

13 December 2007

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ProSavin

Clinical Trial Application approved for Phase I/II trial



DIRECTORS' REPORTS

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Board of Directors

PETER JOHNSON PHD NON-EXECUTIVE CHAIRMAN

Dr Peter Johnson, age 71, has been a Non-Executive Director of Oxford BioMedica since 1999, and Non-Executive Chairman since January 2001. He has extensive R&D experience with Wellcome, Hoechst, SmithKline, Fisons and Astra. He was formerly Chairman and Managing Director of SmithKline and French Research Limited and Group Main Board Director of R&D worldwide for Fisons plc. A former Director of Quadrant Healthcare plc and Proteus Molecular Design Limited, he is currently a Non-Executive Director of CeNeS Pharmaceuticals plc. He is Chairman of Oxford BioMedica's Audit and Remuneration Committees.

ALAN KINGSMAN MA PHD CHIEF EXECUTIVE OFFICER

Professor Alan Kingsman, age 57, is a co-founder of Oxford BioMedica and has been its Chief Executive Officer since 1996. He is an internationally recognised authority on gene expression and retrovirus research and has over 20 years' experience in this field, including 17 years as Co-Director (with Susan Kingsman) of the Retrovirus Molecular Biology Group within the Biochemistry department of the University of Oxford. He continues to hold the title of Professor of Biochemistry at Oxford University and is a former fellow of St Catherine's College, Oxford. He has published extensively in the field and is named inventor on numerous patent applications and issued patents. He has acted as an advisor or consultant to UK research councils, WHO and a number of UK and international companies.

ANDREW WOOD CHIEF FINANCIAL OFFICER

Andrew Wood, age 49, has been a Director of Oxford BioMedica since 1996. He is a chartered accountant with wide experience of financial management in a number of industries. He also holds a first class degree in biochemistry from Oxford University. Before joining Oxford BioMedica he was Finance Director at the Yorkshire Cable Group (part of General Cable plc). Previously, he has held senior financial positions with subsidiaries of the Burton Group (now Arcadia plc), Associated Newspapers and Fenner plc.

SUSAN KINGSMAN MA PHD EXECUTIVE DIRECTOR

Professor Susan Kingsman, age 55, is a co-founder of Oxford BioMedica, and has been a Director of the Company since 1996, and Chief Scientific Officer until December 2007. She has over 20 years' experience in virology, gene expression and retrovirus biology, including as Co-Director, with Alan Kingsman, of the Retrovirus Molecular Biology Group at Oxford University. She continues to hold the title of Professor of Molecular Genetics at Oxford University and is a former fellow of Trinity College, Oxford. She has published extensively in the field and is named inventor on numerous patent applications and issued patents. She advises research councils and research charity committees and has been a consultant for a number of pharmaceutical and biotechnology companies.



MICHAEL MCDONALD
MBCHB MRCP
CHIEF MEDICAL OFFICER

Dr Mike McDonald, age 55, was appointed to the Board of Oxford BioMedica in February 2006, having joined the Company in September 2005. He has over 20 years of experience in clinical drug development and regulatory leadership. He was previously Chief Medical Officer at Seattle Genetics Inc and spent nine years with Eli Lilly serving as worldwide Vice President, Clinical Research and Medical Affairs. Before moving to the USA, he was Executive Director of Medical and Regulatory Affairs at Eli Lilly Europe, responsible for all the company's European regulatory submissions, clinical and health outcomes research and Lilly's European based pharmacovigilance group. He also spent seven years at SmithKline Beecham where he was involved in worldwide clinical development and regulatory management. He received his medical degree from Edinburgh University, is a member of the Royal College of Physicians in London, holds a Diploma in Pharmaceutical Medicine, and is a Fellow of the Faculty of Pharmaceutical Physicians.

PETER NOLAN
SENIOR VICE PRESIDENT:
COMMERCIAL DEVELOPMENT

Peter Nolan, age 54, was appointed to the Board of Oxford BioMedica in May 2002, having been a senior member of the Company since its foundation. He is also a Director of the UK Biotechnology Association and is a past Chairman of the Oxfordshire Bioscience Network. He has broad experience and knowledge of the biotechnology sector. Prior to joining Oxford BioMedica, he was Head of the Biotechnology Unit at the UK Department of Trade & Industry for eight years. In that role he was responsible for establishing and managing complex collaborative research programmes involving industry, research councils and other Government departments. Previously he held senior positions in the Laboratory of the Government Chemist and also the Metropolitan Police Laboratory in London where he was a senior forensic scientist.

NICK WOOLF
SENIOR VICE PRESIDENT:
CORPORATE STRATEGY

Nick Woolf, age 39, was appointed to the Board of Oxford BioMedica in March 2005, having joined the company in 2002. He was previously a top-rated equity analyst in the biotechnology and pharmaceutical industry and has been involved in all aspects of company financing, ranging from initial public offerings to major corporate deals. Prior to joining Oxford BioMedica, he served as Director and Head of European Biotechnology Research at ABN AMRO, where he was responsible for developing its industry coverage. Prior to that, he was Vice President and Senior Analyst at Robertson Stephens and was previously at both Nomura and SBC Warburg. He is a chartered certified accountant and holds a degree in chemistry from Oxford University.

