

**MORVUS ACQUIRES TWO PORTFOLIO COMPANIES
- CARDIFF PROTIDES AND BIOLOGICALS -**

- Morvus achieves critical mass in oncology portfolio -

Morvus Technology Ltd, the privately owned pharmaceutical company specialising in the discovery and commercialisation of drugs for the oncology market, announces today the acquisition of two specialist oncology companies, Cardiff ProTides Ltd and Cardiff Biologicals Ltd for an equity payment of £5m each. The majority shareholder in each of the two companies is Biofusion plc, the university IP commercialisation company, who will have a 20% holding in Morvus as a result of the transaction.

The two companies, which were formed to exploit the innovative and award winning research of Professors Chris McGuigan and Wen Jiang at Cardiff University, include two highly promising drug candidates which allow Morvus to achieve critical mass in its oncology portfolio. The newly enlarged group plans to incorporate these products into its clinical trial programme at the earliest available opportunity.

Cardiff ProTides Ltd adds medicinal chemistry competence and the technology to produce improved versions (known as ProTides) of known nucleoside-based anti-cancer drugs. Cardiff Biologicals Ltd also adds drug development expertise, access to a bio-informatics database and two further product lines.

Commenting on the acquisition, Phil Burke, CEO of Morvus said: *"We are delighted with the acquisitions of Cardiff ProTides and Cardiff Biologicals and their potential 'blockbuster' lead compounds. The two businesses perfectly complement our existing product portfolio and we believe greatly enhances our current valuation. We look forward to advancing the candidate drugs into patient trials."*

Commenting on the acquisition, David Baynes, CEO of Biofusion said: *"Morvus' expertise in oncology-based pharmaceutical development convinced us that the new combined company could be a world leader in the provision of specialist oncology drugs and provided the best opportunity for bringing ProTides and Biologicals' exciting lead compounds to market. We believe the combined group is well placed to realise an increased value for its shareholders."*

- ENDS -

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About Morvus

Morvus is a privately-owned, drug-discovery company engaged in the discovery, development and commercialisation of novel drugs and technologies, primarily in the field of oncology.

The Company was established in 2004 and has its main offices and laboratories near Llanarthne, South Wales with a small facility at the Porton Down Science Park near Salisbury, Wiltshire.

Morvus has a broad portfolio of technology which has been mainly generated in-house and which is focused on disease areas for which there is a clear, unmet medical need. Its programmes are based upon core expertise in prodrug-enzyme interactions and knowledge of the mechanism of apoptosis.

Morvus' commercial strategy is to secure development and commercialisation partners for its products following proof-of-principle clinical studies. The Company generates revenue by licensing its intellectual property and/or know-how but retains a stake in the technology and produce shareholder value *via* receipt of signature fees, milestone payments and royalties.

www.morvus.com

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 over 20 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 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 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 and Q-Chip. 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 of the Cardiff Agreement.

www.biofusion.co.uk

About Cardiff ProTides

Cardiff ProTides Limited is a drug discovery company founded to commercialise the broad-ranging ProTide technology discovered by Professor Chris McGuigan of Cardiff University. The technology is applicable to the discovery of a new generation of nucleoside anti-cancer drugs which potentially show improved activity and profile as compared to marketed drugs and can also be used for the discovery of novel drugs. Professor McGuigan is an acknowledged leader in nucleoside drug discovery and has received a number of awards for his work including the 2006 Royal Society of Chemistry Award in Medicinal Chemistry.

About Cardiff Biologicals

Cardiff Biologicals Limited is a drug discovery and development company specialising in anti-angiogenesis products for the treatment of cancer. The Company is the owner of rights to a unique platform technology derived from over 15 years research by Professor Wen Jiang at Cardiff University. This novel platform technology centres on an extensive bioinformatics database which represents the results of over one million polymerase chain (PCR) reactions and supporting histological analysis. Access to this database is the company's core asset and the basis for all of its different therapeutic and prognostic products.

Professor Jiang is an internationally recognised expert and he and his team have repeatedly won awards for this work from organisations such as the American Society of Clinical Oncology (ASCO) and the American Association of Cancer Research (AACR).