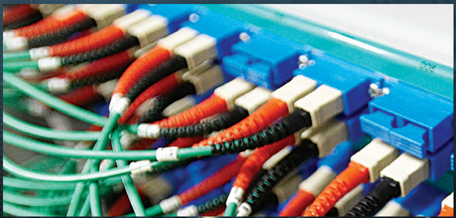
Cohort plc

Interim Report 2011



Cohort plc is an AIM quoted independent high technology business operating in defence and related markets

In this report

For more on Cohort visit:
www.cohortplc.com

Cohort is an independent technology group working primarily for defence (air, land and sea), wider government and industry clients, through three market-facing subsidiary companies:

MASS

A specialist systems house with considerable experience in the defence market and a focus on Information Systems. Based in Cambridgeshire, MASS was acquired by Cohort in August 2006.

To read more on MASS, visit our website at **www.mass.co.uk**

SCS

A defence consultancy, combining technical expertise with practical experience and domain knowledge. Owned by Cohort since flotation in March 2006.

To read more on SCS, visit our website at **www.scs-ltd.co.uk**

SEA

An advanced surveillance systems and software house with hardware development capability operating in the defence, space and transport market sectors. Acquired by Cohort in October 2007.

To read more on SEA, visit our website at **www.sea.co.uk**

Overview
Highlights

Financial and operational

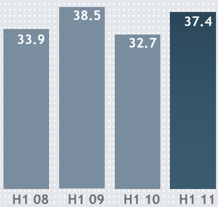
- Revenue increased by 14% to £37.4m (2010: £32.7m).
- Adjusted* operating profit increased by 69% to £3.0m (2010: £1.8m).
- Adjusted earnings per share increased by 66% to 5.56p (2010: 3.34p).
- Strong first half performance:
  - MASS continues to perform strongly.
  - SCS performed solidly in a tighter market.
  - SEA has improved its profitability following restructuring and has secured a follow on order for ECS.
- Healthy closing order book of £106.8m (30 April 2011: £103.2m), of which £30.8m is deliverable in the second half.
- Robust financial position:
  - Net cash increased to £9.6m (30 April 2011: £6.7m).
  - Cash inflow from operating activities of £3.6m.
  - Group paid off all borrowings (£3.4m) in October 2011; new bank facilities arranged.
- Interim dividend increased by 25% to 1.00p per share (2010: 0.80p per share).

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

Revenue (£m)

£37.4m

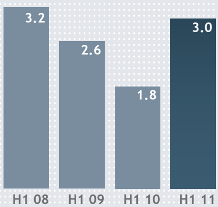
+14%



Adjusted operating profit (£m)

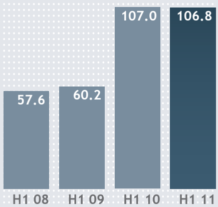
£3.0m

+69%



Order book at 31 October (£m)

£106.8m



Overview
Chairman's statement

Cohort showed a significant improvement in performance in the first half of 2011/12

Nick Prest CBE
Chairman

"The Board's priority remains to increase shareholder value, through operational improvement and organic growth, and through corporate activity where suitable opportunities arise."

Overview

In line with our expectations, Cohort showed a significant improvement in performance in the first half of 2011/12. MASS performed strongly with an increase of 42% in its trading profit on 20% higher revenue compared to the same period in 2010/11. Commencement of the delivery of the new Electronic Warfare database for the UK MOD contributed around half of MASS's revenue increase.

SCS has continued to face a tighter market environment for advisory services to the MOD. Despite this background and a resulting decline in revenue, the business has continued to be profitable and to secure both new and repeat business from the MOD and other customers.

SEA, following considerable organisational and management change in the second half of 2010/11 has returned to a better level of profitability, £0.8m compared with £0.1m in the first half of 2010/11. Work continues in consolidating the changes and closing out some poorly performing projects over the next six to twelve months.

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Cohort has strong business positions on the UK Astute Submarine programme and with the UK's Defence Electronic Warfare Centre.

Key financials

In the six months ended 31 October 2011, Cohort achieved revenue of £37.4m (2010: £32.7m), an increase of 14%. As well as the £14.0m from MASS the Group's revenue for the first half included just under £15.4m from SEA, an increase of 33% and £8.0m from SCS, a decrease of 16% on the 2010 comparative.

