OxfordBioMedica

Press release

OXFORD BIOMEDICA PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

Oxford, UK – 13 September 2016: Oxford BioMedica plc (LSE: OXB), ("OXB" or "the Group") a leading gene and cell therapy group, today announces interim results for the six months ended 30 June 2016.

HIGHLIGHTS (including post-period end):

OPERATIONAL

State-of-the-art bioprocessing facilities

- Capacity expansion of bioprocessing and laboratory facilities now complete and approved for GMP vector manufacture

Partnering activities continuing to build

- Novartis contract progressing well, contributing to 184% growth in first half Group revenues - multiple confirmed purchase orders through to Q2 2017
- Second CAR-T programme for undisclosed indication underway with Novartis
- New IP licence and expanded collaboration agreement signed with Immune Design
- R&D collaboration signed with Green Cross LabCell to identify and develop gene modified natural killer (NK) cell-based therapeutics

Good progress across product development programmes

- OXB to capture value of clinical products via out-licensing or spin out approach
- OXB-102 and OXB-202 will be ready to start Phase I/II studies within next 6-9 months, subject to successfully out-licensing or spinning out these products
- OXB-302 pre-clinical studies expected to complete by end of 2016
- SAR422459 (for Stargardt Disease), licensed to Sanofi, has entered Phase IIa development
- Novartis still on course to file CTL019 BLA in early 2017, with approval expected mid-2017 due to Breakthrough Therapy designation

FINANCIAL

- Revenue increased by 184% to £12.5 million (H1 2015: £4.4 million) due in large part to Novartis contract
- R&D, bioprocessing and administrative costs of £16.1 million (H1 2015: £11.7 million)
- Operating loss of £6.9 million (H1 2015: £8.3 million)
- Capital expenditure £6.0 million (H1 2015: £4.6 million)
- Cash of £11.9 million (31 December 2015: £9.4 million) which includes the $10 million (£7.6 million) ring-fenced under the Oberland loan agreement
- Fundraising of £10.0 million net of expenses announced separately today. In February 2016, the Group also raised a net £7.5 million through a 5% placing

Commenting on today's announcement, John Dawson, Chief Executive Officer at Oxford BioMedica, said: *"With world-class facilities, expertise and a broad intellectual property position, Oxford BioMedica is a leading gene and cell therapy company. Our unrivalled expertise in the bioprocessing and production of lentiviral vector makes us an ideal partner for the increasing number of potential companies wishing to use this exciting technology in clinical studies and, in due course, commercial therapeutics.*

"Oxford BioMedica's wholly-owned priority product programmes have progressed well during the period. In order to advance the clinical assets as expeditiously as possible whilst still capturing value for shareholders, the Group has decided to employ an external funding approach, via spin outs or out-

licensing partnerships. Based on this approach, the proceeds raised in today's fundraising will enable us to build upon our strong position by furthering the development and enhancement of our proprietary lentiviral vector delivery platform technology as we look to maximise bioprocessing revenues."

This announcement contains inside information.

Conference call for analysts
A briefing for analysts will be held at 12pm GMT on 13 September 2016 at the offices of Consilium Strategic Communications, 41 Lothbury, London, EC2R 7HG. There will be a simultaneous live conference call with Q&A and the presentation will be available on the Group's website at www.oxfordbiomedica.co.uk.

Please visit the website approximately 10 minutes before the conference call to download the presentation slides. Conference call details:

Participant dial-in: 08006940257
International dial-in: +44 (0) 1452 555566
Participant code: 81099223

An audio replay file will be made available shortly afterwards via the Group's website:
www.oxfordbiomedica.co.uk

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OVERVIEW

Oxford BioMedica has continued to make steady progress in the first half of 2016 towards implementing the Group's strategic priorities.

Forefront of lentiviral vector bioprocessing
The Group has established a leading platform for lentiviral vector bioprocessing, having significant know-how including proprietary analytical methods as well as purpose-built facilities which provide control over the entire lentiviral vector manufacturing process. The expansion of the Group's bioprocessing and laboratory facilities was completed in the first six months of the year and the Medicines and Healthcare Products Regulatory Agency (MHRA) has approved these state-of-the-art facilities for the manufacture, analysis and release of GMP quality lentiviral vector for use in clinical studies. These facilities provide the capacity and expertise to support activities for Novartis, Immune Design and other future partners.

Work under the Novartis contract has progressed well and, with the new Yarnton facility becoming available early in 2016, bioprocessing revenues have grown substantially compared to the same period in 2015. Excellent progress has also been made in developing the next-generation vector production processes and in the next six months the Group is expecting to manufacture several vector batches for Novartis using its new proprietary 200 litre serum-free suspension process in single-use bioreactors.

