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Company Cobra Bio-Manufacturing PLC
TIDM CBF
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COBRA BIO-MANUFACTURING PLC Interim results for the six months ended 31 March 2007

Keele, UK: Cobra Biomanufacturing Plc (AIM: CBF), the international manufacturer of biopharmaceuticals today announces its interim results for the six months ended 31 March 2007.

Financial Highlights

- **Revenue up 24% to £5.3m** (H1 2006: £4.3m)
- **Profit before tax to £0.1m** (H1 2006: £0.4m loss)
- **Operating cash inflow up 54% to £0.7m** (H1 2006: £0.4m inflow)
- **Cash and short term investments up to £3.3m at period end** (30 September 2006: £3.2m)
- **Total contracted forward business currently £4.2m which is below expectations, £3.4m of which is deliverable in H2 2007**

Operational Highlights

- **North American revenue 77% of total £4.1m** (H1 2006 £3.8m)
- **Continental Europe revenue three fold increase to £1.1m** (H1 2006: £0.3m)
- **Protein based revenue 56% of total £3.0m** (H1 2006: £3.0m)
- **Virus based revenue more than doubled to £1.6m** (H1 2006: £0.7m)

For further information, please contact:

Cobra Biomanufacturing Plc
 Peter Fothergill, Chairman
 David Thatcher, Chief Executive Officer

Tel: +44 (0) 1782 714 181

Buchanan Communications
 Tim Anderson
 Rebecca Skye Dietrich

Tel: +44 (0) 20 7466 5000

Seymour Pierce (NOMAD & Broker)
 Stuart Lane

Tel: +44 (0) 20 107 8000

Chairman's and Chief Executive's Statement

Financial Summary

Cobra's performance in the six months to 31 March 2007 maintained the momentum of the previous five half year reporting periods. Revenue increased by 24% to £5.3m (H1 2006: £4.3m), operating cash inflow increased to £0.7m (H1 2006: £0.4m) and the closing deferred income balance stood at £1.5m (30 September 2006: £1.2m) reflecting the value of contracts in progress at 31 March 2007. Profit before tax of £0.1m was a meaningful improvement (H1 2006: £0.4m loss) and cash and short term investments at the period end showed a small increase to £3.3m (30 September 2006: £3.2m).

Contracted Order Book

These results were achieved at the same time as a further investment at our Oxford facility was implemented to deliver the historically high opening contracted forward order book of £5.6m. The contracted forward order book has now eased back to £4.2m, £3.4m of which is scheduled for delivery in the second half of the financial year.

Revenue

North America continued to provide the majority of revenue with 77% or £4.1m of the total (H1 2006: £3.8m) a 10% increase on the previous comparative period. Europe (excluding the UK) grew rapidly to £1.1m (H1 2006: £0.3m) a three fold growth which reflects an increasingly improved funding environment.

In line with our strategy to focus on areas of the business showing greatest growth potential virus based revenue accounted for 31% of revenue which at £1.6m is more than double the comparative period's performance (H1 2006: £0.7m). Protein based revenue has remained steady at £3.0m providing 56% of the total (H1 2006: £3.0m) and DNA is unchanged at £0.6m or 10% of revenue (H1 2006: £0.5m).

ORT-VAC

During the period work has continued on the Group's own intellectual property portfolio and in particular the ORT-VAC oral vaccines technology. A recently announced £1.1m DTI grant will be used to fund preclinical studies to help advance this exciting opportunity to develop a system which could be widely applicable in both humans and animals. Discussions are underway with a number of third parties who are interested in accessing the technology.

Outlook

As indicated in previous statements the core manufacturing services business continues to face a challenging and unpredictable pattern of demand, both geographically and by product type, further exacerbated by the cancellation of signed business as was the case with the recently announced GSK/IAVI contract, which has resulted in the lower than expected forward order book.

Accordingly, despite a good performance in the first half of the financial year, the Directors advise that market expectations for the full financial year will not be met. However we will continue to pursue outstanding contract signatures to fill the vacant slots currently available for the remainder of the financial year and new contracts which are currently being negotiated for the next financial year. Additionally, opportunities to reduce the volatility of the business continue to be actively pursued.