NICK RODGERS
SENIOR INDEPENDENT
DIRECTOR

Nick Rodgers, age 49, joined the Board of Oxford BioMedica in March 2004. He is a former investment banker with considerable experience in the life sciences sector having been Head of Life Sciences and joint Head of Corporate Finance at Evolution Beeson Gregory until December 2003. He is now Chief Executive of IPSO Ventures plc, an IP commercialisation company listed on AIM and a non-executive director of a number of private companies. Nick is a chartered accountant having qualified with Ernst & Young.

MARK BERNINGER
NON-EXECUTIVE DIRECTOR

Mark Berninger, age 59, joined the Board of Oxford BioMedica in 1999. He has wide experience in the biotechnology industry in the United States, including as Vice President of Business Development at Genetic Therapy Inc (GTI). Prior to joining GTI he held a similar position at Gen-Probe Inc and was Director of Intellectual Property and Technology Acquisition at Life Technologies Inc between 1989 and 1995.



Scientific Advisory Board

PROFESSOR PATRICK AEBISCHER

Professor Aebischer is an MD by training and is presently Professor of Neurosciences and President at the Swiss Federal Institute of Technology in Lausanne, Switzerland. He is an internationally recognised leader in the area of gene therapy for neurodegenerative diseases. He has conducted gene therapy clinical trials for various neurological diseases and is currently focusing his interest on the application of lentiviral vectors for neurodegenerative diseases, including Parkinson's disease, Huntington's disease and motor neuron diseases. He advises Oxford BioMedica on the utilisation of EIAV vectors for application within the nervous system.

DR KRYS BANKIEWICZ

Dr Bankiewicz is Professor of Neurological Surgery at the University of California and Scientist at Lawrence Berkeley National Laboratory, USA. Dr Bankiewicz is internationally recognised for his work on gene and cell delivery into the central nervous system. His main area of expertise focuses on *in vivo* models of Parkinson's disease, neuroimaging, the dopaminergic system and convection enhanced delivery of viral vectors in the brain. He advises the Company on preclinical aspects of gene transfer technology.

DR J WILLIAM LANGSTON

Dr Langston is the founder, Scientific Director and Chief Operating Officer of the Parkinson's Institute in Sunnyvale, California, USA. He is internationally recognised for the discovery of the link between MPTP and parkinsonism, which has provided an entirely new tool to study neurodegeneration in Parkinson's disease and stimulated great interest in finding environmental factors that may cause the disease. His current research interests include the study of

mechanisms of neuronal degeneration, the aetiology of Parkinson's disease, and the development of new strategies to slow or halt disease progression. Dr Langston serves on numerous editorial boards and advisory committees and is Chief Scientific Advisor for the Michael J Fox Foundation for Parkinson's Disease Research.

PROFESSOR PETER STERN

Professor Stern is Head of the Cancer Research UK Department of Immunology at the Paterson Institute for Cancer Research. He is an expert in tumour immunology and is involved in numerous international collaborations in research and clinical oncology. He advises the company on tumour targeting technologies including those related to 5T4.

PROFESSOR DAVID WAXMAN

Professor Waxman is Professor of Cell and Molecular Biology at Boston University and Professor of Medicine at Boston University, School of Medicine, Massachusetts, USA. He is a leading authority on cytochrome P450 enzymes and genes, and on their role in metabolism leading to bioactivation of anti-cancer drugs. He has made major contributions to the development of P450-based prodrug activation strategies for cancer gene therapy, and he is advising Oxford BioMedica on the application of P450-based technologies in the clinic.

Directors' Report

for the year ended 31 December 2007

The Directors present their report and the audited financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITY

Oxford BioMedica (LSE: OXB) is a biopharmaceutical company specialising in cancer immunotherapy and gene-based therapies. The Company was established in 1995, as a spin-out from Oxford University, and is listed on the London Stock Exchange. In 2007 the Group was expanded by the acquisition of Oxxon Therapeutics Limited.

The Company has a platform of gene delivery technologies, which are based on highly engineered viral systems. Oxford BioMedica also has in-house clinical, regulatory and manufacturing know-how. The lead product candidate is TroVax[®], an immunotherapy for multiple solid cancers, which is licensed to sanofi-aventis for global development and commercialisation. A Phase III trial of TroVax in renal cancer is ongoing and Phase III development in colorectal cancer is planned. Oxford BioMedica has three other products in clinical development, including ProSavin[®], a novel gene-based treatment for Parkinson's disease, in a Phase I/II trial. The Company is underpinned by over 80 patent families, which represent one of the broadest patent estates in the field.