The Group's adjusted operating profit was £3.0m (2010: £1.8m) (stated before marking forward exchange contracts to market value, exceptional items and amortisation of intangible assets). This included contributions from MASS of £2.7m (2010: £1.9m), SCS £0.3m (2010: £0.5m) and SEA £0.8m (2010: £0.1m). The SEA performance excluded £0.4m of expense (2010: income of £0.3m) from marking forward exchange contracts to market value at 31 October 2011, which has been shown separately on the face of the income statement and in the segmental analysis so that the underlying trading performance of the business can be compared from period to period without distortion from marking forward contracts to market value based upon period end exchange rates beyond the Group's control.

The Group's operating profit was £1.9m (2010: £0.8m) after recognising amortisation of intangible assets of £0.7m (2010: £0.7m).

Adjusted earnings per share increased by 66% to 5.56 pence (2010: 3.34 pence). Basic earnings per share for the six months ended 31 October 2011 were 3.46 pence (2010: 1.04 pence).

The Group achieved a strong first half cash performance. Cash inflow from operating activities was £3.6m (2010: inflow of £4.3m) which increased the Group's net funds to £9.6m (2010: £5.5m) at 31 October 2011. In October 2011, the Group paid off all of its borrowings, a total of £3.4m.

MASS

MASS continues to trade strongly achieving a 20% increase in revenue and trading profit of £2.7m (2010: £1.9m). The strong margin performance at MASS in the first half was a result of successfully closing out some projects and margins are expected to return to more normal levels in the second half.

MASS's work as part of the Excalibur team providing a significant information management upgrade for the UK's Defence Electronic Warfare Centre, following contract award in May this year, is progressing well. MASS is in discussions to licence its Thurbon data management system, which is central to this capability, to a number of overseas customers.

MASS's order book at 31 October 2011 was £75.3m, of which £10.7m is deliverable in the second half.

SCS

SCS has continued to experience tighter market conditions in the first half of 2011/12, resulting in some reduction in revenue and profit compared with the same period last year.

SCS continues to monitor its cost base carefully in the face of the current market conditions and accordingly reduced costs by a

Our strong order book, pipeline of prospects and financial position provide confidence for the future

SCS continued
further £0.3m per annum during the first half of this year, the benefits of which will partly be seen in the second half. The business has managed its balance sheet efficiently in the first half converting most of its outstanding debt to cash and reducing its on-going working capital levels to below £1m.

The fall in revenue at SCS by 16% to £8.0m in the first half reflects continuing tightness in the market for manpower provision and consultancy within the UK MOD. As a result SCS delivered a trading profit before exceptional items of £0.3m against the comparative period last year of £0.5m.

Against this backdrop it is pleasing that SCS has continued to win both new and repeat orders from MOD and other customers, some of whom are new to the business. SCS's closing order book at 31 October 2011 was £8.4m of which £5.8m is deliverable in the second half.

SEA
SEA has returned to a better level of profitability, delivering a trading profit (before marking forward exchange contracts to market value) of £0.8m (2010: £0.1m) on revenue of just under £15.4m (2010: £11.6m).

The organisational and management changes made at SEA during the second half of 2010/11 and continuing in 2011/12 have begun to deliver improved results. Although the changes have been fully implemented it will take further time and effort to ensure that they are embedded and that SEA is able to perform at its full potential. In particular SEA's profitability continues to be impaired by some poorly performing projects. The aim is to complete these during the next six to twelve months.

SEA has been selected by BAE Systems to provide two additional External Communication Systems (ECS) for the Royal Navy's Astute class of submarine. SEA has commenced work on the additional systems under a formal instruction to proceed pending the agreement of the full contract. The work is valued at over £9m in total and will be carried out over the next three and a half years. It is additional to SEA's initial ECS contract announced in April 2010. SEA's strong technical capability has enabled it to continue to secure good levels of research activity from the MOD as well as further orders in Space and Transport.

SEA's order book at 31 October 2011 was £23.1m of which £14.3m is deliverable in the second half.

