



Welcome to Cohort

Cohort is an AIM listed independent technology business operating in defence and related markets.

It was formed in 2006 as a holding company to acquire and grow businesses capitalising on the growing demand in the United Kingdom and overseas, for independent technical advice and cost effective and flexible supply of niche products and services.

It now has three well established, wholly owned subsidiaries providing a wide range of services and products covering the full defence procurement cycle.

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About us

Cohort's strategic aim is to build up a group of complementary companies supplying technical advice, managed services, niche products and software to growth segments of defence and related markets, sharing the following core characteristics:

- ➔ Independent
- ➔ Technically expert
- ➔ Practically oriented
- ➔ Flexible
- ➔ Cost-effective
- ➔ Growing

The accessible market for such services and products is large because of growing technical complexity, the outsourcing of scientific and technical expertise by Government to the private sector and the consolidation of the supply chain, particularly at prime and first tier level, all of which have increased the need of government for independent sources of advice and created new opportunities for niche suppliers of technical services and products. We aim to make targeted acquisitions of companies which have good management and technology but which can benefit from being part of a group with a larger balance sheet and a wider customer base. Our management approach provides a high level of operating autonomy for subsidiaries whilst ensuring the degree of financial oversight required for a quoted company and the exchange of information and practices which make the Group greater than the sum of its parts.



MASS Consultants Limited (MASS) is an independent systems house with a strong defence focus.

MASS designs, manufactures and supports electronic systems and software, and provides specialist services and training. Its core capabilities are electronic warfare operational support, communications and highly secure IT systems and applications. Its commitment to rigorous quality procedures enables delivery against demanding timescales, including many Urgent Operational Requirements (UORs).

MASS was formed in 1983 and is based in St Neots, near Cambridge, with an office in Lincoln. It currently has c140 permanent employees, plus c10 deployed associates.



Systems Consultants Services Limited (SCS) is an independent technical advisory business operating primarily in the defence and security sectors.

SCS specialises in providing advisers with sound technical knowledge coupled with experience of its practical application in the particular field. Its activities are very diverse ranging from managing major exercises, providing technical input to major projects, to testing the integrity of overseas national lottery systems.

SCS was formed in 1992 and is based in Henley-on-Thames, Oxfordshire. It currently has c130 permanent employees, plus c200 deployed associates.



SEA (Group) Limited (SEA) is an independent systems engineering and software company operating in defence, space, transport and off-shore markets.

SEA delivers systems engineering, software and electronic engineering services and solutions to Government and industry, including specialist design and manufacture. Its core capability is development of innovative electronic surveillance systems (sensors for vibration, radar, sonar, optical and laser).

SEA was formed in 1988 and is based in Beckington, near Frome, with offices in North Bristol (near MOD). It currently has c230 permanent employees.



Our Market Sectors

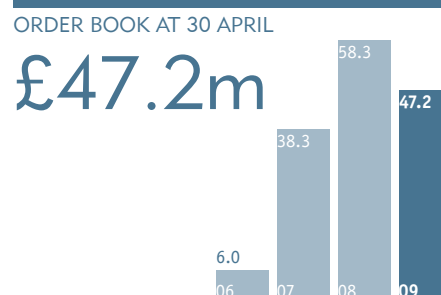
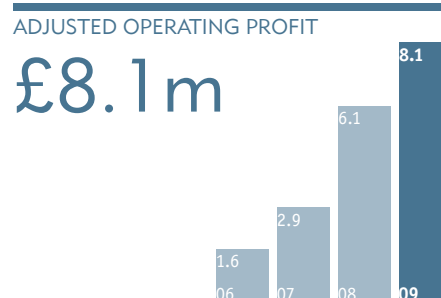
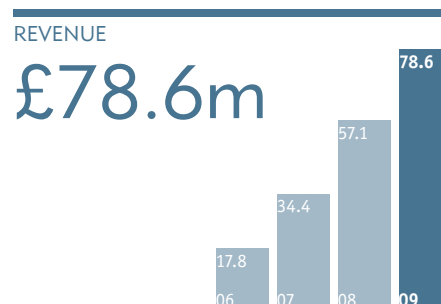
Defence
Security
Information systems
Telecommunications
Space
Transport
Off-shore

Our Clients

Our clients include the MOD, other United Kingdom Government Departments, NATO and a range of industry clients including major international corporations.

Highlights

- ➔ 38% growth in revenue to £78.6m.
- ➔ Adjusted operating profit up 33% to £8.1m.
- ➔ All operating businesses achieved record revenues and profits.
- ➔ Closing net funds of £3.7m after paying SEA earn out in full.
- ➔ Proposed final dividend up 20% at 1.2p per share.



“a strong year with all of our subsidiaries achieving record results. ... all three subsidiaries continued to grow strongly, reinforcing their presence in key existing markets whilst at the same time breaking into new areas.”



Nick Prest CBE Chairman

I am pleased to announce that Cohort plc had a strong year with all of our subsidiaries achieving record results. This was the Group's first year of full returns from all three subsidiaries and each continued to grow strongly, reinforcing their presence in key existing markets whilst at the same time breaking into new areas.

Key financials

In the year ended 30 April 2009, Cohort achieved revenue of £78.6m (2008: £57.1m) representing a 38% increase on 2008. This included revenue of £31.1m (2008: £26.1m) from Systems Consultant Services Limited (SCS), £20.6m (2008: £18.0m) from MASS Consultants Limited (MASS) and £26.9m (£13.0m for the six months ended 30 April 2008) from SEA Group Limited (SEA). These represent annual growths of 19%, 15% and 18% respectively.

The Group's adjusted operating profit was £8.1m (2008: £6.1m). This included operating profit from SCS of £3.3m (2008: £2.3m), from MASS of £2.8m (2008: £2.3m) and SEA £3.1m (2008: £2.2m for six months). Cohort Group overheads were £1.2m (2008: £0.7m), which included some non-recurring personnel related costs.

The Group operating profit of £6.9m (2008: £5.6m) was after charging as an exceptional item £0.7m (2008: £Nil) in respect of withdrawing from the Group's joint venture in AGS.

Profit before tax was £6.5m (2008: £5.6m) and profit after tax was £5.1m (2008: £4.5m).

Basic earnings per share were 12.55 pence (2008: 12.81 pence). Adjusted earnings per share were 16.10 pence (2008: 14.58 pence). The adjusted earnings per share were based upon profit after tax, excluding amortisation of other intangible assets, exceptional items and share of result of joint ventures.

The net funds at year-end were £3.7m (2008: £2.1m), reflecting the good operating performance net of the earn out payment for the shareholders of SEA of £4.7m, which was earned in full and paid in July 2008.

Dividends

The Board is recommending a final dividend of 1.2 pence per ordinary share (2008: 1.0 pence) a 20% increase, making the full year dividend in respect of the year ended 30 April 2009 1.75 pence per ordinary share (2008: 1.45 pence), a 21% increase. This will be payable on 2 September 2009 to shareholders on the register at 7 August 2009 subject to approval at the Annual General Meeting on 27 August 2009.

The Board continues to maintain a progressive dividend policy.

Board and personnel

After successfully taking Cohort to the AIM market in 2006 and three years establishing the Group and overseeing its growth to this point, Stanley Carter decided to step aside from his role as Chief Executive. He has moved to the role of non-executive Co-Chairman, in which capacity I look forward to continuing to work with him in the development of the business. The Board is grateful to Stanley for his immense contribution to the success of Cohort to date.

Andy Thomis rejoined the Board of Cohort plc and succeeded Stanley as Chief Executive in May 2009. Andy, along with Stanley and I, led Cohort to the AIM market before becoming Managing Director of MASS in May 2007. The Board looks forward to working with Andy in developing and expanding Cohort.

Ashley Lane, who previously led the Systems Development division of MASS, has taken over from Andy as Managing Director of MASS. Ashley has considerable experience of MASS's technical offering and business and is well placed to take the business forward.

As separately announced, Ian Dale-Staples, having joined the Board following the acquisition of SEA in 2007, resigned from the Board for personal reasons on 24 June 2009. On behalf of the Board I would like to thank him for his contribution to the Group and wish him well for the future.

In the course of the year Paul Phillips was appointed Managing Director of SEA, having previously been responsible for its Defence division. Paul has been with the Company for many years and has a background in technology, project management and business development which equips him well to lead the business.

I would like to thank all our employees for the efforts which have helped to make this year another successful one for the Group.

Outlook

Following a good year for order intake with total orders of £67.5m, the Group order book at 1 May 2009 stood at £47.2m. This provides a good platform going into the current year. Success in new markets, plus continuing strong performance in our primary markets, position the Group well for achievement of its growth objectives. We continue to look for acquisitions to complement the organic development of the business.

Overall the Board is positive about the outlook for the continued progress of the Group.

Nick Prest CBE
Chairman

“the Group remains agile and responsive to the needs of its customers. Cohort continues to exploit its position in key niche markets where customer need and focus remains high.”



Stanley Carter Co-Chairman



Andrew Thomis Chief Executive

Cohort's trading this year has continued the successful trend of last year. All three companies have achieved record annual revenues and profits.

In the year ended 30 April 2009, Cohort achieved Group revenue of £78.6m (2008: £57.1m) and an adjusted operating profit of £8.1m (2008: £6.1m), reflecting a full year of trading for all three subsidiaries.

Group overview

Cohort is an independent group whose constituent companies provide a wide range of technical advice, support and managed services and certain niche products, characterised by high tech design and low volume manufacture. It provides an environment in which companies can develop and continue to grow whilst retaining a high degree of autonomy and deriving benefit from being part of the wider Group. We continue to seek opportunities to acquire complementary businesses. These may be either large enough to operate as an additional member within the Group or smaller businesses that can be integrated with one of the existing members.

Cohort's well established businesses have continued to expand successfully through a combination of innovation, responsiveness and agility. Building from their core markets of defence and security, Cohort companies now provide technology and services in such markets as space, transport and offshore technology. In an uncertain financial climate, this diversity both across the Group and within the individual companies, coupled

with the ability to keep well abreast of and sometimes lead technology, enables us to respond quickly to market needs. We are confident the Group is well placed to continue to grow both organically, as demonstrated this year and by acquisition.

Trading subsidiaries

MASS

MASS Consultants Limited (MASS) is an independent systems house with a strong defence focus, including the design and manufacture of niche technology products.

Based in St Neots near Cambridge with an electronic warfare facility in Lincoln, MASS was founded in 1983. It is well known in the field of electronic warfare, secure communications and associated specialist managed services.

Ashley Lane, Managing Director of MASS and the two other directors, including Malcolm Lowes, a founder of MASS, have remained in post since the acquisition in August 2006.

MASS has had a strong year, securing a niche position with a number of prime contracts in being a first choice systems house for outsourced technologically demanding design and development. MASS continued to support its key managed service customers in the United Kingdom MOD and overseas.

In Electronic Warfare (EW), MASS continued to develop its own EW database (Thurbon) and secured strategically important support from Saab for developing Thurbon to support the Gripen combat aircraft EW system.

MASS finished the year by being selected as preferred bidder to provide the ICT implementation and managed service for North Lincolnshire's Building Schools for the Future programme. This programme should be on contract in the late summer.

MASS enters an important year with the renewal of its UKSF managed service provision and its part in the development of the United Kingdom's new EW database as key objectives.

SCS

Systems Consultants Services Limited (SCS) is an independent technical advisory and managed service business operating primarily in the defence and security sectors. Its personnel have the appropriate technical expertise combined with practical experience of its application in the user domain. Over 70% of its employees have served in the Armed Forces.

Based in Henley-on-Thames, SCS was founded in 1992 and has consistently grown year on year. 2008/9 was no exception, with another near 20% growth in revenue.

Notable contract awards during the year included winning the re-competition of the United Kingdom Land Command Brigade Mission Rehearsal exercises, training provision to the Royal Saudi Air Force, technical and procurement support to the Police National CBRN Centre and, along with MASS and SEA, forming part of the team leading a key United Kingdom MOD concept study.

Over the last few years SCS has invested in its internal system and business development resource. These investments have now begun to show a return, with 19% revenue growth driving profit growth of over 40% this year, much of it from higher utilisation of core staff.

SEA

SEA (Group) Limited (SEA) is an independent systems engineering and software company operating in the defence, space, transport and off-shore markets. Founded in 1988, it is based in Beckington near Frome, Somerset with further offices close to the main United Kingdom MOD establishment in Bristol. During the year SEA's sales grew by 18% over the equivalent period for 2008, producing a record profit for the business.

SEA continued to develop its offering in defence, securing a number of key programmes in its traditional maritime markets, including DART and an underwater detection system for the French Navy. In other defence areas, SEA continued to lead on a number of land based research programmes, which have the potential to pull through our own technology, as well as securing a software simulation programme for land based training and simulation.

In the space market, SEA continued to progress its broad band radiometer instrument for the European Space Agency's Earth Care Mission as well as securing elements of a number of other programmes including the European Sentinel 3 mission.

In transport, SEA successfully launched its *Roadflow* product with sales to a number of local authorities in the United Kingdom. Prospects for the product going forward look promising and SEA continues to develop both the *Roadflow* product and its wider offering in the area of traffic enforcement.

Outlook

Against an uncertain international and economic background, the Group remains agile and responsive to the needs of its customers. Cohort continues to exploit its position in key niche markets where customer need and focus remains high. The Group is diverse and is in a good business position with a strong order book. We are confident that the wide ranging and complementary expertise and capabilities we have in the Cohort Group make it well positioned to continue to grow, both organically and through acquisition, to meet changing market needs.

Stanley Carter

Co-Chairman
Chief Executive to 24 May 2009

Andrew Thomis

Chief Executive from 25 May 2009



Simon Walther Finance Director

The following review explains in further detail the significant financial issues arising during the year ended 30 April 2009 and highlights other matters over and above what is included in the primary financial statements and accompanying notes.

Revenue

The segmental analysis (note 1) presents the Group's revenue by subsidiary. The revenue is further analysed as shown in the table opposite.

The change in the revenue by sector is due to reporting a full year of SEA, which has approximately 40% of its business in non-defence sectors.

Adjusted operating profit

The adjusted operating profit is presented to reflect the trading profit of the Group and excludes amortisation of other intangible assets, share of result of joint ventures and exceptional items. This allows the Group to present its trading performance in a comparable format year on year.

