For Immediate Release **30 June 2009**

Cobra Biomanufacturing Plc

Interim Results
for the half year ended 31 March 2009

Cobra Biomanufacturing Plc ("Cobra" or "the Group"), the international provider of biopharmaceutical manufacturing services, today announces its unaudited interim results for the six months ended 31 March 2009.

- **Revenue up 62% to £4.4m** (H1 2008: £2.7m)
- **Gross margin more than doubled to 47%** (H1 2008: 20%)
- **Losses reduced to £0.8m** (H1 2008: £2.3m loss)
- **Operating cash inflow £1.0m** (H1 2008: £0.5m outflow)
- **Deferred income more than doubled in the period to £2.5m** (30 September 2008: £1.1m)
- **Secured contracted order book up to £9.3m(1)** (26 June 2008: £8.3m), **with £3.6m of these orders scheduled for delivery in the current financial year** (26 June 2008: £3.6m)

Simon Saxby, Chief Executive commenting on the outlook

"The £9.3m(1) secured order book confirms that Cobra has an exceptionally skilled and dedicated team that enables us to continue to compete in the current competitive and challenging environment. These skills, combined with strict cash management, supported by an increase in revenue and further operational efficiencies have allowed us to reduce losses significantly in the period. However despite this improved performance in the first half and our success in winning new business to offset the anticipated, and now confirmed loss of the GenVec, Inc contract as per the press release on 26 June 2009, the Directors advise that market expectations for the full financial year are unlikely to be met.

Notwithstanding, we have been and will continue to pursue outstanding near term contract signatures and opportunities for strategic alliances that will enable us to take our customers from clinical supply to commercial supply for protein based products, in the same way that we are able to for our viral vaccine customers, and thereby provide more predictable longer term revenues in the future."

(1) Signed contracted order book at 31 March 2009 plus contracted orders signed from 1 April 2009 to 30 June 2009.

For further information, please contact:

Cobra Biomanufacturing Plc **Tel: +44 (0) 1782 714 181**
Peter Fothergill, Non Executive Chairman
Simon Saxby, Chief Executive
Peter Coleman, Finance Director

Buchanan Communications **Tel: +44 (0) 207 466 5000**
Tim Anderson/Rebecca Skye Dietrich

Seymour Pierce (NOMAD & Broker) **Tel: +44 (0) 207 107 8000**

Christopher Howard/Christopher Wren

Chief Executive Statement

Financial Summary: The first half of the financial year 2009 saw a continuation of the trading improvement in the previous six months with revenue increasing to £4.4m, 62% higher than this time last year (H1 2008: £2.7m), despite the current global economic climate which has restricted the ability of our customers to raise funds for their product development programmes and as a result they have reduced their outsourcing expenditure to conserve their cash.

The increase in revenue combined with a rigorous control of costs and further operational efficiencies at both our Keele and Oxford facilities, resulted in a gross margin improvement to 47% (H1 2008: 20%) and a significant reduction in the loss after tax to £0.8m (H1 2008: £2.3m). During the period we also carefully managed our cash resources to provide an operating cash inflow of £1.0m (H1 2008: £0.5m outflow) and a closing cash and cash equivalent balance of £0.4m (30 September 2008: £0.3m).

Secured Order Book: Our primary objective this year has been to increase and diversify our secured order book. In the period Cobra has won 3 new customers, 4 contracts for new products from existing customers and 7 major extensions to existing programs. The secured order book has increased to £9.3m(1) (26 June 2008: £8.3m), with £3.6m of these orders scheduled for delivery in the current financial year (26 June 2008: £3.6m).

Our prospective order book also remains strong with leads from Scandinavia, Eastern Europe and Japan in addition to further expansion in both our European and North American customer base. The secured and prospective order book reflects the strength of Cobra's reputation in the biopharmaceutical contract manufacturing market and confirms the potential for future growth.