Dividend
The Board is recommending an increased interim dividend of 1.00p per share (2010: 0.80p). This increase reflects the improved performance of the Group in the period and its healthy cash position, together with the Board's confidence in the outlook for Cohort. The Board believes

that dividends are an important constituent of long term shareholder returns and therefore remain committed to a progressive dividend policy. The dividend will be paid on 7 March 2012 to shareholders on the register at 10 February 2012.

Outlook

The Board of Cohort is of the view that the Group's operating companies have strong capabilities and market positions. We have focused on these and aligned resources accordingly and the Group's profitability has returned to a more satisfactory level, notwithstanding the uncertainties in some areas of the defence market.

The Group continues to look to new domestic and overseas markets aligned to our defence and security offering for growth. Progress is being made but the timing of conversion of opportunities into new business streams, especially in overseas markets, is difficult to predict.

The Group remains on track to meet management expectations with much of the second half revenue underpinned by our strong order book. The changes already made in the businesses are now bearing results and there is more to come as we complete this process, especially at SEA. Overall, our strong order book, pipeline of prospects and financial position provide confidence for the future.

The Board's priority remains to increase shareholder value, both through operational improvements and organic growth and through corporate activity where suitable opportunities arise.

Nick Prest CBE
Chairman

Financial statements
Consolidated income statement
for the six months ended 31 October 2011

	Notes	Six months ended 31 October 2011 Unaudited £'000	Six months ended 31 October 2010 Unaudited £'000	Year ended 30 April 2011 Audited £'000
Revenue	2	**37,363**	32,720	65,135
Cost of sales (including marking forward exchange contracts to market value at period end)		**(26,402)**	(22,956)	(45,812)
Gross profit		**10,961**	9,764	19,323
Administrative expenses (including amortisation of intangible assets and exceptional items)		**(9,082)**	(8,956)	(16,484)
Operating profit	2	**1,879**	808	2,839
Operating profit comprises:				
Adjusted operating profit	2	**3,030**	1,791	4,439
(Charge)/income on marking forward exchange contracts to market value at period end		**(430)**	282	595
Amortisation of intangible assets		**(737)**	(673)	(1,477)
Exceptional items	3	**16**	(592)	(718)
Operating profit		**1,879**	808	2,839
Finance income		**42**	7	27
Finance costs		**(118)**	(94)	(170)
Profit before tax		**1,803**	721	2,696
Income tax expense	4	**(405)**	(296)	65
Profit for the period attributable to the equity shareholders of the parent		**1,398**	425	2,761
Earnings per share		**Pence**	Pence	Pence
Basic	5	**3.46**	1.04	6.79
Diluted	5	**3.46**	1.04	6.79

All profit for the period is derived from continuing operations.

Financial statements
Consolidated statement of comprehensive income
for the six months ended 31 October 2011

	Six months ended 31 October 2011 Unaudited £'000	Six months ended 31 October 2010 Unaudited £'000	Year ended 30 April 2011 Audited £'000
Profit for the period attributable to the equity shareholders of the parent	**1,398**	425	2,761
Cash flow hedges – (expense)/income taken to equity (net of tax credit of £9,000; six months end 31 October 2010: charge of £3,000; year ended 30 April 2011: charge of £5,000)	**(24)**	6	13
Total comprehensive income for the period attributable to the equity shareholders of the parent	**1,374**	431	2,774

Financial statements

Consolidated statement of financial position

as at 31 October 2011

	31 October 2011 Unaudited £'000	31 October 2010 Unaudited £'000	30 April 2011 Audited £'000
Assets			
Non-current assets			
Goodwill	**31,395**	31,946	31,395
Other intangible assets	**1,418**	2,739	2,155
Property, plant and equipment	**7,545**	8,098	7,820
Deferred tax asset	**118**	998	118
	40,476	43,781	41,488
Current assets			
Inventories	**370**	558	356
Trade and other receivables	**19,412**	16,660	20,339
Derivative financial instruments	**112**	253	575
Cash and cash equivalents	**9,644**	9,004	10,177
	29,538	26,475	31,447
Total assets	**70,014**	70,256	72,935
Liabilities			
Current liabilities			
Trade and other payables	**(13,880)**	(11,261)	(15,220)
Current tax liabilities	**(2,204)**	(2,468)	(973)
Bank borrowings	**–**	(3,176)	(3,131)
Provisions	**(3,390)**	(3,606)	(3,339)
	(19,474)	(20,511)	(22,663)
Non-current liabilities			
Bank borrowings	**–**	(354)	(313)
Deferred tax liability	**(1,289)**	(1,851)	(1,601)
Provisions	**(69)**	(1,200)	(103)
	(1,358)	(3,405)	(2,017)
Total liabilities	**(20,832)**	(23,916)	(24,680)
Net assets	**49,182**	46,340	48,255
Equity			
Share capital	**4,079**	4,079	4,079
Share premium account	**29,519**	29,519	29,519
Own shares	**(302)**	–	(302)
Hedge reserve	**–**	17	24
Share option reserve	**755**	499	555
Retained earnings	**15,131**	12,226	14,380
Total equity attributable to the equity shareholders of the parent	**49,182**	46,340	48,255

