

For immediate release

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**Biofusion takes a 54.6% stake in Magnomatics
to exploit revolutionary new magnetic gearbox technology**

Biofusion plc (AIM: BFN) ("Biofusion"), the university IP commercialisation company, today announces that it has taken over the University of Sheffield's right to invest in one of the University's new spin-out companies Magnomatics Ltd ("Magnomatics") and as a result has a 54.6% holding in the Company.

Biofusion has also today announced the launch of BioHydrogen, a spin-out company from the University of Sheffield, formed to develop a radical new process of producing commercial quantities of hydrogen from sugar. Together they bring the total number of companies in the Biofusion portfolio to 24.

Magnomatics has invented a range of novel high efficiency and high-torque magnetic gearboxes, motors and generators suitable for use within wind turbines, hybrid cars, aircraft and domestic energy products.

High-torque mechanical gearboxes, such as those used in the rapidly expanding industrial wind power generation market, require significant maintenance and are prone to costly failure. Magnomatics' magnetic gearboxes and patent pending gearbox-combined direct drive generator systems remove the typical failure mechanisms and have the added benefits of being quieter, lighter, lubrication free and more efficient than conventional gearboxes.

David Baynes, CEO of Biofusion, said: *"We are delighted to be involved in the development of Magnomatics and believe its technology for using magnetic attraction in gears and motors may have a revolutionary impact on the wind turbine and hybrid car industries."*

"Using magnetic attraction instead of traditional meshing gear wheels eliminates most of the moving components in a gearbox significantly reducing friction and the requirement for lubrication and thus reducing the costs of maintenance. The improved efficiency will also increase the power that can be generated using wind turbines and other renewable energy sources."

Chris Kirby, MD of Magnomatics, said: *"Our successful consultancy services are much in demand and we expect this side of the company to operate profitably whilst we invest in bringing our revolutionary magnetic gearboxes and novel motor and generator solutions to market"*

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About Biofusion

Biofusion was established in 2002 to commercialise university-generated IP. Biofusion has signed long term agreements with two of the UK's top ten research intensive universities (University of Sheffield and Cardiff University) giving a combined R&D spend attributable to Biofusion of approximately £114 million a year.

Biofusion's first agreement was a ten-year exclusive arrangement with the University of Sheffield for the commercialisation of IP owned by the University in the area of medical life sciences. Biofusion has shareholdings in a portfolio of 16 Sheffield University spin-out companies including Asterion, Axordia, Celltran, Lifestyle Choices, Diurnal and Phase Focus. The University of Sheffield was ranked 5th in the UK for the quality of its life sciences research and will be spending an estimated £0.5bn of research funding over the lifetime over the life of the Sheffield Agreement.

In January 2007, Biofusion completed a long-term exclusive agreement with Cardiff University, to commercialise 100% of all Cardiff University's research-generated IP. Biofusion has shareholdings in a portfolio of seven Cardiff University spin-out companies including Abcellute, Q-Chip and Cardiff Protides. Cardiff University was ranked 7th in the UK in the most recent research rankings and will be spending over £1.0bn of research funding over the lifetime over the life of the Cardiff Agreement.