
OxfordBioMedica
Discover. Realise.
Interim Report 2011

Discover. Realise.

Our journey is about discovery. New medicines and treatments that could improve life for millions of people. By realising these discoveries we will fight life-threatening and debilitating diseases affecting almost every family in the world.

Oxford BioMedica is one of the leading companies in gene therapy and immunotherapy with a platform of exclusive and pioneering technologies to design and develop unique gene-based medicines. Our pipeline addresses diseases for which there are currently no treatments or that are inadequately treated today, including cancer, neuro-degenerative and ocular diseases, and our product candidates have the potential to transform treatment landscapes. Through our in-house development programmes and our collaborations with leading industry partners, our goal is to improve the lives of patients with debilitating and life-threatening diseases.

Highlights

Overview

During the first half of 2011, the clinical pipeline broadened from two core products, ProSavin® and TroVax®, to four as our lead ocular candidates, RetinoStat® and StarGen™, entered Phase I/II development. Positive data from the third ProSavin® patient cohort demonstrated the highest efficacy results to date at the six-month assessment and in August 2011 we released interim results from the fourth (5x dose) cohort which showed the highest average motor function improvement at three months. Furthermore, our collaborations with Pfizer and ImaginAb highlight the relevance of our 5T4 platform technology in the field of cancer diagnostics. With robust platform technologies and a diversified product portfolio, Oxford BioMedica is well-positioned to deliver on its strategy to build a successful biopharmaceutical company founded on the development and commercialisation of novel gene-based medicines.

£20.2m

Net cash[3]:
(H1 2010: £16.3 million).

+£20m

Fundraising:
£20 million before expenses, completed 10 January 2011.

Operational highlights

LentiVector® Platform

ProSavin®: Parkinson's disease

- Positive six-month data from third patient cohort of on-going Phase I/II trial presented at ASGCT 14th Annual Meeting demonstrating 43% average motor function improvement with a 2x dose
- Improvements across patient diary measures further underline potential for ProSavin® to address the motor symptoms of Parkinson's disease

Ocular Gene Therapies: partnered with Sanofi

- RetinoStat® Phase I study initiated for treatment of "wet" age-related macular degeneration
- StarGen™ Phase I/IIa study initiated in the US for treatment of Stargardt disease
- US RAC approval received for UshStat® Phase I/IIa study

Manufacturing

- Acquisition of Oxford manufacturing facility for £1.9 million completed in February 2011, with re-commissioning process on-track

5T4 Tumour Antigen

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

- Further TRIST Phase III analyses published in *Cancer Immunology, Immunotherapy* identifying specific immune response surrogate algorithm
- Collaborators at Cardiff University and Velindre Cancer Centre, Wales received MHRA and GTAC approval for Phase II study in mesothelioma

Targeted antibody therapy: for cancer

- Collaboration with Pfizer broadened to include *in vitro* diagnostic use of 5T4 antibodies
- New research collaboration with ImaginAb, Inc. to engineer an *in vivo* diagnostic imaging agent

Financial highlights[1]

- Fundraising of £20.0 million before expenses, completed on 10 January 2011
- Revenue of £5.0 million (H1 2010 £5.3 million)
- Research & Development costs of £11.8 million, pre-exceptional £8.7 million (H1 2010 £8.0 million)
- Net loss of £8.1 million, pre-exceptional £5.0 million (H1 2010 £2.9 million)
- Net cash burn[2] of £10.7 million (H1 2010: £9.4 million)
- Net cash[3] of £20.2 million (H1 2010: £16.3 million)
- Financial resources sufficient to fund operations into Q1 2013

Post-period end highlights

- Collaborators at Cardiff University received MHRA approval for TroVax® Phase II study in colorectal cancer in July 2011
- StarGen™ CTA approval received in July 2011 for second clinical site in France
- Positive interim review of fourth ProSavin® patient cohort by DMC in August 2011 with favourable safety profile at the highest (5x) dose

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

Product Pipeline

Platform	Product (partner/funding)	Indication	Stage of development
LentiVector®	ProSavin®	Parkinson's disease	Phase I/II trial on-going
	RetinoStat® (Sanofi)	Wet age-related macular degeneration	Phase I trial on-going
	StarGen™ (Sanofi)	Stargardt disease	Phase I/IIa trial on-going
	UshStat® (Sanofi)	Usher syndrome	Phase I/IIa trial preparation
	EncorStat® (Sanofi)	Corneal graft rejection	Phase I/II trial preparation
	MoNuDin®[1]	Motor neuron disease	Research
5T4 Tumour Antigen	TroVax®	Prostate cancer	Phase II trial on-going
	Anti-5T4 anti-body (Pfizer)	Cancer	Pre-clinical

Non-core assets available for partnering:

Prime Boost	Hi-8® Mel	Melanoma	Phase IIa trial completed
GDEPT[2]	MetXia®	Pancreatic cancer	Phase I/II trials completed
Anti Angiogenesis	EndoAngio-GT	Cancer	Research

1. UK Motor Neurone Disease Association & Amyotrophic Lateral Sclerosis Therapy Development Institute.
2. Gene-directed enzyme prodrug therapy.

Operational Review

We have made good progress across our core technology platforms during the period. In particular, the ProSavin® Phase I/II data set is very promising and we have broadened our clinical development pipeline from two to four programmes with lead ocular candidates RetinoStat® and StarGen™, partnered with Sanofi, entering Phase I/II development. With tight fiscal controls in place we have sufficient financial resources to deliver our clinical results and reach our milestone objectives throughout 2012. We remain committed to building a successful biopharmaceutical company founded on the development and commercialisation of novel gene-based medicines.

