Oxford BioMedica
Interim Report 2010

Improving vision, enhanced potential

"We have made good progress across our lead development programmes during the first half of 2010. These achievements have strengthened our pipeline and established a strong platform from which to build a sustainable, profitable organisation."

John Dawson
Chief Executive Officer

Operational highlights

ProSavin®: Parkinson's disease

- Two-year Phase I/II data show long-term benefit of treatment
- Enhanced administration technique approved and used to treat seventh and eighth patient in the study
- Treatment of final dose cohort expected to start in Q1 2011

Ocular programmes

- Regulatory applications to support clinical development of RetinoStat® and StarGen™ to be submitted by year-end
- Phase I/II trial initiation: RetinoStat® expected in Q4 2010, StarGen™ expected in Q1 2011
- All four products expected to be in clinical development in 2011
- First RetinoStat® and StarGen™ results expected in 2012

TroVax®: cancer vaccine

- FDA and RAC approval received to initiate a Phase II study in hormone refractory prostate cancer; trial expected to start in Q3 2010
- Phase I/II sponsored study in mesothelioma expected to start in Q1 2011
- Discussions on-going for sponsored trials in other cancer indications including ovarian cancer

Financial highlights[1]

- Revenue of £5.3 million (H1 2009 £13.9 million, H1 2009 pre-exceptional £4.0 million)
- Research & Development costs of £8.0 million (H1 2009 £11.6 million, 2009 pre-exceptional £7.8 million)
- Net loss of £2.9 million (H1 2009 £0.5 million, H1 2009 pre-exceptional £5.7 million)
- Net cash burn[2] of £9.2 million (H1 2009: net cash generated[2] of £12.7 million)
- Net cash[3] of £16.3 million (H1 2009: £34.8 million)
- Financial resources sufficient to fund operations into Q1 2012

Post period end highlights

- £1.7 million cash receipt from sanofi-aventis in July 2010
- Licensing agreement with Emergent BioSolutions; upfront licensing fee of $1 million, potential milestone payments of up to $20.4 million

[1] Unaudited results
[2] Net cash generated by/used in operating activities plus sales and purchases of non-current assets
[3] Cash, cash equivalents and available for sale investments

Business Review

Overview

During the first half of 2010 we initiated a number of development steps for ProSavin® and TroVax® and made good progress in our ocular product collaboration with sanofi-aventis. We are on track to complete evaluation of the enhanced ProSavin® administration technique in patients by the end of this year and anticipate progression to the next dose level in Q1 2011. We also expect a new Phase II trial for TroVax® in hormone refractory prostate cancer to begin during Q3 2010. Furthermore, we plan to have all four of our ocular products in clinical development in 2011 with the first Phase I/II study for RetinoStat® expected to start later this year. We continue to seek partnership and corporate activity opportunities in order to maximise the potential of our pipeline and enhance the value of our business.

Operational review

ProSavin®: gene-based therapy for Parkinson's disease

In March 2010 Oxford BioMedica received approval from the French regulatory agency (AFSSAPS) to use an enhanced administration procedure that requires fewer needle tracks, reduces surgery time and is therefore expected to accelerate the development timeline. On 13 June 2010, Professor Stéphane Palfi of the Henri Mondor Hospital in Paris presented new two-year Phase I/II data on ProSavin® in Parkinson's disease at the 9th Annual Congress of the French Society of Cell and Gene Therapy in Paris. The results from the on-going study confirm that ProSavin® is safe and well-tolerated after two years and, as we had anticipated, show that ProSavin® has the potential to provide long-term clinical benefit for patients.

By way of background, the first cohort in the current Phase I/II study assessed a 1x dose of ProSavin® in three patients. The second cohort assessed a 2x dose in three patients. The third and current cohort will assess a 2x dose using the enhanced administration technique. We have now treated two of the three patients in this cohort using the new technique, which we expect to be used in all subsequent cohorts, and plan to dose the last patient in Q3 2010. Enrolment for the third cohort was marginally slower than anticipated as the first intended patient did not meet the criteria for the study. The data monitoring committee (DMC) will hold a meeting in Q4 2010 to assess the data and make a recommendation on the optimal dose level of ProSavin® for the next stage of development. Subject to agreement, we anticipate recruiting the first patient into the final cohort for this study using the defined optimal dose in Q1 2011. Furthermore, we expect to receive permission from the UK Medicines and Healthcare products Regulatory Agency (MHRA) later this year to open a second clinical site in Cambridge which should increase the rate of enrolment and thus accelerate completion of the current study. Subject to MHRA approval, the centre could be open in Q1 2011.

Oxford BioMedica submitted an orphan drug application to the European Medicines Agency (EMA) and US Food and Drug Administration (FDA) in May and July, respectively, for the use of ProSavin® in the targeted patient population. Orphan drug legislation is intended to assist and encourage companies to develop safe and effective therapies for the treatment of rare diseases and disorders. Orphan Drug Designation would enable the Company to take advantage of a wide range of development, regulatory and commercial benefits. We expect to receive a response from the regulatory agencies regarding approval of these applications by Q4 2010.

Our objective remains to complete the current Phase I/II study and then advance into larger studies with a partner at the earliest opportunity. Discussions with prospective partners continue and we remain committed to proceeding with the right transaction with the best partner in order to maximise resource and expertise for the next stage of ProSavin®'s development.

