

1st February 2007

**Biofusion Launches Absynth Biologics
to Focus on New Treatments for MRSA infection**

Biofusion plc ("Biofusion"), the university IP commercialisation company, today announces the launch of a new portfolio company, Absynth Biologics Ltd ("Absynth"), which will develop vaccines and antibodies to treat infections caused by the bacterium *Staphylococcus aureus* (*S. aureus*) including its more difficult-to-treat drug-resistant form, methicillin-resistant *S. aureus* (MRSA).

Biofusion has agreed to invest up to £325,000 in the Company to enable it to produce lead vaccine and therapeutic antibody candidates to begin the clinical trial process.

Hospital acquired infections are an increasing public health concern and are responsible for a rise in the number of hospital deaths. These infections are caused by micro-organisms such as *S. aureus* and in particular its drug-resistant form, methicillin-resistant *S. aureus* (MRSA). Absynth's unique patented technology has been developed at the University of Sheffield and will be used to develop an MSRA vaccine and antibodies to treat significant MRSA related infections as well as other applications.

David Baynes, CEO of Biofusion, said:

"The rise of the so-called 'super bugs' is a significant challenge for healthcare systems in the UK and internationally. We believe the Absynth approach offers a potentially effective alternative to the use of conventional antibiotics which are no longer able to successfully treat all hospital acquired infections and as such addresses a very large market and medical need. We look forward to building Absynth and its unique technology and will look to work with pharmaceutical partners to bring these exciting new products to the market."

In accordance with all its new spin-out companies, Biofusion owns 100% of the university's share in Absynth, resulting in a 60% shareholding on incorporation.

The launch of Absynth brings the total number of companies in the Biofusion portfolio to 22, 15 based on research from the University of Sheffield and seven based on research from Cardiff University.

The Absynth project was one of the original participants in the Yorkshire Forward-funded Bioscience Yorkshire Enterprise Fellowship (BYEF) programme, the goal of which is to increase entrepreneurial activity in Yorkshire universities' bioscience departments and to accelerate and support the formation of start up bioscience businesses.

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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 15 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 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.

In March 2006, Biofusion entered into a strategic partnership with NPI Ventures Ltd. NPI Ventures Ltd is the technology investment business wholly owned by Nikko Principal Investments Limited, the European principal finance arm of Nikko Cordial Corporation, which is listed on the Tokyo Stock Exchange. Under the agreement NPI Ventures Ltd established a £10 million side fund for the dedicated purpose of investing in Biofusion portfolio companies. NPIV, which has invested £3.7 million in Biofusion, has a 6.5% equity stake in Biofusion and warrants with a total potential subscription value of £6.25 million, exercisable at exercise prices between 150p to 220p.

About Absynth

Antibiotic resistant bacteria are an increasing threat to human health. It is imperative to develop new modes of prophylaxis and therapy to combat these organisms. Immunological approaches may solve this pressing problem. The potential market for a *S. aureus* vaccine has been estimated at \$1.8bn by 2020; and for an antibody against *S. aureus*, the market is estimated to grow to \$2.6bn. Absynth aims to develop novel immunological targets identified in Sheffield for prophylaxis/therapy to combat MRSA and other pathogens.