

CHAIRMAN'S STATEMENT

"2009 was a good year for Oxford BioMedica in what has been a difficult period for emerging biopharmaceutical companies globally. Notable achievements included our landmark collaboration in gene therapy with sanofi-aventis and new value-enhancing data for TroVax and ProSavin. I am pleased to report that we entered 2010 with a stronger cash¹ balance than last year and a number of exciting opportunities ahead of us."

Gene therapy and immunotherapy have enormous potential to benefit the lives of patients. Oxford BioMedica continues to be one of the leading companies in this field and has established a valuable pipeline of development candidates addressing diseases that are untreatable or poorly treated today. Our strategy aims to realise the potential of our innovation through in-house and collaborative development. We have set challenging targets, and the management team, under the leadership of John Dawson as Chief Executive Officer, has been working tirelessly and effectively in pursuit of these goals.

Landmark collaboration

Our new collaboration with sanofi-aventis in ophthalmology was a landmark agreement for Oxford BioMedica and also for the field of gene therapy. The potential commercial value of this gene therapy partnership is arguably unprecedented in both value and field of application. Its broad scope is testament to the quality and utility of our LentiVector gene delivery system. Besides being an endorsement of our technology, the commitment of sanofi-aventis to fund four preclinical programmes through Phase I/II trials is a good example of the implementation of our risk management strategy.

Building value

Our two lead programmes, TroVax and ProSavin, were strengthened during 2009. To put this into context, firstly, further analysis of the TRIST study of TroVax has shown clear clinical benefit in a substantial subset of patients. Secondly, 12-month data from the Phase I/II study of ProSavin have confirmed the product's long-term clinical activity and, therefore, its substantial potential to benefit patients with Parkinson's disease. Furthermore, both programmes have clear development paths following the outcome of regulatory reviews.

This progress was in the context of sanofi-aventis' decision not to progress their therapeutic cancer vaccine programmes, which were corner-stoned by TroVax, following their portfolio review. In addition, our successful proposal to introduce additional dose levels and a refined delivery procedure within the ProSavin clinical study required protracted discussions with the French regulatory agency, but is expected to accelerate clinical progress in the later phases of clinical development and thus accelerate time to market. It would therefore be fair to say that these programmes are far stronger today than they were a year ago.

Strategy commitment

In the 2008 Annual Report, we outlined a new strategy to achieve sustainable profitability having implemented decisive cost reduction measures during the second half of 2008. We remain committed to this strategy and we are pursuing several partnerships as well as evaluating other opportunities to build the Company.

Board changes

Two new Non-executive Directors, Paul Blake and Andrew Heath, were appointed to the Board at the start of 2010. Both Paul and Andrew are industry veterans with extensive experience in building successful biopharmaceutical companies internationally. Mark Berninger retired from the Board having served as a Non-Executive Director for more than ten years. I would like to record my sincere thanks to Mark for his dedicated service to the Company and to welcome Paul and Andrew to the Board.

In conclusion

Our progress during 2009 was only made possible by the talent and hard work of our staff. I would like to thank all of our employees, our partners and our shareholders for their support. With a strong platform and robust strategy, we are well positioned to build on the achievements of 2009 and I believe that our management team has the experience and capability to deliver real value over the coming year.

Professor Alan Kingsman
Chairman

1. Cash, cash equivalents and short-term financial investments

CHIEF EXECUTIVE'S STATEMENT

"We made significant progress during the year in both our development and our commercial activities. We enhanced the value of our lead programmes, secured a major collaboration, and made headway towards our key strategic objectives. Looking back over my first full year as Chief Executive Officer, I am pleased to reflect on our achievements and I look forward to building on these going forward."

The new data and analyses in 2009 from the ProSavin and TroVax programmes have boosted our expectations. We now have regulatory guidance and support to initiate the next development steps for both programmes. Furthermore, our ground-breaking collaboration with sanofi-aventis in ophthalmology enables us to leverage our LentiVector technology and accelerate the development of our four product candidates addressing debilitating causes of vision loss.

Development progress

The Phase I/II study of ProSavin in Parkinson's disease continues to yield promising data. We are excited by the potential for further enhancement in 2010 by incorporating the new administration procedure and escalating the dose. For TroVax, we have gained valuable insights for optimising the design of further trials from our analyses of the Phase III TRIST study in renal cancer, and we are preparing to start new studies in 2010. In partnership with sanofi-aventis, we are on track with the development plans for our four ocular programmes and we are completing non-clinical activities to support applications for clinical trials.

Partnering progress

Our ocular collaboration with sanofi-aventis, signed in April 2009, was an important value driver during the year. The deal included an upfront receipt of US\$26 million (£17 million) and committed funding over three years. Separately, following a re-prioritisation and change of focus by sanofi-aventis, we regained worldwide rights to TroVax, and subsequently implemented a new initiative to partner the product. Our other key partnering priority is ProSavin, and discussions are progressing with several key players in the field of Parkinson's disease. Furthermore, we are exploring other opportunities to maximise the value of our pipeline and to leverage our extensive intellectual property portfolio through strategic deals.

Financial management

We were cash generative in 2009, increasing cash, cash equivalents and short-term investments by £3 million, and ended the year with a balance of £25 million. As a result of our decisive steps to focus resources and reduce underlying operating cash burn, we can support our operations through to the beginning of 2012. We recognise the importance of maintaining our financial flexibility and we are allocating resources to achieve key milestones within our current cash runway.

Outlook

The next 12 months could be transformational for Oxford BioMedica. We have clear targets for our in-house and collaborative development programmes. By the end of 2010, we aim to reach the optimal dose of ProSavin for evaluation in randomised trials and to have a partnership in place for the next stage of development. We are also targeting new Phase II trials of TroVax in prostate cancer and other metastatic cancers as part of a strategic process of adding value and attracting a partner. Furthermore, with two of our ocular products, RetinoStat and StarGen, earmarked for clinical development in 2010, the pipeline will be significantly strengthened by the end of the year. We are committed to doing the right transactions with the right partners for our lead programmes and to bringing these deals to fruition at the earliest opportunity. We are also considering other corporate activity to add new growth drivers and to expand our capabilities. The successful and timely execution of these goals will further enhance the value of our business and accelerate sustainable profitability.

John Dawson
Chief Executive Officer

OPERATIONAL REVIEW

LENTIVECTOR®

Our LentiVector technology is a highly efficient system for the delivery of therapeutic genes to a wide range of tissues, and it has specific advantages for targeting diseases of the central nervous system and the eye. Our most advanced LentiVector product candidate is ProSavin for Parkinson's disease. In partnership with sanofi-aventis, we are applying our LentiVector technology to develop treatments for ocular diseases and we are working with leading scientific teams to address other unmet needs, such as in the treatment of motor neuron disease.

