Cohort plc
Interim Report 2012

Cohort plc is the parent company of three innovative, agile and responsive businesses operating in defence and related markets.

We provide a range of services and products to customers both in the UK and internationally.

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Financial and operational highlights

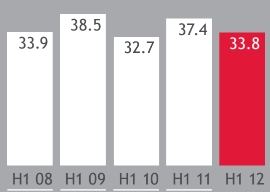
- Adjusted* operating profit increased by 9% to £3.3m (2011: £3.0m).
- Operating profit increased by 126% to £4.3m (2011: £1.9m).
- Adjusted* earnings per share increased by 25% to 6.97p (2011: 5.60p).
- Earnings per share increased by 170% to 9.35p (2011: 3.46p).
- Revenue £33.8m (2011: £37.4m).
- Order intake of £29.9m in the first half.
- Healthy closing order book of £103.2m (30 April 2012: £107.1m), of which £27.3m is deliverable in the second half. Prospects for further orders in the second half across the Group are encouraging.
- Net cash of £12.1m (30 April 2012: £14.1m) following dividends and purchase of own shares of £1.2m.
- Interim dividend increased by 20% to 1.20p per share (2011: 1.00p per share).

*Adjusted operating profit is operating profit excluding marking forward exchange contracts to market value, amortisation of other intangible assets and exceptional items.

In this report

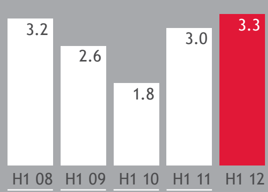
Revenue (£m)

£33.8m (-10%)



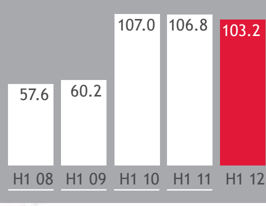
Adjusted operating profit (£m)

£3.3m (+9%)



Order book at 31 October (£m)

£103.2m



Overview
Chairman's statement

Cohort has continued to make progress although the tightness in the UK defence market has persisted

Nick Prest CBE
Chairman

"There are some good opportunities both in defence and non-defence markets, and our order book remains strong."

Overview

Cohort has continued to make progress although the tightness in the UK defence market has persisted. The Group's 2012/13 first half trading performance (adjusted operating profit) was ahead of last year by 9% on a like-for-like basis, despite reduced top-line revenue. Headline (statutory) operating profit was 126% ahead as a result of a provision release of £1.0m relating to Abacus (a business acquired by MASS in 2010). SEA has continued its recovery, posting an improved first half profit of £1.4m, £0.6m above 2011. MASS had a solid first half in line with our expectations. SCS has had a difficult first half in what remains a tight domestic market for its services.

Key financials

The Group's revenue was £33.8m (2011: £37.4m), including £13.9m from SEA, £12.6m from MASS and £7.3m at SCS. The reduction in revenue reflects the planned timing of milestones on certain long-term projects, slippage on specific projects into the second half of 2012/13 and, notably at SCS, policies introduced by the UK MOD to constrain spending on technical support.

In the six months ended 31 October 2012, Cohort's operating profit was £4.3m (2011: £1.9m) after recognising exceptional items, amortisation of intangible assets and differences arising on marking forward exchange contracts to market value at the period end. The Group's adjusted operating profit was £3.3m (2011: £3.0m) (stated before exceptional items, amortisation of intangible assets and marking forward exchange contracts to market value). This included contributions from MASS of £2.5m (2011: £2.6m), SEA £1.4m (2011: £0.8m), and SCS £0.1m (2011: £0.3m). Central costs remained in line with the same period last year at £0.7m.

Adjusted earnings per share for the six months ended 31 October 2012 increased by 25% to 6.97 pence

(2011: 5.60 pence). The growth in earnings per share exceeded the profit growth due to a lower rate of tax, as the Group continues to benefit from R&D tax credits. The tax rate in respect of adjusted operating profit was 17% (2011: 24%). Basic earnings per share increased by 170% to 9.35 pence (2011: 3.46 pence).