Business Review

Operational review

Ocular gene-based therapy programmes

In collaboration with sanofi-aventis, we are advancing four LentiVector® technology-based product candidates into clinical trials for the treatment of ocular diseases. These products are: RetinoStat® for wet age-related macular degeneration, StarGen™ for Stargardt disease, UshStat® for Usher syndrome 1B and EncorStat® for corneal graft rejection. The joint development plan aims to advance all four product candidates into Phase I/II trials within three years. Since the start of this collaboration in Q2 2009, we have made rapid progress with pre-clinical studies, manufacture of study drug under Good Manufacturing Practice (GMP) and preparation of regulatory submissions. RetinoStat® and StarGen™ are currently the most advanced of the products. We are working closely with the regulatory bodies and expect to have all four products in clinical development in 2011.

A protocol for the RetinoStat® Phase I/II study was submitted to the US Recombinant DNA Advisory Committee (RAC) in July 2010 and we intend to submit an Investigational New Drug (IND) application in Q3 2010. Subject to receiving approval, we plan to initiate a Phase I/II study at the Wilmer Eye Institute at Johns Hopkins, Baltimore (USA), in Q4 2010. We also plan to initiate a Phase I/II study for our second candidate, StarGen™, in France and are preparing a clinical trial authorisation (CTA) for submission to the French regulatory agency AFSSAPS. This application will be made once the Haut Conseil des Biotechnologies (HCB) has reviewed the dossier. The HCB is a new committee which we have not encountered with previous protocol submissions, however we anticipate being able to submit the CTA to AFSSAPS in Q4 2010 and, subject to receiving approval, expect the Phase I/II study to begin in Q1 2011. We intend to initiate this clinical trial in France, but we plan to submit an IND application to the FDA in Q2 2011 to allow the opening of a clinical site in the USA. StarGen™ has already received orphan drug designation from the EMA and FDA.

In September 2010, we will meet with the Innovation Task Force at the EMA, who provide a forum for early dialogue regarding new therapies, to discuss the development of EncorStat®. Following their feedback, we intend to hold a pre-IND meeting with the FDA. We are preparing an IND application for submission to the FDA in H1 2011, with the aim of starting a Phase I/II study in H2 2011.

UshStat® has received Orphan Drug Designation from the EMA and FDA and we are preparing an IND application for submission to the FDA in H1 2011. According to this timeline, we would expect to see UshStat® entering Phase I/II clinical development in the US in H2 2011.

Anticipated ocular programme development timeline:

• RetinoStat® IND application to FDA	Q3 2010
• RetinoStat® Phase I/II study initiated	Q4 2010
• StarGen™ CTA dossier submission	Q4 2010
• StarGen™ Phase I/II study initiated	Q1 2011
• StarGen™ IND application to FDA	Q2 2011
• EncorStat® IND application	H1 2011
• UshStat® IND application to FDA	H1 2011
• EncorStat® Phase I/II study initiated	H2 2011
• UshStat® Phase I/II study initiated	H2 2011
• RetinoStat® first results	H1 2012
• StarGen™ first results	H2 2012

TroVax® (MVA-5T4): therapeutic cancer vaccine

On 24 June 2010 we announced a collaboration agreement with a team of cancer immunologists to evaluate TroVax® in a Phase I/II study in mesothelioma. The study, led by Dr Zsuzsanna Tabi at Cardiff University in partnership with Dr Jason Lester, an oncologist at Velindre Cancer Centre in Cardiff, will be funded by the June Hancock Mesothelioma Research Fund and Oxford BioMedica will provide the supply of TroVax®. Use of TroVax® to target the 5T4 antigen is a novel therapeutic approach to mesothelioma, a disease with few current treatment options. The study is anticipated to begin in Q1 2011.

Following the supportive response of the FDA in its review of the TRIST clinical study in renal cancer, we have had positive discussions regarding indications for further development including prostate, ovarian, colorectal and breast cancer. We received approval from the FDA and RAC in July 2010 to initiate a Phase II clinical study to assess the activity of TroVax® in patients with progressive hormone refractory prostate cancer. The study has been carefully designed to give early proof-of-concept so that we can progress to Phase III as soon as possible. The Phase II trial will enrol 80 patients in five centres across the US and is expected to begin in Q3 2010. First results are anticipated in H2 2012.

We continue to receive keen support and interest from oncologists and clinicians in Europe and the USA regarding the future development of TroVax® in several cancer indications which have a clear unmet medical need and a lack of effective treatments. We are working with our collaborators to prepare suitable clinical protocols for future trial designs and, in particular, for a Phase II study in ovarian cancer that may start in Q1 2011.

Oxford BioMedica takes careful consideration in allocating resources to its products under clinical development, and expenditure on TroVax® is closely monitored. We are exploring collaborations through clinical networks which provide significant leverage for Oxford BioMedica's investment. Partnering TroVax® for Phase III development remains a key strategic priority for the Company.

Other activities

On 1 July 2010 we announced a collaborative research project with VIB/University of Leuven, funded by a £255,000 grant from the Motor Neurone Disease Association (MNDA), to develop MoNuDin® for the treatment of Amyotrophic Lateral Sclerosis (ALS). The collaboration builds on previous work funded by MNDA and will utilise our LentiVector® technology to compare the therapeutic potential of two forms of vascular endothelial growth factor (VEGF). The collaboration will also evaluate the optimal delivery protocol for these gene therapy approaches. Oxford BioMedica is also collaborating with the US ALS Therapy Development Institute in further preclinical studies of MoNuDin®, and the Company looks forward to progress in the development of MoNuDin® with these excellent research groups.