PROSAVIN®: Parkinson's disease

ProSavin is being evaluated in a Phase I/II trial in patients with mid-stage Parkinson's disease who are experiencing reduced benefit on L-DOPA 'equivalent' therapy. The first stage of the study is an open-label dose escalation of ProSavin in cohorts of three patients. Two dose levels have been evaluated to date. The Principal Investigator is Professor Stéphane Palfi and the trial is being conducted at the Henri Mondor Hospital in Paris, which is a European centre of excellence for neurosurgery.

Potential long-term efficacy

The first two dose levels were safe and well tolerated in all patients and showed encouraging evidence of efficacy. One year after treatment, patients at the lowest dose level demonstrated an average improvement in motor function of 28% and a maximum of 44%. The average increase in patients' quality of life was 42% based on a standard measure of benefit that is recorded by the patient. In October 2009, we reported that patients at the second dose level had completed their six-month assessments of motor function and achieved an average improvement of 34% and a maximum of 53%.

If these results are confirmed in placebo-controlled studies, ProSavin would represent a significant advancement to current treatment options, given its potential to enhance quality of life and to suppress the complications caused by oral L-DOPA therapy. However, as the clinical programme goes forward, it is conceivable that higher levels of efficacy may be achieved.

Clear path forward

In the second half of 2009, we made a submission to the French regulatory agency (AFSSAPS) to amend the trial design to incorporate our improved administration procedure and to increase the dose level. The new administration procedure reduces surgery time, which should increase the throughput of patients at clinical sites. Furthermore, preclinical studies suggest that it provides a broader distribution of ProSavin throughout the striatum of the brain and potentially higher the efficacy per dose relative to the current administration technique.

In our constructive dialogue with AFSSAPS, we concluded that it was important to evaluate the relative efficacy of the new procedure prior to dose escalation. In March 2010, AFSSAPS provided its verbal approval to continue the study. The next cohort of patients will be treated using the new technique at the second dose level to inform our assumptions or possibly negate the need for a third dose level. Patient treatment is expected to start in May 2010.

Ground-breaking publication

Our ground-breaking preclinical results were published in the 14 October 2009 issue of Science Translational Medicine, a leading scientific journal. The paper described several proof-of-concept studies in the industry-standard preclinical model of severe Parkinson's disease. In this model, ProSavin significantly increased dopamine production without the addition and side-effects of standard L-DOPA therapy and suggested for the first time that ProSavin may ameliorate dyskinesia. The publication has attracted substantial interest from the medical community and has bolstered our partnering discussions.

Accelerating development

The inclusion of the enhanced administration procedure in the Phase I/II trial has prolonged our advancement into randomised trials, but is expected to reduce the overall clinical development timeline for the programme. To accelerate the completion of the current trial, we are planning to open a second clinical site in the UK and the regulatory process to achieve this is well underway. In parallel, we are seeking guidance from the European Medicines Agency (EMA) and the US Food and Drug Administration (FDA) regarding our development plan that aims to achieve registration in both territories.

Manufacturing development has accelerated to optimise the production process of ProSavin for larger studies and for commercial supply. We have designed stable producer cell lines as a basis for a readily scalable process. These improvements could significantly reduce the costs per dose and the regulatory risk associated with manufacturing.

Partnering progress

As we advance to larger trials, we are negotiating with prospective partners who could add value through their expertise in Parkinson's disease and could bring additional resources for the next stage of development. Our collaboration strategy is to license out certain territorial rights to retain others in order that we may establish our own specialist sales force for commercialisation of ProSavin. Our objective is to complete the Phase I/II study and advance into larger studies with a partner at the earliest opportunity.

Next milestones

The patients in the first and second cohorts continue to be assessed and we aim to report 24-month and 12-month respective motor function scores in June 2010. Following regulatory clearance to incorporate the enhanced administration procedure, we are recruiting patients for the third cohort and anticipate first treatment in May 2010. Based on our revised timelines, we could start the third, and theoretically optimal, dose level in the fourth quarter of 2010.

Market opportunity

Parkinson's disease affects approximately 4.1 million people worldwide and the prevalence is rising owing to demographic changes. None of the current treatments provide long-term relief from symptoms, yet, by 2012, sales of these treatments could exceed US\$4.6 billion in the major developed countries (source: Lead Discovery). ProSavin has the potential to address an unmet medical need in Parkinson's disease, offering long-lasting benefit from a single administration with an excellent safety profile. The product could also reduce the social care burden that is associated with the mid to late-stage of disease.

OCULAR GENE THERAPIES

In collaboration with sanofi-aventis, we are advancing four preclinical LentiVector-based product candidates into clinical trials for the treatment of ocular diseases: RetinoStat[®] for wet age-related macular degeneration, StarGen[™] for Stargardt disease, UshStat[™] for Usher syndrome 1B and EncorStat[®] for corneal graft rejection. This landmark collaboration is a significant milestone for the Company and an endorsement of our LentiVector technology. Furthermore, sanofi-aventis' investment in the LentiVector platform benefits our development programmes in other therapeutic areas.

Financial support

The collaboration, signed in April 2009, included an upfront receipt of US\$26 million (£17 million) and up to a further US\$24 million in development funding over three years. This committed funding is based on a joint development plan that is designed to progress all four candidates into the clinic in 2010-11. If successful, Oxford BioMedica will receive further undisclosed license fees, milestone payments and royalties on product sales, the terms of which are consistent with other deals of this scope and size.

Leveraging in-house expertise

Given our expertise and know-how in developing gene therapies, we have primary responsibility for advancing the four ocular programmes through Phase I/II trials and the associated costs will be reimbursed by our partner. Sanofi-aventis then has the option to assume responsibility for further development and commercialisation of these products. We have established an experienced in-house team to drive the programmes forward. Furthermore, there is considerable scope to expand the collaboration with the addition of other indications and related product candidates. For example, RetinoStat could be evaluated as a treatment for diabetic macular oedema.

Development on track

RetinoStat is the most advanced clinical candidate. In 2009, we reached agreement with the FDA on the requirements for RetinoStat's Investigational New Drug (IND) application. We are on track to complete the non-clinical package and submit the IND application for RetinoStat in the third quarter of 2010. We aim to conduct the Phase I/II trial at the Wilmer Eye Institute at Johns Hopkins in Baltimore, USA, in partnership with a renowned expert in ocular gene therapy. Our second candidate, StarGen, is also expected to enter clinical development before the end of 2010. We are working with a prospective Principal Investigator based in Paris, who is a leading clinician in Stargardt disease, and we plan to submit a Clinical Trial Application for StarGen to AFSSAPS in the second half of 2010.