The adjusted operating profit is stated after charging the cost of share-based payments of £184,000 (2008: £129,000) which is allocated to each business in proportion to its employee participation in the Group's share option schemes.

By sector	2009		2008	
	£m	%	£m	%
Direct to United Kingdom MOD	44.3		34.0	
Indirect to United Kingdom MOD, where the Group acts as a sub-contractor or partner	16.4		13.6	
Total to the United Kingdom MOD	60.7	77	47.6	83
Export defence customers	6.0		4.2	
Total defence revenue	66.7	85	51.8	91
Transport	4.6		1.7	
Space	4.2		1.2	
Other commercial	3.1		2.4	
Non-defence revenue	11.9	15	5.3	9
Total revenue	78.6	100	57.1	100

By type of work	2009		2008	
	£m	%	£m	%
Technology solutions	30.4	39	14.9	26
Advisory services	23.8	30	20.1	35
Manpower provision	10.0	13	8.7	16
Managed services	9.0	11	8.6	15
Product	5.4	7	4.8	8
Total revenue	78.6	100	57.1	100

The adjusted operating profit of SEA (and the Group) is after a net charge of £57,000 (2008: credit of £131,000) in respect of marking forward foreign exchange contracts to market at 30 April 2009 and revaluing currency monetary assets and liabilities at the year end. The forward foreign exchange contracts are used to hedge the forward sale of currency on Euro denominated trading contracts.

Tax

The Group's tax charge for the year ended 30 April 2009 of £1,372,000 (2008: £1,089,000) was at an effective rate of 21.3% (2008: 19.6%) of profit before tax. This includes a current year corporation tax charge of £1,299,000 (2008: £710,000), a rate of 20.1% (2008: 12.7%) of profit before tax and a deferred tax charge of £73,000 (2008: charge of £379,000).

The Group's overall tax rate was below the standard corporation tax rate of 28%. The majority of the reduction in the effective rate of tax was due to the recognition of research and development (R&D) credits at MASS and SEA for the year ended 30 April 2009.

The Group's businesses are only allowed to claim the lower R&D tax credit allowance available to larger companies, currently 30%, and this accounts for the higher current year corporation tax rate compared with 2008 when the Group was able to receive the larger relief available to smaller and medium sized entities.

SCS and the Group's joint venture AGS applied for and received R&D tax credits during 2009 for earlier periods. These credits have not yet been recognised in the tax charge as the matter is still to be finalised.

Looking forward, the Group's tax charge may fall further over the next year or two subject to outstanding claims being accepted by HMRC and recognised by the Group. Beyond this, the Group's R&D tax credit will be at the lower rate associated with a large Group (30% uplift on qualifying spend) and I would expect the Group tax charge to be at or around the low 20% level and certainly below the standard rate of 28%, based upon expected R&D spend and reliefs available.

Provisions

The Group's provisions at 30 April 2009 are as per note 18.

The provision for the MASS earn out was established at the time of acquisition (for £500,000) and was settled in cash for £280,000 (including costs) on 5 June 2009.

Treasury facilities

At 30 April 2009 the Group had undrawn facilities with its banking provider, RBS as follows:

	£m	Term
Overdraft facility for working capital requirements	2.5	364 days
Structured debt facility for acquisitions	10.0	364 days with 3 year term out

Of the structured debt facility of £10.0m, £3.0m was drawn to part finance the acquisition of SEA and remains drawn at 30 April 2009.

In addition, the Group has £0.8m of mortgage debt with RBS which was acquired with SEA.

At 30 April 2009, the Group had in place forward foreign exchange contracts to sell Euro 4.1m at a £ Sterling equivalent value of £3.5m.

These forward contracts are used by the Group to manage its risk exposure to foreign currency on trading contracts where it either or both receives and pays currency from customers and suppliers respectively.

These contracts are entered into when contracts are considered effective. The Group does not enter into speculative foreign exchange dealing.

The Group's bank covenants were all satisfied at 30 April 2009.

Goodwill and other intangible assets

The Group has recognised goodwill and other intangible assets in respect of the acquisition of MASS and SEA (see note 10). The other intangible assets are in respect of contracts acquired in each case and are to be amortised over the life of the earnings associated with the contracts acquired.

The goodwill, which is not subject to amortisation but to annual impairment testing, arises from the intangible elements of the acquired businesses for which either the value or life is not readily derived. This includes, but is not limited to, intellectual property within the acquired work force, reputation, customer relations, contacts and market synergies with existing Group members. The goodwill relating to the acquisitions of MASS and SEA has been tested for impairment as at 30 April 2009 and no impairment is to be recognised in either case.

Performance indicator	Description	2009	2008
Revenue growth	Growth in total Group revenue compared to the prior year	38%	66%
Adjusted profit growth	Growth in Group profit before tax, amortisation of other intangible assets, share of result of joint ventures and exceptional items.	31%	226%
Order book visibility	Order cover for next financial year as percentage of consensus market revenue forecasts for the year.	48% cover on forecast 2010 revenue of £82.3m	50% cover on forecast 2009 revenue of £74.7m
Growth in adjusted earnings per share	Annual growth in earnings per share, before amortisation of other intangible assets, share of result of joint ventures and exceptional items.	10%	51%
Operating cash conversion	Net cash generated from operations before tax as compared to the profit before tax.	116%	70%

The indicators shown above have been identified by the Directors as giving the best overall indication of the Group's long-term success. Revenue growth gives a quantified indication of the rate at which the Group's business activity is expanding. An appropriate adjusted profit growth trend confirms that additional revenue is being gained without profit margins being compromised. It also indicates that acquisitions are value enhancing. Order book visibility, based upon expected revenue during the year to come, gives the Board confidence as to the achievement of future growth forecasts. Growth in adjusted earnings per share is an absolute measure of the Board's management of the Group's return to shareholders including tax and interest. Operating cash conversion measures the ability of the Group to convert profit to cash and to enable it to use its own resources to fund further acquisitions in whole or part.

Working capital

The working capital of the Group, excluding provisions and tax liabilities, has risen from £8.0m net assets to £8.6m net assets, an increase of £0.6m (8%), despite a rise in revenue of 38%.

The year-end days debtors in sales have fallen from 65 days in 2008 to 52 days in 2009. This calculation is based upon dividing the revenue by month, working backwards from April into the trade debtors balance (excluding unbilled income and work in progress) at the year-end, a more appropriate measure as it takes into account the heavy weighting of the Group's revenue in the last quarter of each year.

The Group has a working capital facility of £2.5m with RBS which was not utilised during the year. The Group had cash at 30 April 2009 of £7.5m, (2008: £6.1m). Advance receipts on contracts at the year end were £2.5m (2008: £2.2m).

Simon Walther
Finance Director

MASS exceeded £20m turnover for the first time and, with trading profit of £2.8m, achieved its best ever profit performance.



Andrew Thomis Managing Director MASS
to 30 April 2009



Ashley Lane Managing Director MASS
from 1 May 2009

MASS Consultants Limited celebrated its 25th anniversary in 2008 and, fittingly, had another highly successful year. The Company exceeded £20m turnover for the first time and, with trading profit of £2.8m, achieved its best ever profit performance. All three of MASS's divisions (Systems Development, Managed Services and Export Electronic Warfare (EW) Operational Support) performed well. Notably the Systems Development division won and delivered work from a number of new customers, significantly exceeding its turnover and profit targets in the process.

A highlight of the year was MASS's agreement with Saab Avionics, signed at the 2008 Farnborough Air Show, building on a previously signed teaming agreement. It commits the two companies to work together to create a new product, integrating MASS's Thurbon EW database with Saab's BOSS mission data generation software. Saab has funded MASS to carry out the integration work which has proceeded well, with the first demonstrations provided to potential customers at the EW 2009 Conference in London.

The teaming agreement brought its first tangible benefits this year when MASS won a significant new contract to provide training to the Royal Thai Air Force as part of the Swedish government's supply of Gripen combat aircraft to Thailand.

It was announced in April 2009 that a consortium led by May Gurney plc, including MASS as the information technology provider, had been selected as the preferred bidder for the North Lincolnshire Building Schools for the Future (BSF) programme. BSF is a new market for MASS, although it will make use of the Company's well-established secure IT strengths. We will be working hard to ensure North Lincolnshire is successful and to build on this success with other BSF programmes.

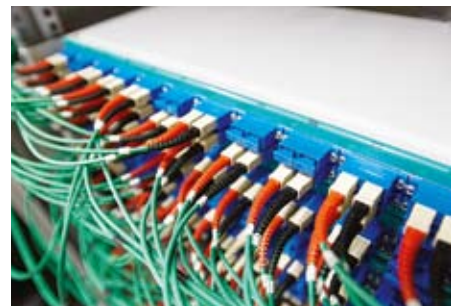


- ⇒ 15% growth in revenue
- ⇒ Net trading return on revenue of £2.8m (13.7%)
- ⇒ Teaming agreement with Saab on EW signed
- ⇒ Further overseas work secured
- ⇒ Selected as preferred bidder of information technology for a BSF programme

Looking forward, the United Kingdom Ministry of Defence has approved the initial stages of a programme to replace its Defence EW Database and make other improvements to its Defence EW Centre (DEWC). MASS's experience of providing long-term support to the DEWC and the technology we have developed for Thurbon position us well.

MASS and Logica have combined to form Team Excalibur to bid for this important opportunity.

This and other major opportunities make 2009/10 an important year for MASS under its new Managing Director, Ashley Lane. We continue to see the potential for significant growth in all three divisions.



2009 has been another excellent year for SCS. We have continued to grow strongly, with revenue for the year at £31.1m up 19% on 2008 and operating profit up 43% on 2008 at £3.3m.



Rick Bounsall Managing Director SCS

2009 has been another excellent year for SCS. The Company has continued to identify and meet the demands of the United Kingdom MOD, while seeking out and winning business in new markets within the United Kingdom and abroad. We have continued to grow strongly, with revenue for the year at £31.1m up 19% on 2008 and operating profit up 43% on 2008 at £3.3m. The increase in revenue and trading profit is a result of the investments in the last two years now bearing fruit, combined with greater operating efficiency.

Notable contract awards during the year included:

- a series of overseas training and simulation wins;
- winning the re-competition to provide the United Kingdom Land Command Brigade Mission Rehearsal exercises;
- technical and procurement support to the Police National CBRN Centre;

- a framework agreement with the Department for Innovation, Universities and Skills for “future horizon scanning”; and
- renewals extending Resilience & Crisis Management support to high-profile FMCG clients.

SCS has continued to respond effectively to the MOD’s need for support during operations. This now includes the provision of bespoke services as Contractors on Deployed Operations (CONDO), mission rehearsal and joint training. We continue to provide a wide range of interim managers with specialist skills and deep military domain knowledge, now as a preferred partner to Capita.

We have responded successfully to strong demand for logistics expertise and achieved significant revenue growth in this area. Our assessment of further significant growth potential has led to SCS forming a discrete Logistics division under the leadership of David Gagen. The division will provide



- ⇒ Growth in revenue 19%
- ⇒ Growth in trading profit; net return on revenue of 10.7%
- ⇒ Strong performance in new overseas markets
- ⇒ Successful delivery of our training services
- ⇒ Police, security and resilience businesses now flourishing
- ⇒ Formation of a new Logistics division

services in support engineering, supply chain and logistic information systems. Other important internal developments include the appointment of Jim Campbell as Technical Director and Peter Waring in the new role of Director of Corporate Services.

We have broadened our offering to NATO and the European Union and are seeing significant interest in our services and support from other nations seeking to outsource and modernise all aspects of their defence activities. Outside defence the Company has established key initial contracts in new markets including police, security and resilience and these areas look set for a healthy future.

The outlook for SCS remains positive as we continue to add real value for our defence, security and wider commercial sector clients both in the United Kingdom and overseas.



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SEA has enjoyed a good year of growth with revenue of £26.9m, 18% ahead of the equivalent period for last year. We have continued to make excellent progress in developing our market position across all our sectors of defence, aerospace, offshore and transport.



Paul Phillips Managing Director SEA

SEA has enjoyed a good year of growth with revenue of £26.9m, 18% ahead of the equivalent period for last year. We have continued to make excellent progress in developing our market position across all our sectors of defence, aerospace, offshore and transport.

Our progress in defence was marked by some significant achievements and developments, in particular, we have expanded our electronic warfare activities into the surface ship domain via the DART programme (advanced Radar ESM), built a strong offering for submarine communications aimed at the ASTUTE and successor programmes, secured a submarine support programme for potentially a period of up to ten years and expanded our delivery of rotorcraft vibration monitoring equipment. In the land domain we have delivered applied research into the dismantled close combat arena with some promising potential for delivering our own technology into this programme further downstream. During the year SEA secured a significant contract for a software-based simulation framework to improve the effectiveness of land-based simulation and training.

SEA's aerospace activities increased significantly over the previous year. We achieved excellent progress on the design of the Broad Band Radiometer instrument destined for ESA's EarthCare mission. The flight system for the 4K cooler drive electronics was delivered and integrated into the Planck spacecraft which was launched in May 2009. Key technology activities included winning the development of the flagship RF wireless development contract for the European Space Agency. This programme will demonstrate high-integrity wireless technology and applications for space and ground testing with prospects for spin-off applications. The selection of the SiREUS MEMS Rate Sensors for the European Sentinel 3 Mission was a major milestone and marks the successful transition by SEA from innovative technology into a mainstream space product.

Our transport business has continued to expand its business into Network Rail, centred on the development of database driven software applications. During the year, SEA successfully launched its ROADflow digital traffic enforcement system and made its first sales to local authority customers. The ROADflow



- ⇒ 18% growth in revenue
- ⇒ Net trading return on revenue of £3.1m (11.6%)
- ⇒ Key radar programme for surface ships
- ⇒ Further research framework agreements won in year
- ⇒ Very good progress in space sector

Merlin helicopter and soldiers.
Copyright of the MOD

system is vehicle mounted and designed to automatically capture evidence data for vehicles transgressing into parking and driving restricted areas including bus lanes and yellow boxes. Further, static and mobile, product variants are being developed to support further sales opportunities in both the United Kingdom and overseas.

Our offshore business has made further sales of our *SWATHplus* shallow water seabed mapping sonar and we have developed new variants for UUV and Jet Ski vehicles. We have developed a deepwater towed body sonar for the United Kingdom's National Oceanographic Centre and designed and manufactured acoustically operated underwater positioning systems to improve subsea survey and operations.