Technology licensing

In January 2010 we secured exclusive rights to intellectual property owned by Research Development Foundation (RDF), the technology transfer entity for the Clayton Foundation for Research of Houston, Texas that supports our ocular products RetinoStat® and EncorStat®. The purchase was funded by the issue of Oxford BioMedica shares, and as a result RDF acquired 1,699,876 new ordinary shares of 1p each at £0.11575 per share.

In June 2010 we signed an amendment to our licence agreement with Cancer Research Technology (CRT) covering the use and exploitation of the 5T4 antigen. This technology underpins TroVax®, the targeted antibody product being developed by Pfizer, and other potential applications. The licence amendment clarifies royalty rates and the timing of royalty payments to CRT, and has allowed us to settle the payment of royalties that had been due to CRT relating to amounts received under the former sanofi-aventis TroVax® agreement. This settlement is staged according to agreed TroVax® commercial and clinical milestones, with an initial cash payment of £100,000, together with the issue of Oxford BioMedica shares valued at £185,316. Accordingly, Oxford BioMedica issued a total of 1,807,961 new ordinary shares of 1p each at £0.1025p per share. Further royalties in respect of the sanofi-aventis TroVax® receipts could become payable when specified future commercial and clinical milestone events occur.

Oxford BioMedica signed a licensing agreement in August 2010 with Emergent Product Development Germany GmbH ("Emergent"), a wholly-owned subsidiary of Emergent BioSolutions Inc. The agreement grants Emergent non-exclusive rights to the Company's Hi-8® PrimeBoost technology patents and a sub-licence under poxvirus patents licensed to us for the development and commercialisation of vaccines and therapeutics targeting eight infectious diseases. Under the terms of the agreement Emergent will pay an upfront licensing fee of $1 million, potential milestone payments of up to $20.4 million, and undisclosed royalties on sales. The milestone payments are based on specified development successes and will be paid out over several years.

Business Review

Operational review

Technology licensing continued
Oxford BioMedica has the potential to enjoy future milestone payments and royalties from a number of licensing agreements with partners who are developing mid- to late-stage products including:

MolMed:	2004: Licensed Oxford BioMedica's retroviral ex vivo gene delivery technology (TK008 in Phase III for transplant rejection in patients with acute leukaemia)
VIRxSYS Corporation:	2006: Licensed Oxford BioMedica's VSV-G viral envelope technology in the production process of its anti-HIV/AIDS product, VRX496 (Phase II)
Bavarian Nordic:	2010: Licensed Oxford BioMedica's heterologous prime-boost technology patents and poxvirus patents (PROSTVACTM is in Phase II for advanced prostate cancer)
Emergent BioSolutions:	2010: Licensed Oxford BioMedica's heterologous prime-boost technology patents and poxvirus patents (Tuberculosis vaccine is in Phase II)

Patent litigation
In January 2010 we reached a global settlement with Bavarian Nordic to resolve the patent litigation by Bavarian Nordic and Oxford BioMedica's oppositions to Bavarian Nordic's European MVA-BN® patents. Under a settlement and cross license agreement, Bavarian Nordic granted a license to its MVA-BN® patents in return for Oxford BioMedica granting a license to its heterologous prime-boost patents and a sub-license under poxvirus patents licensed to Oxford BioMedica by sanofi-aventis. Both Bavarian Nordic and Oxford BioMedica will make undisclosed milestone and royalty payments on the future development of their respective products.

Board changes
On 1 January 2010 Mark Berninger retired from the Board after more than ten years as an independent non-executive director of the Company. We extend our thanks to Mark for his dedicated service to the Company. Also on 1 January 2010, two new independent non-executive directors, Dr Paul Blake and Dr Andrew Heath, were appointed to the Board. Both Paul and Andrew are industry veterans with extensive experience in building successful biopharmaceutical companies internationally.

On 30 June 2010, Nick Woolf stepped down as Chief Business Officer and Executive Director for personal reasons. Nick has been a key member of the senior management team for the past seven years and has played an instrumental role in strengthening both business development and also corporate communications activities. We thank Nick for his considerable contribution and commitment to Oxford BioMedica and wish him every success in his new pursuits.

Financial review

We have continued to make progress with our key programmes in 2010 while keeping net expenditure under firm control. The balance of cash, cash equivalents and available for sale investments at 30 June 2010 of £16.3 million was ahead of our target, and our financial resources remain sufficient for our operational needs into the first quarter of 2012.

Revenue for the six months ended 30 June 2010 was £5.3 million (H1 2009 £13.9 million, 2009 H1 pre-exceptional £4.0 million). The ocular collaboration with sanofi-aventis contributed £5.2 million (H1 2009 £1.1 million) of which £2.3 million (H1 2009 £0.9 million) was the release of deferred income and £2.9 million (H1 2009 £0.2 million) was reimbursement of Research & Development (R&D) costs. In H1 2009 we recognised non-exceptional revenue of £2.8 million related to TroVax®. Deferred income attributable to the ocular collaboration at 30 June 2010 was £11.5 million (June 2009 £15.7 million).

Cost of sales represents the royalty payable to third party licensors that is attributable to upfront and milestone receipts which have been recognised as revenue. For the first half of 2010, we recognised a net credit of £0.9 million, due principally to the write-back of an accrual of £1.1 million as a result of the re-negotiation of the licence from Cancer Research Technology (CRT) covering the 5T4 cancer antigen. Dependent on certain future commercial milestones that relate to the partnering, development and approval of TroVax®, up to £1.1 million could become payable to CRT and this is identified in the notes to the accounts as a contingent liability. Pre-exceptional cost of sales in H1 2009 were £0.3 million.