Orphan drug designation

StarGen and UshStat received orphan designation from the Committee for Orphan Medicinal Products of the European Medicines Agency (EMA) for Stargardt disease and retinitis pigmentosa arising as a result of Usher syndrome 1B respectively. Both of these hereditary disorders are caused by abnormalities in specific disease-related genes and can lead to vision loss from an early age. The EMA grants orphan drug designation to products that may provide a significant advantage in the treatment of chronically debilitating conditions affecting up to five in 10,000 people in the European Union. With orphan drug designation, StarGen and UshStat will benefit from development, regulatory and commercial advantages, including reduced regulatory fees and ten years of marketing exclusivity. We are seeking a similar designation in the USA.

Market opportunity

Our lead candidate, RetinoStat, is addressing a major cause of blindness. Age-related macular degeneration (AMD) affects an estimated 25 to 30 million people in the Western world and the wet form accounts for 90% of all severe vision loss from the disease. RetinoStat is designed to require less frequent injections into the eye than current therapies for wet AMD, a major marketing advantage for this disease. Our three other product candidates are also addressing important unmet needs in ophthalmology. There are currently no existing treatments for Stargardt disease, Usher syndrome and corneal graft rejection. Our gene-based approaches have unique potential to benefit patients and families affected by these debilitating ocular diseases.

MONUDIN[®]: motor neuron disease

The preclinical development of MoNuDin is supported by the UK Motor Neurone Disease Association, the US ALS Therapy Development Institute and the US Muscular Dystrophy Association. MoNuDin has shown promising results in early preclinical studies and we are optimising the product for clinical trials. Our LentiVector technology has the ability to deliver genes safely and efficiently to the neuronal cells affected by motor neuron disease. We are working with UK and US non-profit organisations to accelerate MoNuDin's development and to explore new disease-specific pathways as potential targets for genetic intervention.

Extended collaboration

In 2009, we successfully completed the first phase of our research collaboration with the US non-profit organisation, the ALS Therapy Development Institute (ALS TDI). The collaboration is funded by the US Muscular Dystrophy Association and provides access to the ALS TDI's extensive gene expression database and drug screening capabilities for motor neuron disease. The first phase of the collaboration included the development of new techniques to evaluate and identify gene therapy candidates at the ALS TDI's US research facility in Cambridge, MA.

We announced the extension of this collaboration with the ALS TDI in January 2010. In the second phase, the ALS TDI is conducting further preclinical efficacy studies of MoNuDin in established models of motor neuron disease. Furthermore, the joint teams are exploring other LentiVector-based approaches to inhibit or regulate specific genetic pathways associated with disease onset or progression.

Market opportunity

Despite being one of the most common neurodegenerative diseases of adult onset, motor neuron disease has a high unmet need. Amyotrophic lateral sclerosis (ALS), often referred to as Lou Gehrig's disease, is the most prevalent type of motor neuron disease. In the USA, there are an estimated 30,000 patients with ALS and nearly 6,000 new cases are diagnosed annually (source: ALS Association). Only one drug is approved for the treatment of ALS, and its only benefit is a modest increase in survival time. If MoNuDin proves to be an effective neuroprotective treatment that can slow or arrest injury to patients' motor neurons, it would have compelling competitive advantages.

5T4 TUMOUR ANTIGEN

The 5T4 antigen is an ideal target for anti-cancer treatment given its restricted expression on normal tissues and its high prevalence on the surface of cancerous cells. Our 5T4-specific therapeutic vaccine candidate, TroVax, is in Phase II development and, in collaboration with Pfizer, our 5T4-targeted antibody therapy is expected to enter the clinic in 2011. Another therapeutic approach, using bi-specific antibodies, is also the subject of collaboration discussions.

TROVAX[®]: cancer

The follow-up analysis of the Phase III TRIST study of TroVax in renal cancer has yielded valuable insights into the efficacy of TroVax and the selection of patients who are more likely to benefit from treatment. We are working with clinical centres and networks to start new cost-effective Phase II trials and have implemented a new partnering initiative, having regained worldwide rights from sanofi-aventis. With support from the FDA, we are targeting several cancer settings for further development, including prostate, ovarian, colorectal and breast cancer.

Valuable insights from TRIST

Detailed results from the TRIST study were presented at the joint congress of the European Cancer Organisation and the European Society for Medical Oncology in September 2009. As previously reported, the TRIST study did not achieve its primary endpoint of an improvement in survival. However, the results confirmed the findings from previous trials, demonstrating that the anti-5T4 immune response induced by TroVax is associated with enhanced survival. Encouragingly, in one of the pre-defined patient subsets, TroVax showed statistically significant survival benefit comparable to market leading treatment for renal cancer.

Exploratory analyses of the TRIST data identified a relationship between patients' blood cell counts and TroVax-related survival benefit. In patients with aberrant levels of certain blood cells at the start of the study, TroVax appeared to be less beneficial. Excluding these patients, there was a promising survival trend in favour of TroVax versus placebo. In this patient group, which represented more than 50% of the TRIST population, the indicative efficacy of TroVax was consistent with the level required to meet the study's primary endpoint.

FDA guidance

In July 2009, we received final comments from the FDA, following its review of the TRIST data, in which the agency acknowledged all of the points raised by our analysis. The competitive landscape for the treatment of renal cancer is considerably more crowded today than when the TRIST study was initiated. Hence, we presented to the FDA several alternative settings for future clinical trials of TroVax. These included ovarian cancer, hormone-refractory prostate cancer and triple-negative breast cancer, which have clear unmet needs and a lack of effective treatments. The agency was supportive of pursuing trials in these proposed indications and provided a clear path for further development of TroVax.

Planning new trials

In future trials, the ability to select patients who are more likely to mount stronger anti-5T4 immune responses and benefit from TroVax could increase the predictability of clinical outcome and the likelihood of successful development. There is wide support from clinicians for conducting further trials in our targeted settings and we are exploring funding options through clinical networks. Our aim is to initiate at least one new Phase II trial in 2010, the first of which will be in prostate cancer. We expect that some of the proposed studies will be partially funded, reducing Oxford BioMedica's investment. Through these studies, we are seeking to demonstrate proof-of-concept in our targeted cancer settings at the earliest opportunity.

Partnering initiative

The reprioritisation of sanofi-aventis' portfolio in April 2009 resulted in our regaining the worldwide rights to TroVax. As part of this agreement, we received an immediate payment of US\$16.5 million from sanofi-aventis, which included an amount for reimbursement of certain previously committed development costs. Following the outcome of the FDA's review and our follow-up analysis of TRIST, we embarked on an initiative to re-partner TroVax. Partnering TroVax for Phase III development remains a key strategic priority for Oxford BioMedica, and discussions are underway.