The cash outflow for the first half reflected an operating cash outflow of £0.2m (2011: inflow of £3.6m), and as expected tax payments of £0.5m and dividends paid of £0.8m, as well as purchases of own shares by the Cohort Employee Benefit Trust of £0.5m. The Group's net cash at 31 October 2012 of £12.1m (2011: £9.6m) was therefore £2.0m below the 30 April 2012 position of £14.1m.

Order intake for the first half was £29.9m, resulting in a closing order book for the period of £103.2m (30 April 2012: £107.1m), of which £27.3m is expected to be taken as revenue in the second half of the current year. After taking account of the run-off of long-term orders (i.e. those with more than two years' remaining duration) of approximately £4m the order book position was effectively unchanged compared to that at the end of the 2011/12 financial year.

MASS

MASS's operating margin remains healthy at 20.3% (2011: 18.9%) and adjusted operating profit performance was in line with our expectations at £2.5m. The comparable figure of £2.6m for October 2011 included a material one-off gain from project contingency release.

MASS's revenue for the period was £12.6m (2011: £14.0m), with the reduction driven primarily by a lower level of work on educational ICT delivery for North Lincolnshire Council as a result of customer-driven changes. Other factors have included MOD-driven changes to the SHEPHERD Electronic Warfare (EW) information management system and the timing of export orders. MASS continues to work on several important overseas opportunities in respect of its Thurbon data management system and EW training capability. Confidence that several of these will be realised is high, but the precise timing is hard to predict.

An exceptional profit item of £1.0m was realised as MASS released part of its provision for the payment of contingent consideration in relation to its acquisition of Abacus EW Consultancy in 2010. This reflects the terms of the Abacus Sale and Purchase agreement.

MASS's order book at 31 October 2012 was £62.1m (2011: £75.3m) of which £9.4m is deliverable in the second half of the year.

SCS

SCS has continued to experience a tight domestic market in the first half of 2012/13. The resultant reduction in revenue has adversely impacted profitability, which was down £0.2m compared with last year.

In two of SCS's four divisions, revenue has, in fact, grown and, in a third, has stayed broadly constant compared to the same period in 2011. These positive developments have been outweighed, however, by a significant shrinkage in the Logistics division, arising primarily from a policy decision by its main customer to minimise the use of manpower substitution.

SCS has continued to monitor its cost base closely in light of these market conditions and has made further cost reductions in the early part of the second half of 2012/13. These will realise a net positive impact of at least £0.1m in 2012/13 and an annualised cost saving of £0.5m.

SCS continues to develop markets outside of its key domestic customer, including overseas opportunities, and it achieved good order intake from NATO in the first half. It also continues to maintain a large pool of associate staff to enable it to respond rapidly to changes in capability and volume requirements of its customers and the seasonality of its key customer.

Overview
Chairman's statement continued

First half trading performance was ahead of last year despite reduced revenue.

It is inherent in the nature of SCS's business that its visibility of its forward order cover is short. SCS's order book at 31 October 2012 was £4.8m (2011: £8.4m), of which £4.2m is deliverable in the second half.

SEA
SEA continues to improve its profitability delivering an adjusted operating profit of £1.4m (2011: £0.8m). Operating margins improved to 9.8% from 5.1%, benefiting from management actions in previous periods.

The lower revenue at SEA in the first half of 2012/13 is primarily a result of a group of poorly performing projects, most of which are in the Space division. These have continued to suffer delays and although we expect a degree of recovery of the position in the second half, some milestone deliveries, and hence revenue and cash, will slip into 2013/14.

SEA's cash generation has continued to be impaired by the same group of projects, most of which are at low to zero margin. Nevertheless we have seen further steady improvement in SEA's profitability, reflecting the management and structural changes made in 2010 and the improvements to project management begun in 2011 which continue.