In the first half of 2016 the Group entered into two new partnerships underpinned by its proprietary LentiVector® platform. The first is with Immune Design, supporting their LV305 programme, an *in vivo* approach to activate the T-cell immune system; and the second is a research collaboration with Green Cross LabCell to identify and develop gene modified natural killer (NK) cell-based therapeutics. The Group expects to enter further partnering contracts over the next few months.

In-house development pipeline
The 2015 Annual Report referred to the portfolio review which had recently been completed resulting in three priority assets being identified for development focus. These priority product programmes have advanced well during the first six months of 2016. Taking into account the balance of risk and reward in the context of the substantial investment required over the next two to three years to conduct the Phase I/II studies, the Group has decided that the optimal development model for the current wholly-owned in-house clinical product candidates is to spin them out into one or more product-focused special purpose vehicles (SPVs) with dedicated externally-sourced funding or to out-license them. This approach aims to ensure that the Group's priority clinical assets are advanced via external funding as expeditiously as possible whilst Oxford BioMedica captures value via a potential combination of upfront payments and/or equity stakes, development milestones and royalties. In addition, it is also the intention that the terms of the SPV or out-licencing agreements would require the partner to contract back to the Group any further vector engineering or process development that is required and also the manufacturing requirements for clinical studies and commercialisation. The development status of the three priority products follows in the Operational Review. Using its LentiVector® platform the Group will continue to invest in its early-stage and pre-clinical pipeline to generate further valuable new product candidates. It will also still invest in lentiviral vector technology to ensure that the Group retains its leadership position, which will help maximise bioprocessing revenues.

Operational Review

LentiVector® leadership position

Bioprocessing and process development
In January 2016, the Group brought into production the new state-of-the-art GMP bioprocessing facility at Yarnton, Oxford, and it is now producing CTL019 vector batches for Novartis in both its original Harrow House clean room and at Yarnton. This additional capacity has led to significant revenue growth in the first half of 2016 compared with the same period in 2015. Process development activities are also continuing for Novartis as envisaged by the October 2014 contract, as well as for Immune Design and other customers.

The expansion of the Harrow House facility, by adding a second clean room suite ("GMP2"), and the new laboratory complex in Windrush Court have also been completed and both facilities have now received approval for the bioprocessing of clinical material. GMP2 is dedicated to serum-free, single use, 200 litre bioreactor-based production of lentiviral vector, the next generation process for vector manufacture.

Most of the Group's employees are now based at Windrush Court, Harrow House and the Yarnton site and the Group will finally vacate its original Medawar Centre facility by the end of October 2016.

LentiVector® platform developments

The Group believes that it has compelling evidence demonstrating the long-term efficacy of the vectors that the LentiVector® platform offers. In May 2016, the Group announced data from the ongoing follow-up of patients treated in the OXB-101 (Parkinson's Disease) and OXB-201 (Wet Age-related Macular Degeneration) clinical studies. These data indicate ground-breaking long-term four-year sustained and, in the OXB-201 study, dose-dependent gene expression from the Group's LentiVector® delivery platform. In the OXB-101 Phase I/II study 15 advanced Parkinson's Disease patients were treated in three dose cohorts. OXB-101 demonstrated a favourable safety profile and a statistically significant improvement in motor function relative to baseline at six and 12 months post-treatment. The most recent follow-up data shows that the majority of patients continue to experience benefit in motor function relative to baseline over the four years since treatment. The OXB-201 follow-up data demonstrates that LentiVector® gene expression is dose-dependent and has continued without significant decline for more than four years. The Board believes that these data provide clear evidence that the Group's LentiVector® platform has the potential to deliver long term, potentially life-long, benefit to patients and they provide encouraging support for the potential of the Group's product programmes. The Group will continue to monitor these patients.

The Group is also investing in further development of its LentiVector® platform to improve the volume and yield that can be obtained from the manufacturing processes and to improve the efficacy of the vectors when they transduce target cells. This work will add to the Group's know-how and help to retain its leadership in lentiviral vector expertise. In the second half of 2016 the Group plans to produce several batches of lentiviral vector manufactured serum-free in suspension in single use 200 litre bioreactors. Data from 50 litre pilot studies shows that this new proprietary process is ten to twenty times more productive than the adherent cell factory process. This improvement in productivity would mean that the manufacturing cost of a patient dose is significantly reduced and also that therapies requiring much larger quantities of vector become feasible.