R&D expenditure for the six months ended 30 June 2010 was £8.0 million (H1 2009 £11.6 million, H1 2009 pre-exceptional R&D £7.8 million). This includes R&D costs reimbursed by sanofi-aventis under the ocular collaboration.

Administrative expenses were £1.9 million (H1 2009 £3.1 million, H1 2009 pre-exceptional £2.9 million). Foreign exchange differences account for £0.6 million of the cost reduction, with a gain of £0.1 million in 2010 compared to a loss of £0.5 million in H1 2009. Accounting charges relating to share options were £0.2 million lower in 2010. The remaining £0.2 million reduction reflects savings from control of expenditure.

Net finance income was £0.1 million (H1 2009 £0.4 million). The reduction principally reflects lower interest rates. The net tax credit of £0.7 million (H1 2009 £0.8 million) represents amounts expected to be received under current legislation on research and development tax credits for small and medium sized enterprises in the UK, less a small amount of tax payable in the USA.

The loss after taxation for H1 2010 was £2.9 million (H1 2009 £0.5 million, H1 2009 pre-exceptional £5.7 million).

The exceptional profit of £5.2 million in H1 2009 related to the termination of the TroVax® collaboration with sanofi-aventis and the completion of Phase III TroVax® development. It included a charge of £2.6 million in June 2009 to establish a provision for the close-out of the TRIST clinical trial. During the remainder of 2009 the majority of the TRIST closure provision was utilised, leaving a provision at 31 December 2009 of £0.8 million. In H1 2010 £0.7 million of the remaining provision was utilised.

Cash, cash equivalents and available for sale investments reduced by £9.0 million in H1 2010, leaving a balance at 30 June 2010 of £16.3 million. A cash receipt of £1.7 million from sanofi-aventis which had been expected in June 2010 was received a few days late in July, and was included in receivables at 30 June 2010. Had this been received as expected, the balance at 30 June 2010 would have been £18.0 million. The cash outflow in 2010 included a total of £1.2 million related to the TRIST study closure: £0.7 million described above that was charged to the TRIST provision, and a further £0.5 million that had been accrued in 2009 and was paid in 2010.

Business Review

Principal risks and uncertainties

The principal risks and uncertainties facing the Company remain those set out on page 36 of the 2009 Annual Report & Accounts, a copy of which is available on our website www.oxfordbiomedica.co.uk. The risks and uncertainties relate to intellectual property and patent protection, development risk, regulatory review risk, collaboration and third party risk, pharmaceutical pricing risk, competition risk, financial risk, staff risk and risks specific to gene therapy. Our principal risks and uncertainties remain the same for the second half of 2010.

Market conditions continue to hold back the valuations of companies in Oxford BioMedica's sector and stage of development, and have restricted some companies' ability to raise capital. These factors do not have an immediate impact on Oxford BioMedica, as we have a strong balance sheet with sufficient working capital to fund operations into the first quarter of 2012. A prolonged downturn in the equity market could impact the Company's future activities to the extent that they may depend on additional financing.

Related parties

Related-party note disclosures are given in Note 14.

Outlook

We continue to make good progress in the development of our pipeline products and have sufficient financial resources to deliver our clinical results and reach our milestone objectives into the first quarter of 2012. We look forward to data from the current cohort of ProSavin® patients, being treated with the enhanced administration technique, towards the end of 2010. With the support of sanofi-aventis, the ocular collaboration is progressing well and we look forward to the initiation of the first ocular clinical trial during 2010. Clinical development of TroVax® is continuing and we anticipate the initiation of a new Phase II study in hormone refractory prostate cancer later this year. We remain active in our discussions with potential development partners for the assets in our portfolio, as we aim to leverage the full potential of our intellectual property and development portfolio. In addition, we continue to explore opportunities to accelerate profitability through value-enhancing corporate activity that could provide additional drivers of growth. The Company is well positioned, despite the challenging financial environment, and we remain committed to our goal of creating a sustainable, profitable biopharmaceutical company.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2010

	Notes	6 months ended 30 June 2010 (unaudited) £000	6 months ended 30 June 2009 Pre-exceptional £000	Exceptional items £000	Total £000	12 months ended 31 December 2009 Pre-exceptional £000	Exceptional items £000	Total £000
Revenue		**5,345**	4,035	9,889	13,924	9,031	10,089	19,120
Cost of sales credit/(charge)		**862**	(275)	(715)	(990)	90	(527)	(437)
Gross profit		**6,207**	3,760	9,174	12,934	9,121	9,562	18,683
Research and development costs		**(7,981)**	(7,784)	(3,807)	(11,591)	(14,899)	(3,392)	(18,291)
Administrative expenses		**(1,933)**	(2,928)	(169)	(3,097)	(6,056)	(169)	(6,225)
Other operating income: grants receivable		**8**	78	–	78	103	–	103
Operating (loss)/profit		**(3,699)**	(6,874)	5,198	(1,676)	(11,731)	6,001	(5,730)
Finance income		**142**	401	–	401	669	–	669
Finance costs		**(8)**	(29)	–	(29)	(33)	–	(33)
(Loss)/profit before tax		**(3,565)**	(6,502)	5,198	(1,304)	(11,095)	6,001	(5,094)
Taxation		**702**	778	–	778	1,579	–	1,579
(Loss)/profit for the period		**(2,863)**	(5,724)	5,198	(526)	(9,516)	6,001	(3,515)
Other comprehensive income								
Exchange adjustments		**–**	15	–	15	16	–	16
Total recognised comprehensive (expense)/income for the period		**(2,863)**	(5,709)	5,198	(511)	(9,500)	6,001	(3,499)
Basic loss and diluted loss per ordinary share	5	**(0.53p)**	(1.06p)	0.96p	(0.10p)	(1.76p)	1.11p	(0.65p)