Revenue: Revenue from our North American customers was still predominant in H1 2009 contributing £2.3m (H1 2008: £1.4m) or 53% of the total (H1 2008: 51%). Revenue from European based customers (including the UK) provided £1.2m (H1 2008: £1.2m), 27% of the total (H1 2008: 44%) and revenue from the Rest of the World grew significantly to £0.9m (H1 2008: £0.1m), or 20% of the total (H1 2008: 5%). The increase in the global spread of Cobra's business provides for a more robust future with less reliance on a single market.

Protein based revenue (including license revenue) increased to £1.7m (H1 2008: £1.0m), 37% of the total (H1 2008: 39%) resulting from a more focused marketing effort on mammalian cell derived proteins, using our maxXpress technology protein expression service. Virus based revenue also grew significantly in the period to £1.8m (H1 2008: £0.8m), 41% of the total (H1 2008: 30%) maintaining Cobra's position as a leading supplier in this market, with the remaining revenue split between DNA generating revenue of £0.6m (H1 2008: £0.8m) and Cell Line revenue of £0.3m (H1 2008 £0.1m).

Restructuring and Strategy: Having reduced the headcount from 140 to 110 and improved operational efficiencies over the last 18 months, this year we have also reduced and restructured our senior management team, to reduce cost and improve our decision making process. The senior management team's focus is on making the most efficient use of the skills within the Group through a comprehensive cross-training programme to maximise resource utilisation on a much lower production headcount, without restricting our ability to generate revenue.

Despite the headcount reduction our aim remains to fill existing capacity as well as grow Cobra's capacity further through a number of potential strategic options.

ORT-VAC: Cobra has generated promising preclinical data around our Oral Vaccine technology, ORT-VAC, for which the Group currently owns 62 granted patents. The ORT-VAC program is developed on a low cost basis, funded primarily by grants and collaborations. The preliminary data using attenuated (i.e. weakened) *Salmonella* to deliver the vaccine, demonstrates effective protection against bubonic plague and anthrax. Further trials are ongoing with collaborators for the treatment of Malaria, HIV and Influenza (using the H1N1 influenza strain). Work is also being performed to confirm or enhance the effectiveness of the technology using a different vector, *Shigella,* to deliver vaccines.

We believe that ORT-VAC has the potential to deliver higher doses of vaccines to multiple diseases at a much lower manufacturing and distribution cost than traditional vaccines, due to a simpler manufacturing process and the reduced requirement for 'cold chain' storage and distribution.

Outlook: Cobra operates in a highly competitive market which has been significantly affected by the current global downturn, but we continue to win business because of the strength and breadth of our scientific expertise, our service offering and our reputation for delivery. We are also beginning to reap the benefits from the development of our own intellectual property, with 7 customers and 11 potential products now using our maxXpress protein expression service, with the future possibility of milestone and royalty payments dependent upon the success of our customers' drug development programmes, as well as the positive results from our own ORT-VAC oral vaccine technology development programme.

The £9.3m(1) secured order book confirms that Cobra has an exceptionally skilled and dedicated team that enables us to continue to compete in the current competitive and challenging environment. These skills, combined with strict cash management, supported by an increase in revenue and further operational efficiencies have allowed us to reduce losses significantly in the period. However despite this improved performance in the first half and our success in winning new business to offset the anticipated, and now confirmed loss of the GenVec, Inc contract as per the press release on 26 June 2009, the Directors advise that market expectations for the full financial year are unlikely to be met.

Notwithstanding, we have been and will continue to pursue outstanding near term contract signatures and opportunities for strategic alliances that will enable us to take our customers from clinical supply to commercial supply for protein based products, in the same way that we are able to for our viral vaccine customers, and thereby provide more predictable longer term revenues in the future.

Simon Saxby
Chief Executive
30 June 2009

(1) Signed contracted order book at 31 March 2009 plus contracted orders signed from 1 April 2009 to 30 June 2009.

Financial Review

Basis of Preparation: The Group's financial information for the half year to 31 March 2009 has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union.

Income Statement: Revenue for the period increased by 62% to £4.4m due to a stronger order book, with a significantly enhanced contribution from our US Dollar and Euro base contracts.

Gross margins improved considerably to 47% (H1 2008: 20%) as capacity was utilised, productivity increased and fixed production costs were reduced in the period.

