



Oxford BioMedica

Interim Report 2008



TroVax® Multiple cancers

- Milestone payment of €10 million from sanofi-aventis
- Encouraging Phase II results in renal and colorectal cancer published
- Completed recruitment of 733 patients in Phase III TRIST study
- DSMB stated that TRIST study would not meet primary endpoint but should be continued without further vaccinations
- FDA meeting scheduled in October 2008 to discuss TRIST data and study amendments
- Sanofi-aventis expected to start Phase III trials in colorectal cancer, pending outcome of FDA meeting
- QUASAR group committed to 3,000-patient study in adjuvant colorectal cancer

Strategic restructuring

- Cost savings estimated to extend cash for operations through first half of 2010
- Focusing development on three projects with greatest potential for near-term success

Board changes

- Dr Alex Lewis appointed as Non-Executive Director
- Professor Alan Kingsman succeeded Dr Peter Johnson as Chairman
- Dr Stuart Naylor succeeded Dr Susan Kingsman as Chief Scientific Officer
- Nick Woolf appointed to new position of Chief Business Officer
- Dr Mike McDonald, Chief Executive Officer, left the Board
- John Dawson, Non-Executive Director, appointed as Acting Chief Executive Officer

ProSavin® Parkinson's disease

- Treatment is safe and well tolerated in first cohort of patients in Phase I/II trial
- Preparing for Phase III development

RetinoStat® Age-related macular degeneration

- Preparing regulatory submission to start Phase I/II trial

Other

- Secured rights to therapeutic use of Nobel Prize-winning RNAi technology

Financial

- Net loss of £1.1 million (H1 2007: £9.3 million)
- Revenue of £13.4 million (H1 2007: £2.0 million)
- R&D costs of £12.9 million (H1 2007: £10.8 million)
- Net cash burn¹ of £11.8 million (H1 2007: cash generated¹ £10.4 million)
- Net cash² at 30 June of £27.0 million (30 June 2007: £42.5 million)

1. Net cash used in/generated by operating activities plus sales and purchases of non-current assets
2. Cash, cash equivalents and current financial assets

Chairman's Report

We ended the first half of 2008 anticipating the fourth interim analysis of the Phase III TRIST study of TroVax in renal cancer by the Data Safety Monitoring Board (DSMB). In July, we received the DSMB's unexpected recommendation that the trial should continue but that further vaccinations be discontinued. Together with our partner, sanofi-aventis, we are evaluating the interim data from the study and interacting with the regulatory authorities to determine the development strategy for TroVax. Although we believe that TroVax may show benefit following the proposed amendments to the study's protocol, we have implemented a strategic restructuring to reduce our cash burn by concentrating on development opportunities that may provide the greatest near-term return. Through these actions, we are well positioned to reach key milestones in the development of our priority programmes with our existing resources.

STRATEGIC RESTRUCTURING

We embarked on our strategic restructuring of the business in August 2008 to reduce operating expenses and concentrate our resources on key priorities. This initiative includes a reduction in head count and a decrease in other expenses through improved operational efficiencies. The restructuring aims to extend our cash for operations through the first half of 2010 and is expected to incur less than £0.1 million for severance and related costs in the second half of 2008.

We are focusing our efforts on TroVax, ProSavin and RetinoStat. These three development programmes are of highest potential value in the near term. Our key objectives for TroVax are to continue the Phase III TRIST study in renal cancer and work with our partner sanofi-aventis to proceed with further trials. For ProSavin, our immediate objective is the successful and timely completion of the Phase I/II trial in Parkinson's disease. We are also devoting resources to advance the development of RetinoStat with the objective of initiating a Phase I/II trial in neovascular age-related macular degeneration in 2009. In addition to these programmes, we remain committed to our agreement with the US charity, Foundation Fighting Blindness (FFB), to support the development of StarGen™ for Stargardt disease. Furthermore, the scope of our collaboration with the FFB may broaden to include gene-based therapies for other ocular diseases.

BOARD CHANGES

A number of changes to the Board were implemented on 1 July 2008. Dr Peter Johnson retired as Chairman and was succeeded by Professor Alan Kingsman. Dr Mike McDonald, formerly Chief Medical Officer was appointed as Chief Executive Officer. Professor Susan Kingsman retired as Chief Scientific Officer and Executive Director. She has been succeeded by Dr Stuart Naylor, formerly Senior Vice President, Research & Development, who was appointed to the Board. Susan Kingsman continues to serve the Company on an exclusive basis as Senior Scientific Consultant. Nick Woolf was appointed to the new position of Chief Business Officer. Nick Rodgers, the Company's Senior Independent Director, assumed the role of Deputy Chairman.