Market opportunity

The global cancer market is expected to generate sales in excess of US\$60 billion in 2010. The market for therapeutic cancer vaccines, although minimal at present, has the potential to mirror the growth seen in the monoclonal antibody market, and reach sales in excess of US\$5 billion by 2012 (source: Research and Markets). With the potential to benefit patients with some of the most common cancers, TroVax could capture

a significant share of the market. We believe that, unlike renal cancer, abnormal haematology is less evident in patients with most other types of solid tumours. Hence, we believe the exclusion of such patients from future trials has only a modest impact on the market opportunity for TroVax.

Cross-license agreement

In January 2010, we reached a settlement and cross-license agreement with Bavarian Nordic to resolve patent litigation by Bavarian Nordic in the USA and our opposition to Bavarian Nordic's European MVA-BN[®] patents. Under the agreement, Bavarian Nordic granted Oxford BioMedica a license to its patents in return for being granted a license to our heterologous prime-boost patents and a sub-license to poxvirus patents that we licensed from sanofi-aventis. All pending litigation has ceased and we are exploring possible collaboration opportunities with Bavarian Nordic to leverage both companies' expertise in poxvirus vaccines. Oxford BioMedica and Bavarian Nordic are entitled to undisclosed milestone and royalty payments on commercialisation of the other's respective product.

TARGETED ANTIBODY THERAPY: cancer

We licensed global rights to develop antibodies targeting the 5T4 tumour antigen for the treatment of cancer to Wyeth in 2001. The agreement is potentially worth US\$24 million plus royalties on product sales, and the next milestone payment is triggered by the start of clinical trials. Following Pfizer's acquisition of Wyeth in 2009 and subsequent portfolio review, Pfizer has indicated its continuing commitment to the collaboration.

Preclinical optimisation

Pfizer has responsibility for the development and commercialisation of the 5T4-targeted antibody therapy. The product candidate comprises a toxin linked to a humanised 5T4-specific antibody, which facilitates targeted delivery of the anti-cancer agent payload to cancer cells. Preclinical evaluation is ongoing to optimise the product for clinical development, and Pfizer may submit an IND application during 2011.

Market opportunity

The concept of an anti-cancer therapy, which has antibody-like specificity as well as chemotherapy-like potency, is clearly attractive. The 5T4-targeted antibody therapy has the potential to benefit patients with any solid cancer that expresses the 5T4 tumour antigen, which represents a multi-billion US dollar market. Based on the product's profile, it could have application as a single agent or could be used in combination with other treatments, including therapeutic vaccines, such as TroVax.

OTHER PRODUCTS

Preclinical development of our gene-based anti-angiogenic therapy for cancer, EndoAngio-GT, is ongoing. However, following our strategic realignment during the second half of 2008, we curtailed development expenditure on two clinical programmes, Hi-8 MEL and MetXia. These programmes continue to have significant potential and we aim to realise the value of these assets through partnerships. Furthermore, we continue to pursue technology licensing opportunities to leverage our broad intellectual property estate. Our objective is to retain a financial interest in the successful development and commercialisation of any product candidate that derives from our technologies through milestone payments and royalties.

HI-8[®] MEL: melanoma

The two completed clinical trials of Hi-8 MEL showed encouraging proof of concept in metastatic melanoma, demonstrating good safety and dose-dependent efficacy. These results support further evaluation in randomised Phase II trials, and we aim to advance the programme with a suitable partner. We are increasing our partnering activities on Hi-8 MEL in 2010 to realise the investment made in this programme to date.

Market opportunity

More than 100,000 people are diagnosed with melanoma each year in the seven major pharmaceutical markets. Existing therapies for Stage III/IV metastatic melanoma offer limited efficacy and often have serious side-effects. Worldwide sales of treatments for melanoma are expected to exceed US\$775 million in 2010 (source: Datamonitor).

ENDOANGIO-GT: cancer

We have identified a potentially optimal gene delivery system for our anti-cancer EndoAngio-GT programme. With further preclinical development, we believe that the product could be a potentially valuable clinical candidate.

Market opportunity

There is substantial interest within the industry for novel anti-angiogenic approaches for the treatment of cancer. The market leader in the field, Avastin[®] (Roche/Genentech) generated sales in excess of US\$4 billion in 2008. EndoAngio-GT could have competitive advantages in terms of safety and potency.

METXIA[®]: pancreatic cancer

We are finalising the clinical study report for the completed Phase I/II trial of MetXia in 35 patients with non-resectable pancreatic cancer. In this trial, we identified the optimal dose of MetXia and the prodrug for evaluation randomised studies. Median survival for evaluable patients, who received at least one dose of MetXia and three doses of cyclophosphamide, was 27 weeks. Increased cycles of cyclophosphamide appeared to be associated with longer survival. Our objective is to partner this product for further development.

Market opportunity

Pancreatic cancer is the fifth leading cause of cancer-related mortality in the USA with over 30,000 deaths attributable to this disease annually. It is one of the most aggressive forms of cancer with a five-year survival rate in the low single percentage digits. The US pancreatic cancer drug market is expected to reach US\$1.1 billion by 2013 (source: EPiQ Market Intelligence).

FINANCIAL REVIEW

“We maintained our financial strength through 2009, making the transition from the TroVax collaboration with sanofi-aventis that had been a key feature of the financial results for the two previous years, to the new ocular collaboration in 2009. The cash inflows associated with the sanofi-aventis collaborations, together with continuing careful focus on expenditure, resulted in a stronger cash balance at the end of 2009 than at the beginning.”

Our present funds, together with licence income and anticipated revenues from current collaborations, are sufficient to meet operational needs until the beginning of 2012. This gives the Group a strong platform from which to build a profitable, sustainable business.

Financial overview

The termination of the TroVax collaboration in April 2009 and the revised strategy for TroVax development following the FDA review of the TRIST study in June 2009 had a material effect on the Company, and resulted in a £6.0 million exceptional profit in the statement of comprehensive income. In contrast, in 2008 we recognised an exceptional loss of £4.6 million from impairment of intangible assets. Before exceptional items, revenue for 2009 was £9.0 million (2008: £18.4 million) and costs (cost of sales, research and development costs and administrative expenses were significantly reduced at £20.9 million (2008: £27.6 million).

Cash, cash equivalents and current financial assets increased by £3.4 million in 2009, leaving a balance of £25.3 million at 31 December 2009.

Revenue £19,120,000 (2008: £18,394,000)

Revenue in 2009 included £12.7 million in respect of TroVax. £2.6 million non-exceptional revenue comprised the recognition of deferred income up to the termination of the collaboration in April 2009. The remaining £5.7 million of deferred TroVax income was recognised in 2009 as exceptional revenue. A termination payment of US\$6.5 million (£4.4 million) paid by sanofi-aventis made up the remainder of exceptional revenue.

