

For immediate release

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**BIOFUSION PLC****Biofusion Signs Memorandum of Understanding with Finance Wales****And****Increases its Holding in Abcellute through Further Investment**

Biofusion plc (AIM: BFN), the university IP commercialisation company that turns world class research into business, today announces that it has signed a Memorandum of Understanding ("MoU") with Finance Wales, the provider of commercial funding to Wales-based SMEs, detailing a co-investment strategy for investing in opportunities arising from Biofusion's exclusive IP pipeline agreement with Cardiff University.

In addition, Biofusion announces today that it has invested an additional £200,000 into Abcellute Ltd ("Abcellute"), its cell preservation technology spin-out company, thereby increasing its holding in Abcellute to 34%. The investment is the second such venture with Finance Wales, which is co-investing £200,000.

Finance Wales and Biofusion will work closely together with a view to co-investing in suitable Cardiff University spin-out companies within the Biofusion portfolio. Finance Wales already manages funds of more than £100 million and has invested £75 million into SMEs in Wales.

Within the second investment made under the new MoU, Biofusion and Finance Wales have provided £200,000 each to Abcellute which has developed an advanced cell preservation matrix that enables cells to stay fresh for up to seven days when they are transported to pharmaceutical companies for testing. The finance will provide development capital for new and existing contract work for the pharmaceutical and contract research industry and to fund new research and development into therapeutic applications, using their unique cell preservation technology.

Commenting on the MOU and investment, David Baynes, Chief Executive Officer of Biofusion, said: *"We are delighted to have signed this MOU with Finance Wales, which provides access to substantial additional funding for our portfolio of existing and future Cardiff University companies."*

"The investment into Abcellute is our second co-investment deal with Finance Wales and will allow Abcellute to progress its business strategy in the exciting area of cell preservation technology. We have found Finance Wales excellent partners to work with and we look forward to working with them into the future."

Also commenting on the MOU and investment, Steve Smith, Director of Development Funding at Finance Wales, said: *"Our MoU with Biofusion will open up new and exciting opportunities for both companies to develop and strengthen their expertise in early stage funding while providing new co-investment opportunities that will benefit spinout companies with high growth potential within the Biofusion portfolio."*

"Our co-investment in Abcellute Ltd is the second such investment made under the MoU and demonstrates Finance Wales' commitment to supporting the growth of Wales-based early stage and spinout companies. Abcellute Ltd demonstrates all the hallmarks of a successful spinout company"

with global potential through continued research and development and commercialisation of its products.”

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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 18 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 more than £1.0bn of research funding over the lifetime over the life of the Cardiff Agreement.

About Abcellute

Founded in 2001 and based on the work of Dr Peter Evans and Dr Nathan Griffiths, Abcellute is a product led company which exploits a patent protected cell stabilising platform technology which enables the non-frozen preservation and transport of live organ-derived cells without the loss of viability or function. The Abcellute product is currently being sold to pharmaceutical companies in the UK for pre-clinical drug testing and the company is actively expanding these sales to Asia and the USA. In the long-term, the company plans to develop the preservation technology to provide products for cell-based therapeutics.

About Finance Wales

Finance Wales

Finance Wales provides commercial funding to small and medium-sized businesses throughout Wales, enabling them to realise their growth potential for innovation and growth. Managing funds of

more than £100 million, the company has invested £75 million in more than 1600 Wales-based SMEs which has leveraged an additional £180 million private sector investment.

Established by the Welsh Assembly Government, Finance Wales is backed by private and public sector funding in addition to European Objective 1 and 2 funds, and works closely with other organisations, banks and private sector investors. Visit www.financewales.co.uk for more information.