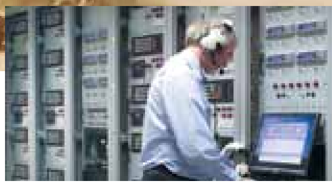


Interim Report 2010

Cohort plc

Cohort is an AIM quoted independent high technology business operating in defence and related markets. Its hallmarks are innovation, agility and responsiveness.

Formed in 2006, it has three well established, wholly owned subsidiaries providing a cost effective and flexible supply of niche high technology products and services for UK and international customers.

Its main activities are in defence but it also supplies other markets including security, information systems, space and transport.

About Us

Cohort plc is the parent company for three innovative, agile and responsive technology businesses operating in defence and related markets. It aims to add real value through the experience and contacts of its senior team and through a brand that is gaining increasing customer recognition in its core markets. Its objective is to deliver consistent and growing value to shareholders through its three operating subsidiaries, MASS, SCS and SEA.

MASS Consultants Limited (MASS) is a 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 related electronic systems, and highly secure IT systems and software applications. Its commitment to rigorous quality procedures enables delivery against demanding timescales to meet urgent operational needs.

MASS was formed in 1983 and is based in St Neots, near Cambridge, with offices in Lincoln and Wellingore near Grantham. It currently has around 170 permanent employees and 40 deployed associates.

To read more on the MASS division, visit our site at **mass.co.uk**

Systems Consultants Services Limited (SCS) is a 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, often in a military context. Its activities are very diverse including the management of major exercises for the armed forces and providing technical input to equipment projects.

SCS was formed in 1992 and is based in Theale, Berkshire. It currently has around 100 permanent employees and 110 deployed associates.

To read more on the SCS division, visit our site at **scs-ltd.co.uk**

→ SEA

SEA (Group) Limited (SEA) is a systems engineering and software company operating in defence, space and transport markets.

SEA delivers systems engineering, software and electronic engineering services and solutions to government and industry, including specialist design and manufacture. In particular SEA has a long and successful history of involvement in submarine systems, and it is one of the UK's leading providers of electronic systems for spacecraft.

SEA was formed in 1988 and is based in Beckington, near Frome, with offices in North Bristol (near UK MOD). It currently has around 235 employees.

To read more on the SEA division, visit our site at **sea.co.uk**

S·E·A

The demand for Cohort's services and products is driven by growing technical complexity, the outsourcing of specialist tasks by the UK Government to the private sector and the consolidation of the defence supply base, particularly at prime and first tier level. All of these factors have increased the need of the Government for independent sources of advice and created new opportunities for niche suppliers of technical services and products. In its largest market, UK defence, Cohort's capabilities are well-suited to the priorities set out by the Government recently in its National Security Strategy and Strategic Defence and Security Review. Cohort companies also seek to grow by exploiting opportunities with export customers and in new market areas where their skills are relevant.

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.

Our Market Sectors

Defence
Security
Information systems
Space
Transport

Our Clients

Our clients include the UK MOD, other UK Government Departments, the European Space Agency, NATO and a range of industry customers including major international corporations.

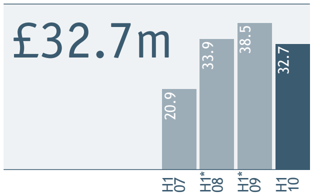
Highlights

For more on Cohort
cohortplc.com

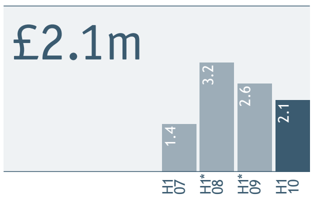
- Revenue decreased by 15% to £32.7m.
- Adjusted* operating profit decreased by 19% to £2.1m.
- MASS continues to perform strongly.
- SCS has returned to profitability after restructuring the business during the latter half of 2009/10.
- SEA performance was weak and action is underway to address its performance.
- Strong order book of £107.0m, underpinning £27.5m of second half revenue.
- Cash inflow from operating activities of £4.3m and net funds increased to £5.5m.