John Dawson
Chief Executive Officer

61%

The most recent data from the third ProSavin® patient cohort revealed a maximum improvement in motor function of 61% at six months.

LentiVector® Platform

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

In May 2011, new data from the on-going Phase I/II study were presented at the American Society of Gene & Cell Therapy (ASGCT) 14th Annual Meeting held in Seattle, USA by Professor Stéphane Palfi. A six-month assessment of the third patient cohort, treated with a 2x dose of ProSavin® using an enhanced administration method, revealed the highest efficacy results observed to date with 43% average motor function improvement and a maximum of 61% in one patient. In addition, patient diary measures such as increased functional "ON" time (when PD symptoms are not present), reduced "OFF" time (after withdrawal of PD medication) and improved quality of life also support the positive impact on patients' lives; further underlining the potential for ProSavin® to address the motor symptoms of PD.

In August 2011, Oxford BioMedica reported a positive interim review of the fourth patient cohort by the study's independent Data Monitoring Committee (DMC). The first three patients in the on-going six-patient cohort received the highest (5x) dose of ProSavin®; the scaled equivalent to the maximum dose in pre-clinical studies. At three months, the highest average motor function improvement of 29% was observed, with a maximum of 49% improvement in one patient. Importantly, the DMC acknowledged that the improvements in motor function with decreased oral dopaminergic therapy observed to date are encouraging and clinically relevant; supporting our preparations to progress to randomised studies at the earliest opportunity. The primary efficacy end-point of the Phase I/II trial is the six-month assessment, allowing time for improvements in patients' condition to stabilise including appropriate adjustments in background oral dopaminergic therapy. Six-month results from the first three patients are expected in Q4 2011 following a review of all four cohorts by the DMC.

The ProSavin® data set is very promising in terms of the improvements observed across multiple endpoints in the context of an inexorably degenerating disease. The safety profile continues to be favourable with no serious adverse events related to ProSavin® or its method of administration in all four cohorts. The Company's objective remains to complete the current Phase I/II study and planning is well underway for a sham-controlled Phase II study. We continue discussions with potential partners in order to maximise the commercial potential for ProSavin®.

Ocular gene therapies: partnered with Sanofi

In collaboration with Sanofi, Oxford BioMedica is developing four LentiVector® platform product candidates for the treatment of ocular diseases: RetinoStat® for "wet" age-related macular degeneration (AMD); StarGen™ for Stargardt disease; UshStat® for Usher syndrome 1B; and EncorStat® for corneal graft rejection. The lead product, RetinoStat®, entered Phase I clinical development in January 2011 in the first US study to directly administer a lentiviral vector-based treatment to patients.

In March 2011, the US Food and Drug Administration (FDA) approved the Investigational New Drug (IND) application for StarGen™ and the first patient in the Phase I/IIa study was treated in the US in June 2011 at the Oregon Health and Science University, Portland, Oregon. In July 2011, the French regulatory agency, AFSSAPS, approved Oxford BioMedica's clinical trial authorisation (CTA) application to allow the opening of a second clinical site in France at the Centre Hospitalier National D'Opthalmologie des Quinze-Vingts, Paris. The on-going open label, dose escalation, Phase I/IIa study will enrol up to 28 patients with Stargardt disease. Three dose levels will be evaluated for safety, tolerability and aspects of biological activity and first results are anticipated in H2 2012.

In June 2011, Oxford BioMedica reported a positive review of the first RetinoStat® patient cohort by the study's independent Data Safety Monitoring Board (DSMB). Three patients received the first dose level of RetinoStat® which was safe and well-tolerated at one month following treatment. The Company received DSMB support to proceed to the second dose level in the next patient cohort which is underway. The on-going open label, dose escalation, Phase I study will enrol 18 patients with "wet" AMD at the Wilmer Eye Institute at Johns Hopkins, Baltimore (USA). The study will evaluate three dose levels and assess safety and aspects of ocular physiology with first results expected in H1 2012.

Following approval from the US Recombinant DNA Advisory Committee (RAC) in May 2011, Oxford BioMedica is preparing an IND application for submission to the FDA in order to commence Phase I/IIa clinical development of UshStat® for the treatment of Usher syndrome type 1B in the US in H2 2011. UshStat® has already received orphan drug designation from the EMA and FDA. Oxford BioMedica expects to hold a pre-IND meeting with the FDA for EncorStat® in H2 2011. Together with Sanofi, we continue to evaluate the optimal route for commercial development of this novel product.

MoNuDin®: motor neuron disease
Oxford BioMedica's on-going collaboration with VIB/University of Leuven, funded by a grant from the Motor Neurone Disease Association (MNDA), is focused on the pre-clinical development of MoNuDin® for the treatment of Amyotrophic Lateral Sclerosis (ALS), the most prevalent type of motor neuron disease.
In this first year of the MNDA funded collaboration, our partners have performed successful gene expression studies to evaluate the optimal delivery route for this gene therapy approach. Pre-clinical efficacy studies to assess the therapeutic potential of two forms of vascular endothelial growth factor (VEGF) are expected to commence during H2 2011; previous pre-clinical studies have shown that one form of VEGF delayed disease onset, slowed disease progression and extended life expectancy in ALS research models.

LentiVector® platform manufacturing
Following a strategic review in 2010 to maximise control and minimise risks associated with manufacturing, Oxford BioMedica acquired a manufacturing facility based in Oxford, UK from RecipharmCobra Biologics, the specialist biologics division of Recipharm AB, for £1.9 million which completed in February 2011. This investment in the Company's specialist manufacturing processes will address one of the main hurdles associated with the rapid progression of products through Phase II, Phase III and to market and, importantly, also provides the opportunity for Oxford BioMedica to become the LentiVector® platform supplier of choice for its current and future partners.