Overall the Company has a number of promising service and product offerings and anticipates growth over the coming year.



Board of Directors and Executive Management



01 Nick Prest CBE,*+ Chairman

Nick Prest became Chairman of Cohort on flotation in March 2006. After graduating from Oxford in 1974 Nick joined the MOD. In 1982 Nick moved to Alvis, the defence contractor, undertaking a variety of roles before becoming Chief Executive in 1989 and Chairman and Chief Executive in 1996. Nick left Alvis following its acquisition by BAE Systems in 2004, by which time the company had become a leading international business in military land systems. In addition to his position at Alvis, Nick had a prominent role in defence industry representation, serving as Chairman of the Defence Manufacturers' Association and Vice-Chairman of the National Defence Industries Council. In addition to being Chairman of Cohort, Nick is also Chairman of Aveva Group plc, a FTSE 250 software company, and of Shephard Group, a privately owned media company specialising in defence and aerospace.

02 Stanley Carter,*+ Co-Chairman (Chief Executive until 24 May 2009)

Stanley Carter took early retirement as a Regular Army Lieutenant Colonel in the Royal Artillery to found Systems Consultants Services Limited (SCS) in 1992. During his military service he held a wide range of operational posts and staff officer appointments in the MOD, including the central staff, procurement, government research establishments and had significant interaction with industry. He also represented the United Kingdom on NATO technical committees. He has degrees in Technology and Behavioural Science from Loughborough and the Open University respectively and an MSc in Information Systems from the Royal Military College of Science. Stanley won a personal award from the MOD Committee of Awards to Inventors for a lightweight missile launcher which is still in-service. Having been Managing Director of SCS for 14 years, Stanley became Chief Executive of Cohort on its formation in 2006 and recently became Non-executive Co-Chairman of the Group.

03 Andrew Thomis,* Chief Executive (Managing Director of MASS until 30 April 2009)

Andrew Thomis graduated from Imperial College, London in 1987 with an M.Eng in Electronic Engineering and Management Science. He spent nine years in the MOD as a fast-stream civil servant, carrying out roles including technology research, scientific policy advice and a spell as a private secretary to the defence procurement minister. He left in 1996 and, following a period with Capita plc's management consultancy arm, he joined Alvis in a role covering strategy, M&A and business development. Andrew left Alvis in 2005, following the takeover by BAE Systems and worked with Nick Prest and Stanley Carter on the creation of Cohort plc, acting as Finance Director during the flotation and subsequently Corporate Development Director. Following two years as Managing Director of MASS Consultants Limited, a group member company, he returned to Cohort as Chief Executive in May 2009.

04 Simon Walther,* Finance Director and Company Secretary

After graduating with a BSc from London, Simon Walther went on to qualify as a chartered accountant with Touche Ross in 1992. Simon moved to the Peninsular and Oriental Steam Navigation Company (P&O) in 1993 where he was appointed a Chief Accountant for P&O European Ferries in 1995. In 1997 he was appointed Group Financial Controller at Alvis. He joined Cohort as Finance Director in May 2006, having considerable industry relevant experience with Alvis and BAE Systems.

05 Sir Robert Walmsley KCB,*+ Independent Non-executive Director

Sir Robert Walmsley served in the Royal Navy where his final appointment was as Controller of the Navy and member of the Navy Board as a Vice Admiral. He was knighted in 1995. After retiring from the Navy, he was appointed as Chief of Defence Procurement, occupying that position from 1996 until 2003. He served on the British Energy Board from 2003 until 2009. He continues on the Board of the General Dynamics Corporation and Ultra Electronic Holdings as well as being a Senior Adviser at Morgan Stanley International and Chairman of the Major Projects Association.

06 Rick Bounsall Managing Director of SCS

Rick Bounsall has been Managing Director of SCS for two years. He is a Chartered Engineer and Fellow of the Institution of Engineering and Technology. He reached the rank of Brigadier in the British Army, commanding at Regimental level and deployed on several operations. His Service included two years with the United States Army and a tour as an instructor at the Army Command and Staff College. He later specialised in Defence Acquisition, holding appointments as Director Equipment Capability in the MOD and leading teams in the Defence Equipment and Support organisation including responsibility for Bowman, Typhoon, Amphibious Shipping, Strategic Lift, Unmanned Air Vehicles, Air-to-Air and Air-to-Ground missiles and command control and information infrastructure. Rick left the Army early in order to take up a second career and assumed the appointment of Managing Director of SCS in May 2007.

07 Paul Phillips Managing Director of SEA

Paul Phillips graduated in Mathematics from Herriot-Watt in 1978. Paul initially began work on sonar development programmes at Plessey Naval Systems before joining SEA in 1989. During his time with SEA, Paul has held a range of management and director positions across Defence and Space as well as undertaking the Technical Director role for a period. Paul has been a Director of SEA since 1993, lastly in the role of leading the Company's defence offering prior to stepping up to the Managing Director role in November 2008.

08 Ashley Lane Managing Director of MASS from 1 May 2009

Ashley Lane graduated from Surrey University with a Masters Degree (Distinction) in Electronic and Electrical Engineering in 1991. On graduation he joined Thorn EMI Electronics as a Systems Engineer working on countermeasures and electronic surveillance systems. He spent four years in technology development and licensing, building the successful wireless technology company UbiNetics. Ashley has held key technical roles on a number of electronics, real-time signal processing, data fusion, and analysis systems. He has held positions as Business Manager, Consultancy Division Head, Programme and Project Manager and, for five years has been Systems Development and Technical Director for MASS Consultants Limited, responsible for overseeing all technical projects across the Company's operations. Ashley was appointed as Managing Director of MASS in May 2009.

* Member of the Cohort plc Board

+ Member of the Cohort Audit Committee and Remuneration & Appointments Committee

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Directors' Report

The Directors submit their report and the audited financial statements (pages 27 to 52) of Cohort plc for the year ended 30 April 2009. Cohort plc is a Company incorporated in and operating from England. Its registered address is, The Court House, Northfield End, Henley-on-Thames, Oxfordshire RG9 2JN.

Share capital of the Company and transactions with shareholders

During the year, the Company issued 134,526 shares in order to satisfy employee share option plans that were exercised.

Principal activities, business review and future developments

The principal activity of the Company is that of a holding company. The principal activities of the Group are described in the 'About us' section (inside front cover). The operational and financial performance of the Group as well as its risks are described in the Chairman's Statement, Chief Executive's Report, Finance Director's Review and Operational Review on pages 2 to 15. The Finance Director's review includes a review of key performance indicators. The resources, future outlook and development of the Group, including acquisition strategy is reviewed in the same statements on pages 2 to 15. The Group's approach to risk is discussed below.

Specific matters of note

On 11 July 2008, the Group settled the SEA earn-out of £4.7m, which was earned in full.

Results and dividend

The Group's performance was in line with expectations.

The profit for the year of the Group after dividends paid of £627,000 (2008: £447,000) was £4,455,000 (2008: £4,033,000). The loss for the year of the Company after dividends paid of £627,000 (2008: £447,000) was £75,000 (2008: £648,000).

The trading performance of the Group represents the trading result of the Group's 100% subsidiaries MASS, SCS and SEA less the corporate costs of the Company.

The Group's share of the losses of its joint venture undertaking, AGS have been disclosed as 'share of result of joint ventures' and the cost of withdrawing from the AGS investment has been disclosed as an exceptional item.

The Directors recommend a final dividend of 1.2 pence (2008: 1.0 pence) per 10 pence ordinary share.

Research and development

During the year ended 30 April 2009 the Group expenditure on research and development, both funded by customers and the Group's own private venture expenditure, was £7.1m (2008: £5.5m).

Approach to risk

The business risks of the Group can be summarised as follows:

External (or market) risk

The Group's external risk is in respect of the following:

i. Customers

The Group has a number of key customers, mostly in the Government sector. These customers are served either directly e.g. United Kingdom MOD (MOD) (£44.3m revenue in 2009; 56% of total Group revenue) or indirectly via other contractors; in the case of the MOD, £16.4m of Group revenue (21%) was via other contractors. The Group continues to be reliant on its ultimate primary customer, the MOD (77% of Group revenue in 2009; 2008: 83%) but is reducing this reliance by expanding its overseas defence offering as well as other non-defence sectors, including Space and Transport. The Group ensures it engages at all levels of the MOD and remains responsive to its primary customer's needs.

ii. Suppliers

As is typical in the Defence and Space sectors, the Group is reliant on certain key suppliers for its technical and product offerings. This risk is managed through close liaison with suppliers, good project management and having contingency plans to go to alternative suppliers or bring in-house.

The Group has no significant reliance on any one individual supplier.

iii. Partners

The Group, especially in the Defence Sector often secures business through teaming and partnering with other suppliers and this is often a requirement of securing work with the MOD in order to ensure the end customer receives the best of everything.

The Group takes an active part in these arrangements to ensure that the team (including our partners) deliver as a whole and to the individual team members.

Approach to risk continued

Internal (or financial and operational) risk

i. Revenue

The Group takes a prudent approach to revenue and credit risk, and any work done at risk is minimal, authorised at the appropriate level and reviewed on a monthly basis. The calibre of the Group's customers and the control processes in respect of revenue capture and invoicing ensures minimal bad debts. The 2009 bad debt charge was £Nil (2008: £12,000) on Group revenue of £78.6m (2008: £57.1m).

The Group also uses letters of credit and other methods of payment guarantee, including customer advances, especially in respect of overseas customers, to ensure any export debt risk is minimised. Any debt receivable in foreign currency is hedged using forward exchange contracts which are entered into when contracts are deemed effective.

Financial assets exposed to credit risk at 30 April	2009 £m	2008 £m
Trade receivables	16.1	15.6
Other receivables	8.2	5.3
Cash and bank deposits	7.5	6.1
Financial derivatives (forward foreign exchange contracts)	3.5	2.2

Cash and bank deposits are all with the Group's bank, RBS. Indebtedness to the bank (RBS) was £3.8m at 30 April 2009 (2008: £4.0m).

Of the trade receivables, £8.1m was with the MOD at 30 April 2009 (2008: £6.6m).

The financial derivatives at 30 April 2009 were all held with RBS.

ii. Treasury

The Group takes a very prudent approach to the management of its financial instruments which are described in note 20.

The Group's cash is held with at least AA rated institutions and on deposits not exceeding three months. This ensures a very low risk to capital and a reasonable balance of liquidity against interest earned on cash deposits.

During the year, the Group renewed its working capital facility with RBS for £2.5m. This facility is available to all of the Group's entities through an offset arrangement. The current facility expires in October 2009 when it is expected to be renewed on similar terms.

The Group did not utilise this facility during the year ended 30 April 2009 having an average cash balance of £3.7m, cash balances ranging from a low of zero to a high of £7.5m.

iii. Currency risk

The Group manages its exposure to currency risk by using forward foreign currency exchange contracts. The level of forward cover is determined contract by contract taking into account the net currency exposure to receipts and purchases. Forward contracts are only put in place when customer contracts are deemed effective. The Group does not enter speculative forward exchange contracts.

iv. Interest rate risk

The Group considers interest rate risk loan by loan and where appropriate the Group enters interest rate swaps to fix its interest rate exposure.

At 30 April 2009, the Group had in place one interest rate swap against a mortgage secured on its freehold property, fixing the interest rate at 7.38%. The notional cost of exiting this swap to the Group at 30 April 2009 was £68,000 (see note 20).

v. Operations

The Group's operational risk is primarily through its three subsidiaries. The subsidiary trading or business risks are similar in the case of MASS and SEA.

MASS and SEA

Primary risks are:

- i. Fixed price contracts - these are often of a long-term nature (greater than twelve months) and typically include delivery of hardware and software. These projects are managed by dedicated project management, monthly review by the subsidiary Board and regular interaction with the customer and key suppliers. Margin is prudently recognised taking account of risk and cost to complete.
- ii. Due to the nature of their niche technical skills requirement, both MASS and SEA have a fixed level of core software engineering and technical expertise. This cost base is carefully monitored at budget time and by rolling quarterly forecasts to identify any potential risk of low utilisation and thus under recovery of cost.

The risk is mitigated, in the short-term, to a certain extent by the use of a small number of sub-contractor staff. In the long-term, a programme of skills assessment and training is in place to ensure continued flexibility of the engineering resource.

Approach to risk continued

Internal (or financial and operational) risk continued

v. Operations continued**SCS**

The primary cost risk is in respect of staff utilisation. This risk is managed by retaining a minimal core staff, essential for business support, development and delivering key skills to customers. The majority of deliverable service is provided by non-core staff (associates) where cost is only incurred when the associates are on task earning revenue.

SCS has a small number of fixed price contracts which are managed by specifically tasked project management and reviewed on a monthly basis for financial performance and risk to recognised margin. The recognised margins take account of risks and costs to completion.

The Group (through all of its subsidiaries) operates a number of off site managed service contracts. These contracts are long-term in nature (typically five years at commencement) and are managed through dedicated site project managers. The contracts are fixed price in terms of revenue and cost with opportunities for additional tasks enhancing volume and return. The Group carefully manages the partnership with its customer and supplier base in all these cases to ensure the customer receives value for money and skilled Group staff providing a dedicated, flexible and responsive approach. The primary risk to these managed service contracts is termination which is mitigated by the partnering approach adopted by the Group and our close engagement with the customer to ensure customer requirements remain paramount at all times.

vi. Acquisitions

The Group's acquisition risk is mitigated as far as practicable by the acquisition process being managed at the Cohort Board level, making use of appropriate external expertise and resources as and when required.

Going concern

On the basis of current financial projections and facilities available to the Group, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

International Financial Reporting Standards (IFRS)

The Group has reported its results for the year ended 30 April 2009 in accordance with IFRS.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

United Kingdom company law requires the Directors to prepare Group and Company Financial Statements for each financial year. Under that law the Directors are required to prepare Group financial statements in accordance with IFRS as adopted by the European Union and have elected to prepare the Company financial statements in accordance with IFRS as adopted by the European Union.