Sales, marketing and distribution costs remained constant in the period at £0.5m (H1 2008: £0.5m) as we maintained our global presence. Research and development expenditure fell in the period to £0.2m (H1 2008: £0.4m) as capacity filled and administrative costs, including both depreciation and facility costs fell to £1.8m (H1 2008: £1.9m) as we controlled our fixed overhead cost base.

Finance costs increased in the period to £0.4m (H1 2008: £0.1m) as the Group incurred an exchange rate loss in the period of £0.3m (H1 2008: £nil). As the Group does not hedge account, this loss under IFRS was primarily due to the inclusion of a £0.3m derivative and financial instruments current liability (H1 2008: £nil) for the $1.8m US Dollar forward rate contracts we had in place at 31 March 2009.

These contracts were taken out as a partial hedge against our US Dollar order book and the average rate of these forward contracts was $1.80 per £1 at 31 March 2009 compared with a closing spot rate of $1.43 per £1. The exchange rate loss in the period was however, more than compensated for by an increase in revenue and margin in the period and an increase in the future secured orders from our US Dollar denominated order book. The exchange rate loss has also now been mitigated further by the subsequent weakening of the US Dollar against Sterling in recent months, which has reduced the liability on these forward contracts.

The result is a significantly reduced loss of £0.8m (H1 2008: £2.4m loss).

Balance Sheet: Cobra invested a further £0.4m in plant and equipment in the period (H1 2008: £0.4m), primarily to develop our Oxford facility into a commercial virus facility.

Both our current assets and liabilities have been managed very carefully in the period to ensure that the Group met its debt and operational obligations and also remained within its overdraft limit. Due to careful cash management, cash and cash equivalents increased slightly in the period to £0.4m (30 September 2008: £0.3m).

The deferred income balance more than doubled in the period to £2.5m (30 September 2008: £1.1m), reflecting the inclusion of the $1.8m settlement fee GenVec, Inc agreed to pay Cobra during the period that their contract was on hold, in addition to the termination fee of $0.4m and the additional deposits we received for other new contracts in the period.

Non current liabilities fell in the period to £2.2m (30 September 2008: £2.5m) as we utilised our £1.0m operating cash inflow to reduce our debt in line with our financing obligations. The composition of non current liabilities is split between a bank loan with National Westminster Bank Plc, secured against freehold buildings of £1.7m (30 September 2008: £1.8m) repayable over a 13 year period which commenced in November 2007 and finance lease obligations of £0.5m (30 September 2008: £0.7m) repayable between 2 and 5 years.

Cash Flow: Cobra generated an operating cash inflow of £1.0m in the period (H1 2008: £0.5m outflow). This inflow was used to purchase plant and equipment of £0.4m (H1 2008: £0.4m) and service net finance repayments of £0.4m (H1 2008: £0.3m outflow), in addition to exchange losses of £0.2m (H1 2008: £nil). This resulted in a closing cash and cash equivalents figure at 31 March 2009 of £0.4m (30 September 2008: £0.3m).

Going concern: In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of the approval of the interim results.

The disclosures made in note 1 highlight the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. However the Directors believe that they have a reasonable expectation that the Group will be able to continue as a going concern for the foreseeable future. This financial information therefore does not include the adjustments that would result if the Group were unable to continue as a going concern.

Peter Coleman
Finance Director
30 June 2009

Independent Review Report to Cobra Biomanufacturing Plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2009 which comprises the Group Income Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Group Statement of Changes in Equity and related notes 1 to 6. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 half-yearly financial report is the responsibility of, and has been approved by, the Directors. The directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with the accounting policies the Group intends to use in preparing its next annual financial statements.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2009 is not prepared, in all material respects, in accordance with AIM Rules of the London Stock Exchange.

Emphasis of Matter

In arriving at our review conclusion, we draw attention to the disclosures made in note 1 concerning the Group's ability to continue as a going concern. The Group incurred a net loss of £0.8m during the period ended 31 March 2009, and had cash and cash equivalents of £0.4m.