At 31 December 2007 the Group had a staff of 82, mainly based at its facility in Oxford. The Group also has a wholly owned subsidiary, BioMedica Inc, in San Diego, California. The business of Oxxon Therapeutics Limited, which was acquired in March 2007, has been integrated with that of Oxford BioMedica (UK) Limited, the principal operating subsidiary. Oxford BioMedica has corporate collaborations with sanofi-aventis, Wyeth, Sigma-Aldrich, MolMed and Virxsys. Technology licensees include Biogen Idec, Merck & Co, GlaxoSmithKline and Pfizer

Oxford BioMedica plc is a public limited company incorporated in England and Wales. The Company is resident in England and the registered office is The Medawar Centre, Robert Robinson Avenue, The Oxford Science Park, Oxford OX4 4GA, United Kingdom.

Further information is available at www.oxfordbiomedica.co.uk

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The consolidated income statement for the year is set out on page 69. A review of the Group's activities and future developments is contained within the Company Overview, Chairman's Statement and Business Review on pages 4 to 50 including the Financial Review on pages 38 to 43.

SHARE CAPITAL

During 2007 the Company issued a total of 33,286,188 new ordinary shares: 31,771,246 on the acquisition of Oxxon Therapeutics Limited; 1,271,636 on the exercise of share options; and 243,306 in connection with the acquisition of intellectual property.

DIVIDENDS

The Directors do not recommend payment of a dividend (2006: nil).

GROUP RESEARCH AND DEVELOPMENT ACTIVITIES

During the year the Group incurred expenditure of £22,142,000 on research and development (2006: £19,523,000), all of which was written off to the profit and loss account.

CHARITABLE DONATION

During the year the Group made a contribution of £1,500 (2006: nil) to Helen and Douglas House, a community-based charitable organisation in Oxford. It is the Group's policy to make a donation to charity rather than to send conventional cards at Christmas.

DIRECTORS

The Directors of the Company at 31 December 2007, who had been Directors for the whole of the year then ended were:

Mark Berninger	Non-Executive Director, member Nomination Committee
Dr Peter Johnson	Non-Executive Chairman, Chairman of Audit and Remuneration Committees, member Nomination Committee
Professor Alan Kingsman	Chief Executive Officer
Professor Susan Kingsman	Chief Scientific Officer
Dr Michael McDonald	Chief Medical Officer
Peter Nolan	Senior Vice President: Commercial Development
Nicholas Rodgers	Senior Independent Director, Chairman of Nomination Committee, member of Audit and Remuneration Committees
Andrew Wood	Chief Financial Officer
Nicholas Woolf	Senior Vice President: Corporate Strategy

All Directors are subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of not more than three years. Any Non-Executive Director with a tenure of more than nine years require annual re-election. At the 2008 Annual General Meeting Dr Peter Johnson, Dr Michael McDonald and Nicholas Rodgers will retire in accordance with article 93 of the Company's articles of association and will offer themselves for re-election. Mark Berninger, who has now served nine years as a Non-Executive Director is also offering himself for re-election. The appointments of Dr Peter Johnson, Nicholas Rodgers and Mark Berninger are subject to three months' notice. The contract of employment of Dr Michael McDonald is subject to twelve months' notice.

Biographical details of all the Directors, including those submitted for re-election are given on pages 53 and 54.

From January 2008 Professor Susan Kingsman relinquished the position of Chief Scientific Officer but remains an Executive Director.

Dr Alex Lewis has agreed to join the Board as a Non-Executive Director and member of the Remuneration and Audit Committees on 3 April 2008

The interests of the Directors at 31 December 2007 in the share capital of the Company are disclosed in the Directors' Remuneration Report on pages 60 to 64.

EMPLOYEES

The Group communicates and consults regularly with employees throughout the year. Employees' involvement in the Group's performance is encouraged, with all employees eligible to participate in the Share Incentive Plan and either the Share Option Scheme or the Long Term Incentive Plan. Certain employees participate in bonus schemes.

The Group's aim for all members of staff and applicants for employment is to fit the qualifications, aptitude and ability of each individual to the appropriate job, and to provide equal opportunity regardless of sex, religion or ethnic origin. The Group does all that is practicable to meet its responsibility towards the employment and training of disabled people.

Further details on employees, health and safety, environmental matters and corporate social responsibility are in the Corporate Social Responsibility Statement on pages 49 and 50.

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these Financial Statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these Financial Statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare the Financial Statements of the parent company and Group 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 Statements.

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 the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 1985 and, as regards the Group Financial Statements, 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 maintenance and integrity of the Group's website, www.oxfordbiomedica.co.uk, is the responsibility of the Directors. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INFORMATION REQUIRED BY THE TAKEOVER DIRECTIVE

The Takeover Directive requires certain disclosures regarding share capital and other matters, and applies for financial years commencing on or after 20 May 2006.