SEA's order intake in the first half of £20.1m underlines its key capabilities, especially in defence research and communications. It secured a significant follow-on research framework, Delivering Dismounted Effect, worth up to £10m over three years, and agreed final contractual terms on its External Communications System for Boats three and five of the Astute class of submarines. SEA continues to make good progress in securing new customers for its Roadflow system and is developing the product to enable it to be deployed in new applications, as well as marketing it to overseas customers.

SEA's order book at 31 October 2012 was £36.3m (2011: £23.1m), of which £13.7m is deliverable in the second half.

Dividend
The Board is recommending an increase of 20% in the interim dividend to 1.20 pence per share (2011: 1.00 pence). This increase reflects the Group's healthy cash position and the Board's confidence in the outlook for Cohort. As previously stated, the Board believes that the dividends are an important constituent of longer-term shareholder returns and therefore remain committed to a progressive dividend policy. The dividend will be paid on 6 March 2013 to shareholders on the register at 8 February 2013.

Outlook
Cohort has continued to make progress despite continuing tightness in the UK defence market. First half trading performance was ahead of last year despite reduced revenue.

There are some good opportunities both in defence and non-defence markets, and our order book remains strong. We do see uncertainties ahead, particularly at SCS. I expect that the difficult market conditions they are facing will improve when the MOD's re-organisation initiatives are complete, though this could take some time.

On balance we believe that Cohort will continue to make progress in the current financial year and beyond.

Nick Prest CBE
Chairman

Financial statements

Consolidated income statement

for the six months ended 31 October 2012

	Notes	Six months ended 31 October 2012 Unaudited £'000	Six months ended 31 October 2011 Unaudited £'000	Year ended 30 April 2012 Audited £'000
Revenue	2	**33,818**	37,363	75,408
Cost of sales (including marking forward exchange contracts to market value at period end)		**(22,603)**	(26,402)	(53,386)
Gross profit		**11,215**	10,961	22,022
Administrative expenses (including amortisation of intangible assets and exceptional items)		**(6,962)**	(9,082)	(17,828)
Operating profit	2	**4,253**	1,879	4,194
Operating profit comprises:				
Adjusted operating profit	2	**3,311**	3,046	6,513
Income/(charge) on marking forward exchange contracts to market value at period end		**306**	(430)	(955)
Amortisation of intangible assets		**(364)**	(737)	(1,364)
Exceptional items	3	**1,000**	—	—
Operating profit		**4,253**	1,879	4,194
Finance income		**62**	42	77
Finance costs		**—**	(118)	(115)
Profit before tax		**4,315**	1,803	4,156
Income tax expense	4	**(543)**	(405)	411
Profit for the period attributable to the equity shareholders of the parent		**3,772**	1,398	4,567

Earnings per share		**Pence**	Pence	Pence
Basic	5	**9.35**	3.46	11.30
Diluted	5	**9.24**	3.46	11.28

All profit for the period is derived from continuing operations.

Financial statements

Consolidated statement of comprehensive income

for the six months ended 31 October 2012

	Six months ended 31 October 2012 Unaudited £'000	Six months ended 31 October 2011 Unaudited £'000	Year ended 30 April 2012 Audited £'000
Profit for the period attributable to the equity shareholders of the parent	**3,772**	1,398	4,567
Cash flow hedges net of tax	**—**	(24)	(24)
Total comprehensive income for the period attributable to the equity shareholders of the parent	**3,772**	1,374	4,543

Financial statements
Consolidated statement of financial position
as at 31 October 2012

