
Octopus increases stake in cancer imaging firm, Michelson Diagnostics Ltd., with £300k investment

(Orpington, UK) March 3, 2011 - A second investment of £300k into Michelson Diagnostics ('Michelson') has been made by Octopus Investments ('Octopus'). This adds to the initial investment of £1.7M in October 2010 by Octopus into Michelson, the medical equipment and scanner specialists, whose unique laser scanning technology can image skin and other surface tissue at a much higher resolution than ever before. Michelson anticipates that the VivoSight scanner could revolutionise the treatment of non-melanoma skin cancer, by providing dermatologists with a new way of seeing abnormalities that are hidden below the skin surface.

The VivoSight scanner has already won CE & Food and Drug Administration (FDA) regulatory clearance for clinical use in Europe and the USA, and is now being evaluated by leading skin cancer specialists at their clinics. At a time where non-melanoma skin cancer is said to be reaching epidemic proportions, an estimated 3.5 million new cases p.a. in the US, accounting for 4.5% of all Medicare cancer costs¹, and costing the NHS around £100 million p.a. in the UK^{2,3}, this breakthrough laser scanning technology could make a real difference.

Michelson's VivoSight scanner will enable clinicians to 'see' under the skin surface in real time, to help them decide whether to treat a lesion, what treatment to use, and to show them how far a tumour has spread, so that surgery is required only once and conserves healthy tissue. This is expected to make non-melanoma skin cancer treatment more efficient and cost-effective, and to be better for the patient by reducing unnecessary surgery. The scanner could also increase the use of non-invasive, non-scarring treatments, by giving clinicians a better way to monitor the progress of the treated lesion.

The £2M investment from Octopus will help fund the manufacture and placement of VivoSight scanners with key-opinion-leaders for clinical and economic validation, and will support the growth of the sales infrastructure in the UK and USA. Funds were provided from the Octopus Titan VCT funds, the Eureka EIS Portfolio Service and the Octopus Venture Partners.

References:

1. H. W. Rogers, M. A. Weinstock, A. R. Harris, et al. (2010) "Incidence estimate of nonmelanoma skin cancer in the United States, 2006" Arch Dermatol, 146(3), pp. 283-7.
2. S. Morris, B. Cox & N. Bosanquet (2009) "Cost of skin cancer in England" Eur J Health Econ, 10(3), pp. 267-73.
3. Cancer Research UK (2005) "Skin Cancer in the UK - 2005," Cancer Research UK

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Notes to editors

About Michelson Diagnostics

Michelson Diagnostics was founded in 2006; it is privately owned and based in Kent, U.K. The company develops imaging products using a technology called Multi-Beam Optical Coherence Tomography. The technology provides real time images of up to 2 mm into tissue with a resolution of better than 10 microns. The company's VivoSight OCT scanner has CE and 510(k) clearance for use to aid clinical judgments in the field of dermatology including non-melanoma skin cancer assessment and guiding skin cancer surgery.

Further information about Michelson Diagnostics can be found on the Internet at <http://www.md-ltd.co.uk/> or by emailing enquiries@md-ltd.co.uk .

For clinical use in the US FDA 510(k) K093520 applies:

- The VivoSight Topical OCT system is indicated for use in the two-dimensional, cross-sectional, real-time imaging of external tissues of the human body. This indicated use allows imaging of tissue microstructure, including skin, to aid trained and competent clinicians in their assessment of a patient's clinical conditions.
- US Federal law restricts this device to sale by or on the order of a physician.

The Michelson Diagnostics logo and the VivoSight name are the trademarks of Michelson Diagnostics Ltd and are registered in the UK, the US & throughout the European Union

Octopus Investments Ltd (www.octopusinvestments.com) is an investor in Michelson Diagnostics.

Octopus Investments, founded in 2000, is a leading investment specialist, offering a range of core and satellite investment solutions. It has grown its funds under management by almost 100% per annum since inception, and now employs over 170 people to manage almost £2 billion in funds under management.

Octopus has won a number of awards for its products and customer service. It has twice been voted one of the Best 100 SMEs to work for by the Sunday Times, and is one of only two fund management companies to be AAA rated by IFAs for customer service.