An integrated team comprising manufacturing, development, quality control, quality assurance, engineering and logistics expertise are currently engaged in re-commissioning the facility, led by James Christie who joined the Company in February 2011. Progress is on-track and Oxford BioMedica expects the facility to be fully-operational in H1 2012.

5T4 TUMOUR ANTIGEN

TroVax® (MVA-5T4): therapeutic cancer vaccine
In March 2011, further analyses of the TroVax® Renal Immunotherapy Survival Trial ("TRIST") Phase III study were published in *Cancer Immunology, Immunotherapy;* the official journal of the Association for Cancer Immunotherapy. Oxford BioMedica has identified an algorithm (the "Immune Response Surrogate"; IRS) for predicting the quantitative 5T4 antibody response induced by TroVax® in order to identify those patients who are most likely to mount a strong 5T4 antibody response subsequent to TroVax® administration. Importantly, the IRS was also relevant when applied to an independent dataset derived from the nine historic Phase I and II studies in patients with renal, colorectal and prostate cancer, which suggests that the IRS could potentially be applied to multiple cancer types. The IRS will be used in all future TroVax® clinical trials in order to target a more responsive patient population, including the on-going hormone refractory prostate cancer (HRPC) Phase II trial.

£1.9m

Oxford BioMedica acquired a manufacturing facility based in Oxford, UK from RecipharmCobra Biologics, the specialist biologics division of Recipharm AB, for £1.9 million which completed in February 2011.

Hormone refractory prostate cancer
Recruitment continues in the USA for Oxford BioMedica's on-going randomised, open-label, Phase II study in patients with progressive HRPC to assess the activity of TroVax® plus chemotherapy drug docetaxel, versus docetaxel alone. Initial results from this study are expected in H2 2012.

Mesothelioma
In April 2011, the team of cancer immunologists at Cardiff University and Velindre Cancer Centre, Wales (UK) received a favourable opinion from the Gene Therapy Advisory Committee (GTAC) and CTA approval from the Medicines and Healthcare products Regulatory Agency (MHRA) to undertake a Phase II study for TroVax® in patients with malignant pleural mesothelioma. The study will be funded by the June Hancock Mesothelioma Research Fund and Oxford BioMedica will provide TroVax®. Recruitment is expected to commence during H2 2011.

Colorectal cancer
Oxford BioMedica's collaborators at Cardiff University received MHRA approval in July 2011 to evaluate TroVax® in patients with inoperable metastatic colorectal cancer. The Phase II study will be sponsored by Cardiff University and Oxford BioMedica will provide TroVax®. Subject to GTAC approval, the study is expected to start in H2 2011.

Ovarian cancer
Oxford BioMedica continues to work with its partners at the UK National Cancer Research Network (NCRN) in order to develop a Phase II metastatic ovarian cancer protocol. The final protocol is expected to be reviewed by the Clinical Trials Awards and Advisory Committee (CTAAC) in Q4 2011.

Expenditure on TroVax® is closely monitored and management continues to explore collaborations through clinical networks in order to generate further data and leverage the value of the product. Partnering TroVax® for late-stage development remains a key strategic priority for the Company.

5T4-targeted antibody therapy for cancer: partnered with Pfizer
Oxford BioMedica broadened its licensing agreement with Pfizer, Inc. (Pfizer) in May 2011 by granting non-exclusive rights for the *in vitro* diagnostic use of 5T4 antibodies, including an option for commercialisation of a 5T4-based diagnostic. The potential value of this collaboration for Oxford BioMedica is now up to US$28 million, which comprises upfront payments, license option fees and milestone payments that are subject to the achievement of certain project objectives. The next milestone payment is due when Pfizer initiates clinical trials for the development of a 5T4-targeted antibody therapy.

5T4-targeted diagnostic for cancer imaging: research collaboration with ImaginAb
In June 2011, Oxford BioMedica announced its collaboration with ImaginAb, Inc. (ImaginAb) to engineer an *in vivo* diagnostic imaging agent using an antibody fragment targeting the 5T4 tumour antigen. Following proof-of-concept, the agreement includes an option for ImaginAb to negotiate an exclusive license for commercialisation of an *in vivo* 5T4-based imaging diagnostic. On that basis, Oxford BioMedica could receive proceeds of up to US$4 million in initiation and development milestone payments, in addition to royalties on product sales, subject to the achievement of certain programme objectives.

Other activities
Oxford BioMedica has some non-core assets where, although development is no longer funded by the Company, there remains significant potential from previously completed clinical and pre-clinical studies. These products include EndoAngio-GT, a gene-based anti-angiogenic therapy for cancer, Hi-8® MEL, a therapeutic vaccine for metastatic melanoma and MetXia®, a gene-directed enzyme prodrug therapy (GDEPT) strategy for pancreatic cancer. Oxford BioMedica seeks to realise the value of these assets through partnerships. A divestment process for out-licensing Hi-8® MEL concluded in June 2011 without securing a partner on this occasion. Consequently, an impairment charge of £3.1 million was recognised in June 2011 to write the Hi8® MEL asset down to zero.

Board changes
At the Annual General Meeting on 5 May 2011, Nick Rodgers, previously Non-Executive Director, Senior Independent Director and Deputy Chairman of Oxford BioMedica, was appointed Chairman of the Company following Dr Alan Kingsman leaving the Board. As a result, Dr Andrew Heath, Non-Executive Director, was appointed the Senior Independent Director and Deputy Chairman. Oxford BioMedica expresses its deep gratitude to Dr Kingsman for his invaluable contribution to the Company over the last 15 years. Dr Kingsman will continue to be a consultant to Oxford BioMedica.

