OxfordBioMedica

Press release

OXFORD BIOMEDICA PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

Oxford, UK – 17 August 2017: Oxford BioMedica plc ("OXB" or "the Group"; LSE: OXB), a leading gene and cell therapy group, today announces interim results for the six months ended 30 June 2017.

OPERATIONAL HIGHLIGHTS (including post period-end events)

- Novartis partnership progressed well with the BLA for Novartis' potential blockbuster product CTL019 granted priority review in paediatric and young adult patients with relapsed and refractory (r/r) B-cell acute lymphoblastic leukaemia; approval anticipated following unanimous vote at FDA advisory committee
- Novartis received encouraging CTL019 Phase II results in r/r diffuse large B-cell lymphoma adding further major potential indication with breakthrough designation; filing anticipated in Q4 2017
- Major new lentiviral vector supply agreement signed with Novartis for CTL019 and other undisclosed CART products; over $100 million revenue potential over three years including $10 million upfront payment
- MHRA licence granted to the Group for commercial manufacture and supply of lentiviral vector
- The Group's priority in-house product development programmes continue to be prepared for clinical studies whilst discussions continue with potential partners
- £2 million Innovate UK collaboration to further enhance LentiVector® platform suspension technology
- Proprietary TRiP yield enhancement technology published in prestigious journal Nature Communications

FINANCIAL HIGHLIGHTS

- Revenue increased by 26% to £15.7 million (H1 2016: £12.5 million)
- Operating loss reduced to £2.2 million (H1 2016: £6.9 million)
- Cash outflow before financing activities reduced to £2.2 million (H1 2016: £3.2 million)
- Debt refinancing completed with significantly improved terms from $55 million Oaktree Capital Management facility
- Cash at 30 June 2017 £10.2 million (31 December 2016: £15.3 million)
- At 31 July 2017 the cash balance was £22.1 million following the receipt of $10 million upfront payment from Novartis and 2016 R&D tax credit

Commenting on the Group's interim results, John Dawson, Oxford BioMedica's Chief Executive Officer, said: *"Oxford BioMedica has made significant progress in the past six months, highlighted by the ongoing success of our collaboration with Novartis and their CTL019 product. The anticipated approval of the first lentiviral vector-based product, and imminent filing in a second major indication, validates our position as a world leader in the gene and cell therapy field. Our strengthened position has not only boosted our partnering discussions but also provides the Group with the financial flexibility to progress our key in-house programmes whilst continuing discussions with suitable collaborators. We are now ideally positioned and intend to build on our technological leadership that makes Oxford BioMedica a world leading gene and cell therapy business."*

Conference call for analysts:
A briefing for analysts will be held at 9:30am BST on 17 August 2017 at 1 Cornhill, London EC3V 3ND. There will be a simultaneous live conference call with Q&A and the presentation will be available on the Group's website at www.oxfordbiomedica.co.uk.

Please visit the website approximately 10 minutes before the conference call to download the presentation slides. Conference call details:

Participant dial-in: 08006940257
International dial-in: +44 (0) 1452 555566
Participant code: 59069153

An audio replay file will be made available shortly afterwards via the Group's website:
www.oxfordbiomedica.co.uk

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OVERVIEW

Oxford BioMedica has made significant progress during 2017. In particular, the Group's flagship collaboration with Novartis has performed strongly with preparations now well underway for the approval and launch of CTL019 (tisagenlecleucel) following the recent positive vote by the FDA Oncologic Drugs Advisory Committee. The collaboration's recently established commercial supply agreement provides Oxford BioMedica with a key foundation for future growth. It validates the Group's LentiVector® technology and boosts its partnering credentials, whilst the ongoing production revenues and future sales-based royalties underpin the Group's strategy. As a result, Oxford BioMedica is well positioned to deliver against its strategic objectives as outlined in the 2016 Annual Report.

OPERATIONAL REVIEW

Novartis partnership progress

During 2017, Oxford BioMedica's collaboration with Novartis has progressed well through the stages required for approval and launch of the chimeric antigen receptor T cell therapy CTL019 (tisagenlecleucel).

BLA progress

At the end of 2016, Novartis presented CTL019 results from the ELIANA study in paediatric and young adult patients with relapsed and refractory (r/r) B-cell acute lymphoblastic leukaemia (ALL). In early 2017, Novartis submitted a biologics license application (BLA) for CTL019 to the US Food and Drug Administration (FDA). As the sole manufacturer of the lentiviral vector that encodes CTL019, Oxford BioMedica played a significant role in the filing, contributing to the BLA's Chemistry, Manufacturing and Controls (CMC) sections related to the vector.

In March 2017, the FDA confirmed its acceptance of the filing and granted CTL019 priority review designation. In July 2017, the investigational therapy was reviewed by the FDA Oncologic Drugs Advisory Committee, which voted unanimously in favour of approval in paediatric and young adult patients with r/r ALL. The vote from this committee provides crucial support for CTL019 and potential approval is anticipated by early October 2017.

Additional indication

In June 2017, Novartis presented CTL019 clinical data from the Phase II JULIET study in r/r diffuse large B-cell lymphoma (DLBCL). The study met its primary objective at the interim analysis, with a three-month overall response rate of 45%.