Status of current wholly-owned clinical assets

Good progress has been made with the Group's three priority programmes over the last six months:

- Preparations have continued for the Phase I/II clinical studies of both OXB-102 (Parkinson's Disease) and OXB-202 (corneal graft rejection).
- The OXB-102 study protocol approval is underway in the UK and it is anticipated that the first patient could commence treatment early in 2017, with the French regulatory submission potentially towards the end of 2016.
- The protocol for the OXB-202 study, which would initially be carried out in the UK, is being finalised and treatment could commence in the first half of 2017.
- The pre-clinical work on OXB-302 (CAR-T 5T4) is on track to be completed by the end of the year. It continues to progress well through its pre-clinical studies and is showing signs of activity against a range of tumours both *in vivo* and *in vitro*.

The Board recognises that to progress these product candidates through their Phase I/II clinical studies over the next two to three years would absorb significant financial resources. Therefore, to optimise shareholder value, the Board has decided that the Group should out-license or spinout these programmes so that it benefits from their progress through potential combinations of upfront receipts, equity stakes, development milestones and royalties.

Partners' products

Sanofi has recently disclosed that SAR422459 (for the treatment of Stargardt Disease), which was licensed from the Group in 2014, has entered Phase IIa development. The Group is entitled to future development milestones and royalties on this product.

Novartis has also recently re-confirmed their intention to file a BLA for CTL019 in early 2017. Since the Group has been the sole supplier to Novartis of the lentiviral vector for the CTL019 clinical study, the Board is confident that the Group will become Novartis' supplier for the commercial launch of the product, expected in the second half of 2017, at which point royalties will also be receivable on the product sales.

Early stage/pre-clinical strategy

The Group continues to invest in earlier stage gene and cell therapy product concepts, in some cases with partners such as Green Cross LabCell, with the intention of identifying new potential product candidates for clinical development which could be considered for out-licensing or to be spun out. Therapeutic areas which the Group is exploring include ocular, CNS and respiratory indications as well as the research collaboration work with Green Cross LabCell to identify and develop gene modified natural killer (NK) cell-based therapeutics.

Impact of EU referendum

On 23 June 2016 the UK held a referendum the result of which means the UK will leave the European Union ("Brexit"). Although the Directors do not consider that the Brexit vote will have a material impact on the Group's operational activities, it has added to stock market and foreign exchange market volatility and the pound sterling has weakened significantly following the vote. A weaker pound sterling results in a higher reported debt and interest charges as the Oberland loan is denominated in US dollars. However, this is off-set to some extent as some of the Group's revenues are denominated in US dollars and these will benefit when converted into pounds sterling.

Financial Review

Income statement

Gross income – the aggregate of Revenue and Other Operating Income - was £14.0 million in H1 2016, nearly 2.5 times greater than the £5.8 million in H1 2015.

£'000	H1 2016	H1 2015
Revenue	12,485	4,382
Other Operating Income	1,536	1,439
Gross income	14,021	5,821

Note - Other Operating Income includes process development income arising from the October 2014 Novartis collaboration as well as grant income. This is because process development income under the 2014 contract is essentially the reimbursement by Novartis of R&D costs incurred in developing IP which Oxford BioMedica will own.

The largest driver of the growth has been the revenues generated from bioprocessing clinical batches of CTL019 for Novartis. This is mainly due to the fact that, in 2016, the Group has been manufacturing CTL019 in two suites, using the new clean room facility at Yarnton from the start of the year as well as the original Harrow House suite but also partly because in 2015 manufacture for Novartis at the Group's Harrow House site did not begin immediately as the Group manufactured a batch of OXB-102 at the start of the year. Other factors contributing to the growth in Gross Income are higher process development fees, milestones received from Novartis for achieving process development targets, and higher licence income due largely to the receipt of an upfront payment under the terms of the licence agreement with Immune Design announced in March 2016. Since the period end, the Group has received a number of firm purchase orders for bioprocessing batches of lentiviral vector later this year and in the first half of 2017.

£'000	H1 2016	H1 2015
Gross income	14,021	5,821
Cost of sales	(4,851)	(2,385)
R&D, bioprocessing and administrative costs	(16,112)	(11,708)
Operating loss	(6,942)	(8,272)

The increase in cost of sales from £2.4 million to £4.9 million was caused entirely by the increase in bioprocessing volumes. The resulting gross margin percentage on bioprocessing remained in line with the previous year.