On 24 May 2011, Dr Alex Lewis was appointed Director of Corporate Activities and Strategy and a member of the senior management team and, as a result, stepped down from the Board. In place of Dr Lewis, Dr Paul Blake became Chairman of Oxford BioMedica's remuneration committee and Dr Heath joined the Company's remuneration committee.

Financial Review

Following the £20.0 million share issue which closed on 10 January 2011, Oxford BioMedica has continued to invest in its key development programmes, and is also investing in the development of in-house manufacturing capability for its unique products. At 30 June 2011, the Company had cash and cash equivalents of £20.2 million.

Andrew Wood
Chief Financial Officer

£5.0m

Revenue in the first half of 2011 was £5.0 million (H1 2010 £5.3 million).

Income statement

The £8.1 million net loss for the first half of 2011 included an exceptional impairment charge of £3.1 million relating to the write-down of the Hi8®MEL asset to zero. The pre-exceptional net loss was £5.0 million (H1 2010 £2.9 million). Increased pre-exceptional losses were due principally to slightly reduced revenue; higher cost of sales and increased Research & Development costs.

Revenue in the first half of 2011 was £5.0 million (H1 2010 £5.3 million). £4.6 million (H1 2011 £5.2 million) came from the ocular collaboration with Sanofi. The lower level of Sanofi revenue reflects a reduction in reimbursable R&D expenditure in 2011.

Cost of sales (£0.3 million) is the royalty payable to third parties on upfront and milestone receipts that are recognised as revenue. The amount is consistent with prior years, after taking account of a £1.1 million write-back in H1 2010 of previously accrued royalties.

Research and development costs were £11.8 million (H1 2010 £8.0 million), comprising pre-exceptional R&D costs of £8.7 million and exceptional R&D costs of £3.1 million. The £0.7 million net increase in pre-exceptional R&D costs is principally due to £0.3 million expensed costs of the new manufacturing facility and £0.3 million amortisation of intangible assets. Other modest increases in in-house R&D costs were offset by lower expenditure with external contractors. The exceptional R&D cost is an impairment charge writing off the remainder of the Hi8® MEL intangible asset at the conclusion of the divestment process.

Finance income of £0.1 million (H1 2010 £0.1 million) is principally interest receivable on bank deposits.

The net tax credit of £0.9 million (H1 2010 £0.7 million) represents amounts recoverable under current legislation for UK research and development tax credits, less a small amount of overseas tax.

Balance sheet

Non-current assets at 30 June 2011 were £6.3 million, £1.0 million less than at 31 December 2010. Intangible assets were £3.4 million lower as a result of amortisation of £0.3 million (charged in the income statement as pre-exceptional R&D costs) and impairment of £3.1 million (charged as exceptional R&D costs). Property plant and equipment increased by £2.4 million, largely due to investment in the new manufacturing facility. The purchase price of the freehold site, together with acquisition costs and some equipment and furniture was £2.0 million. Expenditure up to 30 June 2011 to bring the facility back into operation for clinical-grade manufacture for Oxford BioMedica's LentiVector® platform products was £0.5 million. The re-commissioning programme is on track and, subject to regulatory approval, we aim to have the facility ready for use in the first half of 2012.

Current assets at 30 June 2011 were £27.3 million, an increase of £8.9 million from 31 December 2010. Trade and other receivables were unchanged at £4.8 million in total. Within this total, trade receivables were £0.9 million higher due to timing of a quarterly reimbursement from Sanofi that was received in July 2011. Prepaid share issue costs of £0.8 million at 31 December 2010 were charged to the share premium account in January 2011 on closing the share issue. Current tax assets are £0.9 million higher due to accrual of R&D tax credit for H1 2011. Cash, cash equivalents and available for sale investments were £7.9 million higher due to the net proceeds of the £20 million share issue which closed in January 2011, less utilisation of cash for operations and capital expenditure.

Current liabilities at 30 June 2011 were £9.1 million (31 December 2010 £9.2 million). Non-current liabilities reduced from £4.8 million at 31 December 2010 to £2.3 million at 30 June 2011, mainly due to the reclassification of part of the deferred income balance as a current liability.

Ordinary share capital increased by £4.0 million and share premium by £14.4 million as a result of the issue of 400 million new shares in January 2011 for proceeds of £20.0 million less share issue costs of £1.6 million.

At 30 June 2011 the Group had net assets of £22.1 million (31 December 2010 £11.6 million).

£18.6m

Net cash inflow in 2011 due to the issue of new shares in 2011.

£27.3m

Current assets at 30 June 2011 were £27.3 million, an increase of £8.9 million from 31 December 2010.

Cash flow

Cash, cash equivalents and available for sale investments increased by £7.9 million in the first half of 2011. The net cash inflow in 2011 due to the issue of new shares in January 2011 was £18.6 million, with £0.2 million of the issue costs having been paid in 2010. The cash outflow from operating activities was £8.3 million (H1 2010 £9.0 million). Cash outflow for the purchase of property plant and equipment was £2.4 million, principally related to the manufacturing facility. The corresponding cash outflow from purchases of intangibles and property plant and equipment in H1 2010 was considerably lower at £0.4 million. Combining operating activities and capital expenditure, the cash burn in H1 2011 was £10.7 million (H1 2010 £9.4 million).

Financial outlook

Oxford BioMedica continues to invest in the key products in its development pipeline, and in establishing a manufacturing capability. Based on our current operating forecasts, we have sufficient resources to fund these activities throughout 2012 and into the early part of 2013, without anticipating any proceeds from new commercial collaborations. However, as we outlined at the time of the recent share issue, we anticipate a number of potentially significant value and cash-accretive events during that period that would extend the funding window further ahead.