The ocular collaboration with sanofi-aventis contributed revenue of £6.2 million in 2009. The collaboration has two elements: an upfront payment of US\$26 million (£16.6 million) was received in 2009, and R&D funding of up to US\$24 million will be receivable over the current phase of the collaboration. Revenue recognised in 2009 comprised £3.1 million of the upfront payment and £3.1 million of R&D funding. Deferred income of £13.7 million is expected to be recognised between 2011 and 2013.

Cost of sales £437,000 (2008: £1,295,000)

Cost of sales is the royalty payable to third party licensors attributable to upfront and milestone payments that are recognised as revenue. Where the recognition of upfront and/or milestone payments is deferred in part or in full, the appropriate proportion of cost of sales is also deferred and is classified as a prepayment. In 2009 a credit of £545,000 was recognised within non-exceptional cost of sales following a reduction in the estimated royalty rate that had been applied to TroVax collaboration revenue in 2007 and 2008.

Operating expenses before exceptional items £20,955,000 (2008: £26,322,000)

Non-exceptional operating expenses were £5.4 million lower than 2008 at £21.0 million. The reduction in R&D costs came mainly from lower external clinical costs, and in particular from lower TRIST expenditure. Costs incurred in the sanofi-aventis ocular programme are included in R&D costs. The increase in expenditure on these products has offset some of the reduction in TroVax expenditure. Administrative expenses increased in 2009, principally due to foreign exchange losses, bonus payments and legal costs related to patent litigation.

Research & development costs £14,899,000 (2008: £22,482,000)

R&D costs comprise in-house expenditure (staff, R&D consumables, intellectual property, facilities and depreciation of R&D assets) and external costs (preclinical studies, GMP manufacturing, regulatory affairs, and clinical trials). External clinical and preclinical costs from 2006 to 2008 had been high due to TroVax development costs, particularly costs of the TRIST study. As expected, these costs fell back significantly in 2009, with non-exceptional external TroVax development costs recognised in 2009 down to £1.9 million compared to £10.2 million in 2008. Costs related to the TRIST study from June 2009 onwards are part of exceptional R&D costs. Offsetting some of the reduction, ocular product and ProSavin external costs were £2.7 million higher in 2009 at £5.2 million. Most of the 2009 ocular programme spend was covered by R&D funding from sanofi-aventis. In-house R&D costs in 2009 were 6% lower than in 2008 at £8.1 million.

Administrative expenses £6,056,000 (2008: £3,840,000)

Administrative expenses in 2009 were overall £2.2 million (58%) higher than 2008. Foreign exchange losses account for £1.2 million of the increase. The exchange loss of £0.5 million in 2009 was mainly due to weakening of the US dollar over the course of the year. In 2008 foreign exchange gains of £0.7 million were recognised. Administrative staff costs were £0.8 million (40%) higher than 2008 at £2.8 million, due mostly to bonuses. 2009 bonuses included £0.3 million costs in relation to a share-settled bonus paid to John Dawson, Chief Executive Officer. There were no bonuses in 2008. Legal costs in 2009 were £0.5 million higher than 2008 at £1.4 million. £1.0 million of the 2009 legal costs related to the Bavarian Nordic litigation and patent oppositions. In January 2010 the Bavarian Nordic litigation was settled.

Exceptional operating expenses £3,561,000 (2008: £4,561,000)

Exceptional items are described fully in note 3 to the preliminary financial information. On termination of the TroVax collaboration with sanofi-aventis, net unrecoverable costs of £0.8 million were written off. This is net of receipts of US\$10.9 million (£7.2 million) - reimbursements by sanofi-aventis as part of the termination process. Following the FDA review of TRIST in June 2009 and the revision of the development strategy for TroVax, £2.2 million was provided to meet the costs of closing out the TRIST study, and £0.5 million of expenses related to the planned Quasar TroVax clinical trial were written off. Between June 2009 and the end of the year, costs of £1.4 million were incurred and set against the TRIST provision.

Finance income £636,000 (2008: £1,638,000)

The Group places its cash in bank deposits for periods of up to 12 months and generates interest on those deposits. The maturity profile of deposits is intended to match planned expenditure. As expected, the dramatic fall in market rates from the end of 2008 has resulted in much lower interest income in 2009. The Group has no debt, but is recognising as a finance expense the discount on a lease provision and a dilapidation provision. The lower charge in 2009 reflects the level of interest rates in the year.

Tax credit £1,579,000 (2008: £1,992,000)

Our UK operating subsidiary is entitled to claim R&D tax credit. The credit is based on certain eligible expenses, to which a mark-up of 75% and a tax rate of 14% are applied, restricted where appropriate to the lower of UK payroll tax (Income Tax and National Insurance) paid in the year and Corporation Tax losses for the year. The lower tax credit in 2009 results from restriction due to the amount of tax losses. In 2009 the Group received a £1.5 million payment on account of the 2008 R&D tax credit. The remaining £0.6 million of the 2008 claim was paid in January 2010. The Group's US subsidiary supplies services to the UK subsidiary subject to a fixed mark-up. Interest is charged by the subsidiary at statutory rates for an inter-company loan. This generates a low level of taxable income in the USA.

Loss for the financial year including exceptional items £3,515,000 (2008: £10,041,000)

As a result of recognising an exceptional profit of £6.0 million in 2009 (2008: exceptional loss of £4.6 million), the Group's net loss for the year was 65% lower than 2008. At the pre-exceptional level however, despite lower operating costs in 2009 the net loss was 74% higher. Principally this is due to the higher level of recognised revenue in 2008, which included a total of £18.1 million under the TroVax collaboration.

Intangible assets £11,119,000 (2008: £11,119,000)

Intangible assets were unchanged at 31 December 2009. The Group continues to monitor the carrying value of intangibles. No additional impairment was required following the impairment review for 2009.

Trade and other receivables £4,628,000 (2008: £7,305,000)

Trade and other receivables reduced by £2.7 million in 2009 to £4.6 million. £1.9 accrued income at 31 December 2009 was R&D funding recoverable from sanofi-aventis. £3.9 million of recoverable costs related to the development of TroVax that was included in receivables in 2008 was settled as part of the US\$10.9 (£7.2 million) reimbursement of costs by sanofi-aventis in 2009.

Trade and other payables £7,669,000 (2008: £10,558,000)

Trade and other payables reduced by £2.9 million in 2009. Most of the reduction is attributable to lower trade creditors and accruals for external clinical and preclinical costs.

Deferred income £13,765,000 (2008: £8,443,000)

Deferred revenue reflects payments received under licensing agreements that exceed the amount of recognised revenue. Receipts in 2009 from the ocular collaboration with sanofi-aventis are being recognised as revenue over a period of 42 to 51 months. £2.6 million of deferred TroVax income from 2008 was recognised as non-exceptional revenue prior to the termination of the collaboration in 2009. The remaining £5.7 million deferred TroVax income was recognised as exceptional revenue.