Financial statements
Consolidated statement of changes in equity
for the six months ended 31 October 2011

	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 2010	4,079	29,519	–	11	379	12,372	46,360
Profit for the period	–	–	–	–	–	425	425
Other comprehensive income for the period	–	–	–	6	–	–	6
Total comprehensive income for the period	–	–	–	6	–	425	431
Equity dividends paid	–	–	–	–	–	(571)	(571)
Share-based payments	–	–	–	–	120	–	120
At 31 October 2010	4,079	29,519	–	17	499	12,226	46,340
At 1 May 2010	4,079	29,519	–	11	379	12,372	46,360
Profit for the year	–	–	–	–	–	2,761	2,761
Other comprehensive income	–	–	–	13	–	–	13
Total comprehensive income for the year	–	–	–	13	–	2,761	2,774
Own shares acquired	–	–	(302)	–	–	–	(302)
Equity dividends	–	–	–	–	–	(894)	(894)
Share-based payments	–	–	–	–	317	–	317
Transfer of share option reserve on vesting of options	–	–	–	–	(141)	141	–
At 30 April 2011	4,079	29,519	(302)	24	555	14,380	48,255
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**

Financial statements
Consolidated cash flow statement
for the six months ended 31 October 2011

	Notes	Six months ended 31 October 2011 Unaudited £'000	Six months ended 31 October 2010 Unaudited £'000	Year ended 30 April 2011 Audited £'000
Net cash generated from operating activities	7	**3,566**	4,265	6,512
Cash flow from investing activities				
Interest received		**42**	7	27
Purchases of property, plant and equipment		**(67)**	(491)	(599)
Purchase of own shares		**–**	–	(302)
Acquisition of subsidiaries, net of cash acquired		**–**	(918)	(918)
Net cash used in investing activities		**(25)**	(1,402)	(1,792)
Cash flow from financing activities				
Dividends paid		**(647)**	(571)	(894)
Repayment of borrowings		**(3,444)**	(85)	(171)
Net cash used in financing activities		**(4,091)**	(656)	(1,065)
Net (decrease)/increase in cash and cash equivalents		**(550)**	2,207	3,655
Represented by:				
Cash and cash equivalent brought forward		**10,177**	6,656	6,656
Cash flow		**(550)**	2,207	3,655
Exchange		**17**	141	(134)
Cash and cash equivalents carried forward		**9,644**	9,004	10,177
Total debt		**–**	(3,530)	(3,444)
Net funds		**9,644**	5,474	6,733

Financial statements
Notes to the interim report
for the six months ended 31 October 2011

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 2012. 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.

The (charge)/income on marking forward exchange contracts to market value has been disclosed separately in the income statement and segmental analysis (note 2) to enable the adjusted operating profit to be compared from period to period on a like for like basis. The adjusted earnings per share (note 5) have been restated accordingly.

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 2011. KPMG Audit plc has reported on these accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their 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 2011 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 2011.