On 3 April 2008, we strengthened the representation of independent directors on the Board with the appointment of Dr Alex Lewis as Non-Executive Director.

On 29 August 2008, we announced that Dr Mike McDonald had left the Board with immediate effect. John Dawson, who was appointed as Non-Executive Director on 1 August 2008, has taken the position of Acting Chief Executive Officer until a permanent successor is found.

John Dawson is an experienced pharmaceutical business leader with extensive experience in the business development arena. He has led and grown businesses both organically and by acquisition. From 1996 to 2007, John was a member of the senior management team of US biotechnology company, Cephalon Inc. Most recently, John was Chief Financial Officer and Head of Business Development, Europe. He orchestrated the many deals that built the European business of Cephalon to over 1,000 people, taking the business from having no sales in 1998 to a turnover of several hundred million US dollars in 2006.

R&D UPDATE

TROVAX®: SETBACK FOR TRIST BUT INTERIM DATA WILL INFORM ONGOING DEVELOPMENT PLAN

The development of our therapeutic cancer vaccine, TroVax, in collaboration with sanofi-aventis, experienced a setback in July 2008 following the DSMB's fourth interim review of the Phase III TRIST study. The trial is randomised, placebo-controlled and designed to evaluate TroVax in combination with standard of care in locally advanced or metastatic clear cell renal carcinoma. The trial was initiated in November 2006 and completed recruitment of 733 patients in March 2008 in more than 100 sites in the USA, European Union and Eastern Europe. In February 2008, we reached a development milestone, which triggered a payment from sanofi-aventis of €10 million.

Following the interim review in July, the DSMB advised that TroVax administered according to the protocol would not meet the predefined primary efficacy endpoint, but there was important scientific merit and more to be learned by additional follow up of all patients. The DSMB's recommendations to continue the study but discontinue further vaccinations have been implemented.

We have scheduled a meeting with the US Food and Drug Administration (FDA) in October 2008 to discuss the interim data from the TRIST study, our proposed amendments to the statistical plan and the implications for the study's Special Protocol Assessment. With these amendments, a key aspect of the ongoing study will be to explore the number of doses that provide optimal benefit. Although the TRIST study alone will not support registration of TroVax in renal cancer, the results, if positive, may form part of a regulatory submission alongside an additional confirmatory trial.

At the Annual Meeting of the American Society of Clinical Oncology in May 2008, updated results were presented from three of the four Phase II trials of TroVax with either interleukin-2 or interferon-alpha in metastatic renal cancer. In all three studies, TroVax was well tolerated and generated consistent and robust immune responses to the tumour antigen 5T4 (55 of 60 evaluable patients, 92%). The most frequent TroVax-related side effect was low-grade transient irritation at the injection site. Furthermore, all studies showed encouraging levels of clinical benefit relative to historical controls. In each study, the data suggest an association between the 5T4-specific immune response and anti-tumour activity, which further supports the mechanistic rationale of TroVax as a treatment for cancer.

At the Meeting of the European Association for Cancer Research in July 2008, encouraging updated results were presented from a 20-patient Phase II trial of TroVax in patients undergoing surgical resection of colorectal cancer liver metastases. The trial was sponsored by Cancer Research UK. Of 19 evaluable patients, 17 patients showed 5T4 expression in their liver metastases or surrounding stroma. This confirms previous analyses that 5T4 is expressed in more than 85% of colorectal tumours and their metastases. TroVax was well tolerated in all patients and 95% of evaluable patients mounted 5T4-specific cellular and/or antibody responses following TroVax vaccination. As in the Phase II trials in renal cancer and previous studies in colorectal cancer, the data suggest an association between the magnitude of the 5T4-specific immune response and clinical benefit.

Despite the setback in the TRIST study, we continue to work with our partner, sanofi-aventis, particularly in the analysis of the interim data and in discussions with the FDA. These will inform the development and regulatory strategy for TroVax in renal cancer and the design of trials in other cancer types. Pending the outcome of our scheduled meeting with the FDA in October 2008, we anticipate that sanofi-aventis will initiate its two planned Phase III trials in metastatic colorectal cancer and adjuvant colorectal cancer respectively. Following the DSMB's review of TRIST, we received confirmation from the academic group coordinating the Phase III trial in adjuvant colorectal cancer (known as QUASAR V) that it remains committed to the study. We believe that the positive aspects of the interim TRIST data and encouraging Phase II results support the ongoing development of TroVax.