The Group financial statements are required by law and IFRS adopted by the European Union to present fairly the financial position and performance of the Group; the Companies Act 2006 provides, in relation to such financial statements, that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for the maintenance and integrity of the Cohort plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors

The Directors in office during the year under review and their interests in the equity of the Company were:

	At 30 April 2009 number of 10p ordinary shares	At 30 April 2008 number of 10p ordinary shares
S Carter	10,645,718	10,645,718
N Prest	2,064,580	2,064,580
I Dale-Staples (resigned 24 June 2009)	2,063,089	2,063,089
Sir Robert Walmsley	20,035	16,670
S Walther	10,000	10,000

The Group maintains appropriate insurance cover in respect of legal actions against the Directors, as well as against material loss or claims against the Group, and reviews the adequacy of the cover regularly.

Payment policy

In respect of all of its suppliers, the Group's policy is:

- to agree the terms of payment when contracting with suppliers;
- to ensure suppliers are made aware of the terms of payment; and
- to abide by the terms of payment.

All suppliers are treated alike in terms of payment with no preference to any one supplier.

At 30 April 2009, the trade creditors of the Group represented 47 days (2008: 40 days) of purchases.

Employee involvement

The Group organises staff communications locally through its subsidiary undertakings. The media used for organised communications includes local intranets, in-house magazines, staff bulletins, presentations and copies of press releases. In addition, regular staff meetings are held and notices are published containing information about matters of interest within the Group and its subsidiaries.

Disabled people

The policy of the Group is to offer the same opportunity to disabled people as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out their required duties. Employees who become disabled will, wherever possible, be retained, rehabilitated and where necessary retrained.

Donations

During the year ended 30 April 2009 the Group made charitable donations of £3,961 (2008: £11,535), mainly in respect of military and local charities. The Group made no political donations during the year (2008: £Nil).

Post balance sheet events

On 5 June 2009, the Group settled the MASS earn-out at £280,000 including costs.

Auditor

A resolution to re-appoint Baker Tilly UK Audit LLP as auditor will be proposed at the Annual General Meeting (AGM). The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that they have taken all the steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by the Board of Directors on 3 July 2009 and signed on its behalf by:

Simon Walther
Company Secretary

Introduction

As Cohort plc is listed on AIM it is neither required to comply with the Combined Code 2006 (the Code) nor issue a statement of compliance with it. Nevertheless, the Board fully supports the principles set out in the Code and seeks to comply wherever this is appropriate, having regard to the size of the Company and the resources available to it. Details are provided below of how the Company applies the Code.

The Board

The Board of Directors comprises two Executive Directors and three Non-executive Directors, Nick Prest (Chairman), Stanley Carter (Co-Chairman from 25 May 2009) and Sir Robert Walmsley. The Chairman and the Co-Chairman have consultancy agreements with the Company (see the Remuneration & Appointments committee report on page 24) to provide services, primarily in respect of strategic business development and acquisition activity. This agreement allows for a minimum of 20 days' service in any one year. Nick Prest and Stanley Carter are not considered independent.

The Board has determined Sir Robert Walmsley to be independent and he is designated the Senior Independent Director.

The Board meets most months and receives a Board pack comprising individual reports from each of the Executive Directors and the subsidiary Managing Directors together with any other material deemed necessary for the Board to discharge its duties. It is the Board's responsibility to formulate, review and approve the Group's strategy, budgets, major items of expenditure and acquisitions.

All Directors retire by rotation and are subject to election by shareholders at intervals of no more than three years.

Board committees

The Board has established two committees: Audit, and Remuneration & Appointments, each having written terms of delegated responsibilities.

Audit committee

The Audit committee comprises the Non-executive Directors and is scheduled to meet at least twice a year. It is the Audit committee's role to provide formal and transparent arrangements for considering how to apply the financial reporting and internal control requirements of the Code, whilst maintaining an appropriate relationship with the independent auditor of the Group. In order to comply with the requirement of the Code that at least one member has relevant financial experience, the Chairman of the Board sits on the Audit committee.

The independent auditor liaises with the Audit committee regarding work to be undertaken and complies with the Ethical Standards for Auditors issued by the Auditing Practice Board. Each year, prior to commencing its audit work, the independent auditor confirms in writing the nature of its non-audit work on behalf of the Group and the safeguards in place to ensure its independence and objectivity.

Remuneration & Appointments committee

The Remuneration & Appointments committee comprises the Non-executive Directors and is scheduled to meet at least once a year. It is the Remuneration & Appointments committee's role to establish a formal and transparent policy on Executive remuneration and to set remuneration packages for individual Directors.

Sir Robert Walmsley is Chairman of both the Audit and Remuneration & Appointments committees.

The attendance of the Directors at Board and committee meetings for the year ended 30 April 2009 was as follows:

	Board	Audit	Remuneration & Appointments
N Prest (Chairman)	9/9	4/4	3/3
Sir Robert Walmsley (Non-executive Director)	9/9	4/4	3/3
S Carter (Chief Executive to 24 May 2009 and Co-Chairman from 25 May 2009)	9/9	—	—
S Walther (Finance Director and Company Secretary)	9/9	—	—
I Dale-Staples (Director) (resigned 24 June 2009)	9/9	—	—

The Board has not established a Nominations committee. This is not considered necessary due to the small size of the Cohort Board. The role of the Nominations committee is undertaken by the Remuneration & Appointments committee and the Chief Executive.

Management of the Group and its subsidiary undertakings

The management of the Group and subsidiary undertakings is as follows:

Group management

- Cohort plc Board meeting at least eight times per year.
- Group Executive committee meeting at least four times per year, comprising Cohort plc Executive Directors and subsidiary Managing Directors.

Subsidiary management

- Monthly executive management meetings involving subsidiary Board and senior management.

Cohort Executive Directors have the right to attend all subsidiary executive management meetings.

Shareholder relations

The Company meets with its institutional shareholders and analysts as appropriate and will use the AGM to encourage communication with private shareholders. In addition, the Company uses the Annual Report and Accounts, interim statement and website (www.cohortplc.com) to provide further information to shareholders.

Internal control and risk management

The Board is responsible for the system of internal control and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate risks and can provide only reasonable and not absolute assurance against material misstatement or loss. Each year, on behalf of the Board, the Audit committee will review the effectiveness of these systems. This is achieved primarily by considering the risks potentially affecting the Group and from discussions with the external auditor.

The Group does not currently have an internal audit function due to the small size of the administrative function and the high level of Director review and authorisation of transactions.

A comprehensive budgeting process is completed once a year, reviewed and approved by the Board. In addition the Group conducts quarterly re-forecasts. The Group's results, as compared against budget and the latest quarterly forecast, are reported to the Board on a monthly basis and discussed in detail at each meeting of the Board.

Remuneration & Appointments Committee Report

Introduction

Companies quoted on AIM are not required to provide a formal remuneration report. However, in line with current best practice this report provides information to enable a greater level of understanding as to how Directors' remuneration is determined.

The Remuneration & Appointments committee of the Board is responsible for considering Directors' remuneration packages and makes its recommendations to the Board. The committee comprises the Non-executive Directors and meets at least once a year.

Remuneration policy

Remuneration packages are designed to be competitive and to reward above average performance.

Executive Directors receive salary, medical cover, pension contribution, annual bonuses and share options.

Service contracts of the Executive Directors who served in the year

Simon Walther has a service agreement with the Company which can be cancelled by either party giving six months' notice at any time or twelve months' notice in the event of a change of control arising as a result of any person or persons acquiring more than 50% of the voting rights at a general meeting of the Company. Stanley Carter had a service agreement with the Company which could be cancelled by either party giving six months' notice at any time or twelve months' notice in the event of a change of control arising as a result of any person or persons acquiring more than 50% of the voting rights at a general meeting of the Company, which ceased upon his change of role on 25 May 2009 (see below). Ian Dale-Staples had a service contract with Systems Engineering and Assessment Limited which conferred similar rights to those of the other Executive Directors of the Company.

Pensions

The Group makes contributions to the Company's stakeholder pension scheme (a defined contribution scheme) at a rate of 10.0% of the Executive Director's contribution. In the case of Ian Dale-Staples, the Group made contributions to the Systems Engineering and Assessment Limited pension scheme (a defined contribution scheme) at a rate of 5.0% of salary plus 10.0% of the Executive Directors' contribution.

Performance incentives (audited)

The Group operates a cash bonus scheme and grants share options.

A bonus of £55,320 was payable to the Executive Directors for the year ended 30 April 2009 (2008: £52,500).

For the year ending 30 April 2010, the bonus payable to the Executive Directors of Cohort plc in respect of that year will be based upon performance compared to budget and the achievement of agreed personal objectives.

Ordinary shares under option granted during the year ended 30 April 2009 and outstanding at 30 April 2009 were as follows:

	At 1 May 2008 Number	Granted Number	Exercised Number	Lapsed Number	At 30 April 2009 Number	Date of grant	Date from which option can be exercised	Exercise period Years
S Walther								
Cohort plc 2006 share option scheme under the Enterprise Management Incentive (EMI) scheme								
- Option price of £1.41 per share	42,554	—	—	—	42,554	10 Jul 2006	10 Jul 2009	7
- Option price of £1.66 per share	21,084	—	—	—	21,084	21 Aug 2007	22 Aug 2010	7
- Option price of £1.89 per share	—	13,227	—	—	13,227	11 Jul 2008	12 Jul 2011	7
Cohort plc 2006 share option scheme (unapproved)								
- Option price of £1.89 per share	—	11,111	—	—	11,111	11 Jul 2008	12 Jul 2011	7
Save as you earn (SAYE) scheme								
- Option price of £1.23 per share	7,601	—	—	—	7,601	5 May 2006	1 Jun 2009	—
	71,239	24,338	—	—	95,577			
I Dale-Staples (resigned 24 June 2009)								
Cohort plc 2006 share option scheme under the Enterprise Management Incentive (EMI) scheme								
- Option price of £1.89 per share	—	36,111	—	—	36,111	11 Jul 2008	12 Jul 2011	7
S Carter								
Cohort plc 2006 share option scheme under the Enterprise Management Incentive (EMI) scheme								
- Option price of £1.89 per share	—	40,278	—	—	40,278	11 Jul 2008	12 Jul 2011	7
Save as you earn (SAYE) Scheme								
- Option price of £1.33 per share	7,218	—	—	—	7,218	4 Feb 2008	1 Oct 2011	—
	7,218	40,278	—	—	47,496			

There are no performance conditions applying to any of the share option schemes above. The price paid for all share options in the above schemes was nil pence.

Performance incentives (audited) continued

The mid-market price of Cohort plc 10 pence ordinary shares at 30 April 2009 was 175.5 pence (30 April 2008: 188.5 pence); the lowest and highest market prices in the year were 117.5 pence and 220.0 pence respectively.

The maximum bonus payable for the year ended 30 April 2010 as a percentage of salary is as follows:

	Group performance %	Personal objectives %	Total %
A Thomis	15	5	20
S Walther	15	5	20

No bonuses are payable or share options awardable to the Non-executive Directors.

Bonus schemes for senior management of the subsidiary companies have been established for the year ending 30 April 2010, with a similar framework to that of the Cohort plc Executive Directors, with varying levels of percentage of salary, none exceeding 20%.

Non-executive Directors

Both Nick Prest and Sir Robert Walmsley were appointed in February 2006 for an initial three-year term, which can be terminated upon three months' notice being given by either party. They received an annual fee of £30,000 each. In addition, Nick Prest provides consultancy services to the Group in accordance with an agreement entered into on 27 February 2006. The agreement provides for a minimum of 20 days' consultancy in any one year at £1,500 per day.

As from 25 May 2009, Stanley Carter was appointed Non-executive Co-Chairman of Cohort plc. As from that date, Stanley Carter will receive £30,000 per annum as a Non-executive Director of Cohort plc. In addition, Stanley Carter provides consultancy services to the Group in accordance with an agreement entered into on 25 May 2009, this agreement provides for a minimum of 20 days' consultancy in any one year at £1,500 per day.

Directors' remuneration (audited)

Details of Directors' remuneration are set out below:

	Salary 2009 £	Bonus 2009 £	Benefits in kind 2009 £	Compensation for loss of office 2009 £	Emoluments 2009 £	Pension contributions 2009 £	Total 2009 £	Total 2008 £
Executive Directors								
S Carter	152,250	22,875	411	—	175,536	—	175,536	167,095
S Walther	125,000	18,750	828	—	144,578	1,679	146,257	122,502
I Dale-Staples (resigned 24 June 2009)	136,000	13,695	3,057	109,525	262,277	6,825	269,102	88,169
Non-executive Directors								
N Prest	30,000	—	—	—	30,000	—	30,000	28,500
Sir Robert Walmsley	30,000	—	—	—	30,000	—	30,000	28,500
Total	473,250	55,320	4,296	109,525	642,391	8,504	650,895	434,766

Nick Prest received £30,000 (2008: £50,000) as a consultant for the year ended 30 April 2009 in accordance with the agreement dated 27 February 2006.

The remuneration presented for Ian Dale-Staples for the year ended 2008 is for the period from 25 October 2007 to 30 April 2008, his period in office as a Director of Cohort plc. His total remuneration for the year ended 30 April 2008 was £179,700.

On 5 May 2009, Andy Thomis was appointed to the Board of Cohort plc and from 25 May 2009 became the Chief Executive. The annual remuneration of Andy Thomis was initially set at £170,000.

Independent Auditor's Report To the Members of Cohort plc

We have audited the Group and parent company financial statements (the financial statements) on pages 27 to 52. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As more fully explained in the Directors' responsibilities statement set out on page 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (United Kingdom and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent's affairs as at 30 April 2009 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The information in the Directors' Report also includes that specific information presented in the Chairman's Statement, Chief Executive's Report, Finance Director's Review and Operational Review that is cross referred from the Principal activities, business review and future developments section of the Director's Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Jonathan Ericson (Senior Statutory Auditor)

For and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor

Chartered Accountants

12 Gleneagles Court

Brighton Road

Crawley

West Sussex RH10 6AD

3 July 2009

Consolidated Income Statement For the year ended 30 April 2009

	Notes	2009 £'000	2008 £'000
Revenue	1	78,571	57,093
Cost of sales		(54,001)	(40,386)
Gross profit		24,570	16,707
Administrative expenses		(16,470)	(10,597)
Adjusted operating profit*	1	8,100	6,110
Amortisation of other intangible assets	10	(540)	(481)
Exceptional items	3	(674)	(17)
Operating profit	1	6,886	5,612
Share of result of joint ventures		(224)	(118)
Finance income	5	95	231
Finance costs	6	(303)	(156)
Profit before tax		6,454	5,569
Income tax expense	7	(1,372)	(1,089)
Profit for the year attributable to the equity shareholders of the parent	4	5,082	4,480
Earnings per share		Pence	Pence
Basic	9	12.55	12.81
Diluted	9	12.46	12.66

* Adjusted operating profit is the operating profit before exceptional items and amortisation of other intangible assets.