Principal risks and uncertainties

The principal risks and uncertainties facing the Company are those set out on pages 40 and 41 of the 2010 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 in the current period.

Related parties

Related-party note disclosures are given in note 15.

Going concern

At 30 June 2011 the Group had cash resources of £20.2 million. After making enquiries and taking into account management's estimate of future revenues and expenditure, the Directors have a reasonable expectation that the Group will have adequate financial resources to continue in operation for the foreseeable future.

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 throughout 2012 and into the early part of 2013. We look forward to reporting further ProSavin® Phase I/II data from the current fourth patient cohort, who received the highest (5x) dose, towards the end of the year. With the support of Sanofi, the ocular collaboration is progressing very well with the successful initiation of the first two ocular clinical trials during H1 2011. Phase II clinical development of TroVax® continues and we anticipate the initiation of multiple collaborative studies 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 pipeline. 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 2011

	6 months ended 30 June 2011 (unaudited)			6 months ended 30 June 2010	12 months ended 31 December 2010 (audited)		
	Pre-exceptional items £'000	**Exceptional items £'000**	**Total £'000**	(unaudited) £'000	Pre-exceptional items £'000	Exceptional items £'000	Total £'000
Revenue	**4,954**	**-**	**4,954**	5,345	11,153	-	11,153
Cost of sales (charge)/credit	**(293)**	**-**	**(293)**	862	593	-	593
Gross profit	**4,661**	**-**	**4,661**	6,207	11,746	-	11,746
Research and development costs	**(8,696)**	**(3,136)**	**(11,832)**	(7,981)	(15,931)	(3,949)	(19,880)
Administrative expenses	**(1,952)**	**-**	**(1,952)**	(1,933)	(3,919)	-	(3,919)
Other operating income: grants receivable	**43**	**-**	**43**	8	42	-	42
Operating loss	**(5,944)**	**(3,136)**	**(9,080)**	(3,699)	(8,062)	(3,949)	(12,011)
Finance income	**87**	**-**	**87**	142	222	-	222
Finance costs	**(5)**	**-**	**(5)**	(8)	(15)	-	(15)
Loss before tax	**(5,862)**	**(3,136)**	**(8,998)**	(3,565)	(7,855)	(3,949)	(11,804)
Taxation	**871**	**-**	**871**	702	1,514	-	1,514
Loss for the period	**(4,991)**	**(3,136)**	**(8,127)**	(2,863)	(6,341)	(3,949)	(10,290)
Other comprehensive income							
Exchange adjustments	**(11)**	**-**	**(11)**	-	(4)	-	(4)
Total recognised comprehensive expense for the period attributable to owners of the parent	**(5,002)**	**(3,136)**	**(8,138)**	(2,863)	(6,345)	(3,949)	(10,294)
Basic loss and diluted loss per ordinary share (note 5)			**(0.88p)**	(0.53p)			(1.89p)

The notes on pages 12 to 20 form part of this financial information.

Consolidated Balance Sheet

as at 30 June 2011

	Notes	30 June 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Assets				
Non-current assets				
Intangible assets	6	**3,265**	11,316	6,683
Property, plant and equipment	7	**2,992**	652	580
		6,257	11,968	7,263
Current assets				
Trade and other receivables	8	**4,842**	5,519	4,795
Current tax assets		**2,238**	2,370	1,331
Financial assets: Available for sale investments	9	**-**	12,591	5,603
Cash and cash equivalents	9	**20,196**	3,699	6,653
		27,276	24,179	18,382
Current liabilities				
Trade and other payables	10	**4,160**	4,959	3,923
Deferred income	11	**4,886**	5,069	5,201
Current tax liabilities		**9**	4	11
Provisions	12	**80**	192	83
		9,135	10,224	9,218
Net current assets		**18,141**	13,955	9,164
Non-current liabilities				
Other non-current liabilities		**-**	128	123
Deferred income	11	**1,868**	6,533	4,201
Provisions	12	**470**	536	498
		2,338	7,197	4,822
Net assets		**22,060**	18,726	11,605
Shareholders' equity				
Share capital		**9,449**	5,449	5,449
Share premium		**124,755**	110,382	110,387
Merger reserve		**14,310**	14,310	14,310
Other reserves		**(691)**	(676)	(680)
Retained losses		**(125,763)**	(110,739)	(117,861)
Total equity		**22,060**	18,726	11,605

The notes on pages 12 to 20 form part of this financial information.

Consolidated Statement of Cash Flows

for the six months ended 30 June 2011

	Notes	**6 months ended 30 June 2011 (unaudited) £'000**	6 months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Cash flows from operating activities				
Cash used in operations	14	**(8,253)**	(9,602)	(15,289)
Interest paid		**-**	-	(1)
Tax credit received		**-**	619	2,508
Overseas tax paid		**(38)**	(15)	(46)
Net cash used in operating activities		**(8,291)**	(8,998)	(12,828)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**-**	-	2
Proceeds from sale of fixed asset investments		**-**	-	36
Purchases of property, plant and equipment		**(2,386)**	(149)	(291)
Purchases of intangible assets		**-**	(234)	(266)
Net maturity of available for sale investments		**5,603**	5,909	12,897
Net cash generated by investing activities		**3,217**	5,526	12,378
Cash flows from financing activities				
Interest received		**63**	168	309
Proceeds from issue of ordinary share capital		**20,000**	210	210
Net payment of costs of share issues		**(1,430)**	(19)	(216)
Net cash generated by financing activities		**18,633**	359	303
Net increase/(decrease) in cash and cash equivalents		**13,559**	(3,113)	(147)
Cash and cash equivalents at 1 January		**6,653**	6,802	6,802
Effects of exchange rate changes		**(16)**	10	(2)
Cash and cash equivalents at period end	9	**20,196**	3,699	6,653

The notes on pages 12 to 20 form part of this financial information.

