

**BIOFUSION PLC****£600,000 Investment into Imaging Company Phase Focus**

Biofusion plc (AIM: BFN), the university IP commercialisation company that turns world class research into business, today announces that it has invested £400,000 into Phase Focus Limited ("Phase Focus"), its high resolution 'lensless' microscopy spin-out company from its University of Sheffield partnership, giving it an 61% holding in the company. Concurrently, the White Rose Technology Seedcorn Fund has invested £200,000 in Phase Focus. The company will use the combined funds to develop and validate further its proprietary technology for its potentially 'revolutionary' 'lensless' microscopy that has the ability to produce better images at a lower cost.

Professor John Rodenburg, Phase Focus's Chief Scientific Officer and developer of the technology said: *"Phase Focus' novel optical microscope, now being fabricated, offers contactless imaging of the specimen with very large working distances, unequalled specimen access, and post-acquisition three-dimensional display. The technique has revolutionary implications for x-ray imaging of all classes of specimen and, if the same gain in resolution shown for x-rays is achieved at electron wavelengths, it will be possible to resolve every atom in an extended object at unprecedented resolution."*

Phase Focus' cutting edge technology can generate greatly magnified high definition images of an object through a technology that does not require the use of the sophisticated lenses that are required in conventional microscopes. Such lenses or other focusing devices in optical, X-ray or electron microscopes can account for up to 30% of the cost of the equipment, and often introduce distortions in the images that they produce. Phase Focus' 'lensless' microscopy is therefore not only highly cost competitive, but can also provide a more faithful image of the object of interest.

Potential applications for the Phase Focus technology lie within the optical, x-ray and electron microscopy market, a market which is forecast to grow to US\$1.6 billion by 2009. The technology has already been demonstrated in both the optical and x-ray frequency ranges. It is in principle applicable to the entire electromagnetic spectrum, and other potential applications therefore exist in radar, ultra-violet, infra-red, and terahertz imaging.

Commenting on the investment, David Baynes, Chief Executive Officer of Biofusion, said: *"Phase Focus is developing an exciting technology which has the ability to produce better images at a lower cost than existing lens microscopes. The funding that Biofusion and White Rose have provided will enable Phase Focus to take the this 'lensless' microscope to the next stage of its development and allow it to explore other potential applications in radar, ultra-violet, infra-red, and terahertz imaging."*

Says David Milroy of Aberdeen Asset Managers, which manages the White Rose Technology Seedcorn Fund, *"We are delighted to be involved in the development of Phase Focus and believe the company's "lensless" microscope technology could deliver substantial performance and cost benefits across virtually all forms of microscopy. We look forward to working with Dr Pykett's team at Phase Focus."*

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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 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.

About Phase Focus

Phase Focus is developing an alternative approach to microscopy and imaging that does not rely on sophisticated lenses and has applications in optical, X-ray and electron microscopy, amongst others. Professor John Rodenburg, a founder of Phase Focus, is the inventor of a process that can generate high definition images of an object without the need for the high quality lenses that account for a significant element of the cost of high-performance microscopes.

About White Rose

The White Rose Technology Seedcorn Fund is an early stage seedcorn fund, which invests in exciting new technology emerging from the universities of York, Leeds and Sheffield.

The £9 million Fund provides venture capital funding of up to £500,000 (and above for exceptional opportunities) to enable the transition from promising research work to commercial reality.

Its portfolio of investee companies represent the commercialisation of high quality science and technology combined with professional management teams to produce investor-ready and partner-ready opportunities.

The Fund is supported by Yorkshire Forward and the universities of York, Leeds and Sheffield, and managed by Aberdeen Asset Managers.