Financial statements

Notes to the interim report continued

for the six months ended 31 October 2011

2. Segmental analysis of revenue and adjusted operating profit

	Six months ended 31 October 2011 Unaudited £'000	Six months ended 31 October 2010 Unaudited £'000	Year ended 30 April 2011 Audited £'000
Revenue			
MASS	**13,997**	11,635	23,534
SCS	**8,019**	9,541	18,484
SEA	**15,347**	11,554	23,159
Inter-segment revenue	**–**	(10)	(42)
	37,363	32,720	65,135
Operating profit comprises:			
Trading profit of:			
MASS	**2,706**	1,900	4,231
SCS	**317**	507	1,025
SEA	**846**	86	289
Central costs	**(839)**	(702)	(1,106)
Adjusted operating profit	**3,030**	1,791	4,439
(Charge)/income on marking forward exchange contracts to market value at period end	**(430)**	282	595
Amortisation of intangible assets	**(737)**	(673)	(1,477)
Exceptional items	**16**	(592)	(718)
Operating profit	**1,879**	808	2,839

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 £2,706,000 (six months ended 31 October 2010: £1,900,000; year ended 30 April 2011: £4,231,000) is after excluding amortisation of intangible assets of £592,000 (six months ended 31 October 2010: £528,000; year ended 30 April 2011: £1,187,000) and exceptional items of £nil (six months ended 31 October 2010 and year ended 30 April 2011: £13,000 charge).

The SCS trading profit of £317,000 (six months ended 31 October 2010: £507,000; year ended 30 April 2011: £1,025,000) is after excluding exceptional income of £16,000 (six months ended 31 October 2010; £113,000 charge; year ended 30 April 2011; £167,000 charge).

2. Segmental analysis of revenue and adjusted operating profit continued

The SEA trading profit of £846,000 (six months ended 31 October 2010: £86,000; year ended 30 April 2011: £289,000) is after excluding a charge in respect of marking forward exchange contracts to market value of £430,000 (31 October 2010: income of £282,000; 30 April 2011: income of £595,000). It also excludes exceptional items of £nil (six months ended 31 October 2010: £530,000 charge; year ended 30 April 2011: £538,000 charge) and amortisation of intangible assets of £145,000 (six months ended 31 October 2010: £145,000; year ended 30 April 2011: £290,000).

The central costs include the cost of share options of £200,000 for the six months ended 31 October 2011 (six months ended 31 October 2010: £120,000; year ended 30 April 2011: £23,000).

The chief operating and decision-maker as defined by IFRS8 has been identified as the Board.

Revenue analysis by sector and type of work

	Six months ended 31 October 2011 Unaudited		Six months ended 31 October 2010 Unaudited		Year ended 30 April 2011 Audited	
	£m	%	£m	%	£m	%
By sector						
Direct to UK MoD	**12.5**		14.2		27.8	
Indirect to UK MoD, where the Group acts as a sub-contractor or partner	**11.1**		7.0		16.5	
Total to the UK MoD	**23.6**	**63**	21.2	65	44.3	68
Export defence customers	**2.6**	**7**	4.2	13	7.1	11
Defence revenue	**26.2**	**70**	25.4	78	51.4	79
Transport	**1.6**		1.2		2.1	
Space	**5.5**		4.7		7.8	
Other commercial	**4.1**		1.4		3.8	
Non-defence revenue	**11.2**	**30**	7.3	22	13.7	21
Total revenue	**37.4**	**100**	32.7	100	65.1	100
By type of work						
Technology solutions	**19.2**	**51**	16.6	51	30.4	47
Advisory services	**7.3**	**20**	7.0	21	14.3	22
Managed services	**5.4**	**14**	4.5	14	9.5	15
Manpower provision	**3.0**	**8**	3.9	12	7.2	11
Product	**2.5**	**7**	0.7	2	3.7	5
Total revenue	**37.4**	**100**	32.7	100	65.1	100

Financial statements
Notes to the interim report continued
for the six months ended 31 October 2011

3. Exceptional items

The net exceptional (income)/charge comprises:

	Six months ended 31 October 2011 Unaudited £'000	Six months ended 31 October 2010 Unaudited £'000	Year ended 30 April 2011 Audited £'000
Restructuring at SCS	**—**	59	177
Restructuring at SEA	**—**	530	538
Costs of acquisition of Abacus EW	**—**	13	13
Profit on disposal of the business of AGS	**(16)**	(10)	(10)
	(16)	592	718

4. Income tax expense

The income tax expense/(credit) comprises:

	Six months ended 31 October 2011 Unaudited £'000	Six months ended 31 October 2010 Unaudited £'000	Year ended 30 April 2011 Audited £'000
Current tax: in respect of this year	**708**	268	459
Current tax: in respect of prior periods	**—**	—	(1,124)
	708	268	(665)
Deferred taxation	**(303)**	28	600
	405	296	(65)

The income tax expense for the six months ended 31 October 2011 is based upon the anticipated charge for the full year.