The Directors have prepared a cash flow forecast which makes assumptions about the conversion of forecasted leads in addition to secured orders, and the subsequent receipt of cash relating to those forecasted leads. Due to the nature of the Group's business typified by the variety and size of each contract and in conjunction with the current global economic climate, it is inherently difficult to forecast accurately the timing of contract signatures and the associated subsequent cash flows.

The ability of the Group to continue as a going concern is therefore dependent on the Group achieving the level of contract signatures anticipated in the forecast and converting these forecast contracts into revenue and cash receipts in line with expected timings assumed in the forecast. Where forecast contract signatures are not achieved, or are not achieved within the expected timeline, the Group will then be dependent on additional orders that are currently not in the sales pipeline.

Additionally, although there is a risk of non renewal the Group is dependent on the continued availability of the overdraft facility on the same terms as it is currently when the facility comes up for renewal at the end of August 2009.

This along with other matters set forth in the financial review indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The Interim Report does not include the adjustments that would result if the Group was unable to continue as a going concern as it is not practicable to determine or quantify them.

Deloitte LLP
Chartered Accountants and Statutory Auditors
Cambridge, UK
30 June 2009

Cobra Biomanufacturing Plc
Group Income Statement
For the half year ended 31 March 2009

	Notes	**Unaudited 6 months ended 31 March 2009 £000's**	Unaudited 6 months ended 31 March 2008 £000's	Year ended 30 September 2008 £000's
Revenue	**2**	**4,383**	2,699	7,009
Cost of sales		**(2,310)**	(2,164)	(4,686)
Gross profit		**2,073**	535	2,323
Sales, marketing and distribution costs		**(523)**	(503)	(1,048)
Research and development		**(192)**	(387)	(532)
Administrative expenses		**(1,790)**	(1,898)	(3,809)
Operating loss		**(432)**	(2,253)	(3,066)
Finance income		**9**	10	18
Finance costs	**3**	**(438)**	(144)	(334)
Loss before tax		**(861)**	(2,387)	(3,382)
Taxation	**4**	**25**	40	107
Loss for the period		**(836)**	(2,347)	(3,275)
Basic loss per share	**6**	**(1.9)p**	(12.0)p	(11.0)p

The results for the current and preceding periods are derived from continuing activities.

Cobra Biomanufacturing Plc
Group Balance Sheet
As at 31 March 2009

	Unaudited 31 March 2009 £000's	Unaudited 31 March 2008 £000's	30 September 2008 £000's
Non current assets			
Property, plant and equipment	**8,154**	8,375	8,203
Intangible assets	**117**	134	125
	8,271	8,509	8,328
Current assets			
Inventories	**229**	461	301
Trade and other receivables	**2,446**	1,717	1,848
Cash and cash equivalents	**384**	401	291
	3,059	2,579	2,440
Total assets	**11,330**	11,088	10,768
Current liabilities			
Bank loans and overdrafts	**(472)**	(132)	(371)
Obligations under finance leases	**(605)**	(693)	(663)
Trade and other payables	**(2,151)**	(1,997)	(2,032)
Derivative and financial instruments	**(277)**	(12)	(106)
Deferred income	**(2,450)**	(1,681)	(1,091)
	(5,955)	(4,515)	(4,263)
Net current liabilities	**(2,896)**	(1,936)	(1,823)
Non current liabilities			
Bank loans	**(1,686)**	(1,851)	(1,763)
Obligations under finance leases	**(477)**	(791)	(704)
	(2,163)	(2,642)	(2,467)
Total liabilities	**(8,118)**	(7,157)	(6,730)
Net assets	**3,212**	3,931	4,038
Capital and reserves			
Called up share capital	**443**	1,959	443
Deferred shares	**1,763**	-	1,763
Share premium	**10,411**	9,634	10,411
Merger reserve	**29,729**	29,729	29,729
Other reserves	**483**	462	473
Profit and loss reserve	**(39,617)**	(37,853)	(38,781)
Total equity	**3,212**	3,931	4,038

Cobra Biomanufacturing Plc
Group Cash Flow Statement
For the half year ended 31 March 2009