The notes on pages 11 to 21 form part of this financial information

Consolidated Balance Sheet

As at 30 June 2010

	Notes	**30 June 2010 (unaudited) £000**	30 June 2009 (unaudited) £000	31 December 2009 (audited) £000
Assets				
Non-current assets				
Intangible assets	6	**11,316**	11,119	11,119
Property, plant and equipment		**652**	688	631
		11,968	11,807	11,750
Current assets				
Trade and other receivables	7	**5,519**	4,078	4,628
Current tax assets		**2,370**	2,937	2,269
Financial assets: Available for sale investments	8	**12,591**	17,250	18,500
Cash and cash equivalents	8	**3,699**	17,589	6,802
		24,179	41,854	32,199
Current liabilities				
Trade and other payables	9	**4,959**	11,279	7,669
Overseas tax payable		**4**	–	–
Deferred income	10	**5,069**	5,634	4,741
Provisions	11	**192**	2,575	898
		10,224	19,488	13,308
Net current assets		**13,955**	22,366	18,891
Non-current liabilities				
Other non-current liabilities		**128**	74	102
Deferred income	10	**6,533**	10,165	9,024
Provisions	11	**536**	571	539
		7,197	10,814	9,665
Net assets		**18,726**	23,359	20,976
Shareholders' equity				
Share capital		**5,449**	5,395	5,412
Share premium		**110,382**	109,881	110,043
Merger reserve		**14,310**	14,310	14,310
Other reserve		**(676)**	(677)	(676)
Retained losses		**(110,739)**	(105,550)	(108,113)
Total equity		**18,726**	23,359	20,976

The notes on pages 11 to 21 form part of this financial information

Consolidated Statement of Cash Flows

for the six months ended 30 June 2010

	Notes	**Six months ended 30 June 2010 (unaudited) £000**	Six months ended 30 June 2009 (unaudited) £000	Year ended 31 December 2009 (audited) £000
Cash flows from operating activities				
Cash (used in)/generated by operations	13	**(9,602)**	12,327	904
Net interest received		**168**	612	976
Tax credit received		**619**	–	1,500
Overseas tax paid		**(15)**	(36)	(67)
Net cash (used in)/generated by operating activities		**(8,830)**	12,903	3,313
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**–**	1	1
Purchases of property, plant and equipment		**(149)**	(159)	(247)
Purchases of intangible assets		**(234)**	–	(41)
Net maturity/(purchase) of available for sale investments		**5,909**	(3,500)	(4,750)
Net cash generated by/(used in) investing activities		**5,526**	(3,658)	(5,037)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		**191**	217	396
Net cash generated by financing activities		**191**	217	396
Net (decrease)/increase in cash and cash equivalents		**(3,113)**	9,462	(1,328)
Cash and cash equivalents at 1 January		**6,802**	8,141	8,141
Effects of exchange rate changes		**10**	(14)	(11)
Cash and cash equivalents at period end	8	**3,699**	17,589	6,802

The notes on pages 11 to 21 form part of this financial information

Statement of Changes in Shareholders' Equity

As at 30 June 2010

Group	Share capital £000	Share premium £000	Merger reserve £000	Translation reserve £000	Losses £000	Total £000
At 1 January 2010	**5,412**	**110,043**	**14,310**	**(676)**	**(108,113)**	**20,976**
Six months ended 30 June 2010:						
Exchange adjustments	**–**	**–**	**–**	**–**	**–**	**–**
Loss for the period	**–**	**–**	**–**	**–**	**(2,863)**	**(2,863)**
Total recognised expense for the period	**–**	**–**	**–**	**–**	**(2,863)**	**(2,863)**
Share options						
Proceeds of shares issued	**2**	**11**	**–**	**–**	**–**	**13**
Value of employee services	**–**	**–**	**–**	**–**	**237**	**237**
Issue of shares excluding share options	**35**	**347**	**–**	**–**	**–**	**382**
Costs of share issues	**–**	**(19)**	**–**	**–**	**–**	**(19)**
At 30 June 2010 (unaudited)	**5,449**	**110,382**	**14,310**	**(676)**	**(110,739)**	**18,726**
At 1 January 2009	5,373	109,686	14,310	(692)	(105,406)	23,271
Six months ended 30 June 2009:						
Exchange adjustments	–	–	–	15	–	15
Loss for the period	–	–	–	–	(526)	(526)
Total recognised expense for the period	–	–	–	15	(526)	(511)
Share options						
Proceeds from shares issued	–	4	–	–	–	4
Value of employee services	–	–	–	–	382	382
Issue of shares excluding options	22	150	–	–	–	172
Net credit for share issue costs	–	41	–	–	–	41
At 30 June 2009 (unaudited)	**5,395**	**109,881**	**14,310**	**(677)**	**(105,550)**	**23,359**
At 1 January 2009	5,373	109,686	14,310	(692)	(105,406)	23,271
Year ended 31 December 2009:						
Exchange adjustments	–	–	–	16	–	16
Loss for the period	–	–	–	–	(3,515)	(3,515)
Total recognised expense for the period	–	–	–	16	(3,515)	(3,499)
Share options						
Proceeds from shares issued	2	13	–	–	–	15
Value of employee services	–	–	–	–	808	808
Issue of shares excluding options	37	308	–	–	–	345
Net credit for share issue costs	–	36	–	–	–	36
At 31 December 2009 (audited)	**5,412**	**110,043**	**14,310**	**(676)**	**(108,113)**	**20,976**

The notes on pages 11 to 21 form part of this financial information

Notes to the Financial Information

for the six months ended 30 June 2010

1 GENERAL INFORMATION AND BASIS OF PREPARATION

The Company is a public limited company incorporated and domiciled in the UK. The address of its registered office is Medawar Centre, Oxford Science Park, Oxford, OX4 4GA.