* Adjusted operating profit is operating profit excluding amortisation of intangible assets and exceptional items.

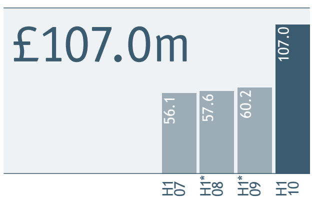
Revenue



Adjusted operating profit



Order book at 30 October



*Restated

Chairman's Statement

Nick Prest CBE Chairman

Summary of Chairman's Statement

→ The Group achieved a strong first half cash performance with cash inflow from operating activities of £4.3m

→ MASS continues to trade strongly achieving a 7% increase in revenue and trading profit of £1.9m

→ SCS has returned to profitability in the first half of the year following its restructuring and the appointment of a new Managing Director.

→ SEA's performance has been poor and action is being taken to redress this.

→ The Board is recommending an increased interim dividend of 0.80p per share (2010: 0.65p).

Overview

Cohort's overall profit has been in line with expectations for the first half, although performance at its subsidiaries has been mixed. Profit at SCS has shown a sharp improvement compared to the first half of 2009/10 and MASS has performed ahead of expectations. SEA's performance has been poor and action is being taken to redress this. At the Group level the first half saw a fall in revenue direct to the UK Ministry of Defence (MOD) with increases in space and export defence. There was a notable tightening in MOD expenditure with the Strategic Defence and Security Review (SDSR) underway until October, and follow-up contract reviews thereafter.

Following the difficulties experienced this time last year, and a period of restructuring in the second half of 2009/10, SCS has returned to profitability, having made an operating loss in the second half of 2009/10. MASS continues to perform strongly and underpinned its success with its selection as preferred bidder on the UK MOD's electronic warfare database replacement programme.

As reported in our trading update of 27 October 2010, SEA has had a slow order intake in the first half and some programme difficulties. Since that update, our view of the likely level of performance of SEA in the second half has deteriorated. Andy Thomis took over as acting Managing Director of SEA in late October and has commenced a thorough review of organisation and markets. A review of SEA's cost base had already begun in the first half of the year resulting in a net reduction of around 30 posts and an annualised cost saving of around £1.25m.

Key Financials

In the six months ended 31 October 2010, Cohort achieved revenue of £32.7m (2009 restated: £38.5m), a decrease of 15%. The Group's revenue for the first half included £11.6m from MASS, an increase of 7%, £11.6m from SEA, a decrease of 15% and £9.5m from SCS, a decrease of 32% on the restated 2009 comparative.

The Group's operating profit before exceptional items and amortisation of intangible assets was £2.1m (2009 restated: £2.6m).

"Cohort's overall profit has been in line with expectations for the first half, although performance at its subsidiaries has been mixed."

This included contributions from MASS of £1.9m (2009: £1.9m), SCS £0.5m (2009 restated: £0.3m) and SEA £0.4m (2009: £1.1m). The SEA performance included £0.3m of income from marking forward exchange contracts to market at 31 October 2010.

The Group's operating profit was £0.8m (2009 restated: £2.5m) after recognising exceptional costs of £0.6m and amortisation of intangible assets of £0.7m.

The exceptional cost comprises restructuring costs at SEA of £0.5m and SCS of £0.1m.

Basic earnings per share for the six months ended 31 October 2010 were 1.04 pence (2009 restated: 4.33 pence).

The Group achieved a strong first half cash performance with cash inflow from operating activities of £4.3m (2009: outflow of £0.1m) pushing the Group's net funds to £5.5m (2009: £3.0m) at 31 October 2010, after investing £0.9m in Abacus EW and a further £0.4m in completing MASS's new operational site, which was occupied in August.