	Notes	**Unaudited 6 months ended 31 March 2009 £000's**	Unaudited 6 months ended 31 March 2008 £000's	Year ended 30 September 2008 £000's
Net cash inflow/(outflow) from operating activities	**5**	**956**	(516)	(1,265)
Investing activities				
Proceeds from the disposal of property, plant and equipment		**17**	-	54
Finance income		**9**	10	18
Payments to acquire property, plant and equipment		**(350)**	(403)	(798)
Decrease in short term deposits		**-**	275	275
Net cash outflow from investing activities		**(324)**	(118)	(451)
Financing activities				
Repayment of borrowings		**(66)**	(47)	(111)
Lease finance acquired via sale and leaseback		**17**	293	580
Repayment of capital elements of finance leases		**(302)**	(338)	(742)
Increase/(decrease) in overdraft		**90**	(80)	135
Issue of ordinary shares		**-**	-	1,024
Interest on bank loans		**(77)**	(79)	(152)
Interest element of finance leases		**(50)**	(59)	(118)
Net cash (outflow)/inflow from financing activities		**(388)**	(310)	616
Increase/(decrease) in cash and cash equivalents		**244**	(944)	(1,100)
Opening cash and cash equivalents		**291**	1,338	1,338
Effect of foreign exchange (losses)/gains		**(151)**	7	53
Closing cash and cash equivalents		**384**	401	291

Cobra Biomanufacturing Plc
Group Statement of Changes in Equity
As at 31 March 2009

	Share capital £000's	Deferred shares £000's	Share premium £000's	Merger reserve £000's	Other reserves £000's	Profit and loss reserve £000's	Total £000's
At 1 October 2007	1,959	-	9,634	29,729	453	(35,506)	6,269
Share based payments	-	-	-	-	9	-	9
Loss for the period	-	-	-	-	-	(2,347)	(2,347)
At 31 March 2008	1,959	-	9,634	29,729	462	(37,853)	3,931
Capital reorganisation	(1,763)	1,763	-	-	-	-	-
Issue of new equity	247	-	-	-	-	-	247
Premium arising on issue of equity shares	-	-	990	-	-	-	990
Expenses arising on issue of equity shares	-	-	(213)	-	-	-	(213)
Share based payment	-	-	-	-	11	-	11
Loss for the period	-	-	-	-	-	(928)	(928)
At 30 September 2008	**443**	**1,763**	**10,411**	**29,729**	**473**	**(38,781)**	**4,038**
Share based payments	**-**	**-**	**-**	**-**	**10**	**-**	**10**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(836)**	**(836)**
At 31 March 2009	**443**	**1,763**	**10,411**	**29,729**	**483**	**(39,617)**	**3,212**

Notes to the Unaudited Results

1. General information

Cobra Biomanufacturing Plc is a company incorporated in England and Wales under the Companies Act 2006.

The financial information included in this interim report for the period ended 31 March 2009 has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The same accounting policies, presentation and methods of computation have been followed in this financial information as applied in the Group's latest annual audited financial statements for the year ended 30 September 2008.

The information for the year ended 30 September 2008 does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, but included a reference to going concern, which the auditors drew attention to by way of emphasis without qualifying the report but did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Going concern: In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future, being a period of not less than twelve months from the date of the approval of the interim results.

The Group incurred a net loss of £0.8m during the period ended 31 March 2009, and had cash and cash equivalents of £0.4m. The Directors have prepared a cash flow forecast for the period ended 30 June 2010 ("the forecast") which includes a number of assumptions regarding income, expenditure, cash flows, the availability of the Group's existing overdraft facilities and in particular the conversion of forecasted leads to secured contracts at a discounted level and the subsequent receipt of cash relating to those forecasted discounted leads.

Due to the nature of the Group's business typified by the variety and size of each contract and in conjunction with the current global economic climate, it is inherently difficult to forecast accurately the timing of contract signatures and the associated subsequent cash flows.

The ability of the Group to continue as a going concern is therefore dependent on the Group achieving the level of contract signatures anticipated in the forecast and converting these forecast contracts into revenue and cash receipts in line with expected timings assumed in the forecast. Where forecast contract signatures are not achieved, or are not achieved within the expected timeline, the Group will then be dependent on additional orders that are currently not in the sales pipeline.