Peter Fothergill
Chairman
28 June 2007

David Thatcher
Chief Executive
28 June 2007

Financial Review

Basis of Preparation

These are the first results of the Group to be stated under International Financial Reporting Standards (IFRS) and the comparatives have been restated on this basis. The principal impact of IFRS on the results has been in relation to the following:

- a. There is a provision for holiday pay shown under other operating expenditure.
- b. In accordance with IFRS 2, share based payments are measured at a fair value at the date of grant and expensed on a straight line basis over the vesting period of the award.
- c. Under IFRS Cobra has chosen to reclassify foreign exchange gains under finance income, where as previously under UK GAAP they were shown under other operating costs.
- d. Under UK GAAP short term bank deposits were included in cash at bank including short term deposits, under IFRS, those with original maturities of less than three months are included in cash and cash equivalents and those with original maturities of three months and more are shown under short term investments.

The effect of these adjustments on the results, income statement, balance sheet and equity of the Group are set out in note 9.

Income Statement

Revenue for the period increased 24% to £5.3m (H1 2006: £4.3m), which provided a gross margin improvement to 52% (H1 2006: 50%) and a profit before tax of £0.1m (H1 2006: £0.4m loss). Research and development expenditure increased in the period by 17% to £140k (H1 2006: £120k), with other operating expenditure excluding share based payments increasing by 6% to £2.5m (H1 2006: £2.4m).

Balance Sheet

Cobra invested a further £0.5m in plant and equipment in the period (H1 2006: £0.6m). The deferred income balance increased to £1.5m (30 September 2006: £1.2m), offset by a corresponding increase in inventories to £0.7m (30 September 2006: £0.6m). Cash and short term investments increased in the period to £3.3m (30 September 2006: £3.2m) and non current liabilities fell to £2.7m (30 September 2006: £2.8m). The composition of non current liabilities are split between a bank loan, secured against freehold buildings of £1.8m (30 September 2006: £1.8m) repayable over a 13 year period commencing November 2007 and finance lease obligations of £0.9m (30 September 2006: £1.0m) repayable between 2 and 5 years.

Cash Flow

Net cash flow from operating activities for the period increased to £0.7m (H1 2006: £0.4m), offset by investing activities to acquire plant and equipment in the period of £0.5m (H1 2006: £0.6m), with any finance leases acquired in the period offset by existing finance repayments (H1 2006: £0.2m inflow).

The result of which is an increase in closing cash and short term investments to £3.3m (30 September 2006: £3.2m)

Peter Coleman
Chief Financial Officer
28 June 2007

Group Income Statement For the half year ended 31 March 2007

	Unaudited 6 months ended 31 March 2007	Unaudited 6 months ended 31 March 2006	Year ended 30 September 2006
Notes			

		£000's	Restated* £000's	Restated* £000's
Revenue	2	5,349	4,321	10,145
Cost of sales		(2,590)	(2,160)	(4,808)
Gross profit		2,759	2,161	5,337
Research and development		(140)	(120)	(401)
Other operating costs		(2,504)	(2,359)	(4,813)
Share based payments		(18)	(75)	(121)
Group operating profit/(loss)		97	(393)	2
Finance income	3	73	38	192
Finance charges	3	(73)	(52)	(123)
Profit/(loss) before tax		97	(407)	71
Taxation	4	20	-	55
Profit/(loss) for the period		117	(407)	126
Earnings/(loss) per share				
Basic	8	0.6p	(2.1)p	0.6p
Diluted	8	0.6p	(2.1)p	0.6p

The results for the period are derived from continuing activities.

*Restated to reflect the adoption of IFRS as per note 9.

There was no recognised income or expenditure other than the profit/(loss) for the period/year.

Accordingly no Statement of Recognised Income and Expenditure has been prepared.