Strategic Defence and Security Review

The results of the UK Government's SDSR were announced 19 October. A high proportion of Cohort's output goes to the UK MOD, either directly or indirectly, so this review was important to us. On the basis of the equipment announcements made 19 October the review was better for Cohort than might have been the case. In particular:

- The intention to build seven Astute Class nuclear attack submarines is good news for SEA, which is the current supplier of the communications system for Boat 4.
- The decision for the RAF to move to two primary combat aircraft (the Lightning 2 Joint Strike Fighter and Typhoon) both with advanced electronic warfare systems strengthens the need for Project Shepherd, the new electronic warfare data management system, which is important to MASS.
- The increased importance placed on protection of information systems and counter-terrorism, plays to strong Cohort capabilities.

Cohort is not affected by the cancellations of the Nimrod MRA4 aircraft, nor by the early retirement of the Sentinel aircraft, HMS Ark Royal aircraft carrier and the Harrier combat aircraft. In addition, the stated intention to carry out a significant restructuring of the Army, and to reduce civilian and uniformed manpower, are likely to provide managed service and advisory opportunities for Cohort's operating companies.

That said, there will be negative effects of the SDSR which are as yet hard to quantify. Shortly after the announcement of 19 October the Defence Secretary made it clear that a large number of contracts below the level of the headline announcements were under review. We have had no indication that any of these will affect Cohort's activities but the review process may result in some delays to contract awards, as may the process of implementing

Strategic Defence and Security Review (continued)
announced cuts in the MOD's civilian manpower. In the period up to the SDSR announcement we saw a significant tightening-up of procedures and budgets for the award of small in-year contracts, and this has had a notable effect on SCS in the first half. This was anticipated in our budget-setting process last year, and although the situation should become progressively easier now the main decisions have been taken, we do not expect to see a rapid acceleration in MOD demand for manpower substitution or technical support in the second half year.

Overall, although the SDSR has not impacted on our main programmes and creates opportunities as well as threats, it will result in a continuing caution and cost-consciousness inthe defence market, and contributes to a degree of uncertainty for the Cohort companies in the second half.

MASS
MASS continues to trade strongly achieving a 7% increase in revenue and trading profit of £1.9m (2009: £1.9m), in line with the comparative period last year and ahead of our expectations which had been based on performance more weighted towards the second half year.

The Excalibur team, which includes MASS, was selected as the preferred bidder for the UK MOD's Defence Electronic Warfare Centre Improvement Programme, now known as Shepherd. Negotiations on the contract award are underway and MASS is optimistic of a successful conclusion in the final quarter of Cohort's 2010/11 financial year or the first quarter of 2011/12.

The order book of MASS at 31 October 2010 was £74.7m, underpinning £9.0m of its second half revenue.

SCS
SCS has returned to profitability in the first half of the year following its restructuring in the final quarter of 2010 and the appointment of a new Managing Director. The fall in revenue at SCS by 32% to £9.5m in the first half of 2010/11 reflects SCS withdrawing from low margin business (£1.0m of revenue), and a general slowdown in manpower substitution activity and some elements of consultancy and training activities with the UK MOD. Nevertheless, as a result of its restructuring SCS delivered an increase in trading profit before exceptional items of 56% against the comparative period last year.

SCS completed a further minor restructuring exercise in October to focus itself on expected future growth areas. Since last year SCS has reduced its core staff headcount by a third with an annualised payroll saving of £2.5m. SCS secured orders of £5.8m in the first half and its closing order book of £7.3m underpins £6.1m of its second half revenue.

The contracting environment for SCS normally improves in the second half as a result of the MOD's spending cycle and we expect that to happen this year although the backwash from the SDSR creates some uncertainty about the extent of the increase.

SEA
SEA has had a poor first half posting a trading profit of £0.1m before income from marking forward exchange contracts to market of £0.3m (2009: £32,000 of income). SEA has experienced a slowdown

in order intake, partly because of MOD constraints on Research and Technology spending, and certain of its fixed price contracts have suffered overruns. A restructuring process to address SEA's cost base had been launched before the extent of these problems became apparent, and was completed in the first half, reducing its annual cost by £1.25m.