All profit for the year is derived from continuing operations with the exception of the share of result of joint ventures and exceptional items which are now discontinued.

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Consolidated and Company Balance Sheets

As at 30 April 2009

	Notes	Group		Company	
		2009 £'000	2008 (restated - note 10) £'000	2009 £'000	2008 £'000
Assets					
Non-current assets					
Goodwill	10	31,043	31,043	—	—
Other intangible assets	10	1,227	1,987	—	—
Property, plant and equipment	11	4,727	4,866	22	—
Investment in subsidiaries	12	—	—	42,203	42,422
Deferred tax asset	19	266	49	—	—
		37,263	37,945	42,225	42,422
Current assets					
Inventories	13	359	146	—	—
Trade and other receivables	14	24,275	20,879	2,067	2,051
Derivative financial instruments	20	178	131	—	—
Cash and cash equivalents		7,511	6,081	6,200	—
		32,323	27,237	8,267	2,051
Total assets		69,586	65,182	50,492	44,473
Liabilities					
Current liabilities					
Trade and other payables	15	(16,164)	(13,133)	(619)	(256)
Current tax liabilities		(1,507)	(619)	—	—
Other loans	16	(32)	(41)	—	—
Derivative financial instruments	20	(68)	—	—	—
Bank borrowings	17	(3,167)	(3,123)	(16,199)	(5,740)
Provisions	18	(1,528)	(5,783)	(280)	(5,005)
		(22,466)	(22,699)	(17,098)	(11,001)
Non-current liabilities					
Other loans	16	—	(32)	—	—
Bank borrowings	17	(615)	(792)	—	—
Deferred tax liability	19	(920)	(649)	—	—
Provisions	18	—	(167)	—	(167)
		(1,535)	(1,640)	—	(167)
Total liabilities		(24,001)	(24,339)	(17,098)	(11,168)
Net assets		45,585	40,843	33,394	33,305
Equity					
Share capital	21	4,059	4,046	4,059	4,046
Share premium account	22	29,297	29,158	29,297	29,158
Hedge reserve	20	(49)	—	—	—
Share option reserve	22	266	200	17	21
Retained earnings	22	12,012	7,439	21	80
Total equity attributable to the equity shareholders of the parent		45,585	40,843	33,394	33,305

The financial statements on pages 27 to 52 were approved by the Board of Directors and authorised for issue on 3 July 2009 and are signed on its behalf by:

Andrew Thomis
Chief Executive

Simon Walther
Finance Director

Consolidated and Company Statements of Changes in Equity For the year ended 30 April 2009

	Notes	Group		Company	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
At 1 May		40,843	20,579	33,305	17,840
Profit/(loss) for the year attributable to equity shareholders of the parent		5,082	4,480	552	(201)
Equity dividends paid	8	(627)	(447)	(627)	(447)
Total recognised income and expense		4,455	4,033	(75)	(648)
Issue of new 10p ordinary shares		—	16,433	—	16,433
Costs of new share issue		—	(361)	—	(361)
Cash flow hedges - losses taken to equity (net of tax)	20	(49)	—	—	—
Exercise of share options		152	30	152	30
Share-based payments	26	184	129	12	11
At 30 April		45,585	40,843	33,394	33,305

See note 22 for the nature and purpose of the constituent elements of the Group and Company equity balances.

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Consolidated and Company Cash Flow Statements

For the year ended 30 April 2009

	Notes	Group		Company	
		2009 £'000	2008 £'000	2009 £'000	2008 £'000
Net cash generated from/(absorbed by) operating activities	23	7,271	3,235	(166)	(1,544)
Cash flow from investing activities					
Interest received		95	231	78	189
Proceeds on disposals of property, plant and equipment		6	—	—	—
Purchases of property, plant and equipment		(432)	(525)	(23)	—
Acquisition of subsidiaries, net of cash acquired		(4,673)	(11,473)	(4,673)	(12,677)
Net cash used in investing activities		(5,004)	(11,767)	(4,618)	(12,488)
Cash flow from financing activities					
Dividends paid		(627)	(447)	(627)	(447)
Dividends received		—	—	1,000	500
Repayment of borrowings		(174)	(94)	—	—
Proceeds on issue of shares		152	7,139	152	7,139
New bank loans raised		—	3,000	—	3,000
Net cash (used in)/generated from financing activities		(649)	9,598	525	10,192
Net increase/(decrease) in cash and cash equivalents		1,618	1,066	(4,259)	(3,840)
Group funds reconciliation					
		At 1 May 2008 £'000	Cash flow £'000	Exchange £'000	At 30 April 2009 £'000
Cash and bank		6,081	(4,582)	(188)	1,311
Short-term deposits		—	6,200	—	6,200
Total cash and cash equivalents		6,081	1,618	(188)	7,511
Other loans		(73)	41	—	(32)
Bank loan		(3,915)	133	—	(3,782)
Total debt		(3,988)	174	—	(3,814)
Net funds		2,093	1,792	(188)	3,697

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair value.

Notes to the Financial Statements

For the year ended 30 April 2009

1. Segmental analysis

For management and reporting purposes, the Group currently operates through its three subsidiaries, MASS, SCS and SEA. These subsidiaries are the basis on which the Company reports its primary segment information.

The principal activities of the subsidiaries are described on the inside front cover 'About us' and in the Operational review (pages 10 to 15).

Segment information about these subsidiaries is presented below:

2009	MASS £'000	SCS £'000	SEA £'000	Eliminations £'000	Group £'000
Revenue					
External revenue	20,622	31,045	26,904	—	78,571
Inter-segment revenue	5	114	—	(119)	—
	20,627	31,159	26,904	(119)	78,571
Net profit					
Unallocated corporate expenses	2,832	3,343	3,124	—	9,299
					(1,199)
Adjusted operating profit	2,832	3,343	3,124	—	8,100
Amortisation of other intangible assets					(540)
Exceptional items	—	—	—	—	(674)
Operating profit	2,832	3,343	3,124	—	6,886
Share of result of joint ventures					(224)
Finance cost (net of income)					(208)
Profit before tax					6,454
Income tax expense					(1,372)
Profit after tax					5,082

All are United Kingdom operations and all are continuing with the exception of the discontinued share of result of joint ventures and the exceptional items, which are both in respect of AGS.

Inter-segment sales are charged at arm's length rates.

Unallocated corporate expenses are the costs of the Cohort head office.

Other information	MASS £'000	SCS £'000	SEA £'000	Central £'000	Group £'000
Capital additions	22	52	335	23	432
Depreciation	64	133	365	1	563
Balance sheet					Eliminations
Assets					
Segment assets	4,480	9,854	15,930	(262)	30,002
Unallocated corporate assets					39,584
Consolidated total assets					69,586
Liabilities					
Segment liabilities	(5,282)	(7,014)	(8,910)	2,142	(19,064)
Unallocated corporate liabilities					(4,937)
Consolidated total liabilities					(24,001)

Unallocated corporate assets primarily comprise goodwill, other intangible assets and cash.

Unallocated corporate liabilities primarily comprise loans and deferred tax liabilities.

Notes to the Financial Statements continued

For the year ended 30 April 2009

1. Segmental analysis continued

2008	MASS £'000	SCS £'000	SEA £'000	Eliminations £'000	Group £'000
Revenue					
External revenue	17,998	26,087	13,008	—	57,093
Inter-segment revenue	34	18	—	(52)	—
	18,032	26,105	13,008	(52)	57,093
Net profit	2,271	2,343	2,249	—	6,863
Unallocated corporate expenses					(753)
Adjusted operating profit	2,271	2,343	2,249	—	6,110
Amortisation of other intangible assets					(481)
Exceptional items	—	—	(17)	—	(17)
Operating profit	2,271	2,343	2,232	—	5,612
Share of result of joint ventures					(118)
Finance income (net of costs)					75
Profit before tax					5,569
Income tax expense					(1,089)
Profit after tax					4,480

All are United Kingdom operations and all are continuing.

Inter-segment sales are charged at arm's length rates.

Unallocated corporate expenses are the costs of the Cohort head office.

SEA revenue and net profit are for the six months ended 30 April 2008 following its acquisition on 31 October 2007.

Other information	MASS £'000	SCS £'000	SEA £'000	Central £'000	Group £'000
Capital additions	16	193	316	—	525
Depreciation	90	92	281	—	463
Balance sheet				Eliminations	
Assets					
Segment assets	4,499	10,020	12,566	(148)	26,937
Unallocated corporate assets					38,245
Consolidated total assets					65,182
Liabilities					
Segment liabilities	(4,002)	(7,480)	(7,111)	2,035	(16,558)
Unallocated corporate liabilities					(7,781)
Consolidated total liabilities					(24,339)

Unallocated corporate assets primarily comprise goodwill, other intangible assets and cash.

Unallocated corporate liabilities primarily comprise loans and provisions in respect of earn outs for SEA and MASS.

Geographical segments

The Group's subsidiaries are all located in the United Kingdom. The following table provides an analysis of the Group's revenue by geographical location of the customer:

	2009 £'000	2008 £'000
United Kingdom	69,131	53,100
Other EC countries	4,348	509
Asia Pacific	4,881	3,484
USA	211	—
	78,571	57,093

All the Group's assets, tangible and intangible, are located in the United Kingdom.

Market segments

The following table provides an analysis of the Group's revenue by market sector:

	2009 £'000	2008 £'000
Defence	66,735	51,752
Transport	4,558	1,677
Space	4,219	1,218
Other commercial (including off-shore)	3,059	2,446
	78,571	57,093

2. Employee benefit expense (including Directors)

	2009 £'000	2008 £'000
Wages and salaries	28,901	20,764
Social security costs	3,271	2,303
Defined contribution pension plan costs	1,326	848
Share-based payments	184	129
	33,682	24,044

Average number of employees (including Directors)

	2009 Number	2008 Number
Other operational	487	349
Managed services	49	45
Total operational	536	394
Administration and support	109	74
	645	468

The above disclosures include Directors. Directors' emoluments and share option details are disclosed separately in the Remuneration & Appointments committee report on pages 24 and 25.

3. Exceptional items

	2009 £'000	2008 £'000
Charge in respect of withdrawing from the Group's joint venture interest in AGS	(674)	—
Loss on the sale of property, plant and equipment	—	(17)
	(674)	(17)

All exceptional items are in respect of continuing operations with the exception of AGS, which is now discontinued.

4. Profit for the year

The profit for the year has been arrived at after charging/(crediting):

	Notes	2009 £'000	2008 £'000
Net foreign exchange losses/(gains)		57	(131)
Research and development costs		7,078	5,495
Depreciation	11	563	463
Amortisation of other intangible assets	10	540	481
Cost of inventories recognised as expenses		16,693	10,926
Employee benefit expenses (excluding share-based payments)	2	33,498	23,915
Share-based payments	26	184	129

All of the above charges/(credits) are in respect of continuing operations.

Auditor's remuneration

The analysis of the auditor's (Baker Tilly UK Audit LLP) remuneration is as follows:

	2009 £'000	2008 £'000
Fees payable to the Company's auditor for the audit of the Company's and consolidated accounts	17	15
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	60	60
Total audit fees	77	75
Tax services	14	17
Other services pursuant to legislation	6	7
Corporate finance services	—	102
Total non-audit fees	20	126
Total fees paid to the auditor and its associates	97	201
Charged to profit for the year	97	99
Charged to goodwill on acquisition of SEA in relation to corporate finance activity	—	102
	97	201

Fees payable to Baker Tilly UK Audit LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis only.

Notes to the Financial Statements continued

For the year ended 30 April 2009

5. Finance income

	2009 £'000	2008 £'000
Interest on bank deposits	83	231
Other interest receivable	12	—
	95	231

All finance income is in respect of continuing operations.

6. Finance costs

	2009 £'000	2008 £'000
Interest on loans wholly repayable in more than five years	28	22
Bank and short-term interest	275	134
	303	156

All finance costs are in respect of continuing operations.

7. Income tax expense

	2009 £'000	2008 £'000
Current tax: in respect of this year	1,299	710
Current tax: in respect of prior periods	—	—
Deferred tax (see note 19)	73	379
	1,372	1,089

The corporation tax is calculated at 28% (2008: 29.8%) of the estimated assessable profit for the year, as disclosed below. The tax rate for 2008 is a weighted average of 30% for eleven months and 28% for one month.

The tax charge for the year is reconciled to the profit before tax per the income statement as follows:

Group	2009 £'000	2009 %	2008 £'000	2008 %
Profit before tax	6,454		5,569	
Tax at United Kingdom corporation tax rate of 28.0% (2008: 29.8%)	1,807	28.0	1,661	29.8
Tax effect of expenses not allowable for tax purposes	45		14	
Tax effect of depreciation in excess of capital allowances	26		25	
Tax effect of research and development credits	(1,168)		(509)	
Tax effect of brought forward losses on current tax	—		(538)	
Tax effect of amortisation of other intangible assets	151		143	
Tax effect of share-based payments	52		38	
Tax effect of share options exercised	(19)		—	
Tax effect of other short-term timing differences	153		(134)	
Tax effect of disallowed share of joint venture undertakings	63		35	
Tax effect of disallowed exceptional items	189		—	
Tax effect of allowable losses for joint ventures	—		(25)	
Tax effect of deferred tax movement	73		379	
Income tax expense and effective tax rate for the year	1,372	21.3	1,089	19.6

The tax charge is all in respect of continuing operations.

In addition to the amount charged to the income statement for the year ended 30 April 2008, deferred tax relating to the revaluation of the Group's land and buildings amounting to £0.7m was charged directly to goodwill on the acquisition of SEA.

8. Dividends

	2009 £'000	2008 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend in respect of the year ended 30 April 2008 at 1.00p per ordinary share (2007: 0.90p per ordinary share)	405	265
Interim dividend in respect of the year ended 30 April 2009 at 0.55p per ordinary share (2008: 0.45p per ordinary share)	222	182
	627	447
Proposed final dividend for the year ended 30 April 2009 at 1.20p per ordinary share (2008: 1.00p per ordinary share)	487	405

The proposed final dividend is subject to approval by shareholders at the AGM to be held on 27 August 2009 and has not been included as a liability in these financial statements.