	31 October 2012 Unaudited £'000	31 October 2011 Unaudited £'000	30 April 2012 Audited £'000
Assets			
Non-current assets			
Goodwill	**31,395**	31,395	31,395
Other intangible assets	**427**	1,418	791
Property, plant and equipment	**7,124**	7,545	7,252
Deferred tax asset	**216**	118	157
	39,162	40,476	39,595
Current assets			
Inventories	**221**	370	215
Trade and other receivables	**18,697**	19,412	20,468
Derivative financial instruments	**—**	112	—
Cash and cash equivalents	**12,109**	9,644	14,140
	31,027	29,538	34,823
Total assets	**70,189**	70,014	74,418
Liabilities			
Current liabilities			
Trade and other payables	**(11,504)**	(13,880)	(16,492)
Current tax liabilities	**(1,197)**	(2,204)	(1,086)
Derivative financial instruments	**(107)**	—	(413)
Provisions	**(1,608)**	(3,390)	(3,318)
	(14,416)	(19,474)	(21,309)
Non-current liabilities			
Deferred tax liability	**(997)**	(1,289)	(953)
Provisions	**—**	(69)	(56)
	(997)	(1,358)	(1,009)
Total liabilities	**(15,413)**	(20,832)	(22,318)
Net assets	**54,776**	49,182	52,100
Equity			
Share capital	**4,079**	4,079	4,079
Share premium account	**29,519**	29,519	29,519
Own shares	**(782)**	(302)	(302)
Hedge reserve	**—**	—	—
Share option reserve	**853**	755	703
Retained earnings	**21,107**	15,131	18,101
Total equity attributable to the equity shareholders of the parent	**54,776**	49,182	52,100

Financial statements
Consolidated statement of changes in equity
for the six months ended 31 October 2012

	Share capital £'000	Share premium account £'000	Own shares £'000	Hedge reserve £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2011	4,079	29,519	(302)	24	555	14,380	48,255
Profit for the period	—	—	—	—	—	1,398	1,398
Other comprehensive expense for the period	—	—	—	(24)	—	—	(24)
Total comprehensive income for the period	—	—	—	(24)	—	1,398	1,374
Equity dividends paid	—	—	—	—	—	(647)	(647)
Share-based payments	—	—	—	—	200	—	200
At 31 October 2011	4,079	29,519	(302)	—	755	15,131	49,182
At 1 May 2011	4,079	29,519	(302)	24	555	14,380	48,255
Profit for the year	—	—	—	—	—	4,567	4,567
Other comprehensive expense for the year	—	—	—	(24)	—	—	(24)
Total comprehensive income for the year	—	—	—	(24)	—	4,567	4,543
Equity dividends paid	—	—	—	—	—	(1,051)	(1,051)
Share-based payments	—	—	—	—	353	—	353
Transfer of share option reserve on vesting of options	—	—	—	—	(205)	205	—
At 30 April 2012	4,079	29,519	(302)	—	703	18,101	52,100
At 1 May 2012	4,079	29,519	(302)	—	703	18,101	52,100
Profit for the period	—	—	—	—	—	3,772	3,772
Other comprehensive income for the period	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	—	3,772	3,772
Equity dividends paid	—	—	—	—	—	(766)	(766)
Share-based payments	—	—	—	—	150	—	150
Purchase of own shares	—	—	(480)	—	—	—	(480)
At 31 October 2012	**4,079**	**29,519**	**(782)**	**—**	**853**	**21,107**	**54,776**

Financial statements
Consolidated cash flow statement
for the six months ended 31 October 2012

	Notes	Six months ended 31 October 2012 Unaudited £'000	Six months ended 31 October 2011 Unaudited £'000	Year ended 30 April 2012 Audited £'000
Net cash (used in)/generated from operating activities	7	**(663)**	3,566	8,424
Cash flow from investing activities				
Interest received		**62**	42	77
Purchases of property, plant and equipment		**(184)**	(67)	(141)
Proceeds on disposal of property, plant and equipment		**–**	–	2
Net cash used in investing activities		**(122)**	(25)	(62)
Cash flow from financing activities				
Equity dividends paid		**(766)**	(647)	(1,051)
Repayment of borrowings		**–**	(3,444)	(3,444)
Purchase of own shares		**(480)**	–	–
Net cash used in financing activities		**(1,246)**	(4,091)	(4,495)
Net (decrease)/increase in cash and cash equivalents		**(2,031)**	(550)	3,867
Represented by:				
Cash and cash equivalent brought forward		**14,140**	10,177	10,177
Cash flow		**(2,031)**	(550)	3,867
Exchange		**–**	17	96
Cash and cash equivalents carried forward		**12,109**	9,644	14,140