PROSAVIN®: PHASE I/II TRIAL ON TRACK AND PREPARATIONS FOR PHASE III DEVELOPMENT CONTINUE

ProSavin is our most advanced gene therapy product candidate based on our proprietary LentiVector® technology. In the first half of 2008, we treated the first cohort of patients in the Phase I/II trial, which is being conducted at a centre of excellence for neurosurgery in France. ProSavin is the first gene-based treatment for Parkinson's disease to be evaluated in a European clinical trial.

The two-stage Phase I/II trial is designed to assess the safety and efficacy of ProSavin in patients with Parkinson's disease who are failing on current treatment with L-DOPA but have not progressed to experiencing marked drug-induced movement disorders called dyskinesias. The first stage is an open-label dose escalation to evaluate two dose levels of ProSavin in cohorts of three patients each. In the second stage of the trial, a further 12 patients will be recruited, some of which will act as a control group and only receive "sham" surgery.

Efficacy is assessed at regular intervals using the Unified Parkinson's Disease Rating Score (UPDRS). The primary endpoints of the study are: 1) the number and severity of any adverse events associated with the administration of ProSavin, including the incidence of dyskinesias; and 2) efficacy based on the UPDRS assessment six months after treatment. The secondary objectives of the trial include the extent to which patients' current L-DOPA therapy can be reduced or removed following administration of ProSavin.

The three ProSavin-treated patients at the first dose level have reached their three-month assessments. There were no adverse events associated with the surgical procedure for administration of ProSavin into the brain. All three patients were ambulatory within 24 hours of the procedure (i.e. capable of walking and not bedridden). Similarly, there have been no serious or unexpected post treatment-related safety issues to date.

The trial has an independent DSMB, which is scheduled to meet in early September 2008 to assess the data and recommend whether the trial should advance to the higher dose level. We plan to report the three-month data from the first cohort of patients following the DSMB's recommendation. Assuming the trial progresses as planned, we anticipate preliminary data from patients at the higher dose and the start of the second stage of the trial in the first quarter of 2009.

If the safety and efficacy observed in preclinical studies of ProSavin is replicated in the Phase I/II trial, then we aim to move directly to a Phase III trial. Based on our anticipated timelines for the Phase I/II trial and for scaling-up the manufacture of ProSavin for Phase III development and commercialisation, the Phase III trial could start in late 2009 or early 2010. The trial could be completed within two years, supporting first product registration in 2012-13.

RETINOSTAT®: PREPARATIONS CONTINUE FOR IND SUBMISSION AND START OF CLINICAL TRIALS

RetinoStat is our novel gene-based treatment for neovascular age-related macular degeneration (AMD) and diabetic retinopathy (DR), which are caused by the aberrant growth of leaky and disruptive blood vessels in the retina. The product uses the LentiVector system to deliver two genes to the retina that block the formation of new blood vessels, a process called angiogenesis.

The advancement of RetinoStat into clinical trials is one of our key development priorities. Our objective is to submit an Investigational New Drug (IND) application to the FDA for the start of trials in patients with neovascular AMD during 2009. In the first half of 2008, we optimised the manufacturing process for clinical material and initiated additional non-clinical studies that are required for the IND application. We have scheduled a meeting with the FDA in October 2008 to discuss the submission and development plan.

TECHNOLOGY LICENSING

Our technology licensing activities exploit the potential of our suite of gene delivery technologies for research or product development applications. In March 2008, we added a new licensee, Open Biosystems. As part of a patent dispute settlement, Open Biosystems acquired certain rights for use of our LentiVector technology in research activities.

In January 2008, we entered the field of RNA interference (RNAi) using our LentiVector system for genetic delivery. In a license agreement with the Carnegie Institution of Washington and the University of Massachusetts Medical School, we secured rights to key RNAi technology invented by Nobel Prize-winning scientists Andrew Z. Fire, PhD, and Craig C. Mello, PhD. The licence is exclusive for therapeutic RNAi strategies using lentiviral vectors.

Also in January 2008, one of our partners, MolMed, received regulatory approval to start a Phase III trial of its TK therapy, which employs our *ex vivo* retroviral gene delivery technology. The Phase III trial is being conducted in Italy in patients with high risk acute leukaemia who are receiving haematopoietic stem cell transplantation. The product is a cell/gene-based therapy that is designed to control the complications of graft versus host disease associated with these transplantations. The start of this Phase III trial triggered a milestone payment to Oxford BioMedica under the terms of our agreement.

PATENT DISPUTE

In June 2008, Bavarian Nordic filed a patent infringement action against Oxford BioMedica in the United States District Court for the Southern District of California. Bavarian Nordic claims that the Modified Vaccinia Ankara (MVA) vector system employed in TroVax infringes Bavarian Nordic's US patents relating to MVA. We believe that the claim is unwarranted, and we are highly confident that this action will prove fruitless for Bavarian Nordic. We are vigorously opposing the claim with the support of our partner, sanofi-aventis.