If approved, this dividend will be paid on 2 September 2009 to shareholders on the register as at 7 August 2009.

9. Earnings per share

The earnings per share are calculated as follows:

	2009			2008		
	Weighted average number of shares Number	Earnings £'000	Earnings per share Pence	Weighted average number of shares Number	Earnings £'000	Earnings per share Pence
Basic earnings (net profit attributable to equity holders of Cohort plc)	40,491,561	5,082	12.55	34,960,426	4,480	12.81
Share options	294,780	—	—	423,731	—	—
Diluted earnings	40,786,341	5,082	12.46	35,384,157	4,480	12.66

The basic earnings per share are calculated by dividing the profit attributable to equity holders of the parent company (Cohort plc) by the weighted average number of ordinary shares in issue during the year. The diluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of shares in issue during the year as adjusted for the effects of potentially dilutive share options.

In addition, the adjusted earnings per share of the Group are calculated in a similar manner to the basic earnings per share with the adjustments to the basic earnings as shown below:

	Note	2009			2008		
		Weighted average number of shares Number	Earnings £'000	Earnings per share Pence	Weighted average number of shares Number	Earnings £'000	Earnings per share Pence
Basic earnings		40,491,561	5,082	12.55	34,960,426	4,480	12.81
Exceptional items (net of income tax)	3	—	674	—	—	17	—
Amortisation of other intangible assets	10	—	540	—	—	481	—
Share of result of joint ventures (net of income tax)		—	224	—	—	118	—
Adjusted earnings		40,491,561	6,520	16.10	34,960,426	5,096	14.58
Share options		294,780	—	—	423,731	—	—
Diluted adjusted earnings		40,786,341	6,520	15.98	35,384,157	5,096	14.40

The adjusted earnings are in respect of continuing operations. The share of result of joint ventures and the exceptional items (for 2009) are in respect of discontinued operations.

10. Goodwill and other intangible assets

	Goodwill			Other intangible assets		
	SEA £'000	MASS £'000	Group £'000	SEA £'000	MASS £'000	Group £'000
Cost						
At 1 May 2007	—	12,162	12,162	—	1,560	1,560
Recognised on acquisition of a subsidiary	18,492	—	18,492	1,160	—	1,160
Adjustment to goodwill of previously acquired subsidiaries	403	(14)	389	—	—	—
At 1 May 2008 (restated)	18,895	12,148	31,043	1,160	1,560	2,720
Adjustment to other intangible assets of previously acquired subsidiaries	—	—	—	—	(220)	(220)
At 30 April 2009	18,895	12,148	31,043	1,160	1,340	2,500
Amortisation						
At 1 May 2007	—	—	—	—	252	252
Charge for the year ended 30 April 2008	—	—	—	145	336	481
At 1 May 2008	—	—	—	145	588	733
Charge for the year ended 30 April 2009	—	—	—	290	250	540
At 30 April 2009	—	—	—	435	838	1,273
Net book value						
At 30 April 2009	18,895	12,148	31,043	725	502	1,227
At 30 April 2008 (restated)	18,895	12,148	31,043	1,015	972	1,987
At 30 April 2007	—	12,162	12,162	—	1,308	1,308

Goodwill arises on the acquisition of subsidiaries. These subsidiaries are the cash-generating units to which goodwill has been allocated.

The goodwill recognised on acquisition of a subsidiary in the period ended 30 April 2008 relates to the acquisition of SEA. This goodwill was originally recognised on acquisition (31 October 2007) at £18,492,000 and revised during the twelve months ended 31 October 2008 by the provision of £402,000 in respect of losses associated with acquired contracts and a further £1,000 of acquisition costs in respect of the settlement of the SEA earn-out.

The adjustment to other intangible assets of previously acquired subsidiaries reflects the settlement of the MASS earn-out at £280,000 (including costs), £220,000 less than the provision (£500,000) established at the time of acquisition. The amortisation has been adjusted accordingly.

Notes to the Financial Statements continued

For the year ended 30 April 2009

10. Goodwill and other intangible assets continued

The amortisation charge described on page 35 is disclosed as 'Amortisation of other intangible assets' in the income statement.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the subsidiaries (cash generating units) are determined from value in use calculations.

The key assumptions for the value in use calculations are those regarding discount rates, growth rates and any other factors which may affect future performance as known of in the current period.

The Group's subsidiaries have prepared cash flow forecasts as part of the recent annual budgetary process, as approved by management. This provides the next three years' cash flow forecasts which have been extrapolated forward at an estimated long-term growth rate of 2.25%. To this has been applied the Group's estimated weighted average cost of capital of 11%.

On the basis of these tests, no impairment of goodwill has arisen in the year ended 30 April 2009.

The other intangible assets also arise on the acquisition of the subsidiaries and are analysed above.

These intangible assets are in respect of acquired contracts of each of MASS and SEA and contracts to be secured in respect of MASS.

The other intangible assets are amortised over the expected lives of acquired contracts and contracts to be secured, as follows:

	Other intangible assets £'000	Expected life years	Remaining period of amortisation at 30 April 2009 Years
MASS:			
Contracts acquired	1,060	4	1.25
Contracts to be secured	280	7	4.25
	1,340		
SEA:			
Contracts acquired	1,160	4	2.50

The contracts to be secured were in respect of certain overseas opportunities for which further consideration was payable if secured in accordance with the terms of the acquisition of MASS. This figure was reduced from the estimate of £500,000 at the date of acquisition to £280,000 following settlement of the MASS earn-out on 5 June 2009.

11. Property, plant and equipment

Group	Land and buildings £'000	Equipment, fixtures and fittings £'000	Total £'000
Cost			
At 1 May 2007	—	668	668
Acquired	4,304	2,322	6,626
Additions	3	522	525
Disposals	—	(536)	(536)
At 1 May 2008	4,307	2,976	7,283
Additions	2	430	432
Disposals	—	(142)	(142)
At 30 April 2009	4,309	3,264	7,573
Depreciation			
At 1 May 2007	—	386	386
Acquired	305	1,782	2,087
Charge in the year	41	422	463
Eliminated on disposal	—	(519)	(519)
At 1 May 2008	346	2,071	2,417
Charge in the year	82	481	563
Eliminated on disposal	—	(134)	(134)
At 30 April 2009	428	2,418	2,846
Net book value			
At 30 April 2009	3,881	846	4,727
At 30 April 2008	3,961	905	4,866
At 30 April 2007	—	282	282

The Company's property, plant and equipment were £22,000 at 30 April 2009 (2008: £Nil, 2007: £Nil).

The depreciation charge is disclosed within 'administrative expenses' in the income statement.

The land and buildings is a revalued asset on acquisition. The property, plant and equipment has been pledged to secure the Group's banking facilities.

12. Investment in subsidiaries and joint ventures

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Subsidiary undertakings	—	—	42,203	42,422
Joint ventures	—	—	—	—
	—	—	42,203	42,422

The change in investments for the year were an addition of £1,000 to the SEA investment as a result of costs associated with the settlement of the earn-out and a reduction of £220,000 in the investment in MASS after the settlement of the MASS earn-out on 5 June 2009 (see note 10).

Aggregated amounts relating to joint ventures were as follows:

	2009 £'000	2008 £'000
Current assets	28	48
Current liabilities	(1,208)	(750)
Revenue	17	203
Expenses	(495)	(439)
Loss	(478)	(236)

The net negative investment in joint ventures at 30 April 2009 of £1,039,000 (2008: £351,000) has been offset against amounts recoverable from joint ventures within trade debtors and receivables (see note 14).

A list of the significant investments in joint ventures and subsidiaries is as follows:

Name of Company	Country of registration	Type of shares	Proportion of shareholding and voting rights held	Nature of business
Directly owned:				
Systems Consultants Services Limited (SCS)	England	Ordinary	100%	Technical consultancy
MASS Limited	England	Ordinary	100%	Holding company of MASS Consultants Limited
SEA Group Limited (SEA)	England	Ordinary	100%	Holding company of Systems Engineering and Assessment Ltd, Beckington Castle Ltd and various dormant subsidiaries
Held through a subsidiary:				
MASS Consultants Limited (MASS)	England	Ordinary	100%	Electronic warfare, managed services, secure communications and IT support services
Systems Engineering & Assessment Limited	England	Ordinary	100%	Deliverer of systems engineering, software and electronic engineering services and solutions to Defence, Space, Transport and Off-shore sectors
Beckington Castle Limited	England	Ordinary	100%	Property company holding freehold of Beckington Castle
Advanced Geospatial Solutions Limited (AGS)	England	Ordinary	50%	3D mapping technology
Digital Millennium Map LLP (DMM)	England	Ordinary	25%	2D digital mapping - in administration

AGS is accounted for using the equity method of accounting and is reported overleaf. DMM is not accounted for under the equity method of accounting as the Group ceased to have an active participation from 1 November 2006. For information, the performance of DMM for the year ended 30 April 2009 was as follows:

	Year ended 30 April 2009 £'000	Cumulative to 30 April 2009 £'000
Unrecognised share of profit/(loss)	170	(308)
Revenues	687	2,376
Expenses	(8)	(3,609)
Profit/(loss)	679	(1,233)
	2009 £'000	2008 £'000
Total assets	44	60
Total liabilities	(3)	(370)

Notes to the Financial Statements continued

For the year ended 30 April 2009

12. Investment in subsidiaries and joint ventures continued

Company

The Company's investments in subsidiaries are as follows:

	2009 £'000	2008 £'000
MASS	14,328	14,548
SCS	1,584	1,584
SEA	26,291	26,290
	42,203	42,422

The increase in the SEA investment was £1,000 of costs related to the settlement of the earn-out. The reduction in the MASS investment was the settlement of the earn-out for £280,000, £220,000 below the estimated earn-out provision at the time of acquisition.

13. Inventories

	2009 £'000	2008 (restated) £'000
Finished goods	359	146

The 2008 inventory included certain elements of work in progress (£895,000) which have now been disclosed as part of amounts recoverable on contracts (see note 14).

14. Trade and other receivables

	Group		Company	
	2009 £'000	2008 (restated) £'000	2009 £'000	2008 £'000
Amounts due from subsidiary undertakings	—	—	2,028	1,906
Amounts owed by joint ventures	—	277	—	—
Trade receivables	16,082	15,587	—	118
Amounts recoverable on contracts	7,055	4,182	—	—
Prepayments and accrued income	1,138	833	39	27
	24,275	20,879	2,067	2,051

The average credit period taken on sales of goods is 52 days (2008: 65 days). Of the trade receivables balance, £3.3m was considered overdue at 30 April 2009. An allowance has been made for estimated recoverable amounts from the sale of goods and services of £Nil (2008: £8,000). This allowance is determined by management's best estimate, by referencing to the particular receivables over which doubt may exist.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair values. The largest trade receivable to which the Group is exposed at 30 April 2009 is the MOD, a balance outstanding of £8.1m (30 April 2008: £6.6m).

Trade receivables includes £1.1m denominated in foreign currency.

The 2008 trade and other receivables has been restated to include certain elements of work in progress (£895,000), previously disclosed in inventories (see note 13).

15. Trade and other payables

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Advance receipts	2,509	2,152	—	—
Trade payables	7,623	4,111	55	256
Other payables	14	8	14	—
Social security and other taxes	2,499	3,031	15	—
Accruals	3,519	3,831	535	—
	16,164	13,133	619	256

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing contract costs. Advance receipts reflect invoicing ahead of work done in accordance with contracted terms. The average credit period taken for trade purchases is 47 days (2008: 40 days).

Social security and other taxes includes employment taxes and VAT.

The Directors consider that the carrying amount of trade payables approximates to their fair values.

16. Other loans

The other loans are in respect of financing assets acquired in the past by SEA. They are not finance leases and are not secured over the asset financed or any other asset of the Group.

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Other loans	32	73	—	—

These borrowings are repayable as follows:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
On demand or within one year	32	41	—	—
In the second year	—	32	—	—
Less: amounts due for settlement within twelve months (shown under current liabilities)	(32)	(41)	—	—
Amount due for settlement after twelve months	—	32	—	—

All borrowings are in sterling.

The weighted average interest rates paid were as follows:

	2009 %	2008 %
Other loans	7.10	7.10

The Directors consider the carrying amount of other loans approximates to their fair values.

17. Bank borrowings

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Bank overdrafts	—	—	13,199	2,740
Bank loans	3,782	3,915	3,000	3,000
	3,782	3,915	16,199	5,740

These borrowings are repayable as follows:

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
On demand or within one year	3,167	3,123	16,199	5,740
In the second year	171	131	—	—
In the third to fifth years inclusive	302	335	—	—
After five years	142	326	—	—
	3,782	3,915	16,199	5,740
Less: amounts due for settlement within twelve months (shown under current liabilities)	(3,167)	(3,123)	(16,199)	(5,740)
Amount due for settlement after twelve months	615	792	—	—

All borrowings are in sterling and secured over all the fixed and floating assets of the Group.

The weighted average interest rates paid were as follows:

	2009 %	2008 %
Bank overdrafts	—	—
Bank loans	6.03	7.10

The bank overdrafts are repayable on demand. The Group operates a sterling current account offset facility and at 30 April 2009, the Group had no overall overdraft facility drawn. The interest rate applicable to the overdraft facility when drawn is at 1.75% above the Bank of England base rate.

Notes to the Financial Statements continued

For the year ended 30 April 2009

17. Bank borrowings continued

The bank loans of the Group are as follows:

- £3.0m structured debt facility of 364 days with an option to term the loan out (fix the repayment period) for up to three years during the 364 day period, at a floating rate of 1.50% to 2.25% above LIBOR, fixed in advance on one to six month terms; and
- £0.8m in mortgages repayable over 15 years with completion dates of 26 February 2012 and 8 July 2017 for £0.2m and £0.6m respectively.

The interest rates on these mortgages are floating at 1.5% above LIBOR with £612,000 fixed via an interest rate swap at 7.38%.

The weighted average period until maturity of the fixed interest loan was seven years and for the variable rate loans was one year.

At 30 April 2009, the Group had available £2.5m of undrawn committed overdraft facility and £7.0m of undrawn committed structured debt facility in respect of which all conditions precedent had been met. The Directors consider the carrying amount of bank borrowings approximate their fair value.