STRUCTURE OF THE COMPANY'S CAPITAL

The Company's share capital comprises a single class of 1p ordinary shares, each carrying one vote and all ranking equally with each other. At 7 March 2008 the authorised share capital was £6,500,000 comprising 650,000,000 1p ordinary shares. 537,074,316 1p ordinary shares were allotted and fully paid. There are no restrictions on the transfer of shares in the Company or on voting rights.

RIGHTS TO ISSUE AND BUY BACK SHARES

Each year at the Annual General Meeting the Directors seek rights to allot shares. The authority, when granted lasts for 15 months or until the conclusion of the next Annual General Meeting if sooner. At the last Annual General Meeting held on 3 May 2007, authority was given to allot shares, subject to the normal pre-emption rights reserved to shareholders contained in the Companies Act 1985 up to the total authorised but not issued share capital of the Company. Authority was also given to waive pre-emption rights over up to 26,675,500 shares, being 5% of the shares then in issue. No rights have been granted to the Directors to buy back shares.

SUBSTANTIAL SHAREHOLDINGS

At 4 March 2008, the latest practical date prior to approval of the directors' report, the Company had been notified of the following shareholdings amounting to 3% or more of the ordinary share capital of the Company.

Shareholder	Number of ordinary shares	Percentage of issued share capital
M&G Investment Management Limited	59,254,839	11.03%
Barclays plc	32,369,578	6.03%
Cubana Investments Limited	30,597,220	5.70%
GAM London Limited	29,857,684	5.56%
Legal & General Group plc	22,476,084	4.19%
TD Waterhouse (UK)	22,888,696	4.26%
Sputnik Group ¹	21,640,586	4.03%
Credit Agricole Cheuvreux Limited	18,743,455	3.49%
Lloyds Registrars Sharedealing Service (UK)	16,875,449	3.14%

¹ Aggregate interest of Sputnik Group Limited, Pogan Invest Corp. and Sulidad Invest & Trade Inc

No other person has reported an interest in the ordinary shares of the Company required to be notified to the Company.

No person holds shares carrying special rights with regard to control of the Company.

EMPLOYEE SHARE SCHEMES

The Company has a Share Incentive Plan under which shares may be held in trust for employees. The trustees may only exercise the voting rights in respect of such shares in accordance with the employees' instructions. Currently there are no such shares held in trust.

AGREEMENTS THAT TAKE EFFECT, ALTER OR TERMINATE BECAUSE OF A TAKEOVER BID OR ON CHANGE OF CONTROL

There are no such agreements that the Directors consider to be material. There are no agreements providing for compensation for loss of office for Directors or employees in the event of a takeover bid.

CREDITOR PAYMENT POLICY

The Company and its subsidiaries agree the terms of payment when agreeing the terms and conditions for their transactions with suppliers. Payment is made in compliance with those terms, subject to the terms and conditions of the relevant transaction having been met by the supplier. The Group's average creditor payment period at 31 December 2007 was 40 days (2006: 35 days). The Company has no trade creditors (2006: nil).

GOING CONCERN

Oxford BioMedica plc is a research and development based business with no currently marketed products. It expects to incur significant further costs as it continues to develop its portfolio of candidate products and related technology. The Directors expect that these costs will be met from existing financial resources, the proceeds of licensing agreements, and ultimately the proceeds of sales of products. The collaboration with sanofi-aventis, signed in March 2007 provides the Group with additional resources, and the Directors believe that on a positive outcome of the TRIST phase III clinical trial in renal cancer, funds from this collaboration could sustain the Group for the foreseeable future. However, there is no certainty that adequate resources will be available on a timely basis, and the Group may require additional financing for the future operation of its business, including further equity funding as appropriate, before it reaches sustained profitability. Recent turbulence in credit markets has no material impact on the Group as it has no borrowings and no plans to issue debt instruments.

The Directors confirm that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in preparing the financial statements.

BIA CODE

The UK BioIndustry Association ('BIA'), of which the Company is a member, adopted a code of best practice in 1999. The BIA code includes principles and provisions relating to corporate governance matters, access to external advice, confidentiality, dealings in the Company's shares, and standards of public announcements. It is intended to operate by reference to the particular circumstances of bioscience companies and in support of the Combined Code and the rules of the Financial Services Authority. Throughout 2007 the Company has complied with the relevant provisions of the BIA code.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware. Furthermore, they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

Andrew Wood

Company Secretary

Directors' remuneration report

Only paragraphs marked with '**' within this report have been audited.

The Remuneration Committee comprises two Non-Executive Directors: Dr Peter Johnson (Chairman) and Nick Rodgers. Provision B.2.1 of the Combined Code requires the Remuneration Committee of a small company to have at least two members, both of whom are independent Non-Executive Directors. The Board considers this requirement to have been met, even though Dr Peter Johnson is also Chairman of the Company. The Remuneration Committee determines, on behalf of the Board, the Company's policy for executive remuneration and the individual remuneration packages for the Executive Directors including awards under the Long Term Incentive Plan. At the Committee's invitation or request, the Chief Executive Officer and other Directors may be in attendance at the meetings of the Remuneration Committee. The Committee has access to professional advice, both inside and outside the Company as required. In 2007, the Committee received advice on remuneration and incentive arrangements from Halliwell Consulting, a specialist executive compensation and share scheme consultancy.