The r/r DLBCL target patient population is considerably larger than CTL019's initial indication in r/r ALL. The full dataset from the JULIET study is anticipated later in 2017 and will provide the basis for US and EU regulatory submissions. Based on the positive clinical results to date, the life-threatening nature of the target disease and potential significant improvement over existing therapies, CTL019 has been granted Breakthrough Therapy Designation for this indication, expediting the FDA's review.

Commercial supply agreement

Based on the success of the initial Novartis partnership, the two companies have now entered a major supply agreement in anticipation of the commercialisation of CTL019, and to support the development of additional products. The new three year agreement, with an option to extend a further two years, covers commercial and clinical supply of the lentiviral vectors used to generate CTL019 as well as vector for other undisclosed chimeric antigen receptor T cell (CAR-T) products. Under the agreement, Oxford BioMedica has the potential to receive over $100 million, including an upfront payment of $10 million and ongoing bioprocessing and development revenues. In addition, under the licence agreement announced in October 2014, Oxford BioMedica will receive royalty payments on Novartis' sales of CAR-T products covered by the agreement.

Developing the LentiVector® platform

The Group's lentiviral vector delivery system, the LentiVector® platform, is a pioneer and world leader in the field of gene and cell therapy. The technology is established at commercial scale with three state-of-the-art, custom-built GMP clean rooms and laboratory facilities offering current and next generation LentiVector® platform bioprocessing capabilities, with capacity for in-house platform development work, current partners' requirements and future collaborations.

Regulatory approvals

In the first half of the year, the FDA conducted a pre-license inspection of Oxford BioMedica's facilities, processes and systems as part of the BLA review process for Novartis' cell therapy CTL019. This was followed by the UK's Medicines and Healthcare products Regulatory Agency (MHRA), which recently granted approval for bulk lentiviral vector manufacture and commercial supply. These pave the way for the commercial supply of CTL019 and meet the requirements of the Group's other partnered and proprietary products as they move through the development process towards the market.

Next generation bioprocessing

The Group has recently developed a step-change in lentiviral vector production technology, moving from the use of labour intensive, manual, open processing in cell factories to next generation processing in single-use bioreactors. This new 200 litre process allows for larger scale production in closed single use systems, and has the potential to significantly increase capacity and efficiency. This increased efficiency will result in delivery of vector at lower cost of goods, which is important to support product commercialisation. The greater vector volumes that this process is capable of making also has the effect of unlocking indications that require large doses, such as muscle, liver and lung diseases. The Group has already successfully run the process at commercial scale.

Innovate UK collaboration

In August 2017, Oxford BioMedica established a collaboration with a consortium of partners, including the Cell and Gene Therapy Catapult and technology companies Stratophase and Synthace, to further develop Oxford BioMedica's next generation suspension bioprocessing system. The two-year £2 million collaboration is partially funded by a grant from the UK's innovation agency, Innovate UK. During the collaboration, the partners will apply novel technologies to dynamically control bioreactors in real time and execute workflows to optimise operations and increase productivity.

TRiP yield enhancement technology

In March 2017, the Group further demonstrated its lead in vector production technology with the publication of a peer-reviewed study of its Transgene Repression in vector Production (TRiP) system. This approach suppresses undesirable over-expression of therapeutic genes in production cells during vector manufacture. The publication details significant yield improvements during the production of a range of vectors, including those based on lentiviruses, adenoviruses and adeno-associated viruses. Consequently, the TRiP system offers significant licensing opportunities for the Group as demand for vectors increases with the introduction of gene and cell therapy products.

Product development

The LentiVector® gene delivery platform underpins the Group's partnering business and is the starting point for its proprietary products. In the second half of 2016, the Group refined its product development strategy and stated that it would potentially out-license or spin-out its priority programmes into special purpose vehicles, thereby reducing financial risk of clinical development whilst retaining a significant financial interest in the products' future success. This approach was put in place to allow the Group to reduce its R&D expenditure at the time, whilst also capturing economic value from its proprietary programmes through a combination of potential upfront fees / equity, bioprocessing revenues, development milestones and royalties on future product sales.

Since the progress report in the 2016 Annual Report, the Group has continued to prepare the priority programmes for clinical studies, and to pursue potential financial partnership arrangements. OXB-102 (for Parkinson's disease), OXB-202 (for corneal graft rejection) and OXB-302 (for cancer) have achieved initial preclinical proof-of-concept, completed pre-clinical efficacy studies and are being positioned to move into the clinic. In particular, preparations to initiate a clinical study with OXB-102 have made good progress including identification of an improved administration system required to deliver the vector into the brain and preparing a dossier to be submitted to the regulators for approval

of the system. During the second half of 2017 the Group intends to complete the regulatory filings for the planned Phase I/II study, manufacture a second batch of the vector to ensure sufficient supplies for the entire study and to prepare the clinical study centres in Cambridge, London and Paris for initiation of the study. As a result, treatment of patients could begin early in 2018. In parallel a variety of potential financial partnership arrangements are being explored for each of the priority programmes. The Board is determined to ensure that the Group, and therefore shareholders, retains an appropriate share in the upside potential of these programmes. As such, the Group will continue to invest modestly in the programmes to maintain their momentum and to continue to enhance their value.