Group Balance Sheet As at 31 March 2007

	Notes	Unaudited 31 March 2007 £000's	Unaudited 31 March 2006 Restated* £000's	30 September 2006 Restated* £000's
Non current assets				
Property, plant and equipment		8,360	7,621	8,355
Intangible assets		151	-	160
		8,511	7,621	8,515
Current assets				
Inventories		739	570	595
Trade and other receivables	5	2,050	1,958	2,273
Short term investments		275	275	275
Cash and cash equivalents		3,059	2,834	2,940
		6,123	5,637	6,083
Total assets		14,634	13,258	14,598
Current liabilities				

Bank loans		(41)	-	(37)
Obligations under finance leases		(523)	(359)	(470)
Trade and other payables	6	(3,240)	(3,109)	(3,302)
		<u>(3,804)</u>	<u>(3,468)</u>	<u>(3,809)</u>
Non current liabilities				
Bank loans		(1,756)	(1,280)	(1,773)
Obligations under finance leases		(927)	(1,078)	(1,004)
		<u>(2,683)</u>	<u>(2,358)</u>	<u>(2,777)</u>
Total liabilities		<u>(6,487)</u>	<u>(5,826)</u>	<u>(6,586)</u>
Net assets		<u>8,147</u>	<u>7,432</u>	<u>8,012</u>
Capital and reserves				
Called up share capital		1,959	1,951	1,959
Share premium		9,634	9,634	9,634
Merger reserve		29,729	29,729	29,729
Other reserves		439	382	421
Profit and loss account		(33,614)	(34,264)	(33,731)
Total equity		<u>8,147</u>	<u>7,432</u>	<u>8,012</u>

*Restated to reflect the adoption of IFRS as per note 9

Group Cash Flow Statement For the half year ended 31 March 2007

		Unaudited 6 months ended 31 March 2007 £000's	Unaudited 6 months ended 31 March 2006 £000's	Year ended 30 September 2006 £000's
Net cash inflow from operating activities	7	<u>655</u>	<u>425</u>	<u>1,141</u>
Investing activities				
Payments to acquire property, plant and equipment		(535)	(551)	(1,484)
Payments to acquire intangible assets		(4)	-	(157)
Net cash outflow from investing activities		<u>(539)</u>	<u>(551)</u>	<u>(1,641)</u>
Financing activities				
New borrowings		-	-	1,650
Repayment of borrowings		-	-	(1,100)
Lease finance acquired via sale and leaseback		217	402	504
Repayment of capital elements of finance leases		(241)	(177)	(372)
Issue of ordinary shares		-	-	8
Purchase of treasury shares		-	-	(8)
Finance income		100	27	125
Interest on bank loans		(22)	(9)	(33)
Interest element of finance leases		(51)	(43)	(94)
Net cash inflow from financing activities		<u>3</u>	<u>200</u>	<u>680</u>

Increase in cash and cash equivalents	119	74	180
Opening cash and cash equivalents	2,940	2,760	2,760
Closing cash and cash equivalents	3,059	2,834	2,940

**Group Statement of Changes in Equity
As at 31 March 2007**

	Share capital £000's	Share premium £000's	Merger reserve £000's	Other reserves £000's	Profit and loss account £000's	Total £000's
At 1 October 2005	1,951	9,634	29,729	307	(33,857)	7,764
Share based payments	-	-	-	75	-	75
Loss for the period	-	-	-	-	(407)	(407)
At 31 March 2006	1,951	9,634	29,729	382	(34,264)	7,432
Increase in share capital	8	-	-	-	-	8
Shares purchased	-	-	-	(8)	-	(8)
Share based payments	-	-	-	47	-	47
Profit for the period	-	-	-	-	533	533
At 30 September 2006	1,959	9,634	29,729	421	(33,731)	8,012
Share based payments	-	-	-	18	-	18
Profit for the period	-	-	-	-	117	117
At 31 March 2007	1,959	9,634	29,729	439	(33,614)	8,147

Notes to the Unaudited Results

1 Accounting policies and basis of preparation

The Group's previous financial statements have been prepared under UK Generally Accepted Accounting Principles (UK GAAP). For the financial year ended 30 September 2007, the Group has decided to prepare its annual consolidated financial statements in accordance with IFRS as adopted by the European Union (EU) and implemented in the UK.