The Company has its primary listing on the London Stock Exchange.

This condensed consolidated interim financial information was approved for issue on 23 August 2010.

This condensed consolidated interim financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2009 were approved by the Board of Directors on 9 March 2010 and delivered to the Registrar of Companies. The report of the Auditors on the 2009 accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This condensed consolidated interim financial information has not been audited.

The condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with IFRSs as adopted by the European Union.

2 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 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.

Notes to the Financial Information

2 STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

The Directors of Oxford BioMedica plc are:

Professor Alan Kingsman	Chairman
Dr Paul Blake	Non-Executive Director, member of the Remuneration Committee and the Nomination Committee
Dr Andrew Heath	Non-Executive Director, member of the Audit Committee and the Nomination Committee
Dr Alex Lewis	Non-Executive Director, Chairman of the Remuneration Committee, member of the Audit and Nomination Committees
Nick Rodgers	Deputy Chairman and Senior Independent Director, Chairman of the Nomination and Audit Committees, member of the Remuneration Committee
John Dawson	Chief Executive Officer
Dr Stuart Naylor	Chief Scientific Officer
Peter Nolan	Senior Vice President: Commercial Development
Andrew Wood	Chief Financial Officer

A list of current Directors is maintained on the Company's website: www.oxfordbiomedica.co.uk.

By order of the Board

John Dawson
Chief Executive Officer
24 August 2010

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are not currently relevant for the Group.

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.
- 'Additional exemptions for first-time adopters' (Amendment to IFRS 1) was issued in July 2009. The amendments are required to be applied for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing IFRS preparer.
- Improvements to International Financial Reporting Standards 2009 were issued in April 2009. The effective dates vary standard by standard but most are effective 1 January 2010.

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- IFRS 9, 'Financial instruments', issued in December 2009. This addresses the classification and measurement of financial assets. The Group is assessing whether there will be any impact on the accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.
- Revised IAS 24, 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted.
- 'Classification of rights issues' (Amendment to IAS 32), issued in October 2009. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted.
- 'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009 is effective for annual periods beginning 1 January 2011. Earlier application is permitted. The standard is not applicable to the group as there is no defined benefit pension scheme.
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted.
- Improvements to International Financial Reporting Standards 2010 were issued in May 2010. The effective dates vary standard by standard but most are effective 1 January 2010.

Use of estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continually made and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances.

Notes to the Financial Information

3 ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates and assumptions
In 2009 the Group received an up-front non-refundable payment of US$26 million (£16,641,000) from sanofi-aventis under the ocular product collaboration. This is being recognised as revenue on a straight line basis over 42 to 51 months (the expected duration of the initial stage of the collaboration for each of the four products). Revenue of £2,333,000 has been recognised in respect of the initial payment for this collaboration in the first half of 2010, with £11,198,000 remaining as deferred income. If the revenue recognition periods had been six months longer, the amount of revenue recognised in the first half of 2010 would have been reduced by £287,000 and the amount of deferred income increased by the same amount. Had the revenue recognition period been six months less, the amount of revenue recognised in the first half of 2010 would have increased by £381,000.

For clinical trial costs the Group uses a percentage-of-completion method to accrue for such costs. This method requires the Group to estimate the services performed by contractors to date as a proportion of total services to be performed. If the accruals calculated using this method were over/under estimated by 5% with all other variables held constant there would have been an increase/decrease in research and development costs of £83,000 (2009: £127,000).

The Group has significant intangible assets arising from purchases of intellectual property rights and from the acquisition of Oxxon Therapeutics Limited in 2007. Under IFRS, intangible assets that have an indefinite useful life or which are not yet available for use are tested annually for impairment. The impairment analysis is principally based on estimated discounted future cash flows. Actual outcomes could vary significantly from such estimates of discounted future cash flows, due to the highly sensitive assumptions used. The determination of the assumptions is subjective and requires the exercise of considerable judgement. Any changes in key assumptions about the Group's business and prospects or changes in market conditions could materially affect the amount of impairment.

4 SEGMENTAL ANALYSIS

The chief operating decision-maker has been identified as the Senior Management Group (SMG). The SMG reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the internal management reports.

The SMG considers that the business comprises a single activity, which is biotechnology research and development. The SMG reviews the Group's profit or loss and its cash flows, assets and liabilities on a whole-company basis. In carrying out these reviews, the SMG considers all material items of income and expenditures that are directly attributable to individual development programmes. The internal management reports do not allocate assets and liabilities or shared overheads to individual products, as the Group does not consider it meaningful, in the present development phase, to attribute profits or losses to individual products.

Based on above considerations, there is considered to be one reportable segment: biotechnology research and development.

Internal and external reporting is on a consolidated basis, with purchases and sales between subsidiaries eliminated on consolidation. Therefore the segment financial information is the same as that set out in the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows and the statement of changes in shareholders' equity.