Partnering progress

During 2016, the Group expanded its strategic partnerships with the addition of Orchard Therapeutics and Immune Design. These are making good progress, and during the first half of 2017 the Group continued its activities to further grow its portfolio of strategic collaborations. These activities are benefiting from the success of the Group's involvement with Novartis' CTL019. The filing of CTL019, followed by the positive advisory committee vote and anticipated approval, have validated the Group's position as a world leader in lentiviral vector design, development and production. This has attracted additional interest from a range of potential partners and, as a result, the Group is conducting feasibility studies and discussions with a number of companies. The Group anticipates establishing further relationships over the next twelve months.

Corporate and organisational development

During the first half of 2017, Oxford BioMedica continued to develop its organisation to meet the requirements of the growing activities under its collaborations with third parties and in-house LentiVector® platform development activities. Particular attention has been given to the need to operate the robust quality processes required for commercial supply of lentiviral vectors. The Group is also in the process of initiating a formal apprenticeship scheme, working with the Government and other organisations in the sector, to contribute to the training and development of the next generation of people working in the life science industry. The scheme will launch later in the year, with two apprentices joining the Group initially.

OUTLOOK

Oxford BioMedica has made considerable progress during the first half of 2017 and the Group intends to capitalise on this positive momentum in the coming months. With the anticipated approval and launch of CTL019, and recent MHRA approval of its state-of-the-art facilities, the Group is making good progress preparing for commercial supply of its lentiviral vectors under the new three-year agreement with Novartis. The Group also anticipates supporting a further CTL019 filing during 2017, in DLBCL, a major indication targeting a significantly larger patient population than the initial paediatric ALL indication.

With the ongoing success of its Novartis collaboration validating its LentiVector® platform and partnering credentials, the Group expects its technology leadership to boost its business development activities. The Group intends to expand its portfolio of collaborations, and to attract third-party investment to accelerate the clinical development of its wholly-owned proprietary products.

Oxford BioMedica's progress during 2017 demonstrates its leading industry position. With the Group's collaborations supporting its continued growth, Oxford BioMedica is ideally positioned to deliver value to shareholders as a world-leading gene and cell therapy business.

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Financial Review

The first six months of 2017 have seen further significant development in the business culminating in the new supply agreement with Novartis, announced in July 2017, and the re-financing of the loan facility. The key financial indicators used by the Board are set out in the table below and the highlights are:

- Gross income (£16.5 million) increased by 18% over H1 2016 (£14.0 million) driven by bioprocessing and commercial development income which was up by almost 27%, whilst the less predictable revenue from licence upfronts, incentives and grants was 13% lower
- The operational losses (EBITDA, EBIDA and the operating loss) in H1 2017 were all significantly reduced compared with H1 2016
- Cash used in operations of £1.3 million was greater than the £0.7 million in H1 2016 because 2017 includes more non-cash income, whilst 2016 also benefited from more favourable working capital movements
- Capital expenditure reduced from £6.0 million in 2016 to £1.0 million in 2017
- Cash outflow before interest and R&D tax credit reduced from £6.7 million to £2.2 million
- Cash at 30 June 2017 was £10.2 million compared to £11.9 million at 30 June 2016

Following the receipts in July 2017 of the $10 million upfront from the new Novartis agreement and the R&D tax credit in respect of 2016, the cash balance at 31 July 2017 was £22.1 million.

KEY FINANCIAL INDICATORS (£ m)		**H1 2017**	**H1 2016**
Gross income	Bioprocessing/commercial development	13.7	10.8
	License upfronts, incentives, grants	2.8	3.2
	Total	**16.5**	**14.0**
EBITDA		(2.1)	(5.2)
EBIDA		0.4	(2.6)
Operating loss		(2.2)	(6.9)
Cash used in operations		(1.3)	(0.7)
Capital expenditure		(1.0)	(6.0)
Cash outflow before interest and R&D tax credit		(2.2)	(6.7)
Period end cash	Cash	10.2	11.9
	Loan	(33.6)	(31.3)
	Net debt	(23.4)	(19.4)
Headcount	Period end	288	252
	Average	280	240

Gross income

Gross income – the aggregate of Revenue and Other Operating Income - was £16.5 million in H1 2017, 18% above the £14.0 million in H1 2016.

£m	H1 2017	H1 2016
Revenue	15.7	12.5
Other Operating Income	0.8	1.5
Gross income	16.5	14.0

Note - Other Operating Income includes process development income arising from the October 2014 Novartis collaboration as well as grant income. This is because process development income under the 2014 contract is essentially the reimbursement by Novartis of R&D costs incurred in developing IP which Oxford BioMedica will own.

The main contributor to growth has been the revenues generated from bioprocessing clinical batches of CTL019 for Novartis and Orchard Therapeutics. Commercial development revenues were slightly lower in 2017 than 2016 with the decline in development activity for Novartis and Sanofi largely offset by the increase in work for Orchard Therapeutics and other customers.