The Group's date of transition to IFRS was 1 October 2005 at which date the Group prepared its opening IFRS balance sheet. The financial information for the six months ended 31 March 2007 is unaudited and has been prepared in accordance with the Group's accounting policies, based on IFRS standards that are expected to apply for the financial year 2007. The financial information for the six months ended 31 March 2006 is also unaudited and has been restated under IFRS.

The presentation of financial information under IFRS is governed by IFRS 1. In some cases this will require the presentation of an item in a different position, or the use of a different description in the IFRS income statement or balance sheet to that adopted in the UK GAAP profit and loss account or balance sheet. These reclassifications have been described in the explanatory notes.

An explanation of how the transition from UK GAAP to IFRS has affected the Group's results and income statements for the period ended 31 March 2006 and the year ended 30 September 2006 and the equity and balance sheets as at 1 October 2005 (the date of transition), 31 March 2006 and 30 September 2006 is set out in note 9.

The interim financial information has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 but has been reviewed by the auditors in accordance with Bulletin 1999 / 4 issued by the Auditing Practices Board. The Company's statutory accounts for the year ended 30 September 2006, prepared under UK GAAP, have been delivered to the Registrar of Companies; the report of the auditors on these accounts was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

Accounting policies: The principal accounting policies adopted in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Cobra principal activity is that of delivering contract manufacturing services for the global biopharmaceutical industry. The Directors believe that the Group has sufficient funds for the foreseeable future and therefore the interim financial statements have been prepared on the going concern basis.

Basis of consolidation: The consolidated interim financial statements comprise the accounts of Cobra Biomanufacturing Plc and its subsidiary undertakings, Cobra Biologics Limited, Cobra Biomanufacturing EBT Limited and Cobra Biomanufacturing LLC up to 31 March 2007.

Revenue: Excludes value added tax and represents the amounts receivable in respect of the sale of services during the period. Revenue on contracts is invoiced in accordance with the terms of the agreement with the customer. Non refundable capacity reservation fees, which are usually invoiced and paid upon contractual signature, are recognised as revenue as the contract progresses. The remainder of the contractual revenue is recognised upon the stage of completion when the outcome of the contract can be foreseen with reasonable certainty and after allowing for costs of completion.

Research and development expenditure: Expenditure on manufacturing process improvements or know how, which includes internal wage costs and external costs such as patenting, external studies and consultancy, which the Group is satisfied that it is probable that future economic benefit will result is then capitalised as an intangible asset and amortised through research and development expenditure over its expected useful life. Capitalisation commences from the point at which the technical feasibility and commercial viability can be demonstrated.

Expenditure on research and development that does not meet the above criteria is written off in the period in which it is incurred.

Intangible assets: Are stated at cost less provisions for amortisation and impairments. Patents and know how are amortised over their estimated useful economic lives from the time they are available for use. The estimated useful lives for determining the amortisation charge are reviewed annually.

Property, plant and equipment: Depreciation is provided on all property, plant and equipment, other than freehold land, at rates calculated to write off the cost less residual value of each asset evenly over its expected useful life as follows:

Freehold buildings	between 15 and 50 years
Plant and laboratory equipment	between 6.67 and 10 years
Short leasehold building improvements	6.67 years
Office equipment	4 years
Motor vehicles	3 years

The cost of property, plant and equipment includes directly attributable finance costs, calculated on a day to day basis, on expenditure incurred during construction and modification. The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Assets under construction include the costs directly attributable to bringing the asset into working condition for its intended use.

Government grants: In respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Inventories: Are stated in the balance sheet at the lower of cost incurred in bringing each element of inventory to its present location and condition, and net realisable value. Cost is calculated on a first in first out basis.

Raw materials: purchase cost on a first in first out basis.
 Work in progress: cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal.