5 BASIC LOSS AND DILUTED LOSS PER ORDINARY SHARE

The basic loss per share has been calculated by dividing the loss for the period by the weighted average number of shares of 542,957,922 in issue during the six months ended 30 June 2010 (six months ended 30 June 2009: 539,094,595; year ended 31 December 2009: 539,872,996).

The Company had no dilutive potential 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 INTANGIBLE ASSETS

	In process R&D £000	Intellectual property rights £000	Total £000
Cost			
At 1 January 2010	10,400	5,505	15,905
Additions	–	197	197
At 30 June 2010	**10,400**	**5,702**	**16,102**
Accumulated amortisation and impairment			
At 1 January and 30 June 2010	**3,598**	**1,188**	**4,786**
Net book amount at 30 June 2010 (unaudited)	**6,802**	**4,514**	**11,316**
Cost			
At 1 January and 30 June 2009	10,400	5,505	15,905
Accumulated amortisation and impairment			
At 1 January and 30 June 2009	3,598	1,188	4,786
Net book amount at 30 June 2009 (unaudited)	**6,802**	**4,317**	**11,119**
Cost			
At 1 January 2009	10,400	5,505	15,905
Additions	–	78	78
Disposal	–	(78)	(78)
At 31 December 2009	10,400	5,505	15,905
Accumulated amortisation and impairment			
At 1 January and 31 December 2009	3,598	1,188	4,786
Net book amount at 31 December 2009 (audited)	**6,802**	**4,317**	**11,119**

Notes to the Financial Information

7 TRADE AND OTHER RECEIVABLES

	30 June 2010 (unaudited) £000	30 June 2009 (unaudited) £000	31 December 2009 (audited) £000
Amounts falling due after more than one year			
Other receivables – rent deposit	**157**	143	145
Amounts falling due within one year			
Trade receivables	**1,888**	–	88
Accrued income	**1,344**	–	1,925
Other receivables	**257**	1,139	298
Other tax receivable	**115**	151	150
Prepayments	**1,758**	2,645	2,022
	5,362	**3,935**	**4,483**
Total trade and other receivables	**5,519**	4,078	4,628

8 CASH AND CASH EQUIVALENTS

	30 June 2010 (unaudited) £000	30 June 2009 (unaudited) £000	31 December 2009 (audited) £000
Cash at bank and in hand	**2,699**	17,589	3,802
Short term bank deposits	**1,000**	–	3,000
Total cash and cash equivalents	**3,699**	17,589	6,802

In addition to the cash and cash equivalents described above, the Group held bank deposits of £12,591,000 (June 2009: £17,250,000; December 2009: £18,500,000) with an initial term to maturity between three and twelve months, classified as available for sale investments.

9 TRADE AND OTHER PAYABLES – CURRENT

	30 June 2010 (unaudited) £000	30 June 2009 (unaudited) £000	31 December 2009 (audited) £000
Trade payables	**1,716**	1,900	1,965
Other taxation and social security	**146**	128	304
Accruals	**3,097**	9,251	5,400
Total trade and other payables	**4,959**	11,279	7,669

10 DEFERRED INCOME

	30 June 2010 (unaudited) £000	30 June 2009 (unaudited) £000	31 December 2009 (audited) £000
Current	**5,069**	5,634	4,741
Non-current	**6,533**	10,169	9,024
Total deferred income	**11,602**	15,803	13,765

In April 2009 the Group entered into a collaborative programme with sanofi-aventis to develop four gene therapy products to treat ocular diseases. An initial non-refundable payment of US$26 million (£16,641,000) was received. This is being recognised as revenue on a straight line basis over 42 to 51 months (the expected duration of the initial stage of the collaboration for each of the four products). Revenue of £2,333,000 has been recognised in respect of the initial payment for this collaboration in the first half of 2010 (H1 2009: £924,000; FY 2009: £3,110,000). The remaining £11,198,000 is classified as deferred income. £4,665,000 is expected to be recognised as income in the next 12 months and is classified as current: the remaining £6,533,000 is classified as non-current.

Over the term of the ocular gene therapy collaboration, Oxford BioMedica may recover from sanofi-aventis up to US$24 million in research and development funding. Project costs in excess of US$24 million will be borne by Oxford BioMedica. Including amounts recognised in 2009, research funding of £6,031,000 has been recognised as revenue up to 30 June 2010, with a further £328,000 classified as current deferred income.

Notes to the Financial Information

11 PROVISIONS

	Clinical trial £000	Dilapidations £000	Onerous lease £000	Total £000
At 1 January 2010	817	420	200	**1,437**
Exchange adjustments	–	–	15	**15**
Released in the period	(14)	–	–	**(14)**
Utilised in the period	(699)	–	(44)	**(743)**
Amortisation of discount	–	7	1	**8**
Change of discount rate – charged to statement of comprehensive income	–	–	2	**2**
Change of discount rate – adjustment to recognised fixed asset	–	23	–	**23**
At 30 June 2010 (unaudited)	**104**	**450**	**174**	**728**
At 1 January 2009	–	411	308	**719**
Exchange adjustments	–	–	(30)	**(30)**
Provided in the period	2,599	–	–	**2,599**
Utilised in the period	(102)	–	(46)	**(148)**
Amortisation of discount	–	3	3	**6**
Change of discount rate – charged to statement of comprehensive income	–	–	(1)	**(1)**
Change of discount rate – adjustment to recognised fixed asset	–	1	–	**1**
At 30 June 2009 (unaudited)	**2,497**	**415**	**234**	**3,146**
At 1 January 2009	–	411	308	**719**
Exchange adjustments	–	–	(27)	**(27)**
Provided in the year	2,202	–	–	**2,202**
Utilised in the year	(1,385)	–	(88)	**(1,473)**
Amortisation of discount	–	5	5	**10**
Change of discount rate – charged to statement of comprehensive income	–	–	2	**2**
Change of discount rate – adjustment to recognised fixed asset	–	4	–	**4**
At 31 December 2009 (audited)	**817**	**420**	**200**	**1,437**