Statement of Changes in Equity Attributable to Owners of the Parent

for the six months ended 30 June 2011

	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Losses £'000	Total £'000
At 1 January 2011	5,449	110,387	14,310	(680)	(117,861)	11,605
Six months ended 30 June 2011:						
Exchange adjustments	-	-	-	(11)	-	(11)
Loss for the period	-	-	-	-	(8,127)	(8,127)
Total comprehensive expense for the period	-	-	-	(11)	(8,127)	(8,138)
Transactions with owners:						
Share options						
Value of employee services	-	-	-	-	225	225
Issue of shares	4,000	16,000	-	-	-	20,000
Costs of share issue	-	(1,632)	-	-	-	(1,632)
At 30 June 2011 (unaudited)	**9,449**	**124,755**	**14,310**	**(691)**	**(125,763)**	**22,060**

	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 comprehensive expense for the period	-	-	-	-	(2,863)	(2,863)
Transactions with owners:						
Share options						
Proceeds from 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**

	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
Year ended 31 December 2010:						
Exchange adjustments	-	-	-	(4)	-	(4)
Loss for the year	-	-	-	-	(10,290)	(10,290)
Total comprehensive expense for the year	-	-	-	(4)	(10,290)	(10,294)
Transactions with owners:						
Share options						
Proceeds from shares issued	2	11	-	-	-	13
Value of employee services	-	-	-	-	542	542
Issue of shares excluding options	35	347	-	-	-	382
Costs of share issues	-	(14)	-	-	-	(14)
At 31 December 2010 (audited)	**5,449**	**110,387**	**14,310**	**(680)**	**(117,861)**	**11,605**

The notes on pages 12 to 20 form part of this financial information.

Notes to the Financial Information

for the six months ended 30 June 2011

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 30 August 2011.

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 2010 were approved by the Board of Directors on 1 March 2011 and have been delivered to the Registrar of Companies. The report of the Auditors on the 2010 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.

The condensed consolidated interim financial information 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 2010, which were prepared in accordance with IFRSs as adopted by the European Union.

This condensed consolidated interim financial information has not been audited.

2, Statement of Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been prepared by, the Directors. The Directors confirm that this condensed consolidated interim financial information 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 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.

The Directors of Oxford BioMedica plc are:

Nick Rodgers
Chairman and Chairman of the Audit Committee

Dr Paul Blake
Non-Executive Director, Chairman of the Remuneration Committee and member of the Nomination Committee.

Dr Andrew Heath
Deputy Chairman and Senior Independent Director, Chairman of the Nomination Committee and member of the Audit 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
30 August 2011

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 2010, as described in those annual financial statements.

Property, plant and equipment

Property, plant and equipment are carried at their historical purchase cost, together with any incidental expenses of acquisition, less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is calculated so as to write off the cost of property, plant and equipment less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. Depreciation of an asset begins when it is available for use. The principal annual rates used for this purpose are:

	%
Manufacturing assets including freehold property	10 (a new asset category not used in 2010)
Short leasehold improvements	20 or the remaining lease term if shorter
Computer equipment	33
Office and laboratory equipment, fixtures and fittings	20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

Taxes on income

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

Accounting developments

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2011.

- 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.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011, but are not currently relevant for the Group.

- 'Classification of rights issues' (Amendment to IAS 32), issued in October 2009. There have been no rights issued denominated in a foreign currency and so this will have no impact on the Group.
- 'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009 is effective for annual periods beginning 1 January 2011. The standard is not applicable to the Group as there is no defined benefit pension scheme.

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 2011 and have not been adopted early:

- 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.

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.

Critical accounting estimates and assumptions

In 2009 the Group received an up-front non-refundable payment of US$26.0 million (£16.6 million) from Sanofi 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). Obtaining data from clinical trials will be a key factor in achieving the expected time-lines. Estimating the start-date and duration of clinical trials is subject to many factors, including the time taken to get regulatory approval and the rate of patient recruitment, so such estimates are inherently risky. Up to 30 June 2011, revenue of £10.1 million has been recognised in respect of the initial payment for this collaboration, with the remaining £6.5 million classified as deferred income. If the revenue recognition periods had been six months longer, the amount of revenue recognised in the first half of 2011 would have been reduced by £0.3 million (H1 2010: £0.3 million) and the amount of deferred income carried forward at 30 June 2011 increased by £1.2 million (30 June 2010: £0.7 million). Had the revenue recognition period been six months shorter, the amount of revenue recognised in the first half of 2011 would have been increased by £0.4 million (H1 2010: £0.4 million) and the amount of deferred income carried forward at 30 June 2011 decreased by £1.7 million (30 June 2010: £0.9 million).

Over the term of the ocular product collaboration with Sanofi, Oxford BioMedica may recover up to US$24.0 million in research and development funding. Project costs in excess of US$24.0 million will be borne by Oxford BioMedica. The amount of research and development funding that is recognised as revenue is based on an estimate of the amount of project costs expected to be borne by the Group by the end of the collaboration. Up to 30 June 2011 £11.0 million (30 June 2010: £6.0 million) had been recognised as revenue and £0.1 million (June 2010: £0.3 million) had been classified as current deferred income. If the estimated total project expenditure had been 5% higher, the amount of revenue recognised to date would have been £0.5 million (30 June 2010: £0.3 million) lower and the amount of deferred income higher by the same amounts.

