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Application has been made for the whole of the issued and to be issued ordinary share capital of Cohort PLC (“the Company”), to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks in investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither London Stock Exchange plc nor the UK Listing Authority has examined or approved the contents of this document.

The Directors of the Company, whose names appear on page 4 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This document constitutes an admission document drawn up in accordance with the AIM Rules. It is not a prospectus prepared in accordance with the Prospectus Rules of the Financial Services Authority and has not been delivered to the Financial Services Authority in accordance with such rules.

The Ordinary Shares are not traded on any other recognised investment exchange and no other application to any other recognised investment exchange has been made. It is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence on AIM, on 8 March 2006.

The attention of investors is drawn to the Risk Factors set out in Part 2 of this document. The whole text of this document should be reviewed in the light of these risk factors.

Cohort PLC

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 5684823)

Placing of 7,734,146 Ordinary Shares at 123p per share Admission to trading on AIM

Nominated Adviser and Broker Investec

Ordinary share capital immediately following Admission

<i>Authorised</i>		<i>Issued and fully paid</i>	
<i>Number</i>	<i>Amount</i>	<i>Number</i>	<i>Amount</i>
40,000,000	£4,000,000	up to 22,124,294	up to £2,212,429

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Copies of this document will be available free of charge during normal business hours on any weekday (except public holidays) at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL for the period of one month from the date of Admission.

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PLACING STATISTICS

Placing Price	123 pence
Total number of New Ordinary Shares being placed on behalf of the Company	4,065,041
Total number of Sale Shares to be sold pursuant to the Placing	3,669,105
Maximum number of New Ordinary Shares to be issued under the Employee Share Offer	220,773
Maximum number of Ordinary Shares in issue immediately following the Placing and Admission*	22,124,294
Proportion of the Enlarged Share Capital being placed*	35.0
Market capitalisation at the Placing Price immediately following Admission*	£27.2 million
Net proceeds of the Placing receivable by the Company	£4.1 million

* Assumes the issue of the maximum number of New Ordinary Shares available under the Employee Share Offer

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	2006
Publication of this document	28 February
Admission to trading on AIM effective and dealings expected to commence	8 March
CREST accounts credited with Ordinary Shares in uncertificated form	8 March
Despatch of definitive share certificates (where applicable)	15 March

DIRECTORS, SECRETARY AND ADVISERS

Directors	Nicholas Martin Prest (<i>Chairman</i>) Albert Edward Stanley Carter (<i>Chief Executive</i>) Andrew Stephen Thomis (<i>Business Development and Finance Director</i>) Sir Robert Walmsley (<i>Non-Executive Director</i>)
Secretary	Andrew Stephen Thomis
Registered and head office	The Court House Northfield End Henley-on-Thames Oxfordshire RG9 2JN
Nominated adviser and broker	Investec 2 Gresham Street London EC2V 7QP
Reporting accountants and auditors	Baker Tilly 12 Gleneagles Court Brighton Road Crawley West Sussex RH10 6AD
Legal advisers to the Company	Eversheds LLP Senator House 85 Queen Victoria Street London EC4V 4JL
Legal advisers to Investec	CMS Cameron McKenna LLP Mitre House 160 Aldersgate Street London EC1A 4DD
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

PART 1

INFORMATION ON THE GROUP

1. Introduction

Cohort has been established to capitalise on opportunities to grow, both organically and through acquisition, in the defence technical services market. The Directors believe that the accessible UK market for such services is large and offers scope for expansion, whilst a portion of the supplier base is fragmented and provides opportunities for consolidation. Cohort will seek to make targeted acquisitions of complementary businesses.

Cohort's sole initial trading subsidiary, Systems Consultants Services Limited ("SCS"), is a leading independent defence technical services business based in Henley-on-Thames, Oxfordshire in the United Kingdom. SCS provides a range of technical services to clients in the defence and security sectors, its principal client being the UK Ministry of Defence ("MOD") and its agencies. Its other clients include other UK government departments, NATO, major defence contractors and non-defence businesses.