In aggregate R&D, bioprocessing costs and administrative expenses in H1 2016 were £16.1 million, £4.4 million higher than the £11.7 million in H1 2015. Around £2.3 million of this increase was caused by higher payroll costs as the Group employed an average of 240 employees in H1 2016 compared with 169 in H1 2015. £0.6 million of the increase was caused by increased external R&D expenditure on clinical and development projects. Depreciation has increased by £0.9 million as the Group has now brought on line the new bioprocessing and laboratory facilities. A further £0.4 million increase represented the additional costs of occupying the new Windrush Court and Yarnton sites whilst still having a presence in the Medawar Centre. The Medawar Centre is now being vacated and the rental and service charge costs will cease in October 2016. Legal and professional fees on new commercial contracts and strategic projects caused additional expenditure of £0.4 million, largely off-set by currency gains of £0.2 million on cash, receivables and payables denominated in foreign currencies.

As a result of the higher gross income being partially offset by the increase in costs the operating loss in H1 2016 was £6.9 million, £1.4 million lower than the £8.3 million operating loss in 2015. Adjusting for non-cash items (depreciation and amortisation), the EBITDA loss has improved by £2.1 million from £7.6 million in H1 2015 to £5.5 million in H1 2016.

£'000	H1 2016	H1 2015
Operating loss	(6,942)	(8,272)

Depreciation and amortisation	1,467	632
EBITDA	(5,475)	(7,640)

Finance costs of £5.0 million include an underlying cost of £2.4 million comprising the current cash interest cost on the £31.3 million Oberland loan facility plus the amortisation of the final repayment cost. The amortisation is based on the repayment being made in April 2022 and incorporates the true-up required to provide Oberland with the 15% Internal Rate of Return (IRR) required under the loan agreement. In addition the finance costs in H1 2016 have been impacted by a currency revaluation of £2.6 million caused by the sudden fall in sterling against the US dollar following the outcome of the EU referendum.

The R&D tax credit of £2.6 million includes £0.7 million in respect of the amount by which the final amount received in June 2016 for 2015 exceeded the estimate included in the 2015 financial statements.

Segmental analysis

The Group began showing its activities in two segments in the 2015 Annual Report, for the full twelve months of 2015. The segments are a) "Partnering", which covers that part of the business which generates revenues by providing process development and bioprocessing services to 3rd parties, and b) "R&D", which contains the proprietary R&D expenditure incurred on product development, including early stage and pre-clinical concepts, and technical development of the LentiVector® platform.

The segmental analysis for the six months to 30 June 2016 is set out below. Equivalent analysis for the first half of 2015 is not available.

£'000	**Partnering**	**R&D**	**Total**
Gross income	12,660	1,361	14,021
EBITDA	39	(5,514)	(5,475)
Operating loss	(947)	(5,995)	(6,942)

The segmental results for the full year 2015 were as follows:

£'000	**Partnering**	**R&D**	**Total**
Gross income	16,286	2,485	18,771
EBITDA	(2,938)	(9,518)	(12,456)
Operating loss	(3,938)	(10,145)	(14,083)

The results for the first half of 2016 demonstrate that, with the higher bioprocessing volumes and revenues now possible with the increased capacity, the Partnering business is reaching the point where it can start to generate positive cash flow which can be used to offset the investment in the Group's R&D. The Group expects net investment in R&D in the second half of 2016 to continue at around the same level as in the first half. In 2017 R&D is expected to decline by between 20 per cent. to 30 per cent. As the financing of clinical stage programmes is transferred to third parties in line with the decision to out-license or spin out clinical stage product development.

Employee numbers

The Group employed an average of 240 employees during the first half of 2016 (169 in the first half of 2015), and there were 252 employed at 30 June 2016 (231 at 31 December 2015).

Balance sheet

Property, plant and equipment increased from £24.4 million to £29.1 million in the first six months of 2016. Additions of £6.0 million, predominantly clean room and laboratory developments to the freehold buildings at Harrow House and Windrush Court were off-set by a £1.3 million depreciation charge.

Within current assets, trade and other receivables have fallen from £10.9 million to £6.7 million and the current tax asset from £2.7 million to £1.9 million; whilst inventory of £2.8 million is broadly the same as at the start of the year.

Within current liabilities, trade and other payables have fallen by £1.7 million from £9.3 million to £7.6 million, while deferred income has risen from £3.0 million to £4.4 million, caused by the increase in bioprocessing volumes.

The loan balance, which is denominated in US dollars, has risen by £4.0 million caused predominantly by the devaluation of sterling against the US dollar following the outcome of the EU referendum vote.

