

PRESS RELEASE

October 23rd 2006



Epistem signs agreement with Eden Biodesign to manufacture 250 candidate therapeutic proteins

Epistem, a private Manchester based biotechnology company, announced today that it has entered into a contract manufacturing agreement with Eden Biodesign (Liverpool, UK), a leading provider of support and manufacturing services for the pharmaceutical research industry. Eden Biodesign will produce potential therapeutic proteins from a range of 250 regulator genes that Epistem identified via comprehensive screening process to detect changes in adult stem cell regulator levels in intestinal tissues undergoing repair.

Under the terms of the agreement Eden Biodesign will produce proteins that are coded for by the regulator genes identified by Epistem. Epistem's Contract Research Division will evaluate the 250 proteins for their ability to up or down regulate cell production in the gut using its industry-respected preclinical efficacy testing models. These models have been widely used by biotechnology and pharmaceutical companies to evaluate candidate agents for their ability to protect/repair the gut from the toxicity of chemotherapy in cancer patients. The models specifically elucidate dose and dose schedule of drug candidates and their mechanism of action.

Dr Crawford Brown, CEO of Eden Biodesign commented: "We are pleased to be able to use our leading expertise to provide Epistem highly tailored services that will accelerate their drug discovery program."

Dr. Jeff Moore, Managing and Commercialisation Director of the Novel Therapies Division at Epistem, said: "Epistem has achieved an important milestone in translating its unparalleled understanding of the regulation of adult stem cells in the gut into a programme that we believe will yield a portfolio of protein based regulator molecules that we can test for efficacy in our industry-respected adult stem models. Eden Biodesign's manufacturing expertise and capabilities will significantly accelerate our discovery programs."

The project will be executed at the state of the art National Biomanufacturing Centre (NBC), a £34.25 million initiative developed and owned by the Northwest Regional Development Agency (NWDA). Dr Linda Magee, NWDA Biotechnology Sector Director & Head of Bionow, commented: "We are pleased that companies from the region are benefiting from the NBC facility." Eden Biodesign is the operator of the NBC on behalf of NWDA.

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Notes to editors:

The National Biomanufacturing Centre

The £34.25 million National Biomanufacturing Centre, to be officially opened later this year, is a Government-funded initiative led by the Northwest Regional Development Agency (NWDA) additionally funded through the European Regional Development Fund and the Department of Trade and Industry and aims to establish England's Northwest as one of the foremost biomanufacturing centres in Europe.

The centre provides the expertise and facilities to support new and existing biotechnology companies, offering product development services designed to fill in the skill and resource gaps that exist within these organisations. It also provides training in biomanufacturing and analytical sciences, delivering the skilled workforce required to expand the UK biopharmaceutical sector.

There is also an Access Fund of nearly £3 million which is available to qualifying small-to-medium companies and academic groups in the biotechnology sector to assist them in purchasing development and clinical manufacturing services from the Centre.

Epistem Ltd

Epistem is an early-stage biotechnology company translating its unparalleled knowledge of the behaviour of adult epithelial stem cells into high-value in vivo therapeutics, diagnostics, and services. The Company's Contract Research Services Division provides specialised preclinical efficacy testing services in the areas of oncology and inflammatory bowel disease for biotechnology and pharmaceutical companies. With a global client base, EpiStem assists companies to advance their preclinical pipeline efficiently and effectively by providing proof of efficacy, mechanism of action and optimum dosing schedule data. The Novel Therapies Division is discovering the key regulators of adult epithelial stem cells in the intestine and hair follicles and developing an innovative diagnostic using plucked hairs to predict intestinal toxicity in cancer patients undergoing chemotherapy.

EpiStem was awarded the Northwest Regional Development Agency Company of the Year in 2005.

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Eden Biodesign

Eden Biodesign is a successful international biopharmaceutical development and manufacturing services business that provides 'state of the art' development and manufacturing services to biotech clients across Europe, the USA and Asia. It promises all clients a committed service plus the knowledge and expertise to guide clients through process development, manufacturing, regulatory and technology transfer challenges.

The company uses the principles of 'Good Science' at every step of biopharmaceutical development to design programmes and processes that deliver clinically and commercially valuable products, with an accomplished and attentive level of project management that clients need.

Although the NBC will be officially opening on 1 November 2006, **Eden Biodesign has been operating at the NBC since the beginning of this year, working with clients including SR Pharma, Onyvax, Liverpool University and Aquapharm.**