The Group has significant intangible assets arising from purchases of intellectual property rights and in-process R&D. Amortisation is charged over the assets' patent life on a straight line basis from the date that the asset becomes available for use. When there is an indicator of a significant and permanent reduction in the value of intangible assets, an impairment review is carried out. 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 sensitivity of the assessment to the 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 affecting the Group or its development partners could materially affect the amount of impairment. This risk is now concentrated on purchased patent rights which have been sublicensed to collaborative partners. At 30 June 2011 the book value of intangible assets was £3.3 million of which £2.3 million related to PrimeBoost technology. In respect of intellectual property rights and in-process R&D relating to Hi8® MEL, following a marketing initiative that did not result in securing a partner, an impairment charge of £3.1 million was recognised in June 2011, writing the Hi8® MEL asset down to zero.

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 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 expenditure 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 919,765,747 in issue during the six months ended 30 June 2011 (six months ended 30 June 2010: 542,957,922; year ended 31 December 2010: 543,924,620).

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 and 30 June 2011	**10,400**	**5,289**	**15,689**
Accumulated amortisation and impairment			
At 1 January 2011	7,238	1,768	9,006
Amortisation charge for the period	114	168	282
Impairment provided in the period	3,048	88	3,136
At 30 June 2011	**10,400**	**2,024**	**12,424**
Net book amount at 30 June 2011 (unaudited)	**-**	**3,265**	**3,265**

	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**

	In process R&D £'000	Intellectual property rights £'000	Total £'000
Cost			
At 1 January 2010	10,400	5,505	15,905
Additions	-	229	229
Disposals	-	(445)	(445)
At 31 December 2010	10,400	5,289	15,689
Accumulated amortisation and impairment			
At 1 January 2010	3,667	1,119	4,786
Amortisation charge for the year	409	290	699
Impairment provided in the year	3,162	787	3,949
Disposals	-	(428)	(428)
At 31 December 2010	7,238	1,768	9,006
Net book amount at 31 December 2010 (audited)	**3,162**	**3,521**	**6,683**

In June 2011 a divestment process for out-licensing Hi-8® MEL concluded, without securing a partner. The Directors considered this to be an indicator of impairment. Consequently, an impairment charge of £3.1 million was recognised to write the Hi8® MEL intangible asset down to zero.

7, Property, plant & equipment

	Freehold property £'000	Work in progress £'000	Short leasehold improvements £'000	Office equipment and computers £'000	Laboratory equipment £'000	Total £'000
Cost						
At 1 January 2011	-	-	2,966	441	2,913	6,320
Exchange adjustments	-	-	(12)	(1)	-	(13)
Additions at cost	1,896	415	14	118	124	2,567
At 30 June 2011	**1,896**	**415**	**2,968**	**558**	**3,037**	**8,874**
Depreciation						
At 1 January 2011	-	-	2,716	351	2,673	5,740
Exchange adjustments	-	-	(12)	(1)	-	(13)
Charge for the period	3	-	64	38	50	155
At 30 June 2011	**3**	**-**	**2,768**	**388**	**2,723**	**5,882**
Net book amount at 30 June 2011 (unaudited)	**1,893**	**415**	**200**	**170**	**314**	**2,992**

	Short leasehold improvements £'000	Office equipment and computers £'000	Laboratory equipment £'000	Total £'000
Cost				
At 1 January 2010	2,864	395	2,859	6,118
Exchange adjustments	33	1	-	34
Additions at cost	66	33	90	189
Disposals	-	(13)	-	(13)
At 30 June 2010	2,963	416	2,949	6,328
Depreciation				
At 1 January 2010	2,597	292	2,598	5,487
Exchange adjustments	33	1	-	34
Charge for the period	67	36	65	168
Disposals	-	(13)	-	(13)
At 30 June 2010	2,697	316	2,663	5,676
Net book amount at 30 June 2010 (unaudited)	**266**	**100**	**286**	**652**

	Short leasehold improvements £'000	Office equipment and computers £'000	Laboratory equipment £'000	Total £'000
Cost				
At 1 January 2010	2,864	395	2,859	6,118
Exchange adjustments	15	1	-	16
Additions at cost	137	61	99	297
Disposals	(50)	(16)	(45)	(111)
At 31 December 2010	2,966	441	2,913	6,320
Depreciation				
At 1 January 2010	2,597	292	2,598	5,487
Exchange adjustments	15	1	-	16
Charge for the year	154	72	119	345
Disposals	(50)	(14)	(44)	(108)
At 31 December 2010	2,716	351	2,673	5,740
Net book amount at 31 December 2010 (audited)	**250**	**90**	**240**	**580**

8, Trade and other receivables

	30 June 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Amounts falling due after more than one year			
Other receivables	**-**	157	150
Amounts falling due within one year			
Trade receivables	**1,310**	1,888	394
Accrued income	**1,163**	1,344	1,366
Other receivables	**252**	257	108
Other tax receivable	**658**	115	109
Prepaid costs of share issues	**-**	-	777
Prepaid clinical trial expenses	**198**	13	368
Other prepayments	**1,261**	1,745	1,523
	4,842	5,362	4,645
Total trade and other receivables	**4,842**	5,519	4,795

9, Cash and cash equivalents

	30 June 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Cash at bank and in hand	**20,196**	2,699	6,653
Short term bank deposits	**-**	1,000	-
Total cash and cash equivalents	**20,196**	3,699	6,653

In addition to the cash and cash equivalents described above, the Group held bank deposits of £12.6 million at June 2010 and £5.6 million at December 2010 with an initial term to maturity between three and twelve months, classified as available for sale investments.