The then Managing Director of SEA left the business in October. Andy Thomis, Cohort Chief Executive, has taken over the role on an interim basis and is undertaking a comprehensive review of SEA's organisation and markets. This exercise will be completed in early 2011 and the resulting decisions implemented by the end of the financial year.

Outlook

The trading position at SEA will only return to a satisfactory level when resources have been aligned with the opportunities available, projects with inadequate margins completed and management processes at SEA tightened up. This will take some months and accordingly the Board now expects that the Group's trading profit before exceptional costs for the full year will be below previous expectations, though will still show an improvement on the 2009/10 result.

The Board of Cohort remains of the view that the Group's operating companies have strong capabilities and market positions. By focusing on these and aligning resources accordingly we expect Group profitability to return to a more satisfactory level, notwithstanding the uncertainties in the defence trading environment. Progress has already been made at SCS. Taking this into account, as well as the healthy cash position of the Group, the Board is recommending an increased interim dividend of 0.80p per share (2010: 0.65p).

Nick Prest CBE
Chairman

"The Group's operating companies have strong capabilities and market positions."

"Although the SDSR has not impacted on our main programmes and creates opportunities as well as threats, it will result in a continuing caution and cost-consciousness in the defence market."

Consolidated Income Statement

For the six months ended 31 October 2010

	Notes	Six months ended 31 October 2010 Unaudited £'000	Six months ended 31 October 2009 Unaudited (restated) £'000	Year ended 30 April 2010 Audited £'000
Revenue	2	**32,720**	38,500	78,129
Cost of sales		**(22,674)**	(27,252)	(56,666)
Gross profit		**10,046**	11,248	21,463
Administrative expenses (including amortisation of intangible assets and exceptional items)		**(9,238)**	(8,756)	(18,573)
Operating profit	2	**808**	2,492	2,890
Comprising:				
Adjusted operating profit	2	**2,073**	2,589	4,109
Amortisation of intangible assets		**(673)**	(297)	(595)
Exceptional items	3	**(592)**	200	(624)
		808	2,492	2,890
Finance income		**7**	16	38
Finance costs		**(94)**	(88)	(180)
Profit before tax		**721**	2,420	2,748
Income tax expense	4	**(296)**	(657)	(457)
Profit for the period attributable to the equity shareholders of the parent		**425**	1,763	2,291
Earnings per share		**Pence**	Pence	Pence
Basic	5	**1.04**	4.33	5.63
Diluted	5	**1.04**	4.31	5.62

All profit for the period is derived from continuing operations.

The consolidated income statement for the six months ended 31 October 2009 has been restated for the income overstatement described in note 8.

Consolidated Statement of Comprehensive Income

For the six months ended 31 October 2010

	Six months ended 31 October 2010 Unaudited £'000	Six months ended 31 October 2009 Unaudited (restated) £'000	Year ended 30 April 2010 Audited £'000
Profit for the period attributable to equity shareholders of the parent	**425**	1,763	2,291
Cash flow hedges – income taken to equity (net of tax charge of £3,000; six months ended 31 October 2009: £Nil; 30 April 2010 tax charge of £23,000)	**6**	—	60
Total comprehensive income for the period attributable to the equity shareholders of the parent	**431**	1,763	2,351

The statement of comprehensive income for the six months ended 31 October 2009 has been restated for the income overstatement described in note 8.

