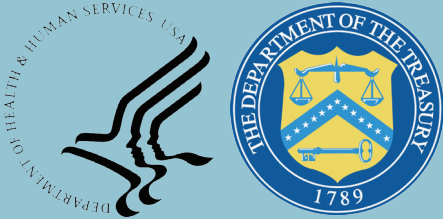


Epindex Receives Federal Grant



On October 27, 2010, Epindex Diagnostics was awarded a federal grant in the amount of \$244,500 for the development of the G1A™ Rapid Diabetes Monitoring Index Test, the maximum grant amount possible for a single project. The Qualifying Therapeutic Discovery Project (QTDP) grant program was created to stimulate cutting edge research by small biotechnology firms as part of the health care reform package initiated by President Obama.

These competitive grants were awarded to companies that showed significant potential to produce innovative therapies that address unmet medical needs while reducing long-term healthcare costs. Additional consideration was given to projects with significant potential to create and sustain high-quality jobs and increase US competitiveness in the medical sciences. All grant applications were jointly reviewed and approved by the Department of Health and Human Services (HHS) and by the Department of the Treasury.

“Diabetes costs are projected to triple over the next couple of decades, said Asad Zaidi, President/CEO of Epindex. “This grant supports the G1A™ test’s immense potential to alleviate the burden of diabetes on our healthcare system.”

European Patent to be Granted for G1A™

The European Patent Office has informed Epindex that they intend to grant Epindex its patent for the G1A™ test. Epindex expects the patent to be granted, translated, and published in all relevant countries by the end of 2011.

Epindex Prepares to Launch Clinical Laboratory

Epindex has begun the process of establishing a full service, CLIA-certified, clinical laboratory adjacent to its corporate office in Tustin, CA. Epindex Diagnostics Laboratories (EDL) will be a wholly-owned subsidiary of Epindex Diagnostics, Inc. Epindex submitted an application for a laboratory license to the California Department of Health Services in November 2010 and is currently in the process of acquiring key equipment and performing leasehold improvements.

The clinical lab will offer testing services to local contract research organizations, private medical practices,

pharmaceutical companies, and other research testing groups. The clinical lab is scheduled to open to the public in the first quarter of 2011.

EDL will be directed by Thomas J. Cooper, MD, FCAP, a board-certified pathologist with over 20 years of clinical lab management experience. Dr. Cooper has served as Director or Associate Director of several hospital laboratories in the Los Angeles area and as a consultant pathologist for several biotech and pharmaceutical companies.

Rights Offering Brings in \$1 Million

On July 26, 2010, the Epindex Board of Directors issued a special rights offering to existing shareholders. There was an overwhelming response to the offering, bringing in approximately \$1 million in much needed capital. Proceeds are being used to accelerate product development, prepare for regulatory submissions, and to perform a complete financial audit in preparation of filing a Form 10 and an S-1 for the registration of company shares. Epindex continues to explore further funding opportunities in both the private and public markets.

Development Update

The Company’s long term efforts to ensure the quality and availability of raw materials have culminated in the development of proprietary antibodies. Work in this area has been integrated into the final steps of the cassette development, which has now entered a preliminary verification and validation testing phase.

The engineering team has performed significant software improvements for the reader instrument, allowing multiple batches of strips to be scanned, quantified, and analyzed simultaneously. This version of the software will accelerate product development by increasing the R&D lab’s testing capabilities.

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EPINEX DIAGNOSTICS INC.
CREATING A REVOLUTION IN BIOTECH-BASED DIAGNOSTICS

Diabetes Update

Recent reports continue to alert the public regarding the growing problem of the diabetes epidemic and its financial implications. According to a new analysis authored by the Centers for Disease Control and Prevention (CDC), the number of Americans with diabetes could triple by 2050. This new projection, published in the journal *Population Health Metrics* in October 2010, is higher than expected due to an increase in high risk minority groups and longer life expectancy among diabetics. The report also concluded that widespread implementation of preventive interventions focused on high-risk subgroups of the population can considerably reduce future increases in diabetes prevalence.

A consensus statement, published in The Endocrine Society's *Journal of Clinical Endocrinology & Metabolism* (JCEM), reported that beta-cell failure in type 2 diabetics occurs much earlier and more severely than previously thought. Evidence suggests that the decline in beta-cell function may be slowed if addressed early in the progression from pre-diabetes to diabetes. The consensus statement, written by experts in basic research, clinical endocrinology, and primary care, stresses the need for a greater emphasis on glucose screenings, early diagnosis, and prompt and aggressive interventions.

A study published in the *Clinical Journal of the American Society of Nephrology* has found that aggressive glucose control in patients with type 2 diabetes and advanced kidney disease is not associated with improved survival rates. Researchers running the large-scale, 3-year study found that hemodialysis patients exhibiting extremes in glycemia, defined by either very high or very low HbA1c levels, had decreased survival rates. Epinex believes that the G1A™ test may offer a superior method for diabetes monitoring for these patients.

Epinex Employee Teams Up with the ADA



Glucose screenings were sponsored by the ADA and administered by medical students.



Blood pressure and BMI screenings were provided by local professional schools.



Project engineer Thien-Toan Tran with the associate director of the ADA (OC chapter) and other volunteers.

Epinex is proud to recognize project engineer Thien-Toan Tran for his continued involvement and dedication to the diabetes community through his volunteer work with the American Diabetes Association (ADA). As Chair of the Organizing Committee, Mr. Tran was responsible for overseeing the 3rd Annual Vietnamese Educational Diabetes Seminar & Health Fair, coordinating the logistics for all speakers, workshops, and exhibitors. His exemplary leadership and enthusiasm for community work was evident in the success of the event.

The health fair, which took place on November 6, 2010 in Garden Grove, CA, was dedicated to raising awareness within the Vietnamese community about the health risks associated with diabetes, and to promoting personal health management and diabetes prevention. Nearly 300 community members benefited from the event, which featured diabetes management seminars, prevention workshops, flu shots, and various health screenings essential to proper diabetes care. All services were provided free of charge to the local community.

G1A™ Test Showcased at Medical Device Expo

On November 18, 2010, Epinex showcased the latest G1A™ prototype at BIOCUM's 5th Annual Medical Device and Diagnostic Expo in San Diego, CA. Attended by over 200 biotechnology professionals, the event provided an opportunity for Epinex to network and seek further capital.

BIOCUM is the largest regional life science association in the world, focusing on initiatives that positively influence the region's life science

community in the development and delivery of innovative products that improve health and quality of life.



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