

2



# CHAIRMAN'S STATEMENT

2007 has been a transformational year for Oxford BioMedica with the achievement of our two main corporate objectives. Firstly, the global alliance with sanofi-aventis for TroVax, signed in March 2007, is one of the most valuable licensing agreements for an active cancer immunotherapy and provides both near and long-term value for Oxford BioMedica. TroVax will benefit from sanofi-aventis' substantial development expertise in oncology and vaccines as well as its global commercial infrastructure. Together with sanofi-aventis, we are preparing for commercialisation of TroVax, with the first of three planned Phase III trials progressing well. Secondly, in December 2007, we initiated a Phase I/II trial of ProSavin, which is a potentially revolutionary treatment for Parkinson's disease. This is the first clinical trial of a product that utilises our proprietary LentiVector technology, which is the backbone of multiple product candidates in our pipeline and various licensing deals. The start of this trial is the culmination of over ten years of research at Oxford BioMedica. In summary, we ended 2007 stronger than ever in terms of our development pipeline, and our financial position has also been strengthened following the initial payments from sanofi-aventis.

## STRATEGIC FOCUS

Owing to the current risk-adverse capital markets, we have reassessed our development priorities to ensure that internal efforts are focused on those product candidates that offer the greatest potential value to Oxford BioMedica. The strategic purpose of this review was to ensure that the Company continues to grow and expand, but maintains prudent management of its financial resources. We own some exceptional assets in the field of cancer immunotherapy and gene-based medicines with a deep and robust pipeline of product candidates. The strength of these assets means that we are well positioned to pursue our strategy of partnering certain assets to access additional resources, while investing in the further development of key programmes.

As part of our strategy, we have sought to broaden our technology platform creating opportunities both for near-term revenue streams from licensing and also new in-house development programmes. In 2007 we acquired Oxxon Therapeutics, which has brought complementary intellectual property in immunotherapy and a novel vaccine for melanoma in Phase II development. Furthermore, in January 2008, we secured exclusive rights to use Nobel Prize-winning RNA interference (RNAi) technology in therapeutic approaches where the active RNAi molecules are delivered using our LentiVector technology. RNAi represents a new treatment approach based on turning off gene expression (gene silencing).

We will continue to evaluate new opportunities that are consistent with our strategy and can accelerate the growth of our business. Our core strategic themes are described in the Strategy section of the Business Review on pages 13 to 20.

## PEOPLE

Our employees are crucial to the success of Oxford BioMedica and we are committed to the development of a motivated and professional workforce. It is their skill and expertise that has enabled us to achieve our progress to date. In 2007, we expanded our staff count to 82 from 73. We will continue to add to our existing team, as we broaden our activities and move towards the commercialisation of our first product, to ensure that we have the appropriate skill base to address these challenges. On behalf of the entire Board, I would like to thank our staff for their hard work in 2007 and their continued support and commitment.

## CORPORATE REPORTING

This year's Annual Report follows a similar format to last year. We strive to be transparent in all our communications and we have designed the Annual Report to present a clear picture of our strategy, performance and practices, which is in line with the revised requirements under the Disclosure

and Transparency Rules and Enhanced Business Review. We have provided a balanced and comprehensive assessment of our operational activities and performance compared to our previously disclosed objectives for 2007. As in previous years, we describe how and why actual events may have differed from those forecast, and set out our objectives for the coming year as part of our commitment to enhanced narrative reporting. We have also reported on the Company's working practices in relation to our Corporate Social Responsibility on pages 49 and 50.

## LOOKING AHEAD

The fundamentals of the biotechnology industry remain strong, particularly for companies that are developing novel biological therapies for major unmet medical needs. The pharmaceutical industry is under pressure to improve its research and development productivity and many of the major pharmaceutical firms have raised their targets for revenue from in-licensed and biological products within the next few years. Oxford BioMedica aims to be the leading company in the specialised areas of cancer immunotherapy and gene-based medicines. During 2007, the pharmaceutical industry showed increased interest in these fields and made some significant investments, as evidenced by several recent collaborations, including our alliance with sanofi-aventis. Over the next few years, we expect to benefit from further convergence between the pharmaceutical industry and innovative biotechnology companies. In 2008, as TroVax moves towards commercialisation and data emerge from the Phase I/II trial of ProSavin, we will maintain our focused and financially prudent strategy for growth.



Dr Peter Johnson

CHAIRMAN