Financial statements
Notes to the interim report
for the six months ended 31 October 2012

1. Basis of preparation
The financial information contained within this Interim Report has been prepared applying the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the EU and expected to apply at 30 April 2013. As permitted, this Interim Report has been prepared in accordance with AIM Rules for Companies and is not required to comply with IAS 34 'Interim Financial Reporting' to maintain compliance with IFRS. This Interim Report is presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

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, Cohort plc, reports its primary segment information.

Going concern
The Company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing this Interim Report.

In accordance with Section 434 of the Companies Act 2006, the unaudited results do not constitute statutory financial statements of the Company. The six months results for both years are unaudited.

(A) Statutory accounts
The financial information set out above does not constitute the Group's statutory accounts for the year ended 30 April 2012. KPMG Audit plc has reported on these accounts; its report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

(B) Statement of compliance
The accounting policies applied by the Group in its consolidated financial statements for the year end 30 April 2012 are in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

The Interim Report was approved by the Board and authorised for issue on 13 December 2012.

2. Segmental analysis of revenue and adjusted operating profit

	Six months ended 31 October 2012 Unaudited £'000	Six months ended 31 October 2011 Unaudited £'000	Year ended 30 April 2012 Audited £'000
Revenue			
MASS	**12,578**	13,997	26,119
SCS	**7,327**	8,019	17,561
SEA	**13,920**	15,347	31,797
Inter-segment revenue	**(7)**	—	(69)
	33,818	37,363	75,408
Operating profit comprises:			
Trading profit of:			
MASS	**2,555**	2,640	4,831
SCS	**110**	287	1,320
SEA	**1,367**	788	1,723
Central costs	**(721)**	(669)	(1,361)
Adjusted operating profit	**3,311**	3,046	6,513
Income/(charge) on marking forward exchange contracts to market value at period end	**306**	(430)	(955)
Amortisation of intangible assets	**(364)**	(737)	(1,364)
Exceptional items	**1,000**	—	—
Operating profit	**4,253**	1,879	4,194

All revenue and adjusted operating profit is in respect of continuing operations.

The operating profit as reported under IFRS is reconciled to the adjusted operating profit as reported above by the exclusion of marking forward exchange contracts to market value at the period end, exceptional items and amortisation of intangible assets.

The adjusted operating profit is presented in addition to the operating profit to provide the trading performance of the Group, as derived from its constituent elements on a comparable basis from period to period.

The MASS trading profit of £2,555,000 (six months ended 31 October 2011: £2,640,000; year ended 30 April 2012: £4,831,000) is after excluding amortisation of intangible assets of £364,000 (six months ended 31 October 2011: £592,000; year ended 30 April 2012: £1,219,000) and exceptional income of £1,000,000 (six months ended 31 October 2011 and year ended 30 April 2012: £Nil).

Financial statements
Notes to the interim report continued
for the six months ended 31 October 2012

2. Segmental analysis of revenue and adjusted operating profit (continued)

The SEA trading profit of £1,367,000 (six months ended 31 October 2011: £788,000; year ended 30 April 2012: £1,723,000) is after excluding income in respect of marking forward exchange contracts to market value of £306,000 (31 October 2011: charge of £430,000; 30 April 2012: charge of £955,000). It also excludes amortisation of intangible assets of £Nil (six months ended 31 October 2011: £145,000; year ended 30 April 2012: £145,000).