The amount received for licence upfronts, process development incentives and grants, which are less predictable in timing and amount, were slightly lower in H1 2017 than in H1 2016 due to lower process development incentive receivables from Novartis being earned in H1 2017. The incentive receivables in H1 2017 include items recognised on a probability adjusted basis for which most of the deliverables were achieved prior to 30 June 2017 and the Directors have a high degree of confidence in the eventual receipt of the incentive payment.

EBITDA/EBIDA

£m	H1 2017	H1 2016
Gross income	16.5	14.0
Cost of sales and related production costs[1]	(8.1)	(6.8)
R&D and other costs[1]	(10.5)	(12.4)
EBITDA[2]	(2.1)	(5.2)
R&D tax credit	2.5	2.6
EBIDA[3]	0.4	(2.6)

[1] excluding depreciation, amortisation and share option charge
[2] EBITDA is defined as Earnings Before Interest, Tax and Depreciation and share option charge
[3] EBITDA plus R&D tax credit

The aggregate of costs excluding depreciation, amortisation and share option charges in H1 2017 was £18.6 million, compared with £19.2 million in H1 2016. The growth in bioprocessing gross income drove the growth in cost of sales and related production costs in H1 2017 which at £8.1 million was 19% higher than the £6.8 million in H1 2016. R&D and other costs were lower with both product-related R&D costs and administrative costs reduced, whilst process development expenditure remained roughly in line with last year.

As a result of the higher gross income and lower costs excluding depreciation, amortisation and share option charge, the EBITDA loss in H1 2017 of £2.1 million was £3.1 million better than the £5.2 million loss in 2016.

The table below shows the costs by type of expenditure (excluding depreciation, amortisation and share option charges):

£m	H1 2017	H1 2016
Raw materials, consumables and other external bioprocessing costs	3.7	3.5
Manpower-related	8.4	8.6
External R&D expenditure	2.0	2.7
Other costs	4.5	4.4
	18.6	19.2

Raw materials, consumables and other external bioprocessing costs were slightly higher due to an increase in the number of batches manufactured offset by lower material costs used in process development activities. Manpower related costs are slightly lower due to lower spend on recruitment and travel partly offset by increased employee numbers. External R&D expenditure was lower due to lower product related spend compared to 2016. Other costs are slightly higher mainly due to foreign exchange losses on dollar denominated receivables and cash (due to the strengthening of sterling versus the dollar) offset by lower facility costs.

Operating loss and net loss

£m	H1 2017	H1 2016
EBITDA	(2.1)	(5.2)
Depreciation, amortisation and share option charge	(2.4)	(1.7)
Revaluation of equity investments	2.3	-
Operating loss	(2.2)	(6.9)
Interest and currency revaluation of loan	(3.6)	(5.1)
R&D tax credit	2.5	2.6
Net loss	(3.3)	(9.4)

The lower EBITDA loss in H1 2017 compared with H1 2016 was slightly offset by the higher depreciation, amortisation and share option charge arising mainly from the depreciation charge on the third clean room facility and the new laboratory complex which were brought into operation in mid-2016. However, there was a gain arising from the revaluation of the equity investment in Orchard Therapeutics which was acquired as an upfront receipt at the time the licence agreement was signed in 2016. This led to an operating loss of £2.2 million in H1 2017 compared with £6.9 million in 2016.

The interest charge of £3.6 million in H1 2017 was lower than that in H1 2016 due to a beneficial currency revaluation impact in 2017 as sterling strengthened against the US dollar, whereas in June 2016 sterling weakened significantly after the Brexit vote, offset by a higher interest charge caused by the requirement to provide Oberland with a 15% per annum return on termination of that loan facility.

The R&D tax credit in H1 2017 is broadly comparable with that in H1 2016.

As a consequence of the above, the net loss for H1 2017 was £3.3 million, £6.1 million better than in H1 2016.

Segmental analysis

The Partnering segment includes the revenue-generating bioprocessing and commercial process development activities for third parties, whilst the R&D segment includes the costs of our proprietary R&D activities in product and technology development as well as income arising from out-licensing intellectual property to third parties. The results for the first half of 2017, shown below, continue the trend towards establishing a cash-generative and profitable Partnering business segment as bioprocessing volumes increase.

H1 2017

£m	Partnering	R&D	Total
Gross income	16.0	0.5	16.5
EBITDA	3.0	(5.1)	(2.1)
Operating profit/(loss)	1.4	(3.6)	(2.2)

H1 2016

£m	Partnering	R&D	Total
Gross income	12.7	1.3	14.0
EBITDA	0.2	(5.4)	(5.2)
Operating loss	(0.9)	(6.0)	(6.9)

Cash flow

£m	H1 2017	H1 2016
Operating loss	(2.2)	(6.9)
Depreciation, amortisation and share option charge	2.4	1.7
Revaluation of equity investments	(2.3)	-
EBITDA	(2.1)	(5.2)
Working capital	0.8	4.5
Cash used in operations	**(1.3)**	**(0.7)**
R&D tax credit received	-	3.5
Net cash (used in)/ generated from operating activities	**(1.3)**	**2.8**
Capital expenditure	(1.0)	(6.0)
Interest paid, less received	(7.5)	(1.7)
Cash outflow	**(9.8)**	**(4.9)**