Consolidated Statement of Financial Position

As at 31 October 2010

	31 October 2010 Unaudited £'000	31 October 2009 Unaudited (restated) £'000	30 April 2010 Audited £'000
Assets			
Non-current assets			
Goodwill	**31,946**	31,043	31,043
Other intangible assets	**2,739**	930	632
Property, plant and equipment	**8,098**	4,731	7,930
Deferred tax asset	**998**	266	1,015
	43,781	36,970	40,620
Current assets			
Inventories	**558**	417	440
Trade and other receivables	**16,660**	19,654	22,837
Derivative financial instruments	**253**	210	15
Cash and cash equivalents	**9,004**	6,749	6,656
	26,475	27,030	29,948
Total assets	**70,256**	64,000	70,568
Liabilities			
Current liabilities			
Trade and other payables	**(11,261)**	(11,086)	(15,117)
Current tax liabilities	**(2,468)**	(1,025)	(1,804)
Derivative financial instruments	**—**	(68)	(53)
Bank borrowings	**(3,176)**	(3,180)	(3,171)
Provisions	**(3,606)**	(1,354)	(2,411)
	(20,511)	(16,713)	(22,556)
Non-current liabilities			
Bank borrowings	**(354)**	(529)	(444)
Deferred tax liability	**(1,851)**	(920)	(1,053)
Provisions	**(1,200)**	—	(155)
	(3,405)	(1,449)	(1,652)
Total liabilities	**(23,916)**	(18,162)	(24,208)
Net assets	**46,340**	45,838	46,360
Equity			
Share capital	**4,079**	4,076	4,079
Share premium account	**29,519**	29,491	29,519
Hedge reserve	**17**	(49)	11
Share option reserve	**499**	356	379
Retained earnings	**12,226**	11,964	12,372
Total equity attributable to the equity shareholders of the parent	**46,340**	45,838	46,360

The consolidated statement of financial position as at 31 October 2009 has been restated for the income overstatement described in note 8.

Consolidated Statement of Changes in Equity

For the six months ended 31 October 2010

	Note	Share capital £'000	Share premium account £'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
Total comprehensive income for the period attributable to the equity shareholders of the parent		—	—	6	—	425	431
Equity dividends paid		—	—	—	—	(571)	(571)
Total recognised income and expense		—	—	6	—	(146)	(140)
Share-based payments		—	—	—	120	—	120
At 31 October 2010		**4,079**	**29,519**	**17**	**499**	**12,226**	**46,340**
At 1 May 2009 (restated)		4,059	29,297	(49)	266	10,689	44,262
Total comprehensive income for the period as restated, attributable to the equity shareholders of the parent	8	—	—	—	—	1,763	1,763
Equity dividends paid		—	—	—	—	(488)	(488)
Total recognised income and expense		—	—	—	—	1,275	1,275
Exercise of share options		17	194	—	—	—	211
Share-based payments		—	—	—	90	—	90
At 31 October 2009 (restated)		4,076	29,491	(49)	356	11,964	45,838
At 1 May 2009 (restated)		4,059	29,297	(49)	266	10,689	44,262
Total comprehensive income for the year attributable to the equity shareholders of the parent		—	—	60	—	2,291	2,351
Equity dividends paid		—	—	—	—	(754)	(754)
Total recognised income and expense		—	—	60	—	1,537	1,597
Exercise of share options		20	222	—	—	—	242
Share-based payments		—	—	—	259	—	259
Transfer of share option reserve on vesting of options		—	—	—	(146)	146	—
At 30 April 2010		4,079	29,519	11	379	12,372	46,360

Consolidated Cash Flow Statement

For the six months ended 31 October 2010

	Notes	Six months ended 31 October 2010 Unaudited £'000	Six months ended 31 October 2009 Unaudited (restated) £'000	Year ended 30 April 2010 Audited £'000
Net cash generated from/(used in) operating activities	7	**4,265**	(81)	3,961
Cash flow from investing activities				
Interest received		**7**	16	38
Proceeds on disposals of property, plant and machinery		**–**	27	35
Proceeds on disposal of interest in joint ventures		**–**	140	–
Purchases of property, plant and equipment		**(491)**	(296)	(3,795)
Acquisition of subsidiaries, net of cash acquired	9	**(918)**	(280)	(280)
Net cash used in investing activities		**(1,402)**	(393)	(4,002)
Cash flow from financing activities				
Dividends paid		**(571)**	(488)	(754)
Repayment of borrowings		**(85)**	(105)	(199)
Proceeds on issue of shares		**–**	211	242
Net cash used in financing activities		**(656)**	(382)	(711)
Net increase/(decrease) in cash and cash equivalents		**2,207**	(856)	(752)
Cash and bank brought forward		**6,656**	1,311	1,311
Cash flow		**2,207**	3,344	5,448
Exchange		**141**	94	(103)
Cash and bank carried forward		**9,004**	4,749	6,656
Short-term deposits brought forward		**–**	6,200	6,200
Cash flow		**–**	(4,200)	(6,200)
Short-term deposits carried forward		**–**	2,000	–
Cash and cash equivalent brought forward		**6,656**	7,511	7,511
Cash flow		**2,207**	(856)	(752)
Exchange		**141**	94	(103)
Cash and cash equivalents carried forward		**9,004**	6,749	6,656
Total debt		**(3,530)**	(3,709)	(3,615)
Net funds		**5,474**	3,040	3,041