Cash

£'000	**2016**	**2015**
EBITDA	(5,475)	(7,640)
Working capital	4,007	(1,273)
Cash used in operations	**(1,468)**	**(8,913)**
Interest paid, less received	(1,713)	(298)
R&D tax credit received	3,437	(5)
Net cash generated/(used) in operating activities	**256**	**(9,216)**
Capital expenditure	(5,983)	(4,644)
Cash burn	**(5,727)**	**(13,860)**

As discussed above, the EBITDA loss for the first six months of 2016 was £5.5 million, reduced from £7.6 million in the same period of 2015. Working capital inflows of £4.0 million, predominantly due to reductions in receivables combined with the receipt of the 2015 R&D tax credit in June 2015 combined to create a small positive cash generated in operating activities, despite the £1.7 million interest cash cost. This compares favourably with H1 2015 in which there was a working capital outflow and the 2014 R&D tax credit was not received until August 2015.

Capital expenditure was £6.0 million in the first six months of 2016, compared with £4.6 million in the first six months of 2015, as the Group completed its capacity expansion programme,

The Group's cash resources at 1 January 2016 were £9.4 million. In February 2016 the Group raised a net £7.5 million from a placing of 5% of the share capital so that, combined with the cash burn of £5.7 million the cash resources at 30 June 2016 were £11.9 million which includes the $10 million (£7.6 million) ring-fenced under the Oberland loan agreement.

Financial outlook

The Board is pleased with the Group's performance to date and the Group continues to trade in-line with management expectations. Bioprocessing activity in the second half of 2016 is likely to be slightly higher than in the first six months as the second GMP suite in Harrow House comes on line and starts to produce bioreactor batches.

To support this, and future expected activity, headcount has reached 252 at 30 June 2016, with only modest further growth expected in the next six months. Overall the Group expects to continue to grow revenues in the second half of 2016, compared to the equivalent period in 2015, from a mix of bioprocessing and process development activities, and further performance incentives from Novartis and another customer. Second half gross income is therefore likely to be similar to or slightly greater than for the first six months.

Having completed the capacity expansion programme, capital expenditure should be minimal in the next six months. The Group now expects to enter further partnering contracts over the next few months which would increase the utilisation of the facilities.

Principal risks and uncertainties

The principal risks and uncertainties facing the Group are those set out in the 2015 Annual Report & Accounts which is available on the Group's website at www.oxfordbiomedica.co.uk. The principal risks and uncertainties remain the same for the second six months of the year.

Going concern

The Group has today announced a fundraise of £11.5 million (£10.0 million net of expenses). The Directors are of the opinion that, taking into account existing cash balances and the net proceeds of the fundraise, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of this announcement. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2016

	Notes	**Six months ended 30 June 2016**	Six months ended 30 June 2015
		£'000	£'000
Revenue		**12,485**	4,382
Cost of sales		**(4,851)**	(2,385)
Gross profit		**7,634**	1,997
Research, development and bioprocessing costs		**(12,740)**	(9,201)
Administrative expenses		**(3,372)**	(2,507)
Other operating income		**1,536**	1,439
Operating loss		**(6,942)**	8,272
Finance income		**4**	20
Finance costs		**(5,017)**	(348)
Loss before tax		**(11,955)**	(8,600)
Taxation		**2,566**	2,475
Loss and total comprehensive expense for the period		**(9,389)**	(6,125)
Basic loss and diluted loss per ordinary share		**(0.35p)**	(0.24p)

The notes on pages 14 to 20 form part of this financial information.

OxfordBioMedica

Consolidated Balance Sheet

as at 30 June 2016

	Notes	**30 June 2016 £'000**	31 December 2015 £'000
Assets			
Non-current assets			
Intangible assets		**1,571**	1,743
Property, plant and equipment	7	**29,084**	24,396
		30,655	26,139
Current assets			
Inventory	8	**2,841**	2,706
Trade and other receivables	9	**6,708**	10,930
Current tax assets		**1,850**	2,721
Cash and cash equivalents	10	**11,910**	9,355
		23,309	25,712
Current liabilities			
Trade and other payables	11	**7,588**	9,286
Deferred income	12	**4,393**	3,045
Provisions	14	**836**	838
		12,817	13,169
Net current assets		**10,492**	12,543
Non-current liabilities			
Loans	13	**31,324**	27,255
Provisions	14	**542**	533
		31,866	27,788
Net assets		**9,281**	10,894
Shareholders' equity			
Share capital	15	**27,032**	25,741
Share premium	15	**147,898**	141,677
Merger reserve		**2,291**	2,291
Treasury reserve		**(102)**	(102)
Accumulated losses		**(167,838)**	(158,713)
Total equity		**9,281**	10,894

The notes on pages 14 to 20 form part of this financial information.