Leasing and hire purchase commitments: Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Deferred tax: Is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax. Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Share based payments: The Group makes equity settled share based payments to its employees and directors. Equity settled share based payments are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period of the award. At each balance sheet date, the Company revises its estimate of the number of options that are expected to become exercisable.

The value of any shares or options granted is charged to the income statement over the period the shares vest, with a corresponding credit to reserves. When share options are exercised, the proceeds received, net of any transaction costs, are credited to share capital (nominal value) and share premium.

The principal assumptions used to calculate the value of options issued are:

Share price volatility	50.4%
Risk free rate of return	Ranging from 4.2% to 5.1%
Date of exercise	Normally assumed to be the first possible exercise date

Short term investments: Assets in this category are held at amortised cost and are short term deposits with original maturities of more than three months.

Cash and cash equivalents: Include cash in hand and at bank and short term deposits with original maturities of three months or less.

Foreign currencies: Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Financial instruments: The Group uses financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes. The criteria for forward foreign currency contracts are:

- The instrument must be related to a firm foreign currency commitment;
- It must involve the same currency as the hedged item; and
- It must reduce the risk of foreign currency exchange rate movements on the Group's operation.

Employee benefits: The Group operates a defined contribution scheme, covering all eligible employees. Contributions to the defined contribution pension scheme and all other employee benefit costs, most notably holiday pay are charged to the income statement on an accruals basis.

2. Revenue

The Group operates in one principal area of activity, that of contract manufacturing services. All revenue originates from the UK. The geographical analysis of revenue by destination is shown as follows:

	Unaudited 6 months ended 31 March 2007 £000's	Unaudited 6 months ended 31 March 2006 £000's	Year ended 30 September 2006 £000's
North America	4,145	3,768	8,656
United Kingdom	-	227	589
Europe (excluding United Kingdom)	1,076	276	703

Rest of the World	128	50	197
	5,349	4,321	10,145

The analysis of revenue by customers' biopharmaceutical product type is as follows:

	Unaudited 6 months ended 31 March 2007 £000's	Unaudited 6 months ended 31 March 2006 £000's	Year ended 30 September 2006 £000's
Contract manufacturing services			
Protein	2,964	2,975	6,742
Virus	1,632	713	1,946
DNA	551	498	1,013
Cell line	170	135	444
	5,317	4,321	10,145
License income	32	-	-
	5,349	4,321	10,145

The licensing income generated in the period was received from a North American customer, whose product was protein based and the receipt is associated with contract manufacturing services.

3. Finance income and charges

	Unaudited 6 months ended 31 March 2007 £000's	Unaudited 6 months ended 31 March 2006 £000's	Year Ended 30 September 2006 £000's
Finance income			
Bank interest receivable	40	27	65
Exchange rate gains	33	11	127
	73	38	192
Finance charges			
Interest payable bank loans	22	9	33
Interest payable on finance leases	51	43	94
	73	52	127
Less: interest capitalised	-	-	(4)
	73	52	123

4. Taxation

The Group is entitled to Research and Development tax relief under Schedule 20 of the Finance Act 2000, in respect of the periods ended 31 March 2006 & 2007 and the year ended 30 September 2006.

As at 31 March 2007 the Group had tax losses of £14.0m (30 September 2006 £14.0m), these losses are available for offset against future profits, subject to agreement from HM Revenue and Customs. These losses have not been recognised as a deferred tax asset as there is insufficient certainty as to their future recoverability.

	Unaudited 6 months ended 31 March	Unaudited 6 months ended 31 March	Year ended 30 September
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	2007 £000's	2006 £000's	2006 £000's
Taxation on profit/(loss) on ordinary activities			
Tax credit in relation to R&D claim	(10)	-	(55)
Adjustments in respect of previous periods	(10)	-	-
Total tax	(20)	-	(55)

5. Trade and other receivables

	Unaudited 31 March 2007 £000's	Unaudited 31 March 2006 £000's	30 September 2006 £000's
Trade receivables	1,422	1,432	1,445
Other receivables	289	162	319
Prepayments	339	364	509
	2,050	1,958	2,273