REMUNERATION POLICY

The Company's policy on remuneration is to attract, retain and incentivise the best staff in a manner consistent with the goals of corporate governance. In setting the Company's remuneration policy, the Remuneration Committee considers a number of factors, including the basic salaries and benefits available to executive directors of comparable companies.

REMUNERATION OF EXECUTIVE DIRECTORS

Consistent with this policy, the Company's remuneration packages awarded to Executive Directors are intended to be competitive and comprise a mix of performance-related and non-performance-related elements. There is a discretionary non-pensionable bonus scheme for Executive Directors, subject to the achievement of agreed goals and targets, that is designed to incentivise them to perform at the highest levels and to align their interests with those of the shareholders. In 2007, 90% of the performance-linked remuneration was assessed on overall measures of Group performance (2006: 75%). The measures of Group performance included commercial and clinical milestones for TroVax and regulatory and technical milestones for ProSavin. The balance of performance-linked remuneration was based on individual job-specific assessments. In addition to the annual bonus paid at the end of the year, a one-off discretionary bonus equal to 100% of normal bonus entitlement was paid in April 2007, following the TroVax licence with sanofi-aventis. The performance-linked remuneration of the Chief Executive Officer is determined by the average of the assessments for the other Executive Directors and certain senior staff. The targeted composition of each Director's remuneration in 2007 was as follows:

	Performance related
Professor Alan Kingsman	Up to 45% of base salary
Professor Susan Kingsman	Up to 30% of base salary
Dr Michael McDonald	Up to 30% of base salary
Peter Nolan	Up to 30% of base salary
Andrew Wood	Up to 30% of base salary
Nick Woolf	Up to 30% of base salary

Including the one-off special bonus paid in April 2007, bonuses of between 60 per cent and 90 per cent of salary were paid to the Executive Directors in 2007.

Benefits, detailed in the table of Directors' emoluments, comprise healthcare insurance only.

The Company makes contributions to defined contribution personal pension schemes for the Executive Directors at 10% of salary. In 2007 it was agreed with Dr Michael McDonald that Company pension contributions would be stopped, and instead additional taxable salary equivalent in cost to the pension contribution would be paid.

In 2007 a share-based long term incentive plan (LTIP) for directors and senior managers was introduced, and was approved by shareholders on 1 February 2007. Details of the award made in 2007 under the LTIP are on page 64. Awards under the LTIP may be conditional shares or nil-cost options, the release of which will depend on the completion of a holding period of at least three years and the satisfaction of performance conditions. It is the intention of the Remuneration Committee to have one main performance condition attached to share awards granted under the LTIP, which is comparative Total Shareholder Return measured against the following a comparator group of companies which at inception comprised:

Acambis plc; Alizyme plc; Allergy Therapeutics plc; Antisoma plc; Ardana plc; Ark Therapeutics Group plc; Axis-Shield plc; Biocompatibles International plc; BioProgress plc (now Meldex International plc); BTG plc; Corin Group plc; Dechra Pharmaceuticals plc; Goldshield Group plc; Innovata plc; Isotron plc; Optos plc; ProStrakan Group plc; Proteome Sciences plc; Protherics plc; SkyePharma plc; VASTox plc (now Summit Corporation plc).

No awards will be released for less than median performance at the testing date. Median performance will result in release of 25% of the shares. Upper quartile performance (i.e. greater than 75th percentile performance) will result in release of 100% of the shares, with straight line release between these points. If the performance conditions are not satisfied or partially satisfied at the end of the holding period, the LTIP award or the balance of the award (as appropriate) not released shall lapse. There will be no re-testing of the performance conditions.

The award to Executive Directors under the LTIP in 2007 was 150% of salary. The Committee intends that, subsequent to the initial award, annual awards to Executive Directors will not normally exceed 100% of salary. The higher initial award reflects a number of factors, but primarily the fact that for all but one Director the Company did not award any share options in 2006 under the previous share option scheme. The Company may issue up to 10% of its shares within a ten year period to satisfy awards to participants in the LTIP and any other share plan operated by the Company under which shares are issued.