As discussed above, the EBITDA loss for the first six months of 2017 was £2.1 million, reduced from £5.2 million in the same period of 2016. Working capital inflow of £0.8 million was lower than in H1 2016 when there had been significant inflows due to a reduction in receivables. Capital expenditure was £1.0 million in the first six months of 2017, compared with £6.0 million in the first six months of 2016 when the Group was completing its capacity expansion programme. Interest paid, £7.5 million in H1 2017, was significantly higher than in H1 2016 partly due to sterling being weaker in 2017 but also due to the termination of the Oberland loan facility which crystallised the 15% internal rate of return obligation under that agreement.

Balance sheet

Non-current assets – Property, plant and equipment decreased from £27.5 million to £26.5 million in the first six months of 2017 as the additions of £1.0 million were more than offset by the depreciation charge. Investments increased from £0.7 million to £3.0 million due to the revaluation of the equity investment in Orchard Therapeutics.

Current assets – Trade and other receivables increased from £6.9 million to £8.5 million due to increased revenues, whilst inventory rose to £3.9 million from £2.2 million at 31 December 2016 as bioprocessing activity increased. Current tax assets have increased as the 2016 R&D tax credit had not been received by 30 June 2017, although it was subsequently received in July.

Current liabilities – Trade and other payables have increased from £6.0 million at the start of the year to £8.0 million due mainly to the timing of payments around the respective period ends. Deferred income has increased due to higher levels of bioprocessing activity.

The Group's cash resources at 1 January 2017 were £15.3 million. Cash outflow from operations, interest payments and capital expenditure amounted to £9.8 million and there was an inflow of £4.6 million from the loan refinancing, resulting in a cash balance at 30 June 2017 of £10.2 million.

In July 2017 the $10 million upfront payment under the new Novartis contract was received, as was the 2016 R&D tax credit. The cash balance at 31 July 2017 was £22.1 million.

Loans

On 1 May 2015 the Group established a $50 million loan facility with Oberland Capital Healthcare which was used to finance the capacity expansion programme between late 2014 and mid-2016.

On 29 June 2017 the Group was able to re-finance this loan facility at a lower cash cost with a new $55 million facility with Oaktree Capital Management. $50 million (£38.5 million) of the facility was drawn down as at 30 June 2017 with the fair value of the loan net of capitalised legal and associated finance costs accounted for as a £33.9 million balance within loans, and the fair value of the warrants of £1.2 million is accounted for as equity. The remaining $5 million of the loan facility was drawn down in July 2017.

Financial outlook

The new vector supply agreement with Novartis and the encouraging progress that CTL019 is making towards marketing approval in the USA gives the Board confidence that revenues will continue to grow, in particular through bioprocessing and future royalties. The Board also remains confident that demand for process development and manufacture of lentiviral vectors is growing and that further contracts with new partner companies will be concluded over the next twelve months. These will help the Group move towards sustainable cash generation.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are those set out in the 2016 Annual Report & Accounts which is available on the Group's website at www.oxfordbiomedica.co.uk. The principal risks and uncertainties remain the same for the second six months of the year.

Going concern

At 31 July 2017, the Group held cash amounting to £22.1 million. The Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of this announcement. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2017

	Notes	**Six months ended 30 June 2017 £'000**	Six months ended 30 June 2016 £'000
Revenue		**15,694**	12,485
Cost of sales		**(7,997)**	(4,851)
Gross profit		**7,697**	7,634
Research, development and bioprocessing costs		**(10,489)**	(12,740)
Administrative expenses		**(2,567)**	(3,372)
Other operating income		**842**	1,536
Other gains	8	**2,297**	-
Operating loss		**(2,220)**	(6,942)
Finance income		**27**	4
Finance costs	6	**(3,651)**	(5,017)
Loss before tax		**(5,844)**	(11,955)
Taxation		**2,500**	2,566
Loss and total comprehensive expense for the period		**(3,344)**	(9,389)
Basic loss and diluted loss per ordinary share	5	**(0.11p)**	(0.35p)

The notes on pages 15 to 21 form part of this financial information.

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Consolidated Balance Sheet

as at 30 June 2017

	Notes	**30 June 2017 £'000**	31 December 2016 £'000
Assets			
Non-current assets			
Intangible assets		**1,175**	1,330
Property, plant and equipment	7	**26,484**	27,514
Investments	8	**2,954**	657
		30,613	29,501
Current assets			
Inventory	9	**3,896**	2,202
Trade and other receivables	10	**8,532**	6,904
Current tax assets		**5,500**	3,000
Cash and cash equivalents	11	**10,182**	15,335
		28,110	27,441
Current liabilities			
Trade and other payables	12	**8,021**	6,003
Deferred income	13	**5,407**	3,313
		13,428	9,316
Net current assets		**14,682**	18,125
Non-current liabilities			
Loans	14	**33,872**	34,389
Provisions	15	**626**	622
		34,498	35,011
Net assets		**10,797**	12,615
Shareholders' equity			
Share capital	16	**30,886**	30,879
Share premium	16	**154,045**	154,036
Reserves		**3,407**	2,189
Accumulated losses		**(177,541)**	(174,489)
Total equity		**10,797**	12,615

The notes on pages 15 to 21 form part of this financial information.