OxfordBioMedica

Consolidated Statement of Cash Flows

for the six months ended 30 June 2016

	Notes	**Six months ended 30 June 2016 £'000**	Six months ended 30 June 2015 £'000
Cash flows from operating activities			
Cash used in operations	16	**(1,468)**	(8,913)
Tax credit received		**3,437**	-
Interest paid		**(1,718)**	(321)
Overseas tax paid		**-**	(5)
Net cash used in operating activities		**251**	(9,239)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(5,983)**	(4,644)
Net maturity of available for sale investments		**-**	-
Interest received		**5**	23
Net cash generated by investing activities		**(5,978)**	(4,621)
Cash flows from financing activities			
Loans received / repaid	13	**-**	15,107
Proceeds from issue of ordinary share capital		**8,101**	87
Costs of share issues		**(589)**	-
Net cash generated by financing activities		**7,512**	15,194
Net increase in cash and cash equivalents		**1,785**	1,334
Cash and cash equivalents at 1 January		**9,355**	14,195
Effects of exchange rate changes		**770**	(413)
Cash and cash equivalents at period end	10	**11,910**	15,116

The notes on pages 14 to 20 form part of this financial information.

OxfordBioMedica

Statement of Changes in Equity Attributable to Owners of the Parent

for the six months ended 30 June 2016

	Share capital £'000	Share premium £'000	Merger reserve £'000	Treasury reserve £'000	Other reserves £'000	Accumulated Losses £'000	Total £'000
At 1 January 2015	**25,659**	**141,615**	**2,291**	**(226)**	**(682)**	**(145,618)**	**23,039**
Six months ended 30 June 2015:							
Exchange adjustments	-	-	-		-	-	-
Loss for the period	-	-	-		-	(6,125)	(6,125)
Total comprehensive expense for the period	-	-	-		-	(6,125)	(6,125)
Transactions with owners:							
Share options							
Value of employee services	-	-	-		-	254	254
Issue of shares excluding options	27	60	-		-	-	87
Vesting of deferred share award	-	-	-	124	-	(124)	-
At 30 June 2015	**25,686**	**141,675**	**2,291**	**(102)**	**(682)**	**(151,613)**	**17,255**
Six months ended 31 December 2015:							
Exchange adjustments	-	-	-		-	-	-
Loss for the period	-	-	-		-	(6,894)	(6,894)
Total comprehensive expense for the period	-	-	-		-	(6,894)	(6,894)
Transactions with owners:							
Share options							
Value of employee services	-	-	-		-	476	476
Issue of shares excluding options	55	2	-		-	-	57
Liquidation of BioMedica Inc.	-	-	-		682	(682)	-
At 31 December 2015	**25,741**	**141,677**	**2,291**	**(102)**	**-**	**(158,713)**	**10,894**
Six months ended 30 June 2016:							
Exchange adjustments	-	-	-		-	-	-
Loss for the period	-	-	-		-	(9,389)	(9,389)
Total comprehensive expense for the period	-	-	-		-	(9,389)	(9,389)
Transactions with owners:							
Share options							
Proceeds from shares issues	7	12	-		-	-	19
Value of employee services	-	-	-		-	263	263
Issue of shares excluding options	1,284	6,798	-		-	-	8,082
Cost of share issues	-	(589)	-		-	-	(589)
At 30 June 2016	**27,032**	**147,898**	**2,291**	**(102)**	**-**	**(167,838)**	**9,281**

The notes on pages 14 to 20 form part of this financial information.

Notes to the Financial Information

1. General information and basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2016 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 *Interim Financial Reporting* as adopted by the European Union. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2015.

These condensed consolidated interim financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2015 were approved by the Board of Directors on 27 April 2016 and have been delivered to the Registrar of Companies. The report of the Auditors on the 2015 accounts was unqualified.

These condensed consolidated interim financial statements were approved by the Board of Directors on 12 September 2016. They have not been audited.

The Company is a public limited company incorporated and domiciled in the UK. The Company is listed on the London Stock Exchange.

2. Going concern

The Group has today announced a fundraise of £11.5 million (£10.0 million net of expenses). The Directors are of the opinion that, taking into account existing cash balances and the net proceeds of the fundraise, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of this announcement. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

3. Accounting policies

The accounting policies applied in these interim financial statements are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements.

Accounting developments

The Directors have considered all new standards, amendments to standards and interpretations which are mandatory for the first time for the financial year beginning 1 January 2016 and there are none which impact the group in the period.

Use of estimates and assumptions
In applying the Group's accounting policies, management is required to make judgements and assumptions concerning the future in a number of areas. Actual results may be different from those estimated using these judgements and assumptions.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were in the same areas as those that applied to the consolidated financial statements for the year ended 31 December 2015. Specifically these are revenue recognition, intangible asset impairment, and going concern.