Additionally, the Group overdraft facility is due for renewal at the end of August 2009. Based on current information available to them, the ongoing relationship with National Westminster Bank Plc and the historic pattern of renewal of the facility, although there is a risk of non renewal the Directors believe the facility will be renewed on similar terms to those currently in existence. The Directors therefore consider it reasonable to include the availability of the facility in their assessment of the going concern basis of preparation of the interim results.

This along with other matters set forth in this financial review indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. However the Directors believe that they have a reasonable expectation that the Group will be able to continue as a going concern for the foreseeable future.

This financial information therefore does not include the adjustments that would result if the Group were unable to continue as a going concern.

2. Revenue

All revenue is generated from continuing operations originating in the UK, the analysis of which is as follows:

	Unaudited 6 months ended 31 March 2009 £000's	Unaudited 6 months ended 31 March 2008 £000's	Year ended 30 September 2008 £000's
The rendering of services	**4,294**	2,635	6,871
License revenue	**89**	64	138
	4,383	2,699	7,009

The geographical analysis of revenue by destination is shown as follows:

	Unaudited 6 months ended 31 March 2009 £000's	Unaudited 6 months ended 31 March 2008 £000's	Year Ended 30 September 2008 £000's
North America	**2,320**	1,369	3,473
United Kingdom	**705**	398	1,550
Europe (excluding United Kingdom)	**478**	807	1,330
Rest of the World	**880**	125	656
	4,383	2,699	7,009

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

	Unaudited 6 months Ended 31 March 2009 £000's	Unaudited 6 months ended 31 March 2008 £000's	Year ended 30 September 2008 £000's
Protein	**1,537**	977	2,245
Virus	**1,817**	814	2,392
DNA	**639**	752	1,653
Cell line	**301**	92	581
	4,294	2,635	6,871
License revenue	**89**	64	138
	4,383	2,699	7,009

3. Finance costs

	Unaudited 6 months ended 31 March 2009 £000's	Unaudited 6 months ended 31 March 2008 £000's	Year ended 30 September 2008 £000's
Interest payable bank loans	**77**	79	152
Interest payable on finance leases	**50**	59	118
Exchange rate losses	**311**	6	64
	438	144	334

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 2008 and 2009 and the year ended 30 September 2008.

	Unaudited 6 months ended 31 March 2009 £000's	Unaudited 6 months ended 31 March 2008 £000's	Year ended 30 September 2008 £000's
Taxation on loss on ordinary activities			
Tax credit in relation to R&D claim	**(25)**	(32)	(99)
Adjustments in respect of previous periods	**-**	(8)	(8)
Total current tax	**(25)**	(40)	(107)

5. Net cash inflow / (outflow) from operating activities

	Unaudited 6 months ended 31 March 2009 £000's	Unaudited 6 months ended 31 March 2008 £000's	Year Ended 30 September 2008 £000's
Operating loss	**(432)**	(2,253)	(3,066)
Depreciation of property, plant and equipment	**463**	452	912
Amortisation of intangible assets	**8**	9	18
(Profit)/loss on sale of property, plant and equipment	**(9)**	-	7
Share based payments	**10**	9	20
Decrease/(increase) in inventories	**72**	(83)	81
Increase in receivables	**(574)**	(214)	(527)
Increase in deferred income	**1,359**	1,165	575
Increase in other payables	**59**	399	607
	956	(516)	(1,373)
R&D tax credit	**-**	-	108
Net cash inflow/(outflow) from operating activities	**956**	(516)	(1,265)

6. Loss per ordinary share

	Unaudited 6 months ended 31 March 2009 £000's	Unaudited 6 months ended 31 March 2008 £000's	Year Ended 30 September 2008 £000's
Loss for the period	**(836)**	(2,347)	(3,275)
Basic loss per share			
Weighted average number of shares (000's)	**44,339**	19,591	29,694
Loss per share (pence)	**(1.9)**	(12.0)	(11.0)