The Group's net funds at 30 April 2009 of £3.7m are all with RBS.

18. Provisions

Group	SEA earn-out £'000	MASS earn-out £'000	Withdrawal from AGS £'000	Warranty £'000	Other contract related provisions £'000	Total £'000
At 1 May 2007	—	500	—	60	—	560
Set up on acquisition	4,672	—	—	—	402	5,074
Charged to the income statement	—	—	—	41	275	316
At 1 May 2008 (restated)	4,672	500	—	101	677	5,950
Charged to the income statement	—	—	210	42	218	470
Adjustment to other intangible assets	—	(220)	—	—	—	(220)
Earn-out payment	(4,672)	—	—	—	—	(4,672)
At 30 April 2009	—	280	210	143	895	1,528
At 30 April 2009:						
Provisions due less than one year	—	280	210	143	895	1,528
Provisions due greater than one year	—	—	—	—	—	—
	—	280	210	143	895	1,528
At 30 April 2008 (restated):						
Provisions due less than one year	4,672	333	—	101	677	5,783
Provisions due greater than one year	—	167	—	—	—	167
	4,672	500	—	101	677	5,950

The balance at 1 May 2008 has been restated from £5,548,000 to £5,950,000 by a £402,000 increase in the set up on acquisition provision in respect of other contract related provisions acquired with SEA.

The SEA earn-out was earned in full and paid on 11 July 2008.

The MASS earn-out is in respect of the obligation of the Group to settle deferred consideration payable to the vendors of MASS on receiving certain overseas contracts as set out in the sale and purchase agreement pertaining to the acquisition. On 5 June 2009, agreement was reached to pay the vendors of MASS £280,000 (after costs) in full settlement of the earn-out. The earn-out was paid on 11 June 2009.

The charge to the income statement in respect of AGS is the estimated cost to the Group of withdrawing from this joint venture investment.

The warranty provisions are management's best estimates of the Group's liability under warranties granted on software and other products supplied and is based upon past experience. The timing of such expenditure is uncertain although warranties have a time limit of no more than twelve months, unless a longer warranty period is purchased by the customer.

The other contract related provisions are management's best estimate of the Group's exposure to contract related costs and undertakings which are in addition to contract accruals. The timing of these is uncertain but expected to be resolved within twelve months of the balance sheet date.

18. Provisions continued

Company	SEA earn-out £'000	MASS earn-out £'000	Total £'000
At 1 May 2007	—	500	500
Set up on acquisition or acquired	4,672	—	4,672
At 1 May 2008	4,672	500	5,172
Adjustment to other intangible assets	—	(220)	(220)
Earn-out payment	(4,672)	—	(4,672)
At 30 April 2009	—	280	280
At 30 April 2009:			
Provisions due less than one year	—	280	280
Provisions due greater than one year	—	—	—
	—	280	280
At 30 April 2008:			
Provisions due less than one year	4,672	333	5,005
Provisions due greater than one year	—	167	167
	4,672	500	5,172

19. Deferred tax

	Accelerated tax depreciation £'000	Other short term timing differences £'000	Revaluation of building £'000	Tax losses £'000	Derivatives £'000	Group £'000
At 1 May 2007	71	—	—	—	—	71
Charge to the income statement	(9)	—	—	(370)	—	(379)
On acquisition of subsidiary	(19)	6	(649)	370	—	(292)
At 1 May 2008	43	6	(649)	—	—	(600)
(Charge)/credit to the income statement	(283)	260	—	—	(50)	(73)
Credit to equity	—	—	—	—	19	19
At 30 April 2009	(240)	266	(649)	—	(31)	(654)

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2009 £'000	2008 £'000
Asset	266	49
Liability	(920)	(649)
	(654)	(600)

At the balance sheet date the Group had unused trading tax losses within its subsidiaries of £1.7m (2008: losses of £1.8m) available for offset against future profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future taxable profit streams arising from the level of R&D credits.

These tax losses can all be carried forward indefinitely.

The deferred tax liability in respect of the revaluation of freehold buildings arose on the acquisition of SEA and is the potential tax liability payable on the revaluation gain in respect of the building with reference to its historical cost.

The Company deferred tax balance at 30 April 2009 is £Nil (2008: £Nil).

Notes to the Financial Statements continued

For the year ended 30 April 2009

20. Derivative financial instruments

	2009 £'000	2008 £'000
Assets		
Foreign currency forward contracts	178	131
Liabilities		
Interest rate swap	(68)	—
Deferred tax on interest rate swap (see note 19)	19	—
	(49)	—

Currency derivatives

The Group utilises forward currency contracts to hedge significant future transactions and cash flows. The Group is party to a number of foreign currency forward contracts in the management of its foreign exchange rate exposure.

At the balance sheet date, the total notional amount of outstanding foreign currency forward contracts that the Group was committed to were as follows:

	2009 £'000	2008 £'000
Contracts to sell euro and buy pounds sterling	3,493	2,228

At 30 April 2009, the fair value of the Group's currency derivatives is estimated to be approximately £3,671,000 (2008: £2,359,000). These amounts are based on closing exchange rates.

£2,078,000 has been transferred to the income statement in respect of contracts that matured in the year.

£47,000 has been credited to the income statement in respect of marking the outstanding contracts at 30 April 2009 (2008: £131,000) to fair value with a corresponding adjustment to the derivative financial instrument recognised in the balance sheet as an asset of £178,000 at 30 April 2009 (2008: £131,000).

Interest rate swaps

The Group uses an interest rate swap to manage its exposure to interest rate movements on its mortgage borrowings.

A contract with nominal value of £612,000 has fixed interest payments at a rate of 7.38% for periods up until August 2016.

The fair value of the swap entered into at 30 April 2009 is estimated at £544,000 (2008: £626,000). These amounts are based on market values of equivalent instruments at 30 April 2009.

This interest rate swap is designated and effective as a cash flow hedge. The fair value (£68,000) has been recognised as a charge to equity with a corresponding credit to derivative financial instruments as recognised in the balance sheet at 30 April 2009 (2008: £Nil).

21. Called up share capital

	2009 Number	2008 Number
Authorised share capital of 10p ordinary shares	50,000,000	50,000,000
Allotted, called up and fully paid 10p ordinary shares	40,590,943	40,456,417

Movement in allotted, called up and fully paid 10 pence ordinary shares:

	Number
At 1 May 2008	40,456,417
Share options exercised	134,526
At 30 April 2009	40,590,943

The following share options were unexercised at 30 April 2009:

Description of option	Date of grant	Options over 10p ordinary shares Number	Option price £	Exercise period
Cohort plc 2006 Share option scheme	8 March 2006	225,608	1.23	9 March 2009 to 8 March 2016
	10 July 2006	42,554	1.41	10 July 2009 to 9 July 2016
	25 January 2007	38,674	1.81	25 January 2010 to 24 January 2017
	19 February 2007	229,853	1.77	20 February 2010 to 19 February 2017
	21 August 2007	126,525	1.66	22 August 2010 to 21 August 2017
	11 July 2008	563,033	1.89	12 July 2011 to 11 July 2018
		1,226,247		
Save as you earn (SAYE) scheme	5 May 2006	180,024	1.23	
	26 January 2007	170,444	1.45	
	4 February 2008	434,068	1.33	
		784,536		
		2,010,783		

22. Reserves

Group	Share premium account £'000	Share option reserve £'000	Hedge reserve £'000	Profit and loss account £'000	Total reserves £'000
At 1 May 2007	14,155	71	—	3,406	17,632
Shares issued on acquisition of SEA	15,337	—	—	—	15,337
Cost of share issue	(361)	—	—	—	(361)
Share options exercised	27	—	—	—	27
Equity dividends	—	—	—	(447)	(447)
Share-based payments	—	129	—	—	129
Profit for the year	—	—	—	4,480	4,480
At 1 May 2008	29,158	200	—	7,439	36,797
Share options exercised	139	—	—	—	139
Equity dividends	—	—	—	(627)	(627)
Cash flow hedges - losses taken to equity (net of tax)	—	—	(49)	—	(49)
Share-based payments	—	184	—	—	184
Transfer of share option reserve on vesting of options	—	(118)	—	118	—
Profit for the year	—	—	—	5,082	5,082
At 30 April 2009	29,297	266	(49)	12,012	41,526

Company	Share premium account £'000	Share option reserve £'000	Profit and loss account £'000	Total reserves £'000
At 1 May 2007	14,155	10	728	14,893
Shares issued on acquisition of SEA	15,337	—	—	15,337
Cost of share issue	(361)	—	—	(361)
Share options exercised	27	—	—	27
Equity dividends	—	—	(447)	(447)
Share-based payments	—	11	—	11
Loss for the year	—	—	(201)	(201)
At 1 May 2008	29,158	21	80	29,259
Share options exercised	139	—	—	139
Equity dividends	—	—	(627)	(627)
Share-based payments	—	12	—	12
Transfer of share option reserve on vesting of options	—	(16)	16	—
Profit for the year	—	—	552	552
At 30 April 2009	29,297	17	21	29,335

23. Net cash generated from/(absorbed by) operating activities

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Profit/(loss) for the year	5,082	4,480	552	(201)
Adjustments for:				
Share of results of joint ventures	224	118	—	—
Tax expense/(credit)	1,372	1,089	(148)	(81)
Depreciation of property, plant and equipment	563	463	1	—
Amortisation of other intangible assets	540	481	—	—
Exceptional items	674	17	—	—
Net finance cost/(income)	208	(75)	167	(71)
Share-based payment	184	129	12	11
Derivative financial instruments	(47)	(131)	—	—
Increase in provisions	612	316	—	—
Operating cash flows before movements in working capital	9,412	6,887	584	(342)
Increase in inventories	(213)	(72)	—	—
Increase in receivables	(4,084)	(7,243)	(406)	(1,318)
Increase in payables	2,867	4,326	(99)	234
	(1,430)	(2,989)	(505)	(1,084)
Cash generated from/(absorbed by) operations	7,982	3,898	79	(1,426)
Tax paid	(408)	(507)	—	—
Interest paid	(303)	(156)	(245)	(118)
Net cash generated from/(absorbed by) operating activities	7,271	3,235	(166)	(1,544)

Notes to the Financial Statements continued

For the year ended 30 April 2009

24. Commitments

There were no capital commitments at 30 April 2009 (2008: £Nil).

25. Operating lease arrangements

Group	2009 £'000	2008 £'000
Minimum lease payments under operating leases recognised as an expense in the year:		
- land and buildings	759	456
- other	151	58
	910	514

At 30 April 2009 the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2009 £'000	2008 £'000
Land and buildings:		
- leases which expire within one year	33	61
- leases which expire in the second to fifth year inclusive	796	682
- leases which expire after five years	2,995	4,112
	3,824	4,855
Other:		
- leases which expire within one year	16	93
- leases which expire in the second to fifth year inclusive	76	105
- leases which expire after five years	202	5
	294	203
	4,118	5,058

Significant leasing arrangements held by the Group are in respect of its operating facilities in St Neots, Lincoln, Bristol and Henley-on-Thames.

In respect of all the Group's operating leases (including the Company's), there is no contingent rent payable, no escalation clauses and no restrictions for further leasing or restrictions on the Group's ability to access debt or pay dividends.

None of the significant operating leases entered into by the Group have any renewal or purchase options.

Company	2009 £'000	2008 £'000
Minimum lease payments under operating leases recognised as an expense in the year:		
- land and buildings	73	61

At 30 April 2009 the Company had outstanding commitments for future minimum lease payments under non cancellable operating leases which fall due as follows:

	2009 £'000	2008 £'000
Land and buildings:		
- leases which expire within one year	23	61

26. Share-based payments

The Group plan provides for a grant price equal to the average quoted market price of the Group shares on the date of grant. The vesting period is generally three years, five years in the case of some SAYE schemes. If options under the Cohort plc 2006 Share option scheme remain unexercised after a period of ten years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

	2009		2008	
	Options	Weighted average exercise price £	Options	Weighted average exercise price £
Outstanding at 1 May	1,678,769	1.40	1,146,055	1.40
Granted during the year	575,014	1.89	587,079	1.39
Forfeited during the year	(108,474)	1.41	(29,975)	1.36
Exercised during the year	(134,526)	1.13	(24,390)	1.23
Expired during the year	—	—	—	—
Outstanding at 30 April	2,010,783	1.56	1,678,769	1.40
Exercisable at 30 April	242,660	1.26	38,889	0.90

The weighted average share price at the date of exercise for share options exercised during the year was £1.60 (2008: £1.61). The options outstanding at 30 April 2009 had a weighted average exercise price of £1.56 (2008: £1.40) and a weighted average remaining contractual life of six years (2008: five years).

In the year ended 30 April 2009, options were granted on 11 July 2008. The fair value of the options granted on that date was £1.89. In the year ended 30 April 2008, options were granted on 21 August 2007 and 4 February 2008. The aggregate of the estimated fair values of the options granted on those dates was £1.40.

The inputs into the Quoted Companies Alliance model, a Black Scholes based binominal model, are as follows:

	2009	2008
Weighted average share price	£1.82	£1.68
Weighted average exercise price	£1.56	£1.40
Expected volatility	20%	20%
Risk free rate	2.91% - 5.75%	5.44% - 5.75%
Leaver rate (per annum)	6.5%	6.5%
Dividend yield	0.26% - 0.33%	0.26%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous two years. The lever rate used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised a cost of £184,000 (2008: £129,000) relating to equity-settled share-based payment transactions, an equivalent amount being transferred to the share option reserve (see note 22).

27. Pension commitments

The Group makes contributions to defined contribution stakeholder pension schemes. The contributions for the year of £1,326,000 (2008: £848,000) were charged to the income statement. Contributions outstanding at 30 April 2009 was £195,000.

Notes to the Financial Statements continued

For the year ended 30 April 2009

28. Related party transactions

Transactions between the Company and its subsidiaries are as follows:

	Management fees received from subsidiaries £'000	Dividends received from subsidiaries £'000	Group relief surrendered to subsidiaries £'000
2009	800	1,000	148
2008	400	—	92

Transactions between the Group and its joint ventures are disclosed below:

	Purchases £'000	Sales £'000	Investment in year £'000	Changes in loans/current account/sales ledger £'000
Advanced Geospatial Solutions (AGS)				
2009	—	—	—	(67)
2008	—	—	—	277
Digital Millennium Map LLP (DMM)				
2009	—	—	(30)	(42)
2008	—	—	—	—

The change in the loans, current accounts and sales ledgers reflects purchases, sales and support costs to the related party undertakings.

