

## **SCS CONSOLIDATES BUSINESS THROUGH TECHNOLOGY BUY-BACK** ("Stem Cell Sciences", "SCS")

21 August 2007

Stem Cell Sciences plc, (AIM:STEM, ASX: STC) today announced the completion of a technology buy-back and rights exchange with Stem Cell Sciences KK (SCS KK, Kobe) to enable each company to pursue their core business focus on a global basis.

Under the terms of the deal, SCS plc and SCS KK exchanged territorial rights to future cell-based therapeutic products. Under the previous arrangement both companies owned 50% rights to the US territory for both SCS plc neural stem (NS) cell based therapeutics and SCS KK adipose-derived stem (hMADS) cell therapies. Under the new deal SCS plc assumes global rights, including 100% of the US market, for all neural stem (NS) cell-based therapies and SCS KK assumes global rights, including 100% of the US market, for SCS adipose-derived stem (hMADS) cell based therapies. SCS plc also regains global rights for all other SCS plc cell therapy opportunities, including embryonic stem (ES) cell based therapies.

SCS plc will also assume world-wide commercialization rights to all SCS group products and technologies for use in basic and applied research. SCS plc will regain rights previously held by SCS KK in Asia for an undisclosed cash fee, although SCS KK will retain existing rights to license hMADS and NS cell technology in Japan.

The focus of SCS plc is the commercialization of stem cell products and technologies for use in basic and applied research and cell-based therapies in neurological disease. The focus of SCS KK is the development of cell-based therapies from adipose –derived stem cells (hMADS).

Commenting on the transaction Dr Peter Mountford, President and Chief Executive Officer said "We are pleased to simplify our model to enable each company to build on its core business interests on a global basis. A single global business in stem cell based research and drug discovery simplifies the revenue generating side of our business, whilst the global market opportunity in neurological disease will help focus and protect our longer term interest in cell-based therapies for neurological disease."

Dr Mountford added, "Japan is a power house for technology development in our field and we maintain strong relations with all key academic scientists and their institutions. We now directly support their programs and directly in-license the technologies we need, such as our recent in-licensing of RIKEN's ROCKi technology.

Kenzo Nakajima, Chief Executive Officer of SCS KK said, "We are pleased to rationalize our business this way. We are focused exclusively on therapeutic development and naturally it is important to us to control a global market for these products".

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**Notes to Editors**

Stem Cell Sciences plc (SCS, AIM: STEM, ASX: STC) is a global biotechnology company providing the biological infrastructure of cells and cell culture media to the burgeoning stem cell research market.

Stem Cell Sciences' core objective is to develop safe and effective cell-based therapies for currently incurable diseases. SCS retains all rights to its technology for therapeutic use and is targeting cell-based therapies for neurodegenerative disease and injury.

Revenues from Stem Cell Sciences' research business are delivered via an integrated network of business teams and regional offices in Edinburgh and Cambridge (UK), Melbourne (Australia) and San Francisco (USA). This global reach provides the Company with the direct access to markets through experienced personnel and local business networks needed to drive SCS's business growth in each region.

The key challenge for the successful application of stem cells in both research and clinical applications is the reproducible supply of pure, fully characterized stem cells and stem cell-derived specialised cells such as nerves and muscle. This represents a significant technological challenge that will require access to multiple technologies and a globally integrated stem cell initiative.

To access cutting edge technologies on a rapid and on-going basis, Stem Cell Sciences has built an exceptional network of highly interactive collaborations with academic centres of excellence in the stem cell field. These collaborations have been the source of our founding technologies and continue to provide an expanding pipeline of products and intellectual property that are central to the Company's strategy and success.

To facilitate research and technology transfer with its major collaborating academic institutions, Stem Cell Sciences' business and scientific teams are usually co-located on site or adjacent to the centre of excellence in independent company facilities. The Company's key collaborating institutes include the Wellcome Trust Centre for Stem Cell Research (University of Cambridge), the Institute of Stem Cell Research (University of Edinburgh), RIKEN Centre for Developmental Biology (Kobe) and the Australian Stem Cell Centre (Melbourne).

Academic and commercial use of stem cells in basic research and drug discovery provides the Company with immediate and growing revenue streams and offsets the cost of technology development for full scale cell production of SCS cell-based therapeutics.

**For further information on the company please visit:**

[www.stemcellsciences.com](http://www.stemcellsciences.com)