6. Trade and other payables

	Unaudited 31 March 2007 £000's	Unaudited 31 March 2006 £000's	30 September 2006 £000's
Trade payables	994	1,276	1,394
Deferred income	1,535	1,258	1,195
Taxation	127	95	121
Accruals and other provisions	584	480	592
	3,240	3,109	3,302

7. Net cash inflow from operating activities

	Unaudited 6 months ended 31 March 2007 £000's	Unaudited 6 months ended 31 March 2006 £000's	Year ended 30 September 2006 £000's
Operating profit/(loss)	97	(393)	2
Depreciation of property, plant and equipment	408	353	737
Amortisation of intangible assets	9	-	1
Share based payments	18	75	121
Increase in inventories	(144)	(337)	(364)
Decrease/(increase) in receivables	119	26	(203)
Increase in deferred income	340	902	839
Decrease in payables	(257)	(201)	(41)
Net cash inflow from operations	590	425	1,092
R&D tax credit	65	-	49
Net cash inflow from operating activities	655	425	1,141

8. Earnings/(loss) per ordinary share

	Unaudited 6 months ended 31 March 2007 £000's	Unaudited 6 months ended 31 March 2006 £000's	Year Ended 30 September 2006 £000's
Profit/(loss) for the period	<u>117</u>	<u>(407)</u>	<u>126</u>
Basic earnings/(loss) per share			
Weighted average number of shares (000's)	<u>19,591</u>	<u>19,501</u>	<u>19,504</u>
Earnings/(loss) per share (pence)	<u>0.6</u>	<u>(2.1)</u>	<u>0.6</u>
Diluted earnings/(loss) per share			
Weighted average number of shares (000's)	<u>19,980</u>	<u>19,501</u>	<u>19,893</u>
Earnings/(loss) per share (pence)	<u>0.6</u>	<u>(2.1)</u>	<u>0.6</u>

The weighted average number of ordinary shares for calculating the diluted earnings per share for the year ended 30 September 2006 and the period ended 31 March 2007 include 389,304 share options and warrants that would potentially be issued and would have the effect of reducing the earnings per ordinary share and would therefore be dilutive.

9. Explanation of the transition to IFRS

For all periods up to and including the year ended 30 September 2006, the Group prepared its financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

In preparing these interim financial statements, the Group has started from an opening balance sheet as at 1 October 2005 the Group's date of transition to IFRS, and made those changes in accounting policies and other restatements required by IFRS 1, for the first time adoption of IFRS.

IFRS 1 allows first time adopters certain exemptions from the general requirements to retrospectively apply IFRS as effective for the 30 September 2005 year end. The optional exemptions taken by the Group are as follows:

Business combinations: The Group has elected not to apply IFRS 3 Business Combinations retrospectively to business that took place prior to the transition date. Consequently, goodwill arising on business combinations before transition date remains at its previous UK GAAP carrying value as at the date of transition.

Share based payments: The Group has adopted the exemption in IFRS 1 such that the application of IFRS 2 "Share Based Payments" applies only to awards made after 7 November 2002, which have not vested by 1 January 2005.

The principal impact of IFRS on these interim financial statements has been in relation to the following:

- a. There is a provision for holiday pay shown under other operating expenditure.
- b. In accordance with IFRS 2, share based payments are measured at a fair value at the date of grant and expensed on a straight line basis over the vesting period of the award.
- c. Under IFRS Cobra has chosen to reclassify foreign exchange gains under finance income, under UK GAAP they were previously shown under other operating costs.
- d. Under UK GAAP short term bank deposits were included in cash at bank including short term deposits, under IFRS, those with original maturities of less than three months are included in cash and cash equivalents and those with original maturities of three months or more are shown under short term investments.