5. Earnings per share

The earnings per share are calculated as follows:

	Six months ended 31 October 2011 Unaudited £'000	Six months ended 31 October 2010 Unaudited £'000	Year ended 30 April 2011 Audited £'000
Earnings			
Basic and diluted earnings	**1,398**	425	2,761
Charge/(income) on marking forward exchange contracts to market at period end	**318**	(209)	(440)
Exceptional (income)/expense (net of income tax)	**(16)**	474	518
Amortisation of intangible assets (net of income tax)	**546**	673	1,063
Adjusted basic and diluted earnings	**2,246**	1,363	3,902

	Number	Number	Number
Weighted average number of shares			
For the purposes of basic earnings per share	**40,425,342**	40,786,788	40,633,523
Share options	**3,959**	5,055	1,143
For the purposes of diluted earnings per share	**40,429,301**	40,791,843	40,634,666

The weighted average number of ordinary shares excludes 361,446 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 2011 Unaudited Pence	Six months ended 31 October 2010 Unaudited Pence	Year ended 30 April 2011 Audited Pence
Earnings per share			
Basic	**3.46**	1.04	6.79
Diluted	**3.46**	1.04	6.79
Adjusted earnings per share			
Basic	**5.56**	3.34	9.60
Diluted	**5.56**	3.34	9.60

Financial statements
Notes to the interim report continued
for the six months ended 31 October 2011

6. Dividends

	Six months ended 31 October 2011 Unaudited Pence	Six months ended 31 October 2010 Unaudited Pence	Year ended 30 April 2011 Audited Pence
Dividends per share proposed in respect of the period			
Interim	**1.00**	0.80	0.80
Final	**–**	–	1.60

The interim dividend for the six months ended 31 October 2011 is 1.00 pence (six months ended 31 October 2010: 0.80 pence) per ordinary share. This dividend will be payable 7 March 2012 for shareholders on the register at 10 February 2012.

The final dividend charged to the income statement for the year ended 30 April 2011 was 2.40 pence per ordinary share comprising 0.80 pence interim dividend for the six months ended 31 October 2010 and 1.60 pence for final dividend for the year ended 30 April 2010.

7. Net cash generated from operating activities

	Six months ended 31 October 2011 Unaudited £'000	Six months ended 31 October 2010 Unaudited £'000	Year ended 30 April 2011 Audited £'000
Profit for the period	**1,398**	425	2,761
Adjustments for:			
Tax expense/(credit)	**405**	296	(65)
Depreciation of property, plant and equipment	**336**	320	707
Amortisation of intangible assets	**737**	673	1,477
Net finance costs (net of finance income)	**76**	87	143
Share-based payment	**200**	120	317
Derivative financial instruments	**430**	(282)	(595)
Increase/(decrease) in provisions	**17**	313	(635)
Operating cash flows before movements in working capital	**3,599**	1,952	4,110
(Increase)/decrease in inventories	**(14)**	(118)	84
Decrease in receivables	**927**	6,480	2,802
Decrease in payables	**(896)**	(4,217)	(148)
	17	2,145	2,738
Cash generated from operations	**3,616**	4,097	6,848
Tax received/(paid)	**68**	262	(166)
Interest paid	**(118)**	(94)	(170)
Net cash generated from operating activities	**3,566**	4,265	6,512

Financial statements

Independent review report to Cohort plc

for the six months ended 31 October 2011

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 2011 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.

Financial statements

Independent review report to Cohort plc continued

for the six months ended 31 October 2011

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 2011 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
14 December 2011

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 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 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 (0) 20 8639 3399) Lines are open Monday to Friday, 8:30am to 5.30pm
Facsimile:	+44 (0) 20 8639 2220
E-mail:	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

Financial calendar

Annual General Meeting	11 September 2012
Preliminary announcement for the year ending 30 April 2012	June 2012

Registered office

Cohort plc
Arlington House
1025 Arlington Business Park
Theale
Reading RG7 4SA

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www.cohortplc.com