Seasonality
The Group's operations are not subject to seasonal fluctuations.

4. Segmental analysis

The chief operating decision-maker has been identified as the Senior Executive Team (SET), comprising the Executive Directors, Chief Scientific Officer and Chief Technical Officer. In previous years the Group has reported only one business segment, that of biotechnology research and development, and the related bioprocessing activities. With the evolution of the business since the signing of the Novartis contracts in October 2014, the SET now monitors the performance of the Group in two business segments:

(i) Partnering – providing lentiviral vector bioprocessing and process development services to partners;
(ii) R&D – the development of in-vivo and ex-vivo gene and cell therapy products which are owned by the Group, and the development of lentivirus-related platform technology which can improve the efficacy of therapeutic products or the bioprocessing processes. Included within this category is clinical and pre-clinical product development and also the development of technical intellectual property.

Revenues, other operating income and operating loss by segment
Operating loss represents our measure of segment profit & loss as it is a primary measure used for the purpose of making decisions about allocating resources and assessing performance of segments.

	Partnering £'000	R&D £'000	Total £'000
Revenue	11,556	929	12,485
Other operating income	1,104	432	1,536
Operating EBITDA	39	(5,514)	(5,475)
Depreciation and amortisation	(986)	(481)	(1,467)
Operating loss	(947)	(5,995)	(6,942)

Other operating income includes process development income of £0.8 million and grant income of £0.7 million. Grant income of £0.4 million from Innovate UK to fund clinical and pre-clinical development is included within the R&D segment whilst grant income of £0.3 million from AMSCI (UK Government's Advanced Manufacturing Supply Chain Initiative) to develop our supply chain capabilities is included within Partnering. Process development income is included within the Partnering segment.

Costs are allocated to the segments on a specific basis as far as is possible. Costs which cannot readily be allocated specifically are apportioned between the segments using relevant metrics such as headcount or direct costs.

5. 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 2,664,846,105 in issue during the six months ended 30 June 2016 (six months ended 30 June 2015: 2,567,485,430).

As the Group is loss-making, there were no potentially-dilutive 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.

6. Finance income and costs

Interest payable consists of interest expense on the Oberland Loan of £2,422,000 (2015: £348,000 which includes interest on the UK Government's Advanced Manufacturing Supply Chain Initiative loan) and foreign exchange losses on the Oberland loan of £2,595,000 (2015: Nil).

7. Property, plant & equipment

	Freehold property £'000	Short leasehold improvements £'000	Office equipment and computers £'000	Manufacturing and Laboratory equipment £'000	Assets under construction[1] £'000	Total £'000
Cost						
At 1 January 2016	6,938	7,397	1,374	7,574	9,744	33,027
Additions at cost	-	127	332	1,401	4,123	5,983
Reclassification	13,867	-	-	-	(13,867)	
At 30 June 2016	20,805	7,524	1,706	8,974	-	39,010
Depreciation						
At 1 January 2016	921	2,909	753	4,048	-	8,631
Charge for the period	397	270	146	482	-	1,295
At 30 June 2016	1,318	3,179	899	4,530	-	9,926
Net book amount at 30 June 2016	**19,487**	**4,345**	**807**	**4,445**	**-**	**29,084**

[1]Assets under construction represents the capitalisation of construction works at the Harrow House and Yarnton bioprocessing facilities and the Windrush Court laboratories. These works have been completed as at 30 June 2016 and the full amount reclassified into freehold property.

8. Inventory

	30 June 2016 £'000	31 December 2015 £'000
Raw materials	**2,755**	2,217
Work-in-progress	**86**	489
Inventory	**2,841**	2,706

Inventories constitute raw materials held for commercial manufacturing purposes, and work-in-progress inventory related to contractual manufacturing obligations.

9. Trade and other receivables

	30 June 2016 £'000	31 December 2015 £'000
Amounts falling due within one year		
Trade receivables	**3,842**	7,374
Accrued income	**1,394**	1,155
Other receivables	**138**	31
Other tax receivable	**539**	1,522
Prepayments	**795**	848
Total trade and other receivables	**6,708**	10,930

10. Cash and cash equivalents

	30 June 2016 £'000	31 December 2015 £'000
Cash at bank and in hand	**11,910**	9,335
Total cash and cash equivalents	**11,910**	9,335

11. Trade and other payables - current

	30 June 2016 £'000	31 December 2015 £'000
Trade payables	**2,575**	3,588
Other taxation and social security	**405**	384
Other accruals	**4,608**	5,314
Total trade and other payables	**7,588**	9,286

12. Deferred income - current

	30 June 2016 £'000	31 December 2015 £'000
Total deferred income	**4,393**	3,045

Deferred income derives from contractual arrangements with customers.

