



BIOFUSION PLC
("Biofusion" or "the Company")

Q CHIP SUCCESSFULLY COMPLETES £2 MILLION PLUS FUND RAISING

Biofusion plc (AIM: BFN), the university IP commercialisation company that turns world class research into business, is today pleased to note that Q Chip Ltd ("Q Chip"), one of Biofusion's Cardiff University partnership spin-out companies, a leading developer of micro-encapsulation solutions, has announced the successful completion of a significant investment funding round from new and existing shareholders, including Biofusion.

Q Chip, which is based at Cardiff Medicentre located in the grounds of University College Hospital Wales, raised in excess of £2 million from this latest round. Biofusion has invested £125,000, and as a consequence Biofusion now holds a 10% stake in Q Chip.

Alongside Biofusion and other existing shareholders, including E-Synergy's Early Growth Fund and individual shareholders such as Jon Moulton (also Managing Partner of Alchemy Partners), Q Chip welcomes a number of new names to its shareholder register. These include the Geneva headquartered Forum des Entrepreneurs, a high net worth group of angel investors, London based Sustainable Technology Fund and Finance Wales plc.

Earlier this year the Q Chip launched its unique ReaX™ Lab-in-a-Bead product portfolio the first customised bead-based, ready assembled reagents to hit the DNA testing market. ReaX™ simplifies Polymerase Chain Reaction (PCR), a widely used laboratory technique for tasks such as blood testing, the diagnosis of diseases and the identification of genetic fingerprints. ReaX™ has several advantages over existing approaches. It improves reliability by eliminating basic handling errors, allows untrained laboratory staff to conduct DNA testing and removes PCR from the confines of the laboratory environment. Combined with reductions in the time involved in setting up PCR analysis, estimated by Q Chip at up to ninety percent, ReaX™ represents a significant opportunity to capture productivity and quality improvements in the approach to PCR.

Commenting on the fundraising David Baynes, Chief Executive of Biofusion, said
"We were delighted when we acquired our position in Q Chip at the time of our IP

commercialisation deal with Cardiff University. Q Chip provides convincing evidence of the quality of investment propositions arising from its world class research base. Q Chip is conducting pioneering work on PCR and it has a clear view of where it is going to take it. We are excited at the prospect of helping it with the financial fuel needed to execute. This deal represents the first of a number of investments where we expect to collaborate with Finance Wales. It clearly demonstrates the value of our relationship and the prospects for future wealth creation opportunities for the Welsh economy.”

“There has been a very healthy appetite to participate in this round amongst existing and new investors. We have taken great satisfaction as the offer was considerably over-subscribed” commented Mark Barry, Q Chip’s Chief Executive Officer. “Q Chip already has strong management and board foundations in place. Now it has the currency to accelerate the development of our products and sales and marketing channels and add new production infrastructure.”

Since it was founded in 2003, Q Chip has emerged as one of Wales’ most exciting life science prospects, benefiting from support from Welsh Assembly Government schemes such as SMART (Dr David Williams) and Relay (Dr Sharon Thomas) and David Pascoe of the Medicentre.

The participation of Finance Wales in the investment round signals its first deal as part of a partnership with Biofusion. **Steve Smith, Director of Development Funding at Finance Wales, said:** “Q Chip reflects Finance Wales’ commitment to investing in high growth, knowledge-based businesses and marks our first syndicated investment with Biofusion. Q Chip displays all the key attributes that we look for – pioneering technology, strong IP, a talented management team and clear routes to market with a realistic exit strategy.

“Supported by the Wales Spinout company programme, Q Chip is also typical of the type of company that we are targeting under our investment strategy with a commitment to early stage development funding.”

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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. The Company has a portfolio of 23 spin-out companies.

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.