Consolidated Statement of Cash Flows

for the six months ended 30 June 2017

	Notes	**Six months ended 30 June 2017 £'000**	Six months ended 30 June 2016 £'000
Cash flows from operating activities			
Cash used in operations	18	**(1,268)**	(698)
Tax credit received		**-**	3,437
Net cash (used in)/generated from operating activities		**(1,268)**	2,739
Cash flows from investing activities			
Purchases of property, plant and equipment	7	**(978)**	(5,983)
Interest received		**17**	5
Net cash used in investing activities		**(961)**	(5,978)
Cash flows from financing activities			
Interest paid		**(7,494)**	(1,718)
Proceeds from issue of ordinary share capital		**16**	8,101
Costs of share issues		**-**	(589)
Loans received	14	**35,090**	-
Loans repaid	14	**(30,536)**	-
Net cash (used in)/generated from financing activities		**(2,924)**	5,794
Net (decrease) / increase in cash and cash equivalents		**(5,153)**	2,555
Cash and cash equivalents at 1 January		**15,335**	9,355
Cash and cash equivalents at 30 June	11	**10,182**	11,910

The notes on pages 15 to 21 form part of this financial information.

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Statement of Changes in Equity Attributable to Owners of the Parent

for the six months ended 30 June 2017

			Reserves				
	Share capital £'000	Share premium £'000	Merger reserve £'000	Treasury reserve £'000	Warrant reserve[1] £'000	Accumulated Losses £'000	Total £'000
At 1 January 2016	**25,741**	**141,677**	**2,291**	**(102)**	**-**	**(158,713)**	**10,894**
Six months ended 30 June 2016:							
Loss for the period	-	-	-	-	-	(9,389)	(9,389)
Total comprehensive expense for the period	-	-	-	-	-	(9,389)	(9,389)
Transactions with owners:							
Share options							
Proceeds from shares issued	7	12	-	-	-	-	19
Value of employee services	-	-	-	-	-	263	263
Issue of shares excluding options	1,284	6,798	-	-	-	-	8,082
Cost of share issues	-	(589)	-	-	-	-	(589)
At 30 June 2016	**27,032**	**147,898**	**2,291**	**(102)**	**-**	**(167,839)**	**9,280**
Six months ended 31 December 2016:							
Loss for the period	-	-	-	-	-	(7,252)	(7,252)
Total comprehensive expense for the period	-	-	-	-	-	(7,252)	(7,252)
Transactions with owners:							
Share options							
Proceeds from shares issued	13	27	-	-	-	-	40
Value of employee services	-	-	-	-	-	602	602
Issue of shares excluding options	3,834	7,647	-	-	-	-	11,481
Cost of share issues	-	(1,536)	-	-	-	-	(1,536)
At 31 December 2016	**30,879**	**154,036**	**2,291**	**(102)**	**-**	**(174,489)**	**12,615**
Six months ended 30 June 2017:							
Loss for the period	-	-	-	-	-	(3,344)	(3,344)
Total comprehensive expense for the period	-	-	-	-	-	(3,344)	(3,344)
Transactions with owners:							
Share options							
Proceeds from shares issued	7	9	-	-	-	-	16
Value of employee services	-	-	-	-	-	292	292
Issue of warrants	-	-	-	-	1,295	-	1,295
Costs related to issue of warrants	-	-	-	-	(77)	-	(77)
At 30 June 2017	**30,886**	**154,045**	**2,291**	**(102)**	**1,218**	**(177,541)**	**10,797**

[1]Refer note 17 for further information

The notes on pages 15 to 21 form part of this financial information.

Notes to the Financial Information

1. General information and basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2017 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 *Interim Financial Reporting* as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016.

These condensed consolidated interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors on 15 March 2017 and have been delivered to the Registrar of Companies. The report of the Auditors on the 2016 accounts was unqualified.

These condensed consolidated interim financial statements were approved by the Board of Directors on 16 August 2017. They have not been audited.

The Company is a public limited company incorporated and domiciled in the UK. The Company is listed on the London Stock Exchange.

2. Going concern

At 31 July 2017 the Group held cash amounting to £22.1 million. The Directors are of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least 12 months from the date of this announcement. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

3. Accounting policies

The accounting policies applied in these interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2016, as described in those annual financial statements.

Accounting developments
The Directors have considered all new standards, amendments to standards and interpretations which are mandatory for the first time for the financial year beginning 1 January 2017 and there are none which impact the group in the period.

Use of estimates and assumptions
In applying the Group's accounting policies, management is required to make judgements and assumptions concerning the future in a number of areas. Actual results may be different from those estimated using these judgements and assumptions.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were in the same areas as those that applied to the consolidated financial statements for the year ended 31 December 2016. Specifically these are revenue recognition, intangible asset impairment, and going concern.