SCS was founded in 1992 by Stanley Carter, formerly a colonel in the British Army, to provide independent, practical and technical expertise to clients in the defence and security sectors. A high proportion of SCS's employees and those engaged as associates were formerly in either the British armed forces or the MOD. A number are technically qualified to degree level or above and collectively they have a wide breadth and depth of expertise.

SCS has grown significantly since 1992 and, in particular, has seen rapid and profitable growth over the last few years. In the year ended 30 April 2005, SCS recorded a turnover of £14.4 million and operating profit of £1.8 million.

Cohort has a highly experienced board and, in SCS, a respected name in its chosen market sectors. Cohort's board consists of Chairman Nick Prest, former Chairman of both the Defence Manufacturers Association and Alvis plc; Chief Executive Stanley Carter, founder and Managing Director of SCS; Business Development and Finance Director Andrew Thomis, former Director of Corporate Development at Alvis plc; and Non-Executive Director Sir Robert Walmsley, former MOD Chief of Defence Procurement. Cohort has a strong management team with considerable experience in the UK and international defence market.

2. History and background

SCS was founded by Stanley Carter in 1992 following a military career in the Royal Artillery and on the General Staff of the British Army. Stanley identified a demand for individuals with professional theoretical knowledge coupled with practical experience in its application to advise the defence and security sectors. He created SCS to meet this requirement and SCS won its first contract with the then MOD Defence Research Agency to research command support systems. Some six months after he started the business, Stanley was joined by John Lyde and John Tydeman, both of whom are executive directors of SCS.

The 1990s saw significant growth. SCS moved to leased premises near Henley-on-Thames in 1998. In 2000, SCS won its first weapon system field trial contract, which involved planning and conducting firing trials of the Royal Navy's standard medium calibre, general purpose gun and analysing the results.

In 2001, SCS was appointed the lead contractor to provide comprehensive training support for the newly formed Permanent Joint Headquarters ("PJHQ") of the British armed forces at Northwood, heading a consortium of EDS Defence Ltd ("EDS"), Cubic Applications Inc. ("Cubic") and Titan Systems Solutions UK Ltd ("Titan"). Since then SCS has supported PJHQ in activities ranging from simulation-based training events in the UK up to large exercises involving deployments overseas. The latter typically require teams of approximately 50 experts from SCS. SCS's involvement with PJHQ covers such diverse activities as developing scenarios and plans for exercises, developing computer-based simulations and providing highly experienced senior individuals (such as a former ambassador) to add realism as the scenario unfolds.

Having outgrown its premises, SCS moved to its present location at The Court House, Henley-on-Thames in 2001. Since then, SCS has extended its activities to crisis management training for non-military customers, including the Department of Health and in the private sector. In addition, SCS provides information security advice. Customers have praised SCS's professionalism, responsiveness and excellence of service, demonstrating the strength of SCS's reputation amongst its customers.

Cohort was incorporated on 23 January 2006 to become a holding company for SCS and any subsequent acquisitions. Cohort acquired the entire issued share capital of SCS in a “share-for-share exchange” on 9 February 2006.

3. Key strengths

The Directors believe that the Group has a set of strengths which differentiate it in its marketplace and has contributed to its track record of consistent profitable growth. These include the following:

- A flexible business model which has provided a competitive advantage through:
 - offering customers access to a wide range of highly experienced practical and technical expertise on a flexible and cost effective basis; and
 - building relationships with and retaining experienced defence and security experts by providing them with a familiar environment and attractive and flexible work and working patterns.
- Demonstrable independence from the major defence businesses or interests, giving customers confidence that they will receive objective advice.

These strengths have enabled the Group to respond successfully to growing demand in its chosen market sectors, which in the case of defence, has been driven principally by structural changes in the management of defence as well as changes to the international security situation. As a result, SCS has now established a customer base extending across the defence and security sectors, within which the Directors believe SCS has developed a reputation for both performance and cost-effectiveness.

4. The business

Activities

SCS’s principal operational activity is the provision of a wide range of technical services for its clients across the following main areas.