Share issues

At the end of 2009, the Company had 541,185,828 shares in issue. During the year, shares issued for cash raised £0.4 million.

Cash and deposits £25,302,000 (2008: £21,891,000).**Operational cash generated £3,026,000 (2008: cash burn £16,889,000)**

The total of cash, cash equivalents and current asset investments at the end of 2009 was £25.3 million, an increase of £3.4 million over the year. The format of the cash flow statement under IFRS does not readily confer an assessment of cash burn. However, based on the aggregate of cash from operating activities, proceeds of sale of property, plant and equipment and purchases of property, plant and equipment and intangible assets, the cash inflow in 2009 was £3.0 million, in contrast to a cash burn of £16.9 million in 2008.

Financial outlook

The new collaboration with sanofi-aventis has strengthened the balance sheet through the upfront payment, and is providing R&D funding to take our four ocular products into their first clinical trials. Taking account of licensing income and anticipated receipts from existing collaborations, the present level of funds is sufficient to meet operational needs up to the beginning of 2012. This gives the Group a strong platform from which to build a sustainable, profitable business. We aim to develop our pipeline through a combination of focussed investment in certain programmes, and further partnerships and collaborations. Sustainable profitability depends on the ability of Oxford BioMedica and our collaborators to develop and bring to market safe and effective medicines that benefit patients and achieve commercial success. We also continue to explore opportunities to accelerate profitability through value-enhancing corporate activity.

Andrew Wood
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009

| | Notes | 2009 | | | 2008 | | |
|---|-------|---------------------------------------|---|----------------|---------------------------------------|---|-----------------|
| | | Pre- exceptional items £'000 | Exceptional items (note 3) £'000 | Total £'000 | Pre- exceptional items £'000 | Exceptional items (note 3) £'000 | Total £'000 |
| Revenue | | 9,031 | 10,089 | 19,120 | 18,394 | - | 18,394 |
| Cost of sales credit/(charge) | | 90 | (527) | (437) | (1,295) | - | (1,295) |
| Gross profit | | 9,121 | 9,562 | 18,683 | 17,099 | - | 17,099 |
| Research and development costs | | (14,899) | (3,392) | (18,291) | (22,482) | (4,561) | (27,043) |
| Administrative expenses | | (6,056) | (169) | (6,225) | (3,840) | - | (3,840) |
| Other operating income: grants receivable | | 103 | - | 103 | 113 | - | 113 |
| Operating (loss)/profit | | (11,731) | 6,001 | (5,730) | (9,110) | (4,561) | (13,671) |
| Finance income | | 669 | - | 669 | 1,662 | - | 1,662 |
| Finance costs | | (33) | - | (33) | (24) | - | (24) |
| (Loss)/profit before tax | | (11,095) | 6,001 | (5,094) | (7,472) | (4,561) | (12,033) |
| Taxation | 4 | 1,579 | - | 1,579 | 1,992 | - | 1,992 |
| (Loss)/profit for the year | | (9,516) | 6,001 | (3,515) | (5,480) | (4,561) | (10,041) |
| Other comprehensive income | | | | | | | |
| Exchange adjustments | | 16 | - | 16 | (67) | - | (67) |
| Total recognised comprehensive (expense)/income for the year | | (9,500) | 6,001 | (3,499) | (5,547) | (4,561) | (10,108) |
| Basic loss and diluted loss per ordinary share | 5 | (1.76p) | 1.11p | (0.65p) | (1.0p) | (0.9p) | (1.9p) |

The notes on pages 16 to 21 form part of this preliminary financial information.

CONSOLIDATED BALANCE SHEET

as at 31 December 2009

| | Notes | 2009 £'000 | 2008 £'000 |
|--|-------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | | 11,119 | 11,119 |
| Property, plant and equipment | | 631 | 688 |
| | | 11,750 | 11,807 |
| Current assets | | | |
| Trade and other receivables | 6 | 4,628 | 7,305 |
| Current tax assets | | 2,269 | 2,119 |
| Financial assets: Available for sale investments | | 18,500 | 13,750 |
| Cash and cash equivalents | | 6,802 | 8,141 |
| | | 32,199 | 31,315 |
| Current liabilities | | | |
| Trade and other payables | 7 | 7,669 | 10,558 |
| Deferred income | 8 | 4,741 | 4,486 |
| Provisions | 9 | 898 | 88 |
| | | 13,308 | 15,132 |
| | | 18,891 | 16,183 |
| Net current assets | | | |
| Non-current liabilities | | | |
| Other non-current liabilities | | 102 | 131 |
| Deferred income | 8 | 9,024 | 3,957 |
| Provisions | 9 | 539 | 631 |
| | | 9,665 | 4,719 |
| | | 20,976 | 23,271 |
| Net assets | | | |
| Shareholders' equity | | | |
| Share Capital | | 5,412 | 5,373 |
| Share premium | | 110,043 | 109,686 |
| Merger reserve | | 14,310 | 14,310 |
| Other reserves | | (676) | (692) |
| Retained losses | | (108,113) | (105,406) |
| | | 20,976 | 23,271 |

The notes on pages 16 to 21 form part of this preliminary financial information.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2009

| | Notes | 2009 £'000 | 2008 £'000 |
|---|-------|----------------|-----------------|
| Cash flows from operating activities | | | |
| Cash generated by/(used in) operations | 10 | 904 | (20,610) |
| Net interest received | | 976 | 2,162 |
| Tax credit received | | 1,500 | 2,551 |
| Overseas tax paid | | (67) | (74) |
| Net cash generated by/(used in) operating activities | | 3,313 | (15,971) |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 1 | 10 |
| Purchases of property, plant and equipment | | (247) | (162) |
| Purchases of intangible assets | | (41) | (766) |
| Net (purchase)/maturity of available for sale investments | | (4,750) | 13,435 |
| Net cash (used in)/generated by investing activities | | (5,037) | 12,517 |
| Cash flows from financing activities | | | |
| Net proceeds from issue of ordinary share capital | | 396 | 611 |
| Net cash generated by financing activities | | 396 | 611 |
| Net decrease in cash and cash equivalents | | (1,328) | (2,843) |
| Cash and cash equivalents at 1 January | | 8,141 | 10,962 |
| Effects of exchange rate changes | | (11) | 22 |
| Cash and cash equivalents at 31 December | | 6,802 | 8,141 |