Notes to the Interim Report

For the six months ended 31 October 2010

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 2011. 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.

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 to the Group's statutory accounts for the year ended 30 April 2010. 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 2010 are in accordance with International Financial Reporting Standards as adopted by the European Union (Adopted IFRSs). 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 14 December 2010.

2. Segmental analysis of revenue and adjusted operating profit

	Six months ended 31 October 2010 Unaudited £'000	Six months ended 31 October 2009 Unaudited (restated) £'000	Year ended 30 April 2010 Audited £'000
Revenue			
MASS	**11,635**	10,905	21,484
SCS (restated – see note 8)	**9,541**	14,038	26,426
SEA	**11,554**	13,557	30,247
Inter-segment revenue	**(10)**	—	(28)
	32,720	38,500	78,129
Operating profit			
MASS	**1,900**	1,884	3,549
SCS (restated – see note 8)	**507**	315	90
SEA	**368**	1,074	1,560
Central costs	**(702)**	(684)	(1,090)
Adjusted operating profit	**2,073**	2,589	4,109
Amortisation of intangible assets	**(673)**	(297)	(595)
Exceptional items	**(592)**	200	(624)
Operating profit	**808**	2,492	2,890

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 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 SEA adjusted operating profit of £368,000 (six months ended 31 October 2009: £1,074,000; year ended 30 April 2010: £1,560,000) is after recognising income in respect of marking forward exchange contracts to market of £282,000 (31 October 2009: income of £32,000; 30 April 2010: loss of £231,000).

The results for the six months ended 31 October 2009 as previously reported 9 December 2009 have been restated following the conclusion of the restatement to the SCS reported figures as reported in the year ended 30 April 2010 financial report and accounts. The impact of the restatement is explained in note 8 to this report but in summary has increased the revenue and adjusted operating profit of SCS by £1,217,000 from £12,821,000 of revenue, and a loss of £902,000 to £14,038,000 of revenue and a profit of £315,000.

The chief operating decision-maker has been identified as the Board that makes strategic decisions.

The principal activities of the subsidiaries are described on the inside cover 'About Us'.

Notes to the Interim Report continued

For the six months ended 31 October 2010

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

Revenue analysis by sector and type of work

	Six months ended 31 October 2010 Unaudited		Six months ended 31 October 2009 Unaudited (restated)		Year ended 30 April 2010 Audited	
	£m	%	£m	%	£m	%
By sector						
Direct to UK MoD	**14.2**		20.7		40.3	
Indirect to UK MoD, where the Group acts as a sub-contractor or partner	**7.0**		6.8		16.8	
Total to the UK MoD	**21.2**	**65**	27.5	71	57.1	73
Export defence customers	**4.2**		4.1		7.5	
Defence revenue	**25.4**	**78**	31.6	82	64.6	83
Transport	**1.2**		1.9		3.4	
Space	**4.7**		3.6		8.2	
Other commercial	**1.4**		1.4		1.9	
Non-defence revenue	**7.3**	**22**	6.9	18	13.5	17
Total revenue	**32.7**	**100**	38.5	100	78.1	100
By type of work						
Technology solutions	**16.6**	**51**	16.0	41	34.5	44
Advisory services	**7.0**	**21**	8.8	23	17.0	22
Managed services	**4.5**	**14**	4.4	11	9.8	13
Manpower provision	**3.9**	**12**	6.5	17	11.6	15
Product	**0.7**	**2**	2.8	8	5.2	6
Total revenue	**32.7**	**100**	38.5	100	78.1	100