(a) Training Support

SCS provides a broad spectrum of training services to military, government and commercial clients. It is a key provider of military training services to PJHQ, the organisation that commands UK military operations overseas. This includes a permanent team supporting the design and management of military training exercises ranging from computer simulations to, large exercises involving deployments overseas. Training activities range from operating military training exercise simulation software to providing expert individuals (such as a former ambassador and senior civil servants) to develop scenarios and participate in such exercises. Through its sub-contract partners EDS, Cubic and Titan, SCS supports and develops the software and hardware infrastructure underpinning these exercises. SCS also provides crisis management training and support to government and commercial organisations.

(b) Military Equipment Trials

Equipment trials are required by both MOD and the defence industry for proving equipment safety, reliability, and performance. Such trials are expensive and are both a key component of development programmes and a continuing requirement throughout an equipment’s operational life. They require sophisticated equipment, facilities and personnel, frequently over extended periods and offer substantial scope for innovation. SCS has experience of planning and managing equipment test and evaluation trials, including the live firing of weapons, with knowledge of techniques and facilities both in the UK and internationally. SCS has led trials on a range of equipment including naval weapons, helicopters and armoured vehicles.

(c) Network-Enabled Warfare

A major area of development for military forces in the US, the UK and the other major European nations is the use of high-bandwidth digital communications between units to provide a military “internet”. Potential benefits include more accurate information on both friendly and hostile dispositions, faster and better decision-making and the ability for commanders to use widely dispersed military assets to create a co-ordinated and simultaneous effect. However, the systems required to deliver this capability are both highly complex in themselves and generate profound management challenges, crossing both project and organisational boundaries. SCS has developed considerable expertise in this area, known in the UK as network-enabled capability (NEC). SCS has secured contracts to provide technical advice to support a number of major

MOD NEC programmes including the Joint Command Systems Initiative, Joint Battlespace Digitisation, Land Systems Digitisation and the Defence Information Infrastructure. It has also been a significant contributor to the MOD's NITeworks programme, a large-scale experimental synthetic environment developed to assess the effectiveness of new equipment and techniques.

The importance of SCS's status as an independent expert in this field was reinforced in early 2005 by the award of a contract to support the study by the National Audit Office ("NAO") into a major MOD communications project.

(d) Applied Research and Analytical Studies

The MOD runs a major programme of research work covering a wide range of military activities. This includes development of new technologies, systems and concepts as well as operational analysis ("OA") and wargaming. The total expenditure on MOD-managed research work in 2003/4 was £548 million. The Company carries out a range of study and experimental work to support these programmes – for instance it has contributed to the design, execution and reporting of an experiment to measure the effects of sleep deprivation on team decision-making performance for QinetiQ's Centre for Human Sciences. In 2004 SCS led a team including LogicaCMG to carry out a study into military surveillance and intelligence gathering in an urban setting. The MOD was the customer for this work, which involved both high-level analysis and detailed wargaming.

(e) Support to Equipment Projects

UK public expenditure on defence is amongst the highest in Europe, with the Defence Procurement Agency ("DPA") having a budget exceeding £8 billion in 2005/6. A significant proportion of this expenditure is on concept and assessment phase studies, which are intended to develop the understanding of the military requirement and identify and mitigate technical risk. Working alongside major defence companies, SCS has contributed military advice, technical support, operational analysis and trials management to these studies. For instance, SCS is a key member of the Lockheed Martin-led Team Athena consortium for the Assessment Phase of the Land Environment Air Picture Provision ("LEAPP") project, an 18-month design study for the command and control of the UK's surface to air missiles. SCS is also currently a member of the team led by Raytheon Systems Ltd to develop JETTS, the Joint Effects Tactical Targeting System, a major element of NEC in the British Army. SCS's contribution to JETTS makes use of both its expertise in NEC and its operational analysis capability. SCS also advises and supports the DPA and Defence Logistics Organisation ("DLO") in planning and executing acquisition projects and managing equipment throughout its life. SCS has worked on major projects such as the E3-D AWACS and ASTOR airborne radar.

