



BIOFUSION PLC
(“Biofusion or the “Company””)

Launch of Demasq

Biofusion plc (AIM: BFN), the university IP commercialisation company that turns world class research into business, today announces the launch of a new portfolio company, Demasq Limited (“Demasq”), which is developing a range of innovative bone and soft tissue imaging products based on its advanced medical imaging technology.

Demasq is a new spin-out company from Biofusion’s partnership with Cardiff University and is the result of work carried out by Professor Hechmi Toumi, a specialist at the muscle-bone-tendon unit of the School of Biosciences. Professor Toumi has been advised in his work by Professor John Fairclough, consultant orthopaedic surgeon at University Hospital Wales and a leading knee specialist.

Demasq’s first product, the Degenerative Knee Indicator (DKI), aims to provide surgeons, radiologists, physiotherapists and GPs with more image detail, at less cost, than conventional knee imaging technologies. The DKI image aims to provide the soft tissue detail achievable with MRI combined with the bone detail of an X-ray.

Demasq aims to launch the DKI in the UK and US in 2009. In parallel, Demasq is generating a pipeline of additional products for a range of imaging applications. Biofusion has invested an initial £450,000 in Demasq. At inception Biofusion will have a 50% shareholding in Demasq.

Knee pain is the most common musculoskeletal complaint for which patients seek medical advice, with nearly 20 million people visiting their physician with knee problems every year in the US.

The launch of Demasq brings the total number of companies in the Biofusion portfolio to 25.

Commenting on the launch and investment, David Baynes, Chief Executive Officer of Biofusion, said:

“We are very excited by the cutting edge advanced medical imaging technology that Demasq has developed. Its first product, which targets the multimillion pound knee pain diagnosis market, has the potential to revolutionise the diagnosis of knee

problems for patients. We are particularly excited by the speed with which we believe we can launch the first product into the US and UK private sector markets.”

Commenting on the technology, Professor Hechmi Toumi of Cardiff University’s School of Biosciences, said:

“This is an exciting venture which promises to alter our perception of the conventional use of X-rays. The soft tissues which have been invisible in the past are exactly the ones where most disease processes occur. The Degenerative Knee Indicator allows clinicians to determine the health or otherwise of these soft tissues.”

Also commenting on the technology, Professor John Fairclough, of the University Hospital Wales, said:

“The Demasq imaging technique offers to the medical world a revolutionary method of viewing conventional X-rays which will be of great potential benefit to both the medical practitioners and the providers of the health care. This exciting invention will potentially offer that rare combination of providing new information to clinicians to help patients while potentially reducing the cost to the health service.”

For further information please contact:

Biofusion

David Baynes, Chief Executive Officer
Stuart Gall, Commercial Director

+44 (0)114 275 5555

Nomura Code Securities

Phil Walker/Clare Terlouw

+44 (0) 20 7776 1200

Buchanan Communications

Mary-Jane Johnson / Lisa Baderoon / Catherine Breen

+44 (0)20 7466 5000

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 Sheffield University spin-out companies including Asterion, Axordia, Biohydrogen, 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 Cardiff University spin-out companies including Abcellute, Q-Chip and Morvus. Cardiff University was ranked 7th in the UK

in the most recent research rankings and will be spending more than £1.0bn of research funding over the lifetime over the life of the Cardiff Agreement.