend and grow the scope of the collaborative relationship.

This UMSOM programme, referred to as the Medical Countermeasures against Radiological Threats (MCART) programme, is funded by the NIH's National Institute of Allergy and Infectious Diseases (NIAID), and aims to identify and develop new treatments for use in the event of a radiological or nuclear incident. As a subcontractor, Epistem is a member of the research consortium which has been awarded the contract and comprises radiobiology experts, each with specialist knowledge of the effects of radiation in different tissues of the body. Epistem's role is to provide specialized gastrointestinal models to assess the efficacy and mode of action of new drugs entering the programme. In the previous subcontract, the Company refined drug screening methods, further characterised the biology of radiation damage in the gastrointestinal tract and assessed several new drug candidates. Other members of the consortium, which is led by the UMSOM, include Indiana University School of Medicine and Duke University in the USA. Epistem is the only research facility outside of North America within the consortium.

Dr Catherine Booth, Managing Director and Co-Founder of Epistem commented, "The past few years collaboration with NIAID and the UMSOM have been incredibly successful. A series of models have been developed and used to screen potential treatments for acute radiation damage. This fresh contract covering five years will allow us to progress successful candidate drugs, in addition to developing models to assess treatments for the delayed effect of radiation damage".

Professor Tom MacVittie, Ph.D., Principal Investigator and MCART Director at the UMSOM said " I am extremely proud to head this consortium. We have assembled a group of world experts in the field of radiation damage. This new award validates the hard work and progress made from this collaboration over the previous five years. We are hopeful that the outcome from the next five years will be the



successful identification and evaluation of radiation mitigators that will become available to the strategic national stockpile”

For further information on Epistem please visit www.epistem.co.uk or email info@epistem.co.uk or contact:

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Notes to Editors:

About Epistem

Epistem is a biotechnology and personalised medicine company commercialising its expertise in epithelial stem cells in the areas of oncology, gastrointestinal diseases and dermatological applications. Epistem develops innovative therapeutics, biomarkers and diagnostics 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. The Company was originally formed in 2000 and this year celebrates its 10 year anniversary.

Epistem operates three distinct business divisions, Contract Research Services, Novel Therapies and Personalised Medicine (biomarker and diagnostics). The Contract Research Services division provides specialised preclinical efficacy testing, similar to those services provided to the UMSOM, for drug development companies on a ‘fee for service’ basis. This division has a ten-year track record of providing testing services to over 130 international company clients in Europe, the United States and Japan.