The notes on pages 16 to 21 form part of this preliminary financial information.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2009

| | Share capital | Share premium | Merger reserve | Translation reserve | Losses | Total |
|---|------------------|------------------|-------------------|------------------------|------------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 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 year | - | - | - | - | (3,515) | (3,515) |
| Total comprehensive expense for the year | - | - | - | 16 | (3,515) | (3,499) |
| Transactions with owners: | | | | | | |
| Share options | | | | | | |
| Proceeds from shares issued | 2 | 13 | - | - | - | 15 |
| Value of employee services | - | - | - | - | 808 | 808 |
| Issue of shares excl. options | 37 | 308 | - | - | - | 345 |
| Net credit for share issue costs | - | 36 | - | - | - | 36 |
| At 31 December 2009 | 5,412 | 110,043 | 14,310 | (676) | (108,113) | 20,976 |

| | Share capital | Share premium | Merger reserve | Translation reserve | Losses | Total |
|---|------------------|------------------|-------------------|------------------------|------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 January 2008 | 5,347 | 109,101 | 14,310 | (625) | (96,201) | 31,932 |
| Year ended 31 December 2008: | | | | | | |
| Exchange adjustments | - | - | - | (67) | - | (67) |
| Loss for the year | - | - | - | - | (10,041) | (10,041) |
| Total comprehensive expense for the year | - | - | - | (67) | (10,041) | (10,108) |
| Transactions with owners: | | | | | | |
| Share options | | | | | | |
| Proceeds from shares issued | 2 | 50 | - | - | - | 52 |
| Value of employee services | - | - | - | - | 836 | 836 |
| Issue of shares excl. options | 24 | 545 | - | - | - | 569 |
| Cost of share issues | - | (10) | - | - | - | (10) |
| At 31 December 2008 | 5,373 | 109,686 | 14,310 | (692) | (105,406) | 23,271 |

The notes on pages 16 to 21 form part of this preliminary financial information.

NOTES TO THE PRELIMINARY FINANCIAL INFORMATION

for the year ended 31 December 2009

1 Basis of preparation

This financial information for the years ended 31 December 2009 and 31 December 2008 does not constitute the statutory financial statements for the respective years and is an extract from the financial statements. It is based on, and is consistent with, that in the Group's statutory accounts for the year ended 31 December 2009 and those financial statements will be delivered to the Registrar of Companies following the Company's Annual General Meeting. Financial statements for the year ended 31 December 2008 have been delivered to the Registrar of Companies and included the auditors' report. The auditors' reports on the financial statements for the years ended 31 December 2009 and 31 December 2008 were unqualified and did not contain statements under either section 498 of the Companies Act 2006, or section 237(2) or section 237(3) of the Companies Act 1985, respectively. The financial information in this report does not constitute statutory financial statement within the meaning of sections 434-436 of the Companies Act 2006 or section 240 of the Companies Act 1985, respectively.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are prepared in accordance with the historical cost convention as modified by revaluation of available for sale investments. Whilst the financial information included in this preliminary announcement has been prepared in accordance with IFRSs adopted for use in the European Union, this announcement does not itself contain sufficient information to comply with IFRSs.

Copies of this announcement and the interim report for 2009 are available from the Company Secretary. The audited statutory financial statements for the year ended 31 December 2009 are expected to be distributed to shareholders by 31 March 2010 and will be available at the registered office of the Company, Medawar Centre, Oxford Science Park, Oxford, OX4 4GA. Details can also be found on the Company's website at www.oxfordbiomedica.co.uk.

This announcement was approved by the Board of Oxford BioMedica plc on 9 March 2010.

Use of estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting 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

Where the Group makes estimates and assumptions concerning the future, the resulting accounting estimates will seldom exactly match actual results. Due to the amounts involved, the estimates and assumptions regarding revenue recognition, costs accrued for clinical trials and impairment of intangible assets have the greatest risk of causing a material adjustment to the carrying amounts of assets and liabilities.

In 2009 the Group received an upfront 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 £3,110,000 was recognised under this collaboration in 2009, with the remaining £13,531,000 classified as deferred income.

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.

The Group has significant intangible assets arising from purchases of intellectual property rights and from the acquisition of Oxon 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.

2 Segmental analysis

IFRS 8, Operating Segments, has been applied from 1 January 2009. Segment information is considered on the same basis as that which is used for internal reporting purposes.

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 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 attempt to attribute profits or losses to individual products.

Based on the 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 equity.

3 Exceptional items

Exceptional items represent significant items of income or expense which due to their nature or the expected infrequency of the events giving rise to them, are presented separately on the face of the statement of comprehensive income to give a better understanding to shareholders of the elements of financial performance in the year, so as to facilitate comparison with prior periods and to better assess trends in financial performance.

| | TroVax collaboration £'000 | TroVax clinical trials £'000 | 31 December 2009 Total £'000 | 31 December 2008 £'000 |
|--|----------------------------------|---------------------------------------|---------------------------------------|---------------------------------|
| Revenue | 10,089 | - | 10,089 | - |
| Cost of sales | (527) | - | (527) | - |
| Research and development costs | (676) | (2,716) | (3,392) | (4,561) |
| Administrative expenses | (169) | - | (169) | - |
| Exceptional operating profit/(loss) | 8,717 | (2,716) | 6,001 | (4,561) |

On 28 April 2009 the Group's development partner, sanofi-aventis, terminated the TroVax collaboration and returned the worldwide rights relating to TroVax. In connection with the termination, sanofi-aventis made payments totalling US\$17,425,000 (£11,599,000), of which US\$6,500,000 (£4,372,000) was a termination fee and US\$10,925,000 (£7,227,000) was reimbursement of TroVax development expenditure incurred by the Group for the planned sanofi-aventis clinical development programme, treated as a pass-through cost to sanofi-aventis. Exceptional expenses in 2009 are net of reimbursement received from sanofi-aventis.

The Group has classified the following as exceptional items in connection with the sanofi-aventis collaboration: the termination fee of £4,372,000; the remaining deferred TroVax income at the date of termination (£5,717,000); the write-off of prepaid cost of sales (royalty) of £527,000 attributable to the deferred income; and the write-off of £845,000 (R&D costs £676,000; administrative expenses £169,000) that, had the collaboration continued, were expected to be reimbursed by sanofi-aventis.

On 3 June 2009 the FDA held a type C meeting with Oxford BioMedica to discuss the TRIST clinical trial and the

future development of TroVax. The FDA supported Oxford BioMedica's proposal to pursue clinical development of TroVax in metastatic disease, including colorectal, ovarian, hormone refractory prostate cancer, and triple-negative breast cancer, prior to further trials in renal cancer. Proof of concept from new Phase II studies in these indications will be key to the successful development of TroVax in the future. Data from the TRIST study in renal cancer will support the development of TroVax, but will not be a pivotal component. It is probable that proof of concept from Phase II studies in metastatic disease will be required prior to commencing clinical trials in adjuvant settings.