UNSOLICITED APPROACH REGARDING ACQUISITION

In July 2008, GeneThera, a US company traded over the counter with a market capitalisation of approximately US\$230,000, approached Oxford BioMedica regarding a possible offer to acquire the Company. Our Board of Directors considered GeneThera's proposal in consultation with our financial advisors, JPMorgan Cazenove and Rothschild. The Board concluded that GeneThera is not a credible bidder for the Company and unanimously agreed to reject the approach. On 14 August 2008, GeneThera wrote to the Company with a revised proposal regarding an all share offer for the Company, which the Board also unanimously rejected. The Board and our advisors remain of the view that this unsolicited approach is not credible and is not in the interests of our shareholders.

FINANCE

Revenue in the first half of 2008 was £13.4 million (H1 2007: £2.0 million). Revenue from the sanofi-aventis collaboration was £13.3 million (H1 2007: £1.9 million), comprising a £7.6 million milestone payment received in March 2008, plus £5.7 million arising from payments received in 2007 and treated as deferred income. A further £13.1 million received under the TroVax collaboration was classified as deferred income at 30 June 2008. The increase in revenue has resulted in higher cost of sales.

Operating costs (research and development costs plus administrative expenses) were £15.3 million, an increase of £2.0 million (15%) over the first half of 2007. External costs for the TRIST study were £3.0 million higher at £6.0 million. Higher TRIST costs in the first half of 2008 reflect the progress of the study, which reached full recruitment of 733 patients at the end of March 2008 compared to 247 patients 'on study' at 30 June 2007. Legal and professional costs were £0.4 million higher in the first half of 2008 due to expenses related to settlement of litigation with Open Biosystems (none in H1 2007). Offsetting these increases, staff costs were £0.9 million lower in the period due principally to one-off payments in the previous year, and there were no exceptional administrative costs (H1 2007: £0.3 million).

Net interest receivable in the first half of 2008 was £1.0 million (H1 2007: £0.9 million). The net tax credit in the period was £0.9 million (H1 2007: £1.1 million). The small reduction in tax credit was linked to lower payroll costs in the first half of 2008.

The net loss for the first half of 2008 of £1.1 million was in line with budget and was significantly lower than in 2007 (H1 2007: £9.3 million) due principally to revenue from the TroVax development collaboration with sanofi-aventis.

Despite the significantly lower net loss in the first half of 2008, the net cash outflow from operations was £11.0 million compared to a net cash inflow from operations of £10.6 million in the previous year. Payments by sanofi-aventis account for most of the difference. In the first half of 2007, we received cash of £19.7 million, of which only £1.9 million was recognised as revenue. In the first half of 2008, we received a further £7.6 million but recognised revenue of £13.3 million. Furthermore, the cash outflow in the period was affected by a £5.3 million increase in trade and other receivables, which related to TroVax costs that we expect will be reimbursed by sanofi-aventis. £2.9 million of this was received in July 2008.

Overall cash, cash equivalents and available for sale investments decreased by £11.2 million during the first six months of the year, leaving a balance of £27.0 million at 30 June 2008. No costs have been recognised in the results up to 30 June 2008 with respect to the TRIST study developments of July 2008 or with respect to the subsequent restructuring of our operations.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company remain those set out on pages 19 and 20 of the 2007 Annual Report & Accounts, a copy of which is available on our website www.oxfordbiomedica.co.uk. The risks and uncertainties relate to intellectual property and patent protection, development risk, regulatory review risk, collaboration and third party risk, pharmaceutical pricing risk, competition risk, financial risk, staff risk and risks specific to gene therapy. Our principal risks and uncertainties remain the same for the second half of 2008.

The current economic turbulence and market conditions do not have an immediate impact on the Company, as we have no borrowings or plans to issue debt instruments. However, a prolonged depression in the equity market could impact the Company's future activities to the extent that they may depend on additional financing, although we estimate that our current resources are sufficient to fund operations through the first half of 2010.

OUTLOOK

The fundamentals of the Company remain strong based on our broad pipeline and technology platform. Our restructuring initiative aims to extend our cash for operations through the first half of 2010 by focusing our efforts on three development programmes that may provide the greatest return in the near term. We believe that the TRIST study may generate valuable information to support the ongoing development of TroVax, although we cannot pre-empt the outcome of our meeting with the FDA in October 2008, nor sanofi-aventis' assessment. The Board is committed to its goal of creating a high-value, profitable biopharmaceutical company. Following the recent management changes, we are conducting a review of our current activities with the objectives of maximising the value of our pipeline and technologies, as well as evaluating opportunities that may provide further drivers of growth in the future.

