



3 March 2009

Company Announcements Office  
Australian Stock Exchange  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Dear Sirs

**BIOTECH CAPITAL LIMITED (BTC)**

**The BTC Board would like to refer shareholders to the attached release made by investee company Stem Cell Sciences plc in regards to a sale of assets to US company Stem Cells Inc.**

A handwritten signature in black ink, appearing to read 'Baden Bowen', written in a cursive style.

**Baden M Bowen  
Company Secretary**

Press Release

**STEMCELLS, INC. TO ACQUIRE CELL-BASED DRUG DISCOVERY PLATFORMS  
AND RELATED BUSINESSES OF STEM CELL SCIENCES PLC  
FOR US\$4.8 MILLION**

**Suspension of trading on AIM lifted  
Notice of Extraordinary General Meeting  
("Stem Cell Sciences", "SCS", "the Company")**

3<sup>rd</sup> March 2009

**Cambridge, UK.** Stem Cell Sciences plc (AIM: STEM, ASX: STC) is pleased to announce that it has entered into a definitive agreement (the "Agreement") with StemCells, Inc. a publicly traded Delaware corporation (Nasdaq: STEM), for the sale of the Trading Subsidiaries of the Company and certain ancillary agreements, assets, properties and rights for a maximum total consideration of approximately US\$4,849,000.

StemCells will acquire the operating subsidiaries and certain related assets of Stem Cell Sciences ("SCS") for 2,650,000 shares of StemCells common stock and approximately \$715,000 of waived loan entitlements. The closing price for StemCells shares traded on Nasdaq on 27 February 2009 (being the last practicable date prior to publication of the circular) was \$1.56 per share.

The transaction is subject to customary closing conditions, including the approval of the shareholders of SCS in general meeting. Accordingly a circular has today been posted to shareholders giving notice of the EGM which is to be held at Daniel Stewart & Company, Becket House, 36 Old Jewry, London EC2R 8DD at 11.00am on 27 March 2009. Copies of this circular are available on the Company's website, [www.stemcellsciences.com](http://www.stemcellsciences.com).

Members of the SCS Board and other significant stockholders representing over 30% of the SCS shares outstanding have irrevocably agreed to vote in favor of the transaction. Approval by StemCells' stockholders is not required.

StemCells, which is focused on the discovery and development of tissue-derived cellular products for therapeutic uses, will acquire upon completion of the acquisition:

- proprietary cell technologies relating to embryonic stem cells, induced pluripotent stem (iPS) cells, and tissue-derived (adult) stem cells;
- expertise and infrastructure for providing cell-based assays for drug discovery and screening, including automated robotic production and manipulation of stem and progenitor cells;
- patented gene insertion technology, with broad utility in drug screening and for applications in cell and gene therapy;
- the SC Proven<sup>®</sup> media formulation and reagent business, including the iSTEM<sup>®</sup> 2i, 3i, Passaid<sup>™</sup>, HEScGRO<sup>™</sup>, and EScGRO<sup>™</sup> proprietary media;
- a portfolio of over twenty patent families claiming a range of technologies relevant to cell processing, reprogramming and manipulation and gene targeting; and
- existing business and license relationships respecting SCS technologies entered into by several major life science companies, such as Merck and Millipore, among others.

"The industrial logic of this acquisition is compelling," said Martin McGlynn, President and CEO of StemCells. "StemCells has established itself as a world leader in tissue-derived stem and progenitor cells for therapeutic uses, while Stem Cell Sciences has focused on non-therapeutic applications for embryonic and tissue derived stem cells, such as cell-based assays for drug discovery and screening. This proposed acquisition will combine three distinct stem cell platforms, adult, embryonic and iPS cells, for both therapeutic and drug discovery applications, and will position StemCells to diversify and pursue near-term commercialization opportunities while continuing to develop our cell-based therapeutic products."

"StemCells, Inc. is the logical home for our businesses," said Alastair Riddell, Chief Executive Officer of Stem Cell Sciences. "Our respective technologies and capabilities are highly complementary, and the Stem Cell Sciences Board is confident StemCells has the knowledge and resources to fully leverage these assets and realize their potential value."

#### **TERMS OF THE TRANSACTION**

Under the terms of the asset purchase agreement, StemCells will acquire substantially all of the operating assets and liabilities of SCS, including its research and development operations in Cambridge, UK and near Melbourne, Australia, and substantially all its intellectual property portfolio. It is expected that most of SCS' approximately 20 full-time current staff will remain with StemCells upon completion of the transaction.

As consideration for these assets, StemCells will, except as provided below, issue 2,650,000 shares of common stock to SCS. In addition, upon completion, StemCells will waive certain loan obligations of SCS to repay approximately \$715,000 in cash made available by StemCells to SCS for its working capital purposes. The actual number of shares delivered to SCS at completion will depend on the acquired subsidiaries having at least an agreed-upon target amount of working capital. A portion of the consideration shares (20% or 530,000 shares) will be held in escrow for release in 12 months, subject to any claims for indemnification StemCells may make under the terms of the agreement.

The transaction is expected to close within two months, after which SCS expects to wind down its operations and distribute proceeds from the sale of the acquisition shares, less its transaction and wind-down expenses, to its stockholders.