The reconciliation between UK GAAP and IFRS for the Group's (loss)/profit and income statements for the period ended 31 March 2006 and the year ended 30 September 2006 and the total equity and balance sheets as at 1 October 2005 (the date of transition), 31 March 2006 and 30 September 2006 are presented below:

Reconciliation of (loss)/profit for the period ended 31 March 2006 and the year ended 30 September 2006

		Unaudited 6 months ended 31 March 2006 £000's	Year ended 30 September 2006 £000's
(Loss)/profit after tax under UK GAAP		(347)	265
Holiday pay accrual	a	15	(18)
Share based payments	b	(75)	(121)
(Loss)/profit after tax under IFRS		(407)	126

Reconciliation of income statement for the six months ended 31 March 2006

		UK GAAP £000's	IFRS effect £000's	IFRS £000's
Revenue		4,321	-	4,321
Cost of sales		(2,160)	-	(2,160)
Gross profit		<u>2,161</u>	<u>-</u>	<u>2,161</u>
Research and development		(120)	-	(120)
Other operating expenses	a & c	(2,363)	4	(2,359)
Share based payments	b	-	(75)	(75)
Group operating loss		<u>(322)</u>	<u>(71)</u>	<u>(393)</u>
Finance income	c	27	11	38
Finance charges		(52)	-	(52)
Loss before tax		<u>(347)</u>	<u>(60)</u>	<u>(407)</u>
Taxation		-	-	-
Loss after tax		<u>(347)</u>	<u>(60)</u>	<u>(407)</u>

Reconciliation of income statement for the year ended 30 September 2006

		UK GAAP £000's	IFRS Effect £000's	IFRS £000's
Revenue		10,145	-	10,145
Cost of sales		(4,808)	-	(4,808)
Gross profit		<u>5,337</u>	<u>-</u>	<u>5,337</u>
Research and development		(401)	-	(401)
Other operating expenses	a & c	(4,668)	(145)	(4,813)
Share based payments	b	-	(121)	(121)

Group operating profit		268	(266)	2
Finance income	c	65	127	192
Finance charges		(123)	-	(123)
Profit before tax		210	(139)	71
Taxation		55	-	55
Profit after tax		265	(139)	126

Reconciliation of equity as at 1 October 2005 (date of transition), 31 March 2006 and 30 September 2006

		1 October 2005 £000's	Unaudited 31 March 2006 £000's	30 September 2006 £000's
Total equity under UK GAAP		7,813	7,466	8,079
Holiday pay accrual	a	(49)	(34)	(67)
Total equity under IFRS		7,764	7,432	8,012

**Reconciliation of balance sheet presentation at 1 October 2005
(Date of transition to IFRS)**

		UK GAAP £000's	IFRS effect £000's	IFRS £000's
Non current assets				
Property, plant and equipment		7,495	-	7,495
		<u>7,495</u>	<u>-</u>	<u>7,495</u>
Current assets				
Inventories		233	-	233
Trade and other receivables		2,013	-	2,013
Short term investments	d	-	275	275
Cash and cash equivalents	d	3,036	(275)	2,761
		<u>5,282</u>	<u>-</u>	<u>5,282</u>
Total assets		<u>12,777</u>	<u>-</u>	<u>12,777</u>
Current liabilities				
Obligations under finance leases		(306)	-	(306)
Trade and other payables	a	(2,475)	(49)	(2,524)
		<u>(2,781)</u>	<u>(49)</u>	<u>(2,830)</u>
Non current liabilities				
Bank loans		(1,280)	-	(1,280)
Obligations under finance leases		(903)	-	(903)
		<u>(2,183)</u>	<u>-</u>	<u>(2,183)</u>
Total liabilities		<u>(4,964)</u>	<u>(49)</u>	<u>(5,013)</u>

Net assets		7,813	(49)	7,764
Capital and reserves				
Share capital		1,951	-	1,951
Share premium		9,634	-	9,634
Merger adjustment		29,729	-	29,729
Other reserves	b	-	307	307
Profit and loss account	a & b	(33,501)	(356)	(33,857)
Total equity		7,813	(49)	7,764