Consolidated Income Statement

for the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 (Unaudited) £'000	Six months ended 30 June 2007 (Unaudited) £'000	Year ended 31 December 2007 (Audited) £'000
Revenue	4	13,403	2,041	7,219
Cost of sales		(1,124)	(124)	(449)
Research and development costs		(12,921)	(10,767)	(22,142)
Administrative expenses		(2,345)	(2,453)	(4,617)
Administrative expenses comprise:				
Administrative expenses before exceptionals		(2,345)	(2,123)	(4,282)
Exceptional administrative expenses	5	-	(330)	(335)
Total administrative expenses		(2,345)	(2,453)	(4,617)
Other operating income: grants receivable		18	16	161
Operating loss		(2,969)	(11,287)	(19,828)
Finance income		977	955	2,117
Finance costs		(16)	(17)	(30)
Loss before tax		(2,008)	(10,349)	(17,741)
Taxation		875	1,097	2,452
Loss for the period		(1,133)	(9,252)	(15,289)
Basic loss and diluted loss per ordinary share	6	(0.2p)	(1.8p)	(2.9p)

The notes on pages 10 to 17 form part of this financial information

Consolidated Balance Sheet

as at 30 June 2008

	Notes	30 June 2008 (Unaudited) £'000	30 June 2007 (Unaudited) £'000	31 December 2007 (Audited) £'000
Assets				
Non-current assets				
Intangible assets	7	15,597	14,814	14,910
Property, plant and equipment		697	761	810
		16,294	15,575	15,720
Current assets				
Trade and other receivables	8	9,400	3,822	4,672
Current tax assets		3,423	2,914	2,623
Financial assets: Available for sale investments	9	21,856	33,924	27,185
Cash and cash equivalents	9	5,134	8,611	10,962
		39,813	49,271	45,442
Liabilities				
Current liabilities				
Trade and other payables	10	10,356	8,864	9,557
Deferred income	11	9,750	7,645	11,530
Current tax payable		3	-	14
Provisions		59	56	60
		20,168	16,565	21,161
Net current assets		19,645	32,706	24,281
Non-current liabilities				
Other non-current liabilities		96	95	96
Deferred income	11	3,392	10,205	7,383
Provisions		557	587	590
		4,045	10,887	8,069
Net assets		31,894	37,394	31,932
Shareholders' equity				
Ordinary shares		5,373	5,341	5,347
Share premium		109,686	108,938	109,101
Merger reserve		14,310	14,310	14,310
Other reserves		(622)	(623)	(625)
Retained earnings - deficit		(96,853)	(90,572)	(96,201)
Total equity		31,894	37,394	31,932

The notes on pages 10 to 17 form part of this financial information

Consolidated Cash Flow Statement

for the six months ended 30 June 2008

	Notes	Six months ended 30 June 2008 (Unaudited) £'000	Six months ended 30 June 2007 (Unaudited) £'000	Year ended 31 December 2007 (Audited) £'000
Cash flows from operating activities				
Cash (used in)/generated by operations	12	(12,638)	9,029	2,307
Interest received		1,558	809	1,567
Interest paid		(1)	-	-
Tax credit received		102	771	2,480
Overseas tax paid		(38)	(8)	(57)
Net cash (used in)/generated by operating activities		(11,017)	10,601	6,297
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		1	1	7
Purchases of property, plant and equipment		(75)	(97)	(259)
Purchases of intangible assets		(679)	(63)	(162)
Net maturity/(purchase) of available for sale investments		5,329	(13,424)	(6,685)
Cash and cash equivalents acquired with subsidiary		-	3,759	3,759
Acquisition costs		-	(382)	(382)
Net cash generated by/(used in) investing activities		4,576	(10,206)	(3,722)
Cash flows from financing activities				
Net proceeds from issue of ordinary share capital		611	175	345
Effects of exchange rate changes		2	(2)	(1)
Net (decrease)/increase in cash and cash equivalents		(5,828)	568	2,919
Cash and cash equivalents at 1 January		10,962	8,043	8,043
Cash and cash equivalents at period end	9	5,134	8,611	10,962