Following the introduction of the LTIP, it is no longer the Group's policy to award share options to Executive directors. However, options will continue to be awarded to all other eligible employees. Alongside the introduction of the LTIP in 2007, a new employee share option scheme was introduced to replace the previous scheme, which had terminated in October 2006. Options granted under the predecessor scheme (the Oxford BioMedica 1996 (No.1) Share Option Scheme) remain in force, subject to the rules of that scheme. In prior years, share options have been awarded to Executive Directors and the Chairman, as a reward for past performance. The exercise price for these share options was the average mid-market price of the Company's ordinary shares for the three trading days prior to the date of grant. A summary of all share options outstanding at 31 December 2007 is given in note 22 to the financial statements. Full details of Directors' share options are on page 63. The share options held by Executive Directors at 31 December 2007 remain subject to the rules of the Oxford BioMedica 1996 (No.1) Share Option Scheme. These options become exercisable three years from the date of grant, and cease to be exercisable seven years from the date of grant. Under the scheme rules, the total value of options held by a Director (the exercise price multiplied by the number of options) may not exceed four times the amount of the Director's annual emoluments, excluding benefits in kind. The award of share options was at the discretion of the Remuneration Committee. Share options granted to Directors since April 2001 have been subject to a performance-based condition. Options granted prior to April 2001 were not subject to a performance-based condition, consistent with market practice at the time.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The fees paid to the Chairman and Non-Executive Directors are determined by the Board. Non-Executive Directors do not receive pension contributions or a bonus. Generally, Non-Executive Directors do not participate in the Company's share option schemes. However, following his appointment as Chairman in 2001, Dr Peter Johnson was awarded 200,000 share options (increased by 5.55% in October 2003 following a rights issue). These options do not comply fully with requirements subsequently introduced by provision B.1.3 of the Combined Code requiring shareholder approval and a period of retention for shares acquired on the exercise of share options. The Company does not consider it appropriate to revise the terms of this share option retrospectively. This option will end on 17 April 2008.

The Chairman and other Non-Executive Directors have appointments that are for three years unless terminated by three months' written notice by either party. Non-Executive Directors' appointments may be renewed by mutual agreement. As recommended by Combined Code provision A.7.2, any term beyond six years for a Non-Executive Director is subject to considered review by the Board. The Company's policy on renewal after six years is to extend appointments by one year at a time.

Mark Berninger has now served nine years as a Non-Executive Director. After careful consideration the Board has asked Mark Berninger to continue to serve as a Director. On 28 January 2008 a further one-year extension, commencing 12 February 2008, was agreed.

Dr Peter Johnson has served on the Board for eight years, the last seven as Non-Executive Chairman. On 25 July 2007, the eighth anniversary of his initial appointment to the Board as a Non-Executive Director, his appointment was extended for a further year.

DIRECTORS' SERVICE CONTRACTS

It is Oxford BioMedica plc's policy that Directors' service contracts should be no more than three years in duration, that they should have notice periods of not more than one year and that the contractual termination payments should not exceed the Director's current salary, benefits and bonus entitlement for the notice period.

The details of service contracts of those who served as Directors during the year are:

	Contract date	Unexpired term at 31 December 2007	Notice period	Contractual termination payments
Mark Berninger	30 January 2007	1 month	3 months	Notice period only
Dr Peter Johnson	25 July 2007	7 months	3 months	Notice period only
Professor Alan Kingsman	2 January 2001	Nil ¹	12 months	Notice period only
Professor Susan Kingsman	2 January 2001	Nil ¹	12 months	Notice period only
Dr Michael McDonald	2 February 2006	Nil ¹	12 months	Notice period only
Peter Nolan	1 May 2002	Nil ¹	12 months	Notice period only
Nick Rodgers	2 March 2007	2 years 2 months	3 months	Notice period only
Andrew Wood	31 October 1996	Nil ¹	12 months	Notice period only
Nick Woolf	3 March 2005	Nil ¹	12 months	Notice period only

¹ Executive Directors' contracts are for an initial term of 12 months and thereafter are subject to 12 months notice.

DIRECTORS' REMUNERATION *

Details of individual Directors' emoluments for the year are as follows:

Name of Director	Salary and fees £	Bonus £	Benefits £	2007 total emoluments £	2007 pension £	2006 total emoluments £	2006 pension £
Executive							
Professor Alan Kingsman	221,886	199,698	1,700	423,284	22,189	278,166	18,953
Professor Susan Kingsman	181,812	110,088	1,700	293,600	18,181	210,649	15,530
Dr Michael McDonald ¹	250,814	130,828	2,833	384,475	(15,159)	226,423	16,675
Peter Nolan	165,300	99,180	3,399	267,879	16,530	189,961	14,119
Andrew Wood	209,471	125,763	2,235	337,469	20,974	239,593	17,640
Nick Woolf	168,982	101,390	1,706	272,078	16,898	191,395	14,098
Non-Executive							
Mark Berninger ^{2,3}	25,007	-	-	25,007	-	23,489	-
Dr Peter Johnson ²	60,450	-	-	60,450	-	57,028	-
Nick Rodgers ²	40,995	-	-	40,995	-	37,538	-
Raj Uppal ⁴	-	-	-	-	-	6,393	-
	1,324,717	766,947	13,573	2,105,237	79,613	1,460,635	97,015

1 During 2007 the Company agreed to stop making pension contributions for Dr Michael McDonald, and instead to make a payment, included in salary, equivalent in cost to the Company when the effect of National Insurance is taken into account. The Company also recovered previously paid contributions from the pension fund. The net credit in 2007 of £15,159 reflects contributions from 2006 that were recovered by the Company. In 2007 payments of £32,769, included in salary in the table above, were paid in lieu of pension contributions.