#### **SUSPENSION OF TRADING ON AIM LIFTED**

Following the announcement of the Company having entered into the Agreement with StemCells Inc. the suspension in trading on AIM of the Company's Ordinary Shares has been lifted. However, Shareholders should note that in the event the Resolutions are approved at EGM the Company expects to apply for the trading on AIM of the Company's Ordinary Shares to be cancelled 90 days after Completion, 29 June 2009. The Company will give 10 Business Days notice of the Cancellation.

The rules of the ASX require the Company to publish a preliminary report for the year to 31 December 2008 by 27 February 2009. Given the current circumstances the Board does not intend to prepare this report and as such there is no expectation for trading on the ASX to be resumed.

#### **EGM**

The notice convening the EGM to be held at the offices of Daniel Stewart, 36 Old Jewry, London EC2R 8DD at 11.00 a.m. on 27 March 2009 is set out at the end of the circular, posted today, to approve, as an Ordinary Resolution, the Disposal, and as a Special Resolution, the Cancellation, the Re-Registration and the Change of Name.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|  |                             |
|--|-----------------------------|
| Circular publication date  | 3 March 2009                |
| Latest time and date for receipt of Forms of Proxy   | 11.00 a.m. on 25 March 2009 |
| Latest time and date for receipt of CDI Voting Form  | 11.00 a.m. on 24 March 2009 |
| Extraordinary General Meeting  | 11.00 a.m. on 27 March 2009 |
| Disposal of the Trading Subsidiaries of the Company  | 30 March 2009               |
| Cancellation of admission to trading on AIM and ending quotation of the Company's securities on, and removal of the Company from, the official list of the ASX | 8.00 a.m. on 29 June 2009   |

In the circular, all references to times and dates are in reference to those observed in London, England.

The definitions used in this announcement are consistent with those in the circular posted today to shareholders, except where the context requires otherwise. Copies of the circular will be available free of charge during normal business hours on weekdays (excluding public holidays) from the date hereof until 29 May 2009 from the offices of Daniel Stewart & Company Plc, 36 Old Jewry, London, EC2R 8DD, UK. In accordance with the AIM Rules, a copy of the circular is also available on the Company's website, [www.stemcellsciences.com](http://www.stemcellsciences.com).

ENDS

### For further information, please contact:

#### **Stem Cell Sciences plc (United Kingdom)**

Alastair Riddell, CEO  
Giorgio Reggiani, CFO  
+44 (0)1223 499160

#### **Stem Cell Sciences Pty Ltd (Australia)**

Paul Bello, Operations Manager  
+61 (0) 400 500 495

#### **Citigate Dewe Rogerson (UK)**

Mark Swallow / Amber Bielecka  
+44 (0) 20 7638 9571

#### **Talk Biotech (Australia)**

Fay Weston, Director  
+61 (0)422 206 036

#### **Daniel Stewart & Company (NOMAD to SCS, UK)**

Simon Leathers / Oliver Rigby  
+44 (0) 207 776 6566

### **About Stem Cell Sciences plc**

Stem Cell Sciences plc (SCS) is an international research and development company focusing on the commercial application of stem cell biology technologies for drug discovery and regenerative medicine research. SCS is now focusing on building revenues through the sale of products, collaborative research and licensing deals with international biotechnology and pharmaceutical companies. SCS has a substantial portfolio of patents and patent applications in both adult and embryonic stem cell fields.

SCS has been active in the stem cell research field since 1994, principally focused on technologies to grow, differentiate, and purify adult and embryonic stem cells. These include

technologies to permit the generation of highly purified stem cells and their differentiated progeny (specialized tissue cell types) for use in genetic, pharmacological and toxicological screens. Moreover, these technologies may be able to provide pure populations of appropriate cell types for transplantation therapies in the future.

SCS has its main research base and headquarters in Cambridge, UK with a second research base in Monash near Melbourne, Australia.

For further information on the company please visit: [www.stemcellsciences.com](http://www.stemcellsciences.com).

### **About StemCells, Inc.**

StemCells, Inc. is a clinical-stage biotechnology company focused on the discovery, development and commercialization of cell-based therapeutics to treat diseases of the central nervous system and liver. StemCells' product development programs seek to repair or repopulate CNS and liver tissue that has been damaged or lost as a result of disease or injury. StemCells has pioneered the discovery and development of HuCNS-SC<sup>®</sup> cells, its highly purified, expandable population of human neural stem cells. In January 2009, StemCells completed a six patient Phase I clinical trial of its proprietary HuCNS-SC product candidate as a treatment for neuronal ceroid lipofuscinosis (NCL), a rare and fatal neurodegenerative disease that affects infants and young children. StemCells has also received approval from the US Food and Drug Administration (FDA) to initiate a Phase I clinical trial of the HuCNS-SC cells to treat Pelizaeus-Merzbacher Disease (PMD), also a rare and fatal brain disorder that mainly affects young children. StemCells owns or has exclusive rights to approximately 50 issued or allowed U.S. patents and more than 150 granted or allowed non-U.S. patents. Further information about StemCells is available on its web site at: [www.stemcellsinc.com](http://www.stemcellsinc.com)