The notes on pages 10 to 17 form part of this financial information

Statement of Changes in Shareholders' Equity

Group	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Retained earnings (deficit) £'000	Total £'000
At 1 January 2007	5,014	106,732	711	(627)	(81,740)	30,090
Six months ended 30 June 2007:						
Exchange adjustments	-	-	-	4	-	4
Loss for the period	-	-	-	-	(9,252)	(9,252)
Total recognised expense for the period	-	-	-	4	(9,252)	(9,248)
Shares issued in acquisition	318	2,083	13,599	-	-	16,000
Share options						
Proceeds from shares issued	9	133	-	-	-	142
Value of employee services	-	-	-	-	420	420
Costs of share issues	-	(10)	-	-	-	(10)
At 30 June 2007 (unaudited)	5,341	108,938	14,310	(623)	(90,572)	37,394
Six months ended 31 December 2007:						
Exchange adjustments	-	-	-	(2)	-	(2)
Loss for the period	-	-	-	-	(6,037)	(6,037)
Total recognised expense for the period	-	-	-	(2)	(6,037)	(6,039)
Share options						
Proceeds from shares issued	4	66	-	-	-	70
Value of employee services	-	-	-	-	408	408
Issue of shares excluding share options	2	97	-	-	-	99
At 31 December 2007 (audited)	5,347	109,101	14,310	(625)	(96,201)	31,932
Six months ended 30 June 2008:						
Exchange adjustments	-	-	-	3	-	3
Loss for the period	-	-	-	-	(1,133)	(1,133)
Total recognised expense for the period	-	-	-	3	(1,133)	(1,130)
Share options						
Proceeds from shares issued	2	50	-	-	-	52
Value of employee services	-	-	-	-	481	481
Issue of shares excluding share options	24	545	-	-	-	569
Costs of share issues	-	(10)	-	-	-	(10)
At 30 June 2008 (unaudited)	5,373	109,686	14,310	(622)	(96,853)	31,894

The notes on pages 10 to 17 form part of this financial information

Notes to the Financial Information

1 BASIS OF PREPARATION

The financial information for the six months ended 30 June 2008 is unaudited and has been prepared in accordance with the Group's accounting policies as described in note 3 and in accordance with the Listing Rules of the Financial Services Authority. The financial information for the six months ended 30 June 2007 is also unaudited. These results have not been reviewed by the Group's Auditors. The financial information relating to the year ended 31 December 2007 has been extracted from the full report for that year. The report of the Auditors on the 2007 accounts was unqualified. The statutory accounts for the year ended 31 December 2007 were approved at the Company's Annual General Meeting on 9 May 2008 and have been delivered to the Registrar of Companies. This report has been prepared in accordance with IAS 34. The financial information in this report does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985.

Copies of the interim results for the six months ended 30 June 2008 are being sent to all shareholders. Details can also be found on the Company's website at www.oxfordbiomedica.co.uk. Further copies of the interim results and copies of the 2007 Annual Report & Accounts can be obtained by writing to the Company Secretary, Oxford BioMedica plc, Medawar Centre, Oxford Science Park, Oxford, OX4 4GA.

This announcement was approved by the Board of Oxford BioMedica plc on 28 August 2008.

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

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 of the amounts accrued for clinical trial costs have a greater risk of causing a material adjustment to the carrying amounts of assets and liabilities within the present financial year. 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.

2 RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the interim statement and the financial information in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial information for each financial period. Under that law the Directors have prepared the Group's financial information in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing this financial information, the Directors have also elected to comply with IFRSs issued by the International Accounting Standards Board (IASB).

In preparing financial information, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial information complies with IFRSs as adopted by the European Union and IFRSs issued by the IASB;
- prepare the financial information on the going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial information.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that financial information complies with the Companies Act 1985 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website and legislation in the United Kingdom (UK) governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

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 2007, as described in those annual financial statements.

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

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2008, but are not currently relevant for the Group:

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions';
- IFRIC 12, 'Service concession arrangements';
- IFRIC 14, 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2008 and have not been adopted early:

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail, but it appears likely that the number of reported segments may increase.
- IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group as the Group currently has no borrowings.
- IFRS 2 (amendment) 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact of changes to vesting conditions and cancellations on the Group's schemes.
- IFRS 3 (amendment), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group. The Group does not have any material joint ventures.

- IAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. Management is in the process of developing proforma accounts under the revised disclosure requirements of this standard.
- IAS 32 (amendment), 'Financial instruments: presentation', and consequential amendments to IAS 1, 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. This is not relevant to the Group, as the Group does not have any puttable instruments.
- IFRIC 13, 'Customer loyalty programmes', effective for annual periods beginning on or after 1 July 2008. Management is evaluating the effect of this interpretation on its revenue recognition.