The Group's adjusted operating profit includes the cost of share options of £150,000 for the six months ended 31 October 2012 (six months ended 31 October 2011: £200,000; year ended 30 April 2012: £354,000) and is applied to each reporting segment in proportion to the number of employees in the share option schemes.

The chief operating and decision-maker as defined by IFRS 8 has been identified as the Board.

Revenue analysis by sector and type of work

	Six months ended 31 October 2012 Unaudited		Six months ended 31 October 2011 Unaudited		Year ended 30 April 2012 Audited	
	£m	**%**	£m	%	£m	%
By sector						
UK defence and security	**24.9**	**73**	24.6	66	55.2	73
Export defence customers	**3.3**	**10**	2.6	7	5.8	8
Defence and security revenue	**28.2**	**83**	27.2	73	61.0	81
Transport	**1.8**		1.6		2.8	
Space	**1.8**		5.5		7.6	
Other commercial	**2.0**		3.1		4.0	
Non-defence revenue	**5.6**	**17**	10.2	27	14.4	19
Total revenue	**33.8**	**100**	37.4	100	75.4	100
By capability						
Secure networks	**6.4**	**19**	7.0	19	14.1	19
Electronic systems	**8.3**	**24**	9.9	26	18.5	25
Application software	**3.3**	**10**	3.2	8	5.5	7
Operational support	**2.0**	**6**	2.6	7	5.0	6
Training	**3.9**	**11**	4.0	11	7.6	10
Specialist expertise	**6.1**	**18**	6.9	19	12.2	16
Applied research	**3.2**	**10**	3.0	8	9.1	12
Studies and analysis	**0.6**	**2**	0.8	2	3.4	5
Total revenue	**33.8**	**100**	37.4	100	75.4	100

3. Exceptional items

The net exceptional income:

	Six months ended 31 October 2012 Unaudited £'000	Six months ended 31 October 2011 Unaudited £'000	Year ended 30 April 2012 Audited £'000
Release of earn out provision in respect of the acquisition of Abacus EW Consultancy	**1,000**	—	—

4. Income tax expense

The income tax expense/(credit) comprises:

	Six months ended 31 October 2012 Unaudited £'000	Six months ended 31 October 2011 Unaudited £'000	Year ended 30 April 2012 Audited £'000
Current tax: in respect of this year	**560**	708	1,268
Current tax: in respect of prior periods	**(2)**	—	(1,001)
	558	708	267
Deferred taxation	**(15)**	(303)	(678)
	543	405	(411)

The income tax expense for the six months ended 31 October 2012 is based upon the anticipated charge for the full year.

Financial statements
Notes to the interim report continued
for the six months ended 31 October 2012

5. Earnings per share

The earnings per share are calculated as follows:

	Six months ended 31 October 2012 Unaudited £'000	Six months ended 31 October 2011 Unaudited £'000	Year ended 30 April 2012 Audited £'000
Earnings			
Basic and diluted earnings	**3,772**	1,398	4,567
(Income)/charge on marking forward exchange contracts to market at period end (net of income tax)	**(233)**	318	715
Exceptional income	**(1,000)**	—	—
Amortisation of intangible assets (net of income tax)	**276**	546	994
Adjusted basic and diluted earnings	**2,815**	2,262	6,276

	Number	Number	Number
Weighted average number of shares			
For the purposes of basic earnings per share	**40,358,675**	40,425,342	40,425,342
Share options	**483,109**	3,959	70,022
For the purposes of diluted earnings per share	**40,841,784**	40,429,301	40,495,364

The weighted average number of ordinary shares excludes 761,446 ordinary shares held by the Cohort plc Employee Benefit Trust (which do not receive a dividend) for the purposes of calculating earnings per share.