2 These amounts represent amounts payable to third parties for the services of Non-Executive Directors.

3 Prior to 2007 Oxford BioMedica (UK) Limited entered into a consultancy agreement with Mark Berninger in connection with the Group's licensing strategy for the LentiVector technology. This agreement came to an end in 2007. In addition to the Directors' fees above, £783 (2006: £6,329) was paid in consultancy fees.

4 Raj Uppal resigned on 13 March 2006.

Retirement benefits are accruing to six Directors (2006: six) under Oxford BioMedica (UK) Limited's money purchase pension schemes. As described above, the Company agreed to make payments in lieu of pension for one Director in 2007.

DIRECTORS' INTERESTS

INTEREST IN SHARES

The interests of the Directors in the shares of the Company at 31 December 2007, together with their interests at 1 January 2007, were as follows:

The Company – ordinary shares of 1p each	Number of ordinary shares	
	31 December 2007	1 January 2007
Dr Peter Johnson	154,000	154,000
Professor Alan Kingsman ¹	8,603,451	8,603,451
Professor Susan Kingsman ¹	4,739,139	8,739,139
Peter Nolan	163,638	163,638
Nick Rodgers	52,000	42,000
Andrew Wood	205,067	205,067
Nick Woolf	195,000	165,000

1 Includes 210,000 (1 January 2007: 210,000) ordinary shares held jointly by Professor Alan Kingsman and Professor Susan Kingsman and 100,000 ordinary shares (1 January 2007: 100,000) held by the son of Professor Alan Kingsman and Professor Susan Kingsman.

2 Mark Berninger and Dr Michael McDonald did not have any interest in the Company's shares at 1 January or 31 December 2007.

INTERESTS IN SHARE OPTIONS –*

The interests of the Directors in options over the ordinary shares of the Company were as follows:

	Options over ordinary shares of 1p each			31 December 2007	Exercise price	Date from which exercisable	Expiry Date	
	1 January 2007	Granted	Exercised					Lapsed
Dr Peter Johnson	211,100	-	-	-	211,100	53.0p	17.04.04	17.04.08
Prof Alan Kingsman ¹	180,000	-	-	-	180,000	19.25p	27.10.06	27.10.10
Prof Alan Kingsman ¹	190,000	-	-	-	190,000	20.5p	12.10.07	12.10.11
Prof Alan Kingsman ¹	208,000	-	-	-	208,000	29.0p	15.12.08	15.12.12
	578,000	-	-	-	578,000			
Prof Susan Kingsman ¹	150,000	-	-	-	150,000	19.25p	27.10.06	27.10.10
Prof Susan Kingsman ¹	155,000	-	-	-	155,000	20.5p	12.10.07	12.10.11
Prof Susan Kingsman ¹	170,000	-	-	-	170,000	29.0p	15.12.08	15.12.12
	475,000	-	-	-	475,000			
Dr Michael McDonald	379,500	-	-	-	379,500	42.75p	27.09.08	27.09.12
Dr Michael McDonald	759,000	-	-	-	759,000	29.0p	15.12.08	15.12.12
Dr Michael McDonald ¹	209,000	-	-	-	209,000	31.0p	06.09.09	06.09.13
	1,347,500	-	-	-	1,347,500			
Peter Nolan	68,497	-	-	(68,497)	-	60.0p	05.04.03	05.04.07
Peter Nolan	65,207	-	-	(65,207)	-	72.0p	27.09.03	27.09.07
Peter Nolan ¹	132,000	-	(132,000)	-	-	19.25p	27.10.06	27.10.10
Peter Nolan ¹	140,000	-	-	-	140,000	20.5p	12.10.07	12.10.11
Peter Nolan ¹	153,000	-	-	-	153,000	29.0p	15.12.08	15.12.12
	558,704	-	(132,000)	(133,704)	293,000			
Andrew Wood	59,779	-	-	(59,779)	-	79.0p	22.03.03	22.03.07
Andrew Wood	21,482	-	-	(21,482)	-	72.0p	27.09.03	27.09.07
Andrew Wood ¹	167,000	-	(167,000)	-	-	19.25p	27.10.06	27.10.10
Andrew Wood ¹	175,000	-	-	-	175,000	20.5p	12.10.07	12.10.11
Andrew Wood ¹	193,000	-	-	-	193,000	29.0p	15.12.08	15.12.12
Andrew Wood ²	172,531	-	-	-	172,531	29.0p	21.03.09	21.03.13
Andrew Wood ²	172,531	-	-	-	172,531	31.0p	06.09.09	06.09.13
	961,323	-	(167,000)	(81,261)	713,062			
Nick Woolf	801,124	-	-	-	801,124	8.75p	16.09.05	16.09.09
Nick Woolf	132,000	-	-	-	132,000	19.25p	27.10.06	27.10.10
Nick Woolf ¹	153,000	-	-	-	153,000	29.0p	15.12.08	15.12.12
	1,086,124	-	-	-	1,086,124			

¹ A performance-based condition applies to these options. The options are exercisable only if at the time of exercise, or for a period of at least 12 months in aggregate in the three years before exercise, the percentage increase in Oxford BioMedica plc's total shareholder return since the grant of the option exceeds the percentage increase in the FTSE techMARK mediscience index. This target was chosen because the Directors believe that the FTSE techMARK mediscience index should be a benchmark that reflects the factors bearing on the UK biotechnology sector.