4 SEGMENTAL ANALYSIS

The Group's primary segment reporting is by geographical location of assets, with business sector as the secondary format. Revenue and loss on ordinary activities before taxation are derived entirely from the Group's one business segment, biotechnology research and development. All costs of acquisition of property, plant and equipment and intangible assets as well as depreciation expense borne by the Group relate to this one segment. In addition, all other non-cash expenses incurred by the Group relate to this one segment. The two geographic locations comprise the Group's UK and US operations. The majority of the Group's activities take place in the UK, with the US subsidiary providing intellectual property management and business development support to the UK operation. Purchases and sales between subsidiaries are eliminated on consolidation.

The segment results for the periods ended 30 June 2008, 30 June 2007 and 31 December 2007 are as follows:

Primary reporting format – geographic Six months ended 30 June 2008 (unaudited)	United Kingdom £'000	United States of America £'000	Total £'000
Revenue	13,403	-	13,403
Segmental operating loss	(2,676)	(293)	(2,969)
Finance cost			(16)
Finance income			977
Loss before tax			(2,008)

Primary reporting format – geographic Six months ended 30 June 2007 (unaudited)	United Kingdom £'000	United States of America £'000	Total £'000
Revenue	2,041	-	2,041
Segmental operating loss	(11,028)	(259)	(11,287)
Finance cost			(17)
Finance income			955
Loss before tax			(10,349)

Primary reporting format – geographic Year ended 31 December 2007 (audited)	United Kingdom £'000	United States of America £'000	Total £'000
Revenue	7,219	-	7,219
Segmental operating loss	(19,258)	(570)	(19,828)
Finance cost			(30)
Finance income			2,117
Loss before tax			(17,741)

The Group's revenue derives wholly from assets located in the UK. By destination, revenue derives from the European Union and the USA.

Revenue by destination	Six months ended 30 June 2008 (Unaudited) £'000	Six months ended 30 June 2007 (Unaudited) £'000	Year ended 31 December 2007 (Audited) £'000
European Union	13,336	1,919	7,021
United States of America	67	122	198
Total revenue	13,403	2,041	7,219

5 EXCEPTIONAL ADMINISTRATIVE EXPENSES

Exceptional administrative expenses in 2007 were restructuring costs associated with the integration of Oxxon Therapeutics Limited ('Oxxon') and closure of the former Oxxon offices and laboratories following the acquisition of Oxxon in March 2007.

6 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 537,061,383 in issue during the six months ended 30 June 2008 (six months ended 30 June 2007: 521,354,933; year ended 31 December 2007: 528,024,022).

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.

7 INTANGIBLE ASSETS

	In process R&D £'000	Intellectual property rights £'000	Total £'000
Cost			
At 1 January 2008	10,400	4,780	15,180
Additions	-	687	687
At 30 June 2008	10,400	5,467	15,867
Accumulated amortisation and impairment At 1 January 2008 and 30 June 2008	-	270	270
Net book amount at 30 June 2008 (unaudited)	10,400	5,197	15,597
Cost			
At 1 January 2007	-	1,927	1,927
Additions – through business combination	10,400	2,686	13,086
Additions	-	63	63
At 30 June 2007	10,400	4,676	15,076
Accumulated amortisation and impairment At 1 January 2007 and 30 June 2007	-	262	262
Net book amount at 30 June 2007 (unaudited)	10,400	4,414	14,814
Cost			
At 1 January 2007	-	1,927	1,927
Additions – through business combination	10,400	2,686	13,086
Additions	-	167	167
At 31 December 2007	10,400	4,780	15,180
Accumulated amortisation and impairment			
At 1 January 2007	-	262	262
Impairment in the year	-	8	8
At 31 December 2007	-	270	270
Net book amount at 31 December 2007 (audited)	10,400	4,510	14,910

In-process research and development acquired in 2007 comprises the fair value of the Hi-8 MEL therapeutic vaccine for the treatment of melanoma. Intellectual property rights acquired through acquisition in 2007 comprise the Oxxon Therapeutics patent portfolio covering therapeutic vaccines and PrimeBoost methods.

8 TRADE AND OTHER RECEIVABLES

	30 June 2008 (Unaudited) £'000	30 June 2007 (Unaudited) £'000	31 December 2007 (Audited) £'000
Amounts falling due after more than one year			
Other receivables – rent deposit	118	146	118
Amounts falling due within one year			
Trade receivables	103	9	91
Other receivables	6,463	1,362	1,129
Other tax receivable	240	330	414
Prepaid clinical trial expenses	966	-	969
Other prepayments	1,487	1,903	1,917
Accrued income	23	72	34
	9,282	3,676	4,554
Total trade and other receivables	9,400	3,822	4,672

Other receivables include £5,355,000 (June 2007: nil; December 2007: £109,000) clinical trial materials expected 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.