4. Segmental analysis

The chief operating decision-maker has been identified as the Senior Executive Team (SET), comprising the executive directors, Chief Scientific Officer and Chief Technical Officer. The SET monitors the performance of the Group in two business segments:

(i) Partnering – providing lentiviral vector bioprocessing and process development services to partners;
(ii) R&D – the development of in-vivo and ex-vivo gene and cell therapy products which are owned by the Group, and the development of lentivirus-related platform technology which can improve the efficacy of therapeutic products or the vector manufacturing processes. Included within this category is clinical and pre-clinical product development and also the development of technical intellectual property.

Revenues, other operating income and operating loss by segment
EBITDA and Operating loss represent our measures of segment profit & loss as they are a primary measure used for the purpose of making decisions about allocating resources and assessing performance of segments.

H1 2017	Partnering £'000	R&D £'000	Total £'000
Revenue	15,453	241	15,694
Other operating income	602	240	842
Operating EBITDA	3,007	(5,069)	(2,062)
Depreciation, amortisation and share based payment	(1,586)	(869)	(2,455)
Other gains	-	2,297	2,297
Operating profit / (loss)	1,421	(3,641)	(2,220)

H1 2016	Partnering £'000	R&D £'000	Total £'000
Revenue	11,556	929	12,485
Other operating income	1,104	432	1,536
Operating EBITDA	219	(5,431)	(5,212)
Depreciation, amortisation and share based payment	(1,166)	(564)	(1,730)
Operating loss	(947)	(5,995)	(6,942)

Other operating income includes process development income of £0.5 million (2016: £0.8 million) and grant income of £0.3 million (2016: £0.7 million). Grant income of £0.2 million (2016: £0.4 million) from Innovate UK to fund clinical and pre-clinical development is included within the R&D segment whilst grant income of £0.1 million (2016: £0.3 million) from AMSCI (UK Government's Advanced Manufacturing Supply Chain Initiative) to develop our supply chain capabilities is included within Partnering. Process development income is included within the Partnering segment.

Costs are allocated to the segments on a specific basis as far as is possible. Costs which cannot readily be allocated specifically are apportioned between the segments using relevant metrics such as headcount or direct costs.

5. Basic loss and diluted loss per ordinary share

The basic loss per share of 0.11p (2016: 0.35p) has been calculated by dividing the loss for the period by the weighted average number of shares of 3,088,264,844 in issue during the six months ended 30 June 2017 (six months ended 30 June 2016: 2,664,846,105).

As the Group is loss-making, there were no potentially-dilutive ordinary shares in either period which would serve to increase the loss per ordinary share. There is therefore no difference between the loss per ordinary share and the diluted loss per ordinary share.

6. Finance income and costs

Finance costs of £3.6 million (2016: £5.0 million) consists of interest payable of £5.3 million (2016: £2.4 million) on repayment the Oberland loan facility, which was repaid on 29 June 2017, and foreign exchange gains on the loan of £1.7 million (2016: £2.6 million loss).

7. Property, plant & equipment

	Freehold property £'000	Leasehold improvements £'000	Office equipment and computers £'000	Bioprocessing and Laboratory equipment £'000	Total £'000
Cost					
At 1 January 2017	20,902	6,970	1,651	6,488	36,011
Additions at cost	168	11	318	481	978
At 30 June 2017	21,070	6,981	1,969	6,969	36,989
Depreciation					
At 1 January 2017	2,306	2,798	877	2,516	8,497
Charge for the period	993	234	454	327	2,008
At 30 June 2017	3,299	3,032	1,331	2,843	10,505
Net book amount at 30 June 2017	**17,771**	**3,949**	**638**	**4,126**	**26,484**

8. Investments

In November 2016 the Group received a 1.95% equity stake in Orchard Therapeutics under the terms of the collaboration and licence agreement. A revaluation of this investment has been carried out and a gain of £2.3 million recognised during the first six months of 2017. As Orchard Therapeutics is a private company the investment has not been valued based on observable market data.

The aggregate fair value of the equity investment in Orchard Therapeutics is £3.0 million (31 December 2016: £0.7 million).

	30 June 2017 £'000	31 December 2016 £'000
At 1 January 2017	**657**	-
Recognition of milestones/upfronts	**-**	657
Revaluation of investments	**2,297**	-
At 30 June 2017	**2,954**	657

9. Inventory

	30 June 2017 £'000	31 December 2016 £'000
Raw materials	**3,062**	2,120
Work-in-progress	**834**	82
Inventory	**3,896**	2,202

Inventories constitute raw materials held for commercial bioprocessing purposes, and work-in-progress inventory related to contractual bioprocessing obligations.