10, Trade and other payables – current

	30 June 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Trade payables	**2,187**	1,716	1,277
Other taxation and social security	**156**	146	139
Accrued share issue costs	**-**	-	525
Other accruals	**1,817**	3,097	1,982
Total trade and other payables	**4,160**	4,959	3,923

11, Deferred income

	30 June 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Current	**4,886**	5,069	5,201
Non-current	**1,868**	6,533	4,201
Total deferred income	**6,754**	11,602	9,402

In April 2009 the Group entered into a collaborative programme with Sanofi to develop four gene therapy products to treat ocular diseases. An initial non-refundable payment of US$26.0 million (£16.6 million) 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 to date of £10.1 million has been recognised in respect of the initial payment for this collaboration (£3.1 million in 2009, £4.7 million in 2010 and £2.3 million in the first half of 2011). The remaining £6.5 million is classified as deferred income. £4.7 million is expected to be recognised as income in the next 12 months and is classified as current: the remaining £1.9 million is classified as non-current.

Over the term of the ocular gene therapy collaboration, Oxford BioMedica may recover up to US$24.0 million in research and development funding from Sanofi. Project costs in excess of US$24.0 million will be borne by Oxford BioMedica. Including amounts recognised in 2009 and 2010, research funding of £11.0 million has been recognised as revenue up to 30 June 2011, with a further £0.1 million classified as current deferred income.

12 Provisions

	Dilapidations £'000	Onerous lease £'000	Total £'000
At 1 January 2011	457	124	581
Exchange adjustments	-	(4)	(4)
Utilised in the period	-	(40)	(40)
Unwinding of discount	5	-	5
Change of discount rate – adjustment to recognised fixed asset	8	-	8
At 30 June 2011 (unaudited)	**470**	**80**	**550**

	Clinical trial	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)
Unwinding 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**

	Clinical trial	Dilapidations £'000	Onerous lease £'000	Total £'000
At 1 January 2010	817	420	200	1,437
Exchange adjustments	-	-	8	8
Utilised in the year	(817)	-	(88)	(905)
Unwinding of discount	-	12	2	14
Change of discount rate – charged to statement of comprehensive income	-	-	2	2
Change of discount rate – adjustment to recognised fixed asset	-	25	-	25
At 31 December 2010 (audited)	**-**	**457**	**124**	**581**

	30 June 2011 (unaudited) £'000	30 June 2010 (unaudited) £'000	31 December 2010 (audited) £'000
Current	**80**	192	83
Non-current	**470**	536	498
Total provisions	**550**	728	581

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 2.11% per annum (2010: 2.49%). 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 0.68% per annum (2010: 0.94% per annum).The provision is being utilised over the term of the lease.

13, Share capital

In January 2011 the Company issued 400,000,000 new ordinary shares of 1p each in a placing and open offer at 5p per share, raising £20.0 million before expenses. Costs of the share issue were £1.6 million and have been charged to the share premium account.

14, Cash flows from operating activities

Reconciliation of loss before tax to net cash used in operations

	Six months ended 30 June 2011 (unaudited) £'000	Six months ended 30 June 2010 (unaudited) £'000	Year ended 31 December 2010 (audited) £'000
Continuing operations			
Loss before tax	**(8,998)**	(3,565)	(11,804)
Adjustment for:			
Depreciation	**155**	168	345
Amortisation of intangible assets	**282**	-	699
Loss on disposal of property, plant and equipment	**-**	-	2
Loss on disposal of intangible asset	**-**	-	17
Profit on disposal of fixed asset investment	**-**	-	(36)
Impairment charge	**3,136**	-	3,949
Finance income	**(87)**	(142)	(222)
Finance expense	**5**	8	15
Charge in relation to employee share schemes	**225**	237	542
Changes in working capital:			
(Increase)/decrease in trade and other receivables	**(806)**	(900)	529
Increase/(decrease) in trade and other payables	**523**	(2,490)	(4,059)
Decrease in deferred income	**(2,648)**	(2,163)	(4,363)
Decrease in provisions	**(40)**	(755)	(903)
Net cash used in operating activities	**(8,253)**	(9,602)	(15,289)

15, 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

In addition to his fees as a Director up to the date of his resignation, Dr Alan Kingsman (former chairman) was paid a consultancy fee of £37,500 in the first half of 2011 (H1 2010: £37,500; FY 2010 £75,000).

Dr Susan Kingsman (former director) was paid a consultancy fee of £2,083 in 2011 (H1 2010: £25,000; FY 2010 £37,500).

Disclaimer
This report contains "forward-looking statements", including statements about the discovery, development and commercialisation of products. Various risks may cause Oxford BioMedica's actual results to differ materially from those expressed or implied by the forward-looking statements, including adverse results in clinical development programmes; failure to obtain patent protection for inventions; commercial limitations imposed by patents owned or controlled by third parties; dependence upon strategic alliance partners to develop and commercialise products and services; difficulties or delays in obtaining regulatory approvals and services resulting from development efforts; the requirement for substantial funding to conduct research and development and to expand commercialisation activities; and product initiatives by competitors. As a result of these factors, prospective investors are cautioned not to rely on any forward-looking statements. Oxford BioMedica disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Oxford BioMedica
Oxford BioMedica plc (LSE: OXB) is a biopharmaceutical company developing innovative gene-based medicines and therapeutic vaccines that aim to improve the lives of patients with high unmet medical needs. The Company's technology platform includes a highly efficient LentiVector® gene delivery system, which has specific advantages for targeting diseases of the central nervous system and the eye; and a unique tumour antigen (5T4), which is an ideal target for anti-cancer therapy. Through in-house and collaborative research, Oxford BioMedica has a broad pipeline with current partners and licensees including Sanofi, Pfizer, GlaxoSmithKline, MolMed, Sigma-Aldrich, Biogen Idec, VIRxSYS, Emergent BioSolutions and ImaginAb. Further information is available at www.oxfordbiomedica.co.uk.

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