9 CASH AND CASH EQUIVALENTS

	30 June 2008 (Unaudited) £'000	30 June 2007 (Unaudited) £'000	31 December 2007 (Audited) £'000
Cash at bank and in hand	4,134	5,777	5,402
Short term bank deposits	1,000	2,834	5,560
Total cash and cash equivalents	5,134	8,611	10,962

In addition to the cash and cash equivalents described above, the Group held bank deposits of £21,856,000 (June 2007: £33,924,000; December 2007: £27,185,000) with an initial term to maturity between three and twelve months, classified as available for sale investments.

Cash at bank and in hand includes £65,000 (June 2007: £15,000; December 2007: £76,000) held in escrow for expenses of the Phase III TRIST study.

10 TRADE AND OTHER PAYABLES - CURRENT

	30 June 2008 (Unaudited) £'000	30 June 2007 (Unaudited) £'000	31 December 2007 (Audited) £'000
Trade payables	2,651	3,397	2,948
Other taxation and social security	150	157	418
Accruals	7,555	5,310	6,191
	10,356	8,864	9,557

11 DEFERRED INCOME

In 2007 the Group received non-refundable payments totalling €38,000,000 (£25,793,000) from sanofi-aventis under the TroVax licence agreement. These payments are being recognised as revenue over periods of 24 to 36 months. The total revenue recognised to date under the sanofi-aventis collaboration, including the milestone payment of €10,000,000 received in the first half of 2008 is £20,256,000.

At 30 June 2008 the Group had deferred income of £13,142,000 (June 2007: £17,850,000; December 2007: £18,913,000). £9,750,000 (June 2007: £7,645,000; December 2007: £11,530,000) is expected to be recognised as revenue within 12 months of the balance sheet date, and is classified as current; the remaining £3,392,000 (June 2007: £10,205,000; December 2007 £7,383,000) is classified as non-current.

12 CASH FLOW FROM OPERATING ACTIVITIES

RECONCILIATION OF LOSS BEFORE TAX TO NET CASH FROM OPERATIONS

	Six months ended 30 June 2008 (Unaudited) £'000	Six months ended 30 June 2007 (Unaudited) £'000	Year ended 31 December 2007 (Audited) £'000
Continuing operations			
Loss before tax	(2,008)	(10,349)	(17,741)
Adjustment for:			
Depreciation	154	168	314
Loss on disposal of property, plant and equipment	-	72	77
Impairment of intangible assets	-	-	8
Finance income	(977)	(955)	(2,117)
Finance expense	16	17	30
Charge in relation to employee share schemes	481	420	828
Changes in working capital:			
Increase in trade and other receivables	(5,310)	(1,425)	(1,880)
Increase in payables	817	3,364	4,036
(Decrease)/increase in deferred income	(5,771)	17,758	18,821
Decrease in provisions	(40)	(41)	(69)
Net cash (used in)/generated by operations	(12,638)	9,029	2,307

13 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

In June 2008, Bavarian Nordic filed a patent infringement action against Oxford BioMedica in the United States District Court for the Southern District of California regarding Bavarian Nordic's US patents relating to Modified Vaccinia Ankara (MVA). We believe that the claim is unwarranted and we have a high degree of confidence that this action will prove fruitless for Bavarian Nordic. We are opposing the claim and have the support of our partner, sanofi-aventis. There were no other contingent liabilities at 30 June 2008, 30 June 2007 or at 31 December 2007.

The Group had commitments of £6,000 (June 2007: £22,000; December 2008 £22,000) for capital expenditure for plant and equipment not provided in the financial statements.

14 RELATED PARTY TRANSACTIONS

There were no transactions (2007: none) with the dormant joint venture ViroTech Limited.

Prior to 2007 Oxford BioMedica (UK) Limited entered into a consultancy agreement with Mark Berninger, a Non-Executive Director, in connection with the Group's licensing strategy for the LentiVector technology. This agreement came to an end in 2007. In addition to Directors' fees a total of £783 was incurred in consultancy fees in the six months ended 30 June 2007 (year ended 31 December 2007 £783).

A close family member of Andrew Wood is employed by the Group and is paid at market rate. Total compensation cost comprising salary, national insurance and pension was £34,000 (six months ended 30 June 2007: £38,000; year ended 31 December 2007: £74,000).

Oxford BioMedica plc

Medawar Centre, Robert Robinson Avenue
The Oxford Science Park, Oxford
OX4 4GA, United Kingdom

T: +44 (0) 1865 783 000

F: +44 (0) 1865 783 001

enquiries@oxfordbiomedica.co.uk

www.oxfordbiomedica.co.uk