10. Trade and other receivables

	30 June 2017 £'000	31 December 2016 £'000
Trade receivables	**1,851**	1,969
Accrued income	**3,958**	2,919
Other receivables	**174**	238
Other tax receivable	**1,393**	1,330
Prepayments	**1,156**	448
Total trade and other receivables	**8,532**	6,904

11. Cash and cash equivalents

	30 June 2017 £'000	31 December 2016 £'000
Cash at bank and in hand	**10,182**	15,335

12. Trade and other payables

	30 June 2017 £'000	31 December 2016 £'000
Trade payables	**4,080**	1,576
Other taxation and social security	**523**	442
Accruals	**3,418**	3,985
Total trade and other payables	**8,021**	6,003

13. Deferred income

Deferred income arises when the Group has received payment for services in excess of the stage of completion of the services being provided.

14. Loans

On 29 June 2017 the Group completed a new $55 million debt facility with Oaktree Capital Management ("Oaktree"). The facility has been used to redeem the debt facility with Oberland Capital Healthcare.

The Oaktree loan is repayable no later than 29 June 2020 although it may be repaid, at the Group's discretion, at any time subject to early prepayment fees and an exit fee. The loan carries an interest rate of 9.0% plus US$ LIBOR, subject to a minimum of 1%. Subject to achieving certain conditions, the interest rate could reduce by 0.25% in the second year and a further 0.25% in the third year. The loan was issued at an original discount of 2.5%, and under the agreement the Company has issued 134,351,226 warrants to Oaktree (note 17). The loan is secured over all assets of the Group including intellectual property. The terms also include financial covenants relating to the achievement of revenue targets and a requirement to hold a minimum of $5 million cash at all times.

On initial recognition, the Oaktree loan, net of the expenses incurred in the refinancing which are treated as prepaid expenses, was fair valued at £33.9 million.

In May 2015, the Group entered into a $50 million loan facility with Oberland. The Group drew down $40 million (£26.1million) of the facility to finance the Group's expansion of its bioprocessing and

laboratory capacity in order to enable it to deliver on commitments under its bioprocessing agreement with Novartis. Over the course of the loan term, cash interest was payable quarterly at an annual interest rate of 9.5% plus the greater of 1% and three month LIBOR. The loan was issued at an original discount of 2.5%, and a repayment fee was also due on repayment. In addition to interest, the Group would also have been required to pay an additional amount of 0.35% of its annual worldwide net revenue from 1 April 2017 to 31 December 2025 for each $5 million of loan drawn down over $30 million.

As the loan was repaid after the second anniversary, under the terms of the agreement, there was a true-up payment payable to ensure that Oberland received an aggregate return of 15% per annum over the period of the loan. The Group was also required to maintain a cash balance of not less than $10 million in a ring-fenced account whilst the Oberland Facility was outstanding.

The Oberland Facility was fully repaid on 29 June 2017 at a cost of £36.3 million including the accrued interest of £5.3 million.

15. Provisions

The dilapidations provision of £0.6 million (2016: £0.6 million) relates to anticipated costs of restoring the leasehold Yarnton property in Oxford, UK to its original condition at the end of the present lease in 2024, discounted using the rate per the Bank of England nominal yield curve. The equivalent rate was used in 2016. The provision will be utilised at the end of the lease if it is not renewed.

16. Share capital and Share premium

At 31 December 2016 and 30 June 2017 the Company had issued share capital of 3,088,047,310 and 3,088,726,215 ordinary 1p shares respectively.

17. Warrant reserve

Under the Oaktree loan agreement the Company has issued 134,351,226 warrants to Oaktree, equivalent to 4.4% of the enlarged Group's share capital. The warrants are exercisable at the nominal share price of 1p and may be exercised at any time over the next ten years. The warrants have been fair valued at £1.2 million net of related expenses and this amount has been credited to the warrant reserve.

18. Cash flows from operating activities

Reconciliation of operating loss to net cash used in operations

	Six months ended 30 June 2017 £'000	Six months ended 30 June 2016 £'000
Continuing operations		
Operating loss	**(2,220)**	(6,942)
Adjustment for:		
Depreciation	**2,008**	1,295
Amortisation of intangible assets	**155**	172
Charge in relation to employee share schemes	**292**	263
Revaluation of investments	**(2,297)**	-
Changes in working capital:		
(Increase) / decrease in trade and other receivables	**(1,628)**	4,222
Increase / (decrease) in trade and other payables	**2,018**	(928)
Increase in deferred income	**2,094**	1,348
Increase in provisions	**4**	7
Increase in inventories	**(1,694)**	(135)
Net cash used in operations	**(1,268)**	(698)

19. Statement of Directors' responsibilities

The Directors of Oxford BioMedica plc are set out on page 22 of this report.

The condensed consolidated interim financial statements are the responsibility of, and have been prepared by the Directors. The Directors confirm that they have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material change in related-party transactions described in the last annual report.

By order of the Board

John Dawson
Chief Executive Officer
16 August 2017

OxfordBioMedica

Shareholder Information

Directors
Lorenzo Tallarigo
(Non-executive Chairman)

John Dawson
(Chief Executive Officer)

Tim Watts
(Chief Financial Officer and Company Secretary)

Peter Nolan
(Chief Business Officer)

Andrew Heath
(Deputy Chairman and Senior Independent Director)

Martin Diggle
(Non-executive Director)

Stuart Henderson
(Independent Non-executive Director)

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