3. Exceptional items

	Six months ended 31 October 2010 Unaudited £'000	Six months ended 31 October 2009 Unaudited £'000	Year ended 30 April 2010 Audited £'000
Restructuring at SCS	**59**	–	310
Restructuring at SEA	**530**	–	291
Relocation of MASS's operations	**–**	–	148
Costs of acquisition of Abacus EW	**13**	–	75
Profit on disposal of the business of AGS	**(10)**	(200)	(200)
	592	(200)	624

4. Income tax expense

	Six months ended 31 October 2010 Unaudited £'000	Six months ended 31 October 2009 Unaudited (restated) £'000	Year ended 30 April 2010 Audited £'000
Current tax: in respect of this year	**268**	657	961
Current tax: in respect of prior periods	**—**	—	135
	268	657	1,096
Deferred taxation	**28**	—	(639)
	296	657	457

The income tax expense for the six months ended 31 October 2010 is based upon the anticipated charge for the full year on the profit before tax and amortisation of intangible assets. The income tax expense for the six months ended 31 October 2009 has been restated for the income overstatement at SCS (see note 8).

5. Earnings per share

The earnings per share are calculated as follows:

	Six months ended 31 October 2010 Unaudited £'000	Six months ended 31 October 2009 Unaudited (restated) £'000	Year ended 30 April 2010 Audited £'000
Earnings			
Basic and diluted earnings	**425**	1,763	2,291
Exceptional items (net of income tax)	**474**	(200)	414
Amortisation of intangible assets	**673**	297	595
Adjusted basic and diluted earnings	**1,572**	1,860	3,300

	Number	Number	Number
Weighted average number of shares			
For the purposes of basic earnings per share	**40,786,788**	40,680,955	40,727,969
Share options	**5,055**	180,684	55,361
For the purposes of diluted earnings per share	**40,791,843**	40,861,639	40,783,330

	Six months ended 31 October 2010 Unaudited Pence	Six months ended 31 October 2009 Unaudited (restated) Pence	Year ended 30 April 2010 Audited Pence
Earnings per share			
Basic	**1.04**	4.33	5.63
Diluted	**1.04**	4.31	5.62
Adjusted earnings per share			
Basic	**3.85**	4.57	8.10
Diluted	**3.85**	4.55	8.09

The earnings per share for the six months ended 31 October 2009 have been restated for the income overstatement at SCS (see note 8).

Notes to the Interim Report continued

For the six months ended 31 October 2010

6. Dividends

	Six months ended 31 October 2010 Unaudited Pence	Six months ended 31 October 2009 Unaudited Pence	Year ended 30 April 2010 Audited Pence
Dividends per share proposed in respect of the period			
Interim	**0.80**	0.65	0.65
Final	**—**	—	1.40

The interim dividend for the six months ended 31 October 2010 is 0.80 pence (six months ended 31 October 2009: 0.65 pence) per ordinary share. This dividend will be payable 2 March 2011 to shareholders on the register as at 4 February 2011.

The final dividend charged to the income statement for the year ended 30 April 2010 was 1.85 pence per ordinary share comprising 0.65 pence interim dividend for the six months ended 31 October 2009 and 1.20 pence for final dividend for the year ended 30 April 2009.