² As part of Company-wide awards of share options to employees of Oxford BioMedica (UK) Limited, a total of 345,062 options have been awarded to Sharon Wood, wife of Andrew Wood, who is a Group employee.

LONG-TERM INCENTIVE PLAN *

Awards have been made to Executive Directors under the LTIP as follows:

	1 January 2007	Awarded ³	Vested	Lapsed	31 December 2007	Award date	Vesting date
Prof Alan Kingsman	-	735,533	-	-	735,533	03.04.07	03.04.10
Prof Susan Kingsman	-	602,691	-	-	602,691	03.04.07	03.04.10
Dr Michael McDonald	-	722,801	-	-	722,801	03.04.07	03.04.10
Peter Nolan	-	547,955	-	-	547,955	03.04.07	03.04.10
Andrew Wood	-	694,379	-	-	694,379	03.04.07	03.04.10
Nick Woolf	-	560,161	-	-	560,161	03.04.07	03.04.10

1 Awards made under the LTIP are nil-cost share options.

2 The performance condition for these awards compares the Company's TSR to the TSR of a chosen group of healthcare and biotechnology companies over a three year period. A median ranking must be achieved before any part of the award vests (25% of the award) and an upper quartile ranking must be achieved for the award to vest in full.

3 The initial awards under the LTIP were calculated using a price of 45.25p per share (the closing price on the day preceding the awards).

The following gains were made in 2007 on the exercise of share options:

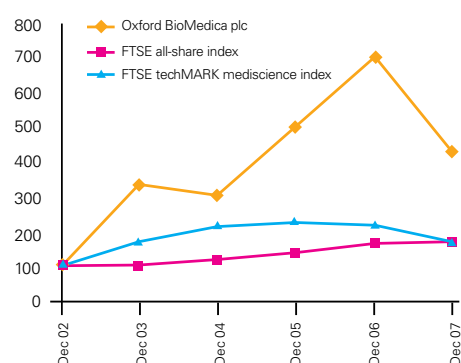
	Date of exercise	Number of shares	Market price	Exercise price	Gain on exercise	ErNI paid ¹	Net gain
Peter Nolan	27.04.07	132,000	£0.4781	£0.1925	£37,696	£4,825	£32,871
Andrew Wood	27.04.07	167,000	£0.4781	£0.1925	£47,691	£6,104	£41,587
Total		299,000			£85,387	£10,929	£74,458

1 The option agreements required the optionholder to meet any Employer National Insurance (ErNI) liability arising on exercise of these options.

The market value of ordinary shares as at 31 December 2007 was 25.5p (29 December 2006: 41.75p). The market value of ordinary shares during the year ranged from 19.75p to 53.50p.

Except as detailed above, no Directors had interests in shares or share options of the Company or any other Group company at 31 December 2007. There have been no changes in the interests of the Directors in ordinary shares of the Company between 31 December 2007 and the date of this report.

COMPARISON OF FIVE YEAR TOTAL SHAREHOLDER RETURN



The chart shows the value at the end of each year of £100 invested on 31 December 2002 in Oxford BioMedica 1p ordinary shares, taking account of the rights issue in 2003, compared to the change in the FTSE all-share index and the FTSE techMARK mediscience index over the same period. As previously reported, the Company's share price tends to follow the broad market trends shown by the benchmark indices, but with significantly greater volatility. Following the severe conditions in 2002, in which the market was particularly harsh for Oxford BioMedica, there followed three years of growth in the market. Oxford BioMedica rose dramatically from 2003 to 2006, peaking in the first quarter of 2007. Through the rest of 2007, despite the clear progress the Company was making, in a deteriorating market the price fell, ending the year at less than 50% of the peak price.

Even taking account of the sharp reversal in 2007, over this five year period the Company's share price has outperformed the FTSE all-share index by 148% and the FTSE techMARK mediscience index by 142%. The Directors consider that this volatility is not unique to Oxford

BioMedica, but is a feature shared by many high-tech companies whose valuations are significantly influenced by investor sentiment and attitude to risk

In the opinion of the Directors, the FTSE all-share index should be a reasonable index against which the total shareholder return of Oxford BioMedica plc may be measured over a five-year term, because it represents a broad-based, objective measure of investment return. The FTSE techMARK mediscience index, made up of emerging healthcare companies in the early stages of growth, provides a benchmark that should better reflect the factors bearing on the UK biotechnology sector.

Dr Peter Johnson

Chairman of the Remuneration Committee

