



FUSION IP PLC

("Fusion IP" or "the Company")

"Fusion portfolio company 'Diurnal', announces successful completion of a clinical trial for 'Chronocort', a novel hydrocortisone formulation"

Fusion IP (AIM: FIP), the university commercialisation company which turns university research into business, is pleased to announce that Diurnal's lead product, Chronocort[®], has successfully completed a clinical trial in healthy volunteers. The trial involved the administration in humans of different formulations of Chronocort[®] followed by blood measurements of hydrocortisone taken over time. As a result of the trial, the formulation giving the hydrocortisone profile most closely resembling that of the naturally occurring hormone has now been chosen to be tested in a further clinical trial to demonstrate dose response.

Based in Cardiff, Diurnal is developing a novel approach to drug delivery that will help patients suffering from reduced levels of the key hormone cortisol (hydrocortisone). Chronocort[®] is a modified release therapy that delivers hydrocortisone in a manner that mimics the body's normal circadian rhythm (the body's natural 24 hour hormone cycle). This therapeutic approach has the potential to help patients suffering from diseases due to cortisol deficiency: congenital adrenal hyperplasia and adrenal insufficiency. Each of these diseases requires life-long treatment and Diurnal's novel approach to drug delivery has the potential to significantly improve patients' lives.

The company hopes to move into Phase II trials during 2012, with an estimated Phase II completion date of mid-2013.

Chronocort[®] has already received two related Orphan Drug designations from the European Medicines Agency, which affords ten years of market exclusivity after the grant of marketing authorisation in Europe.

FusionIP has a 43.1 % shareholding in Diurnal.

Peter Grant, Operations Director for Fusion IP, commented:

"We are very pleased with this clinical result. A major challenge for the Chronocort concept was to show that it could mimic the natural levels of the hormone it needs to replace in humans. The formulation of choice needs to be further tested but a major development objective has been achieved with a concomitant increase in the value of the Chronocort offering. The company has the funds to complete its Phase 1 and 2 trials and although it is hard to estimate what the value will be at the end of Phase 2, it is notable there has been acquisition activity involving a similar drug in a comparable indication which attracted high value."

Martin Whitaker, General Manager at Diurnal Ltd, added:

"These results for Chronocort® were excellent and hit all the set target success parameters. We hope to progress to Phase 2 rapidly. This is a very exciting time for the company."

Melanie Goward, Senior Investment Executive at Finance Wales, commented:

"This is an excellent clinical result for Diurnal and also a key milestone. We're pleased our investment has helped the company to get to this point and we're looking forward to seeing successful progress in Phase 2."

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About Fusion IP

Fusion IP plc (Fusion) was established in 2002 to commercialise university-generated intellectual property. It has long-term exclusive agreements with two of the UK's leading research intensive universities, the University of Sheffield and Cardiff University, giving it exclusive access to a combined R&D spend of over £185m a year.

Fusion's first agreement was a ten-year exclusive arrangement with the University of Sheffield, giving it the right to commercialise (through the creation of spin-out companies and licensing) research, owned by the University, initially in the area of medical life sciences. This agreement was expanded in July 2008 to include all non-life science research-generated IP such as energy, engineering and electronics. Fusion has significant shareholdings in a portfolio of University of Sheffield spin-out companies including Simcyp, Magnomatics, Diurnal and Phase Focus.

In January 2007, Fusion completed a ten year exclusive agreement with Cardiff University, also giving it the right to commercialise (through the creation of spin-out companies) Cardiff University's research-generated IP. Fusion has significant shareholdings in a portfolio of Cardiff University spin-out companies including Mesuro, Asalus and MedaPhor.

On 2 December 2009 Fusion announced that it had raised approximately £3.2 million through a fund raising and that as a result, IP Group held approximately 19.8% of Fusion. Fusion has also entered into a Co-Investment Agreement with IP Group, in which IP Group has the right to acquire for cash, 20% of Fusion's equity in any new portfolio company. As Fusion normally owns 60% of any new portfolio company at start-up, IP Group's shareholding would normally equate to a 12% stake in the new portfolio company.

Fusion IP also has a Memorandum of Understanding with Finance Wales, the provider of commercial funding to Wales-based SMEs, which outlines a strategy of co-investment in opportunities arising from the Cardiff Agreement.

On 8 November 2011 Fusion announced that it had raised approximately £5 million through a fundraising with

existing and new institutional investors. As a result of this IP Group holds an interest in approximately 26% of Fusion.

For more information visit www.fusionip.co.uk