The Group has classified £2,716,000 as exceptional R&D costs in connection with the FDA review of TroVax development, comprising: a provision of £2,202,000 for the estimated costs to close out the TRIST study in renal cancer; and the write-off of £514,000 prepaid clinical trial expenses in respect of the planned Quasar clinical trial in adjuvant colorectal cancer.

Exceptional costs of £4,561,000 in the year ended 31 December 2008 resulted from impairment of intangible assets (in-process R&D and intellectual property rights).

4 Taxation

The Group is entitled to claim tax credits in the United Kingdom for certain research and development expenditure. The amount included in the statement of comprehensive income for the year ended 31 December 2009 comprises the credit receivable by the Group for the year less overseas tax paid in the year. The United Kingdom corporation tax research and development credit is paid in arrears once tax returns have been filed and agreed. The tax credit recognised in this preliminary financial information but not yet received is included in current tax assets in the balance sheet. The amounts for 2009 have not yet been agreed with the relevant tax authorities.

| | 2009 £'000 | 2008 £'000 |
|--|----------------|----------------|
| Continuing operations | | |
| Current tax | | |
| United Kingdom corporation tax research and development credit | (1,650) | (2,119) |
| Overseas taxation | 61 | 59 |
| | (1,589) | (2,060) |
| Adjustments in respect of prior periods | | |
| United Kingdom corporation tax research and development credit | - | 72 |
| Overseas taxation | 10 | (4) |
| Taxation credit | (1,579) | (1,992) |

5 Basic loss and diluted loss per ordinary share

The basic loss per share has been calculated by dividing the loss for the year by the weighted average number of shares of 539,872,996 in issue during the year ended 31 December 2009 (2008: 537,176,196).

As the Group is loss-making, there were no potentially dilutive options in either year. There is therefore no difference between the basic loss per ordinary share and the diluted loss per ordinary share.

6 Trade and other receivables

| | 2009 £'000 | 2008 £'000 |
|--|---------------|---------------|
| Non-current | | |
| Other receivables – rent deposit | 145 | 160 |
| Current | | |
| Trade receivables | 88 | 106 |
| Accrued income | 1,925 | - |
| Other receivables | 298 | 4,394 |
| Other tax receivable | 150 | 333 |
| Prepaid clinical trial expenses | 70 | 790 |
| Other prepayments | 1,952 | 1,522 |
| | 4,483 | 7,145 |
| Total trade and other receivables | 4,628 | 7,305 |

Accrued income of £1,925,000 in 2009 relates to R&D funding from sanofi-aventis. Other receivables in 2008 include £3,913,000 research and development pass-through expenditure to be reimbursed by sanofi-aventis. Prepaid clinical trial expenses comprise stocks of materials for use in clinical trials and advance payments to clinical trial sites.

7 Trade and other payables – current

| | 2009 £'000 | 2008 £'000 |
|---------------------------------------|---------------|---------------|
| Trade payables | 1,965 | 3,298 |
| Other taxation and social security | 304 | 136 |
| Accruals | 5,400 | 7,124 |
| Total trade and other payables | 7,669 | 10,558 |

8 Deferred income

| | 2009 £'000 | 2008 £'000 |
|------------------------------|---------------|---------------|
| Group | | |
| Current | 4,741 | 4,486 |
| Non-current | 9,024 | 3,957 |
| Total deferred income | 13,765 | 8,443 |

On 28 April 2009 the Group entered into a new 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 £3,110,000 has been recognised under this collaboration in 2009. The remaining £13,531,000 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 £8,866,000 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. £3,114,000 has been recognised as revenue in 2009 and £158,000 has been classified as non-current deferred income.

Deferred income at 31 December 2008 was mainly attributable to the TroVax collaboration with sanofi-aventis. On termination of this collaboration on 28 April 2009 the remaining deferred balance of £5,717,000 was released in the statement of comprehensive income and has been classified as exceptional revenue (see note 3).

9 Provisions

| | Clinical trial £'000 | Dilapidations £'000 | Onerous lease £'000 | Total £'000 |
|--|----------------------------|------------------------|---------------------------|----------------|
| At 1 January 2009 | - | 411 | 308 | 719 |
| Exchange adjustments | - | - | (27) | (27) |
| Provided in the period | 2,202 | - | - | 2,202 |
| Utilised in the period | (1,385) | - | (88) | (1,473) |
| Amortisation of discount | - | 5 | 5 | 10 |
| Change of discount rate – charged in the statement of comprehensive income | - | - | 2 | 2 |
| Change of discount rate – adjustment to recognised fixed asset | - | 4 | - | 4 |
| At 31 December 2009 | 817 | 420 | 200 | 1,437 |
| At 1 January 2008 | - | 371 | 279 | 650 |
| Exchange adjustments | - | - | 82 | 82 |
| Utilised in the year | - | - | (75) | (75) |
| Amortisation of discount | - | 11 | 8 | 19 |
| Change of discount rate – charged in the statement of comprehensive income | - | - | 14 | 14 |
| Change of discount rate – adjustment to recognised fixed asset | - | 29 | - | 29 |
| At 31 December 2008 | - | 411 | 308 | 719 |
| At 1 January 2008 | - | 371 | 279 | 650 |
| | | | 2009 | 2008 |
| | | | £'000 | £'000 |
| Current | | | 898 | 88 |
| Non-current | | | 539 | 631 |
| Total provisions | | | 1,437 | 719 |

The clinical trial provision was established following the FDA review of TroVax development in June 2009 (see note 3). 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. Following an interim DSMB review, dosing of patients with TroVax was stopped in July 2008. The close-out of the study was in progress at 31 December 2009, with all sites expected to be closed by the end of March 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 3.40% per annum (2008: 1.59%). 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 1.77% per annum (2008: 2.23% per annum). The provision will be utilised over the term of the lease.

10 Cash flows from operating activities**Reconciliation of loss before tax to net cash generated by/(used in) operations**

| | 2009 | 2008 |
|---|----------------|----------|
| | £'000 | £'000 |
| Continuing operations | | |
| Loss before tax | (5,094) | (12,033) |
| Adjustment for: | | |
| Depreciation | 311 | 307 |
| Profit on disposal of property, plant and equipment | (1) | (10) |
| Loss on disposal of intangible asset | 78 | - |
| Impairment | - | 4,552 |
| Finance income | (669) | (1,662) |
| Finance expense | 33 | 24 |
| Charge in relation to employee share schemes | 808 | 836 |
| Changes in working capital: | | |
| Decrease/(increase) in trade and other receivables | 2,322 | (3,074) |
| (Decrease)/increase in trade and other payables | (2,937) | 983 |
| Increase/(decrease) in deferred income | 5,322 | (10,470) |
| Increase/(decrease) in provisions | 731 | (63) |
| Net cash generated by/(used in) operations | 904 | (20,610) |

-Ends-