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

	Six months ended 31 October 2010 Unaudited £'000	Six months ended 31 October 2009 Unaudited (restated) £'000	Year ended 30 April 2010 Audited £'000
Profit for the period	**425**	1,763	2,291
Adjustments for:			
Tax expense	**296**	657	457
Depreciation of property, plant and equipment	**320**	266	557
Amortisation of intangible assets	**673**	297	595
Net finance costs (net of finance income)	**87**	72	142
Share-based payment	**120**	90	259
Derivative financial instruments	**(282)**	(32)	231
Increase in provisions	**313**	106	1,318
Operating cash flows before movements in working capital	**1,952**	3,219	5,850
Increase in inventories	**(118)**	(58)	(288)
Decrease/(increase) in receivables	**6,480**	3,404	(399)
Decrease in payables	**(4,217)**	(5,884)	(736)
	2,145	(2,538)	(1,423)
Cash generated from operations	**4,097**	681	4,427
Tax received/(paid)	**262**	(674)	(286)
Interest paid	**(94)**	(88)	(180)
Net cash generated from/(used in) operating activities	**4,265**	(81)	3,961

The net cash used in operating activities for the six months ended 31 October 2009 has been restated for the income overstatement at SCS (see note 8).

8. Restatement of prior period results

The figures reported for the six months ended 31 October 2009 have been restated for the income overstatement at SCS previously announced on 3 December 2009.

The figures previously reported on 9 December 2009 for the six months ended 31 October 2009 included a reduction in revenue and profit before tax of £1,230,000 in respect of the SCS overstatement.

The work done in preparing the accounts for the year ended 30 April 2010 and reviewed by KPMG Audit plc showed that the reduction in revenue and profit before tax for the six months ended 31 October 2009 was £13,000 with £1,217,000 relating to the year ended 30 April 2009. For information; the total adjustment in respect of the SCS overstatement was £1,850,000 of which £1,837,000 was in respect of the year ended 30 April 2009, this is unchanged from that reported at 30 April 2010.

The figures for the six months ended 31 October 2009 have been adjusted as follows:

	As previously reported £'000	Restatement £'000	As restated £'000
Revenue	37,283	1,217	38,500
Adjusted operating profit	1,372	1,217	2,589
Operating profit	1,275	1,217	2,492
Profit before tax	1,203	1,217	2,420
Income tax expense	(316)	(341)	(657)
Profit for the period attributable to the equity shareholders of the Company	887	876	1,763

Corresponding adjustments have been made to the cash flow, earnings per share and comprehensive income statement.

In respect of the statement of financial position, the net impact is only in respect of slight differences in the tax rate between periods with the impact on the total assets being a net nil, as already reflected in the opening balance sheet (at 1 May 2009) for the six months ended 31 October 2009.

9. Acquisition of Abacus EW

On 14 May 2010, Abacus EW was acquired by MASS for an initial cash consideration of £918,000. The acquisition costs which have been charged as an exceptional item to the income statement were £88,000, of which £75,000 was charged in the year ended 30 April 2010.

In addition to the initial cash consideration, a further cash consideration of up to £1,800,000 is payable to the vendors over three years depending upon the performance of Abacus EW. This earn out has been fully provided for as it is deemed the provisional fair value at 31 October 2010.

After fair value adjustments, the net liabilities acquired were £187,000 plus a deferred tax liability in respect of the other intangible asset of £778,000. The fair value adjustments remain provisional at this time since the payment of the further cash consideration is not certain.

The total other intangible asset was £2,780,000 which was in respect of contracts, future orders and intellectual property rights and will be amortised over its estimated life of two to three years. The balance of £903,000 was goodwill and will not be amortised but will be reviewed at least annually for impairment.

Independent Review Report to Cohort plc

For the six months ended 31 October 2010

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 2010 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.

As disclosed, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) pronouncements as adopted by the EU. The condensed set of financial statements included in this interim financial report has been prepared in accordance with the measurement and recognition criteria of IFRS and IFRIC pronouncements 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 2010 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
15 December 2010

Advisers

Registered Company Number of Cohort plc
05684823
Cohort plc is a company registered in England and Wales

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London EC2V 7QP

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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 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 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	1 September 2011
Final dividend payable	7 September 2011
Preliminary announcement for year ending 30 April 2011	June 2011

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