13. Loans

On 1 May 2015, an agreement was entered into with Oberland Capital for a $50 million loan facility of which $25 million (£16.3 million) was drawn down immediately, and a further $15m (£9.8 million) was drawn down in September 2015.

The Oberland Facility is a loan facility agreement provided by Oberland Capital Management LLC, to provide funds to invest in the Group's capacity expansion and for pipeline advancements and product acquisitions. The loan is repayable not later than 1 May 2022 and may be prepaid at any time. Over the course of the loan term, interest is payable quarterly at an annual interest rate of 9.5% plus the greater of 1% and three month LIBOR. In addition to interest, an exit fee is payable upon any repayment of the loan or part thereof. The Group is also required to pay an additional amount of 0.35% of annual worldwide net revenues for eight years commencing 1 April 2017 for each $5 million of loan drawn down over $30 million. This revenue participation may be retired at any time upon payment of the exit fee. In the event that the loan is repaid after the second anniversary of the facility, there may be a true-up payment payable to Oberland in the event that the aggregate of the interest payments, revenue participation payments and exit fee do not in aggregate provide a return of 15% p.a. to Oberland.

The Group is required under the Oberland Facility to maintain cash and cash equivalents of not less than $10 million (£7.6 million) while the Oberland Facility is outstanding. The loan facility is secured on the Group's assets.

14. Provisions

The dilapidations provision of £1,378,000 (2015: £1,371,000) relates to anticipated costs of restoring the leasehold Medawar and Yarnton properties in Oxford, UK to their original condition at the end of the present leases in 2016 and 2024 respectively, discounted using the rate per the Bank of England nominal yield curve. The equivalent rate was used in 2015. The provision will be utilised at the end of the leases if they are not renewed.

15. Share capital and Share premium

At 31 December 2015 and 30 June 2016 the Company had issued share capital of 2,574,252,580 and 2,703,344,512 ordinary 1p shares respectively.

On 23 February 2016, the Group announced that it had placed 128,383,528 new ordinary shares in the Company at a price of 6.3 pence per share with both new and existing investors and Directors. The price of 6.3 pence per share represented a 10% discount to the closing price of 7.0 pence per share on 22 February 2016. Gross proceeds from the placing were £8.1 million, net proceeds were £7.5 million.

16. Cash flows from operating activities

Reconciliation of loss before tax to net cash used in operations

	Six months ended 30 June 2016 £'000	Six months ended 30 June 2015 £'000
Continuing operations		
Operating loss	**(6,942)**	(8,272)
Adjustment for:		
Depreciation	**1,295**	450
Amortisation of intangible assets	**172**	182
Charge in relation to employee share schemes	**263**	254
Changes in working capital:		
(Increase) in inventories	**(135)**	(616)
Decrease in trade and other receivables	**4,222**	401
(Decrease) in trade and other payables	**(1,698)**	(1,105)
Increase / (decrease) in deferred income	**1,348**	(208)
Increase in provisions	**7**	1
Net cash used in operating activities	**(1,468)**	(8,913)

17. Statement of Directors' responsibilities

The Directors of Oxford BioMedica plc are set out on page 20 of this report.

The condensed consolidated interim financial statements are the responsibility of, and have been prepared by, the Directors. The Directors confirm that they have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34 'Interim financial reporting' as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- An indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- Material related party transactions in the first six months and any material change in related-party transactions described in the last annual report.

By order of the Board

John Dawson
Chief Executive Officer
12 September 2016

Shareholder Information

Directors Lorenzo Tallarigo (Non-executive Chairman) John Dawson (Chief Executive Officer) Tim Watts (Chief Financial Officer and Company Secretary) Peter Nolan (Chief Business Officer) Andrew Heath (Deputy Chairman and Senior Independent Director) Martin Diggle (Non-executive Director) Stuart Henderson (Non-executive director)	**Corporate Broker** Jefferies Hoare Govett Vintners Place 68 Upper Thames Street London EC4V 3B5 **Financial Adviser** WG Partners 85 Gresham Street London EC2V 7NQ **Registrars** Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU **Financial and Corporate Communications** Consilium Strategic Communications 41 Lothbury London EC2R 7HG **Registered Auditors** PricewaterhouseCoopers LLP One Reading Central 23 Forbury Road Reading RG1 3JH **Solicitors** Covington & Burling LLP 265 Strand London WC2R 1BH
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