	Six months ended 31 October 2012 Unaudited Pence	Six months ended 31 October 2011 Unaudited Pence	Year ended 30 April 2012 Audited Pence
Earnings per share			
Basic	**9.35**	3.46	11.30
Diluted	**9.24**	3.46	11.28
Adjusted earnings per share			
Basic	**6.97**	5.60	15.52
Diluted	**6.89**	5.60	15.50

6. Dividends

	Six months ended 31 October 2012 Unaudited Pence	Six months ended 31 October 2011 Unaudited Pence	Year ended 30 April 2012 Audited Pence
Dividends per share proposed in respect of the period			
Interim	**1.20**	1.00	1.00
Final	**—**	—	1.90

The interim dividend for the six months ended 31 October 2012 is 1.20 pence (six months ended 31 October 2011: 1.00 pence) per ordinary share. This dividend will be payable on 6 March 2013 for shareholders on the register at 8 February 2013.

The final dividend charged to the income statement for the year ended 30 April 2012 was 2.90 pence per ordinary share comprising 1.90 pence for final dividend for the year ended 30 April 2011 and 1.00 pence interim dividend for the six months ended 31 October 2011.

7. Net cash (used in)/generated from operating activities

	Six months ended 31 October 2012 Unaudited £'000	Six months ended 31 October 2011 Unaudited £'000	Year ended 30 April 2012 Audited £'000
Profit for the period	**3,772**	1,398	4,567
Adjustments for:			
Tax expense/(credit)	**543**	405	(411)
Depreciation of property, plant and equipment	**312**	336	699
Amortisation of intangible assets	**364**	737	1,364
Net finance (income)/cost	**(62)**	76	38
Share-based payment	**150**	200	353
Derivative financial instruments	**(306)**	430	955
(Decrease)/increase in provisions	**(1,766)**	17	(68)
Operating cash flows before movements in working capital	**3,007**	3,599	7,497
(Increase)/decrease in inventories	**(6)**	(14)	141
Decrease/(increase) in receivables	**1,771**	927	(129)
(Decrease)/increase in payables	**(4,985)**	(896)	1,236
	(3,220)	17	1,248
Cash (used in)/generated from operations	**(213)**	3,616	8,745
Tax (paid)/received	**(450)**	68	(206)
Interest paid	**—**	(118)	(115)
Net cash (used in)/generated from operating activities	**(663)**	3,566	8,424

Financial statements
Independent review report to Cohort plc
for the six months ended 31 October 2012

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 October 2012 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities
The half-yearly report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly report has been prepared in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU.

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 October 2012 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

Matt Lewis for and on behalf of KPMG Audit Plc
Chartered Accountants
Arlington Business Park
Theale
Berkshire
RG7 4SD

13 December 2012

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
KPMG Audit Plc
Chartered Accountants
Arlington Business Park
Theale
Reading RG7 4SD

Tax advisers
Deloitte LLP
Abbots House
Abbey Street
Reading RG1 3BD

Legal advisers
Pitmans
The Anchorage
34 Bridge Street
Reading RG1 2LU

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Public and investor relations
MHP Communications
60 Great Portland Street
London W1W 7RT

Bankers
RBS
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 email to info@cohortplc.com.

Share register
Capita Registrars maintains 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

Telephone: 0871 664 0300
(Calls cost 10 pence per minute plus network extras.)
(from outside the UK:+44 20 8639 3399)
Lines are open Monday to Friday, 8:30am to 5.30pm

Facsimile: +44 (0) 20 8639 2220
Email: ssd@capitaregistrars.com

If you change your name or address or if details on the envelope enclosing this report, including your postcode, 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
Evening Standard – AIM section

Financial calendar

Interim dividend payable:	6 March 2013
Preliminary announcement of year end results 2012/13:	24 June 2013
Annual General Meeting:	18 September 2013
Final dividend payable (subject to approval):	September 2013
Preliminary announcement of half year results 2013/14:	December 2013

Registered office
Cohort plc
Arlington House
1025 Arlington Business Park
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Reading RG7 4SA

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