The relationships are described as follows:

AGS - the interest in which is owned by SCS, a 50% joint venture.

DMM - the interest in which is owned by SCS, formerly a 25% joint venture. From 1 November 2006 this has been accounted for as an investment, the Group no longer having an active participation in this entity.

The Group has a leasing agreement (dated 27 February 2006) with the Court House Partnership to lease the Court House at an annual rent of £57,000 for an initial period of five years, terminable by the Group with six months notice at no penalty. Stanley Carter (a Director of Cohort plc) is a partner in the Court House Partnership. The transactions with Directors of the Company are disclosed in the Report of the Remuneration & Appointments committee on pages 24 and 25.

During the year ended 30 April 2009, the Directors of Cohort plc received dividends from the Company as follows:

	2009 £	2008 £
S Carter	165,009	143,717
N Prest	32,001	26,927
S Walther	155	135
Sir Robert Walmsley	277	225
I Dale-Staples (resigned 24 June 2009)	31,978	9,284
	229,420	180,288

Further details of the remuneration of the Directors are set out in the Remuneration & Appointments committee report (pages 24 to 25).

The aggregate remuneration details of the key management of the Group were as follows:

	2009 £	2008 £
Salary (including any allowances, benefits and employers NI)	1,074,792	790,016
Employers pension contribution	23,942	10,253
Long-term benefits	—	—
Termination payments or benefits	119,254	—
Share option cost	37,432	20,898
	1,255,420	821,167

The key management of the Group is the Board of Cohort plc plus the Managing Director of each subsidiary.

Accounting Policies

Basis of accounting

The Group and Company financial statements have been prepared in accordance with applicable International Financial Reporting Standards (IFRS). The financial statements have also been prepared in accordance with IFRS as adopted by the European Union. The financial statements have been prepared on the historical cost basis, except for the revaluation of land and buildings and derivative financial instruments. The principal accounting policies are set out below.

The figures in the financial statements have been presented in thousands of pounds sterling except where otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings made up to 30 April 2009. Subsidiaries acquired during the year are consolidated from the date of acquisition, using the purchase method (see Business combinations below).

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. This is necessary as the Group's subsidiaries continue to prepare statutory financial statements in accordance with UK GAAP.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results, assets and liabilities of the joint venture of the Group have been incorporated in these financial statements using the equity method of accounting.

Advanced Geospatial Solutions Limited (AGS) has been accounted for as a joint venture for the entire year.

The Company has not presented its own profit and loss account, as permitted by Section 408 of the Companies Act 2006. The profit in the income statement of the Company is disclosed in the Directors' report.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the completion date, of assets acquired, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, which is a point in time greater than twelve months after the completion date, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds or is below the cost of the business combination, the excess or shortfall is recognised immediately in the income statement.

Adjustments to the provisional value of assets and liabilities acquired in a business combination when the final values have become known within twelve months are adjusted as if the accounting had been completed at the acquisition date and the comparative information for prior periods is restated accordingly.

Any change in consideration, where previously estimated, is recognised as an adjustment to goodwill.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's subsidiaries as appropriate. Subsidiaries (cash generating units) to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the subsidiary is less than the carrying amount of the subsidiary, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the subsidiary and then to the other assets of the subsidiary pro rata on the basis of the carrying amount of each asset in the subsidiary. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable for the provision of goods and services, excluding discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Revenue from contracts is recognised as the activity progresses to reflect the partial performance of contractual obligations. In the case of long-term contracts, revenue is recognised appropriate to the stage of completion when the outcome of the contract can be assessed with reasonable certainty.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Accounting Policies continued

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency), which is currently sterling for the whole Group. For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the income statement for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts (see below for details of the Group's Accounting Policies in respect of such derivative financial instruments).

Borrowing costs

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Taxation

The tax expense represents the sum of the tax currently payable and the deferred tax expense or credit.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Pension contributions

Payments are made to the Company's stakeholder pension schemes, all defined contribution schemes. Amounts are charged to the income statement as incurred.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their fair value at the date of acquisition, plus any subsequent cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight line method, on the following bases:

Buildings	2%
Fixtures, fittings and equipment	20% - 50%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement as an exceptional item.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Group's own development activity is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes) and is technically and commercially feasible;
- it is probable that the asset created will generate future economic benefits and the Group has available to itself sufficient resources to complete the development and to subsequently sell and/or use the asset created; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Intangible assets

Intangible assets are recognised in respect of contracts, customer relationships and other measurable intangibles arising on business combinations. The value of these intangible assets is determined by the estimated value to the Group going forward and the intangible assets are written off on a straight line basis over the estimated useful life.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any). An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or subsidiary) is estimated to be less than its carrying amount, the carrying amount of the asset (subsidiary) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (subsidiary) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (subsidiary) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based payments'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested as of 1 May 2006.

The Group issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest and adjusted for the non market-based vesting conditions.

Fair value is measured by use of the Quoted Companies Alliance binomial model. The expected life used in the models has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions and behavioural considerations.

Accounting Policies continued

Share-based payments continued

A liability equal to the portion of the goods and services received is recognised at the current fair value determined at each balance sheet date for cash-settled, share-based payments.

The cost of share-based payments is charged to the income statement with a corresponding credit applied to the share option reserve. The appropriate element of the reserve is transferred to the retained profit of the Group when the share options to which the reserve relate vest.

Exceptional items

Cohort's trade is the provision of technical advice and support, and the design, development and manufacture of niche products. As part of its operations, the Group may dispose of or recognise impairment of subsidiaries, associates (including joint ventures and investments) and fixed assets as well as other significant non-trading transactions, either as part of continuing operations or discontinued operations.

These items form part of the Group's operating activities and are reported in arriving at the Group's profit from operations, however, management does not consider these items to be part of trading activities. The gains or losses on such items can be significant and arise in different reporting periods and would consequently have a material impact upon the absolute amount of and trend in the Group's trading profit from operations.

Any gains or losses (including transaction costs) on these non-trading items are disclosed as a separate line item (in aggregate) in the income statement with analysis in a note to the accounts.

Significant estimates and judgements

The preparation of the financial statements requires management to make estimates and judgements that affect the reported amounts of assets, liabilities, revenue and expenses, some of which are difficult, complex, or subjective. For this reason actual results could differ from estimates and this might have a material impact on our results.

Management have identified the following areas where critical assumptions or estimates are made:

Revenue and profit recognition from long-term contracts

The Group applies a consistent process to accounting for revenue and profit recognition on long-term contracts. In making these estimates and judgements, management rely on underlying processes and procedures and makes use of internal and external expert resource in arriving at the final accounting estimate or judgement. These balances are regularly reviewed to ensure the value is appropriate.

Acquisition intangibles

Intangibles other than goodwill that are obtained through acquisition are capitalised on the balance sheet. These intangibles are valued on acquisition using a discounted cash flow methodology which depends on future assumptions about the revenue from contracts, prices and costs and on the Group's cost of capital. These assumptions reflect management's best estimates but depend on inherent uncertainties which may not be within the control of management.

Recoverability of goodwill

We have significant goodwill balances the life of which we consider to be indefinite. We assess annually the recoverability of the balance, or more frequently in the event of an occurrence indicating impairment. The assessment involves comparing the carrying amount of the asset with its recoverable amount, which is typically its value in use. Value in use is determined using discounted cash flow techniques that involve the estimation of future cash flows over a long period and an appropriate discount rate to apply.

Future cash flows are estimated based on historical experience, internal estimates and data from external sources. Such estimates are subject to change as a result of changes in economic and competitive conditions. Higher estimates of future cash flows will increase the value in use of goodwill, but lower estimates of cash flows will reduce the value in use and increase the risk of impairment.

Discount rates are applied to the cash flows to arrive at the value in use. An increase in the discount rate will reduce the value in use of the goodwill, and therefore increases the risk of the value in use falling below the carrying value and resulting in the requirement for an impairment provision. A reduction in the discount rate decreases the likelihood of an impairment.

Future changes in interest rates, the premium that markets place on equity investments relative to risk free rates and the specific assessment of the capital markets as to our risk relative to other companies can affect our discount rate. Increases in interest rates or the risk premiums applied by capital markets would result in an increase in our discount rate and vice versa. These factors are largely outside our control or ability to predict and can therefore have a significant impact on the estimated fair value of goodwill.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further cost expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

Long-term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording revenue and related costs as contract activity progresses. Revenue is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which revenue exceeds payments on account is classified as "amounts recoverable on contracts" and included within trade and other receivables; to the extent that payments on account exceed relevant revenue, the excess is included as an advance receipt within trade and other payables. The amount of long-term contracts, at cost net of amounts transferred to cost of sales, less provision for foreseeable losses and payments on account not matched with revenue, is included within inventories, as work in progress.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the estimated recoverable amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on-demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Deposits included within cash and cash equivalents have less than three months to maturity.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest rate method and are disclosed within accruals to the extent they are not settled in the period, unless the loan terms provide for the interest to be added to the principal, in which case the interest is added to the carrying amount of the instrument to which it pertains.

Trade payables

Trade payables are initially measured at fair value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net income.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Joint ventures

The Group accounts for joint ventures where it has a participating interest using the equity method of accounting and discloses the net investment in non-current assets.

Where the investment in a joint venture is negative, the negative investment, to the extent it is a liability of the Group is offset against any trade and other receivables held by the Group in respect of that joint venture.

The Group does not account for joint ventures in which it no longer has a participating interest.

Accounting Policies continued

Standards and interpretations issued at 30 April 2009 not applied to these financial statements

The following changes and amendments to IFRS that have not been reflected in these financial statements and are likely to have an impact on the Group in the future.

Standard	Timing	Impact on the Group	
		Effect	Financial effect
IFRS 8 Operating Segments	First apply year ended 30 April 2010	<p>The Standard required the identification of operating segments on the basis of internal reports that are regularly reviewed by the 'chief operating decision maker' often the Board. The Cohort Board manages its business through its subsidiaries identified as its primary segments.</p> <p>It is these segments which are the cash generating units of the business and to which reported assets and liabilities apply.</p> <p>No effect.</p>	Nil
IAS 1 Presentation of Financial Statements	First apply year ended 30 April 2010	<p>The Standard provides the basic framework by which IFRS financial statements are presented. Specifically:</p> <ul style="list-style-type: none"> ➤ Balance sheet - no changes in format but will require current year and two comparative years to be disclosed. ➤ Income statement and statement of recognised gains and losses may be combined into a comprehensive income statement. The Group as permitted under IAS 1 will retain two separate statements, the income statement and the statement of changes in equity. ➤ The statement of changes in equity for the Group is currently presented in total in the primary statements with analysis into its constituent reserves in the notes to the accounts. IAS 1 will require the statement of changes in equity to show all component reserves. In effect moving the note forward in the financial statement as a primary statement. 	Nil
IFRS 2 Share-based Payments Amendment	First apply year ended 30 April 2010 and applies retrospectively	<p>Certain share-option schemes have non-voting conditions which are not met; a good example is an SAYE scheme where an employee stops saving. IFRS 2 now requires the share-based payment charge, which is usually recognised over the vesting period (typically three years) to be expensed immediately, to the extent it has not already been expensed, if an employee ceases to be a member of an SAYE scheme.</p>	<p>No value of the impact of this going forward can be determined.</p> <p>At 30 April 2009, the additional charge to the income statement of applying this standard would have been £12,000, increasing the share-based payment from £184,000 to £196,000.</p>
IAS 23 Borrowing Costs (revised 2007)	First apply year ended 30 April 2010 and applies prospectively	<p>Main impact is borrowing costs directly attributable to the acquisition or construction of assets must be capitalised during the construction period. This is not currently applicable to the Group.</p>	Nil
IFRS 7 Financial Instruments: Disclosures (Amendments)	First apply year ended 30 April 2010	<p>Amendments are aimed at requiring businesses to explain more clearly how entities determine the fair value of their financial instruments and improve disclosures around liquidity risk. A response to the credit crunch. This will require more disclosure.</p>	Nil

The above standards will apply to the Group's interim statement for six months ended 31 October 2009 to be published in December 2009.

A number of other standard amendments and IFRICs (International Financial Reporting Interpretation Committee) have been issued and are yet to be applied by the Group. In most cases these are unlikely to be applicable including IAS 20 (Accounting for Government Grants and Disclosures of Government Assistance), IAS 38 (Intangible Assets - promotional activities) and IAS 40 (Investment Property).

IFRS 3 Business Combinations (revised) will first apply for the year ended 30 April 2011 and the impact of this will be referred to in next year's report.

Advisers

Registered Company Number of Cohort plc

05684823

Cohort plc is a company registered in England and Wales

Nominated Adviser and Broker

Investec

2 Gresham Street

London EC2V 7QP

Auditor

Baker Tilly UK Audit LLP

Chartered Accountants

12 Gleneagles Court

Brighton Road

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Capita Registrars

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Woodsome Park

Fenay Bridge

Huddersfield HD8 0LA

Public and Investor Relations

Hogarth Partnership Limited

1 London Bridge

London SE1 9BG

Bankers

RBS NatWest

Abbey Gardens

4 Abbey Street

Reading RG1 3BA

Shareholder Information and Financial Calendar

Shareholders' Enquiries

If you have an enquiry about the Company's business, or about something affecting you as a shareholder (other than queries which are dealt with by the Registrar), you should contact the Company Secretary by letter to the Company's registered office or by e-mail to info@cohortplc.com.

Share Register

Capita Registrars maintain the register of members of the Company.

If you have any questions about your personal holding of the Company's shares, please contact:

Capita Registrars

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

Tel: 0870 162 3100 (for calls within the UK)

+44 20 8639 2157 (for calls from overseas)

If you change your name or address or if details on the envelope enclosing this Report, including your post code, are incorrect or incomplete, please notify the Registrars in writing.

Daily Share Price Listings

The Financial Times - AIM, Aerospace and defence

The Times - Engineering

Daily Telegraph - AIM section

Financial Calendar

Annual General Meeting

27 August 2009

Final dividend payable

2 September 2009

Expected announcement of results for the year ending 30 April 2010:

Half year announcement

December 2009

Full year preliminary announcement

June 2010

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The Court House

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Oxfordshire RG9 2JN

