

PRESS RELEASE



Medical Device Innovations closes £2.9m funding round

Chester, UK, 2nd March, 2005 - Medical Device Innovations Ltd (MDi), the intellectual property development company focused on medical devices, has announced the completion of its Series A financing round, raising £2.9 million. This round was led by existing seed investor, Avlar Bioventures, alongside new monies from a fund managed by YFM Private Equity Limited. MDi received £0.5m seed finance led by Avlar in 2002.

MDi acquires the intellectual property relating to a new medical device and develops the device to proof of concept stage. Adding value in the transition between the inventor and the medical device companies, MDi progresses inventions which might not normally be broad based enough to form the basis of a company or are at too early a stage to out licence to established medical device companies.

Once a device has been advanced to proof of principle stage it will be either licenced or sold to a major device company or grouped with synergistic projects as the basis for a spin out company.

MDi manages multiple projects simultaneously and currently has six in its portfolio. Applications under development include radiology, cancer treatment, orthopaedic/plastic surgery and emergency medicine.

MDi CEO, David Cottier commented, "As the first company in Europe set up purely to source and develop innovative new medical technologies, we are encouraged and excited to have successfully completed this round of financing. It provides further endorsement of the MDi business and recognition of the significant opportunities in interventional medical devices.

These funds will enable us to source more new projects and accelerate the development of current ones."

Dan Roach of Avlar Bioventures commented, "MDi will rapidly develop and introduce new products that improve existing technologies and address new therapeutic areas. The financial resources now available to the team will accelerate this process."

Doug Stelman of YFM Private Equity comments, "Medical technology varies from the very sophisticated to the quite simple but clever idea. The major medical equipment suppliers are investing heavily in improving patient care but it is often the medical professionals closest to delivery that have the best ideas. This is why we see the strong commercial potential in the MDi approach to bringing these ideas forward and they have the medical device industry expertise to spot the likely winners. The North West Business Investment Scheme, managed by YFM Private Equity Limited, is pleased to join existing investors in this second round of financing."

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Medical Device Innovations Ltd www.mdi-md.com

MDi is an intellectual property management and development company focused on enabling medical device innovations from individual clinicians or academics, to reach the market and become part of routine clinical practice. The essential requirements of financing, project management, prototyping and Intellectual Property management are provided to all selected projects. At the point where a device is advanced enough to interest a major medical device company MDi will sell or out licence the product. At this stage the inventors receive further milestone payments. MDi currently has six projects in its portfolio and is expected to out licence its first project in the second half of 2005. Applications include radiology, cancer treatment and re-constructive surgery.

Avlar BioVentures Ltd www.avlar.com

Avlar is a specialist biotechnology venture capital company, which currently has over £65 million under management in Avlar BioVentures Fund I and Avlar BioVentures Fund II. The two funds are focused on seed and early stage investments and are used to invest in emerging bioscience technologies, notably combinatorial chemistry, functional genomics, gene and cell therapy and drug design. Avlar works intensively with companies in the critical stages of development from pre-formation to second round of financing, applying its strategic, entrepreneurial and biotech industry skills. Currently Avlar Bioventures has ten unquoted investments and four publicly quoted investments.

YFM Private Equity Limited www.yfmprivateequity.co.uk

YFM Group provides investment capital and business development services to SMEs throughout the UK. We are a leading provider of equity capital for UK based SMEs seeking sums of up to £1 million. We currently have over £250 million in funds and consultancy contracts under management and have over 70 employees, including 36 investment executives. We have offices in Leeds, Manchester, Bristol, London, Sheffield, and Hull. YFM Private Equity Limited and YFM Venture Finance Limited are authorised and regulated by the Financial Services Authority. Information regarding the YFM Group can be found on our website at <http://www.yfmgroup.co.uk> Registered Office: Saint Martins House, 210-212 Chapeltown Road, Leeds LS7 4HZ.

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North West Business Investment Scheme www.nwbis.co.uk

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Northwest Regional Development Agency www.nwda.org

The Northwest Regional Development Agency (NWDA) is responsible for the sustainable economic development and regeneration of England's Northwest and has 5 key priorities: Business Development, Regeneration, Skills & Employment, Infrastructure and Image. The Agency has initiated or sponsored a range of complimentary seed and venture capital funds to help new and growing companies.

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