11 PROVISIONS (CONTINUED)

	30 June 2010 (unaudited) £000	30 June 2009 (unaudited) £000	31 December 2009 (audited) £000
Current	**192**	2,575	898
Non-current	**536**	571	539
Total provisions	**728**	3,146	1,437

The clinical trial provision was established following the FDA review of TroVax® development in June 2009. It represents the anticipated costs to complete the TRIST study in renal cancer from the date of the FDA review. The TRIST study reached full recruitment (733 patients) in March 2008, and all clinical trial sites are now closed. All remaining costs are expected to be paid during 2010. In light of the relatively short time-line, this provision has not been discounted, as the Directors do not consider the impact would be material.

The dilapidations provision relates to anticipated costs of restoring the leasehold property in Oxford, UK to its original condition at the end of the present leases in 2016, discounted at 2.49% per annum (2009: 1.52%). The provision will be utilised at the end of the leases if they are not renewed.

The onerous lease provision relates to the estimated rental shortfall in respect of a redundant property in San Diego, USA which has been sub-let for the remainder of the lease term until June 2012, discounted at 0.94% per annum (2009: 2.36% per annum). The provision is being utilised over the term of the lease.

12 SHARE CAPITAL

In January 2010 the Company issued 1,699,876 shares to the Research Development Foundation, the technology transfer entity for the Clayton Foundation for Research of Houston, Texas in connection with licensing exclusive rights to intellectual property supporting the ocular products RetinoStat® and Encorstat®. Proceeds of the share issue were £197,000. Costs of £10,000 were charged to the share premium account.

In June 2010 the Company issued 1,807,961 shares, valued at £185,000 to Cancer Research Technology, (CRT) the technology development and commercialisation arm of the charity Cancer Research UK, in partial settlement of royalties payable to CRT. Costs of £10,000 were charged to the share premium account.

Between February and April 2010 the Company issued 181,982 shares on the exercise of share options under share option schemes for aggregate cash consideration of £13,000. There were no costs in respect of these share issues.

Notes to the Financial Information

13 CASH FLOWS FROM OPERATING ACTIVITIES

Reconciliation of loss before tax to net cash from operations

	Six months ended 30 June 2010 (unaudited) £000	Six months ended 30 June 2009 (unaudited) £000	Year ended 31 December 2009 (audited) £000
Continuing operations			
Loss before tax	**(3,565)**	(1,304)	(5,094)
Adjustment for:			
Depreciation	**168**	155	311
Profit on disposal of property, plant and equipment	**–**	(1)	(1)
Loss on disposal of intangible assets	**–**	–	78
Finance income	**(142)**	(401)	(669)
Finance expense	**8**	29	33
Charge in relation to employee share schemes	**237**	382	808
Changes in working capital:			
(Increase)/decrease in trade and other receivables	**(900)**	2,965	2,322
(Decrease)/increase in trade and other payables	**(2,490)**	692	(2,937)
(Decrease)/increase in deferred income	**(2,163)**	7,360	5,322
(Decrease)/increase in provisions	**(755)**	2,450	731
Net cash (used in)/generated by operations	**(9,602)**	12,327	904

14 RELATED PARTY TRANSACTIONS

Identity of related parties

The Group consists of a parent, Oxford BioMedica plc, two wholly-owned trading subsidiaries and one dormant subsidiary (Oxxon Therapeutics Limited). The principal trading company is Oxford BioMedica (UK) Limited. The second trading subsidiary BioMedica Inc provides services in the USA to Oxford BioMedica (UK) Limited under a transfer pricing agreement.

Transactions with Directors and connected persons

Professor Alan Kingsman (chairman) was paid a consultancy fee of £37,500 (H1 2009: nil) in addition to his fees as a director. Professor Susan Kingsman (former director) was paid a consultancy fee of £25,000 (H1 2009: £25,000).

15 CONTINGENT LIABILITIES

In 2009, the licensor of a patent covering two of Oxford BioMedica's ocular gene therapy products challenged the Company's decision on the amount of royalty due to them in respect of income received by Oxford BioMedica from sanofi-aventis, seeking to increase a royalty payment of US$368,000 to US$3,315,000. Oxford BioMedica is confident that the right amount of royalty has been paid, and that there is no further liability.

In June 2010 Oxford BioMedica signed an amendment to its licence agreement with Cancer Research Technology (CRT) covering the use and exploitation of the 5T4 antigen that is used in TroVax®, Oxford BioMedica's therapeutic cancer vaccine, the antibody being developed by Pfizer, and other potential applications. The licence amendment clarifies the timing and quantum of royalty payments due to CRT. Under the amended agreement, royalty payments due to CRT relating to amounts received under the sanofi-aventis TroVax® agreement (signed March 2007 and terminated April 2009) will be settled by staged payments triggered by agreed TroVax® commercial and clinical milestones. The agreed royalty liability to date comprises £100,000 payable in cash (included in accruals at 30 June 2010) together with Oxford BioMedica shares valued at £185,000 (issued in June 2010). Further cash royalties of up to £1,141,000 could become payable to CRT in respect of the sanofi-aventis TroVax® receipts if specified future commercial and clinical milestone events occur.

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