OXFORD BIOMEDICA TO ACQUIRE OXXON THERAPEUTICS

– Acquisition adds melanoma cancer vaccine and extends immunotherapy platform –


Key aspects of the acquisition are:

- Oxxon’s lead cancer vaccine has completed a Phase II trial in melanoma, the only solid tumour that cannot be treated with Oxford BioMedica’s TroVax;
- Oxxon’s technology has broad product applications in cancer and infectious diseases and will create new licensing opportunities;
- Transaction value of £16 million will be satisfied by the issue of Oxford BioMedica shares; and
- Assets acquired include net cash of approximately £3 million.

The acquisition of Oxxon provides Oxford BioMedica with a complementary cancer immunotherapy product candidate. The product, Hi-8® MEL, has successfully completed a Phase II trial for the treatment of advanced melanoma. Oxxon has other therapeutic programmes addressing infectious diseases, including hepatitis B and HIV. In addition, Oxxon has a strong intellectual property estate that broadens and complements Oxford BioMedica’s proprietary position in immunotherapy and gene-based medicines.

Professor Alan Kingsman, Chief Executive of Oxford BioMedica, commented, “We are very pleased to have been able to take this opportunity to acquire of Oxxon Therapeutics. The acquisition expands our immunotherapy pipeline and strengthens our intellectual property position in the field of immunology. Oxxon’s Hi-8® MEL vaccine has generated encouraging Phase II results as a treatment of advanced melanoma. The market opportunity for an effective melanoma vaccine is substantial and this is a cancer type where our immunotherapy, TroVax, cannot be developed because, unlike the vast majority of human tumours, melanomas do not have 5T4 on the surface of the tumour cells. This acquisition is part of the implementation of a plan for the development of our pipeline following finalisation of a licensing deal for TroVax.”

Iain Wilcock, Deputy Managing Director of Quester, a major investor in Oxxon, commented, “We are very pleased with this transaction, which combines the broad immunotherapy technology of Oxxon with one of the world’s leading companies in cancer vaccines and gene therapy. There is clear synergy in this combination and, given Oxford BioMedica’s technical and development expertise, we believe that the enlarged company can maximise the opportunity for Oxxon’s technology.”

Transaction details

The transaction is valued at £16 million, to be satisfied by the issue 27,551,628 Oxford BioMedica shares to Oxxon shareholders for the entire share capital of Oxxon and 4,219,618 shares for the repayment of a loan from Oxxon shareholders to Oxxon. The number of shares to be issued has been determined by a reference price of 50.36p per share, being the average closing price of Oxford BioMedica shares over the 30 days to 8 March 2007.
Oxxon’s key investors, who as a result of the transaction will have an interest in Oxford BioMedica shares, are the venture capital firms Quester, MVM Life Science Partners and US-based East Hill Management.

25,814,138 of the issued shares will be subject to a lock up agreement for six months followed by a period of orderly disposal through Oxford BioMedica’s corporate brokers. For the year ended 31 May 2006, Oxxon generated a loss before tax of £3.9 million. Oxxon’s gross assets at 31 May 2006 were £3.84 million.

Application will be made to the United Kingdom Listing Authority ("UKLA") for the newly issued ordinary shares in Oxford BioMedica to be admitted to the Official List of the UKLA and to the London Stock Exchange plc for admission to trading on its market for listed securities ("Admission"). Under the terms of the UKLA listing rules the acquisition is a Class 2 transaction, which does not require shareholder approval. The transaction is conditional upon Admission. Subject only to Admission the shares are expected to commence trading on 15 March 2007.

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