

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT

INTRODUCTION



“OXFORD BIOMEDICA MADE GOOD PROGRESS IN PRODUCT DEVELOPMENT AND LICENSING DURING 2004. THE COMPANY'S PRIMARY GOALS WERE ACHIEVED IN ANOTHER SUCCESSFUL YEAR. BOTH THE ONCOLOGY AND NEUROTHERAPY PIPELINES HAVE ADVANCED.”

Oxford BioMedica made good progress in product development and licensing during 2004. The company's primary goals were achieved in another successful year. Both the oncology and neurotherapy pipelines have advanced. The lead anti-cancer products, TroVax® and MetXia®, are being evaluated in multiple clinical trials, and the lead neurotherapy product, ProSavin® for Parkinson's disease, is in manufacturing scale-up for clinical trials. Furthermore, the company's licensing activities for its gene delivery technologies are generating sustainable revenue. Four licensing agreements were signed in 2004, and an additional licensee has been secured since the year end.

In oncology, over 70 patients have now been treated with TroVax, Oxford BioMedica's advanced cancer immunotherapy product, in five clinical trials in colorectal cancer and renal cell carcinoma. Clinical data reported during 2004 and on 2 March 2005 from the Phase I/II and Phase II trials confirmed the excellent safety profile of TroVax, its ability to mount a consistent anti-cancer immune response, and its potential to improve both time to disease progression and survival of patients. The company is entering discussions with the FDA for the design of randomised trials with TroVax that could form the basis of a registration application and potential approval in 2008-09. While

partnership discussions continue, Oxford BioMedica is adding substantial value to the product through its clinical development programme.

The second clinical product candidate, MetXia for pancreatic cancer, is similarly progressing in clinical trials. The initial safety stage of the Phase I rolling into Phase II trial in pancreatic cancer is ongoing and there have been no adverse events associated with MetXia. The efficacy stage of the trial is expected to commence in the first half of 2005 and the company anticipates preliminary efficacy data before the end of the year with final results in 2006.



“THE LEAD ANTI-CANCER PRODUCTS, TROVAX AND METXIA, ARE BEING EVALUATED IN MULTIPLE CLINICAL TRIALS. THE LEAD NEUROTHERAPY PRODUCT, PROSAVIN FOR PARKINSON’S DISEASE, IS IN MANUFACTURING SCALE-UP FOR CLINICAL TRIALS.”

The collaboration with Wyeth on the targeted antibody therapy for cancer has advanced successfully in 2004 following Wyeth’s decision to exercise its option on the product at the end of 2003. Wyeth has completed its preclinical evaluation, process development is underway and clinical trials are under consideration.

In neurotherapy, the therapeutic potential of Oxford BioMedica’s LentiVector® technology was strengthened in 2004. The company reported preclinical efficacy data in Parkinson’s disease, motor neuron disease, spinal muscular atrophy and spinal cord injury. Some of the data were

published in leading scientific journals in 2004, validating the potential of these products and the LentiVector platform. Ongoing and new sponsorship from US charitable research organisations provided further endorsement during 2004. ProSavin for Parkinson’s disease is on track for clinical trials despite some minor delays in manufacturing scale-up. Oxford BioMedica expects to make its first regulatory submission for the start of clinical trials with ProSavin in the second half of 2005.

The company’s LentiVector and proprietary gene delivery technologies have become a source of sustainable

revenue and deal generation. In 2004, the company implemented a licensing initiative for its technologies as tools in research, drug discovery and gene therapy. Since the beginning of 2004, Oxford BioMedica has signed five licensing agreements with leading companies, including Merck & Co and Biogen Idec. These agreements have secured upfront and annual maintenance payments as well as the potential for milestone and royalty payments in some instances. Further licensing deals are anticipated.