Reconciliation of balance sheet presentation at 31 March 2006

		UK GAAP £000's	IFRS effect £000's	IFRS £000's
Non current assets				
Property, plant and equipment		7,621	-	7,621
		7,621	-	7,621
Current assets				
Inventories		570	-	570
Trade and other receivables		1,958	-	1,958
Short term investments	d	-	275	275
Cash and cash equivalents	d	3,109	(275)	2,834
		5,637	-	5,637
Total assets		13,258	-	13,258
Current liabilities				
Obligations under finance leases		(359)	-	(359)
Trade and other payables	a	(3,075)	(34)	(3,109)
		(3,434)	(34)	(3,468)
Non current liabilities				
Bank loans		(1,280)	-	(1,280)
Obligations under finance leases		(1,078)	-	(1,078)
		(2,358)	-	(2,358)
Total liabilities		(5,792)	(34)	(5,826)
Net assets		7,466	(34)	7,432
Capital and reserves				
Share capital		1,951	-	1,951
Share premium		9,634	-	9,634
Merger adjustment		29,729	-	29,729
Other reserves	b	-	382	382
Profit and loss account	a & b	(33,848)	(416)	(34,264)
Total equity		7,466	(34)	7,432

Reconciliation of balance sheet presentation at 30 September 2006

	UK GAAP £000's	IFRS effect £000's	IFRS £000's
Non current assets			
Property, plant and equipment	8,355	-	8,355
Intangible assets	160	-	160
	<u>8,515</u>	<u>-</u>	<u>8,515</u>
Current assets			
Inventories	595	-	595
Trade and other receivables	2,273	-	2,273
Short term investments	d -	275	275
Cash and cash equivalents	d 3,215	(275)	2,940
	<u>6,083</u>	<u>-</u>	<u>6,083</u>
Total assets	<u>14,598</u>	<u>-</u>	<u>14,598</u>
Current liabilities			
Bank loans	(37)	-	(37)
Obligations under finance leases	a (470)	-	(470)
Trade and other payables	(3,235)	(67)	(3,302)
	<u>(3,742)</u>	<u>(67)</u>	<u>(3,809)</u>
Non current liabilities			
Bank loans	(1,773)	-	(1,773)
Obligations under finance leases	(1,004)	-	(1,004)
	<u>(2,777)</u>	<u>-</u>	<u>(2,777)</u>
Total liabilities	<u>(6,519)</u>	<u>(67)</u>	<u>(6,586)</u>
Net assets	<u>8,079</u>	<u>(67)</u>	<u>8,012</u>
Capital and reserves			
Share capital	1,959	-	1,959
Share premium	9,634	-	9,634
Merger adjustment	b 29,729	-	29,729
	a & b		
Other reserves	(7)	428	421
Profit and loss account	(33,236)	(495)	(33,731)
Total equity	<u>8,079</u>	<u>(67)</u>	<u>8,012</u>

Independent Review Report to Cobra Biomanufacturing Plc**Introduction**

We have been instructed by the Company to review the financial information for the six months ended 31 March 2007, which comprises the Group Income Statement, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Changes in Equity and the related notes 1 to 9. We have read the other

information contained in the Interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The Interim Report, including the financial information contained therein, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for ensuring that the accounting policies and presentation applied to the Interim Report are consistent with those applied in preparing the preceding Annual Report except where there are changes and the resulting differences have been disclosed and also preparing the Interim Report as required by the AIM Rules issued by the London Stock Exchange.

International Financial Reporting Standards

As disclosed in note 1, the next financial statements of the Group will be prepared in accordance with International Financial Reporting Standards as adopted for use in the EU. Accordingly, the Interim Report has been prepared in accordance with the recognition and measurement criteria of IFRS and by the AIM Rules. The accounting policies are consistent with those that the Directors intend to use in the annual financial statements.

Review work performed

We conducted our review having regard to the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of the Group's management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 March 2007.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
28 June 2007

Cobra Biomanufacturing Plc
Registered Office
Stephenson Building
Keele Science Park
Keele
Staffordshire
UK
ST5 5SP

Tel: +44(0) 1782 714181
Fax: +44(0) 1782 714168
www.cobrabio.com

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