SCS carries out a wide range of other activities for its clients including organisational studies, data gathering and software development. It has a broad span of defence expertise, but has particular depth in the land (i.e. army) environment and with command, control, communications, computing and intelligence systems. It maintains strong relationships both with academia and other defence businesses, which adds to its capabilities and effective resource base.

The Company also operates an Interim Professionals service which provides experienced ex-military staff for a wide range of temporary assignments within the MOD on a daily rate basis. Such activities provide an introduction for clients to SCS's services and are commercially valuable in themselves.

The scale of engagements taken on by SCS varies considerably. The largest single contract generates sales of over £3.5 million over a twelve month period. Small engagements may involve fees of as little as a few thousand pounds. Similarly, the duration of engagements varies widely, from short assignments of a few days to annually renewable multi-year contracts. Overall, the mean contract size is approximately £100,000 and the mean duration approximately six months. SCS is currently working on approximately 150 contracts, though this varies throughout the year and may be higher or lower at any given time.

SCS provides services to customers on either a fixed price or time and expenses basis. The nature of the services provided by SCS is such that estimation of costs is inherently low risk, and it very rarely experiences cost overruns on fixed price contracts. The Company makes sales through several different contracting mechanisms:

- **Enabling agreements.** SCS has enabling agreements with several customers whereby over-arching man-day rates and general terms and condition of contract are agreed. Such agreements typically follow a competitive selection process but, once in place, subsequent tasks can be

rapidly, directly and simply contracted without the need for further competition. The initial duration of the agreement varies typically from one to two years, and they are frequently extended annually (with revised rates) one or more times before the customer holds a new competition. Customers who hold enabling agreements with SCS include QinetiQ as well as the MOD's Integration Authority, Directorate General of Doctrine and Development, and the Defence Science and Technology Laboratory ("DSTL").

- **Catalogue Agreements.** These are similar to Enabling Agreements but tend to list individual consultants from selected companies/consortia by grade and skill-set under overarching man-day rates and general terms and conditions. Typically a government department or agency will compete and compile a catalogue comprising a number of companies which can then be used by its branches to engage individuals without further competition. SCS advisers are listed in several such catalogues.
- **Individual fixed-price contracts.** For larger tasks, public sector customers invariably conduct a formal competition based on the specific requirement, leading to the award of one or more individual fixed-price contracts. For higher risk projects, in the early phases, MOD sometimes awards parallel contracts to competing consortia to maintain competition and so that it can subsequently select the preferred solution. If needed, and if the customer is satisfied with the service, these contracts may be extended without further competition. An example is SCS's contract with PJHQ to provide training services, which includes options to be extended to 2010; this contract also makes provision for support to individual exercises to be agreed separately as required. Private sector customers also award individual fixed-price contracts for particular projects. Companies may select a supplier competitively but this is likely to be less formal than for public sector clients and may be dispensed with where there is already a good relationship with the supplier.
- **Time and expenses contracts.** Contracts based on an agreed man-day rate plus expenses and any direct purchases, typically with monthly invoices. Interim Professional contracts generally operate on this basis, and other contracts may do so where the scope of task is difficult to define or when the customer requires additional flexibility.

Business model

SCS is structured on the basis of approximately 100 permanent employees, of whom 82 are directly involved in providing or managing revenue-generating activities, and a larger number of associates who are deployed onto assignments. Of the associates registered on its database, approximately 280 are currently providing services under contract and more than 450 have worked with SCS since January 2001.

A high proportion of SCS's employees and those engaged as associates have a background in the UK armed forces, typically at mid-ranking to senior officer level. As well as being highly experienced in relevant areas, a number also hold advanced technical qualifications. SCS has made efforts to be attractive for many high quality people leaving the armed forces, a group with a distinctive set of financial and personal requirements. SCS offers several different options for these people, ranging from occasional short term and longer term assignments through to part or full-time employment. SCS provides a familiar environment for people making the transition from military service to the commercial world, and can provide full-time employment, long-term associate opportunities, or just a bridge to a new career according to the needs of the individual and the business.

The flexibility of SCS's business model and its ability to attract high-quality ex-military people provide it with a significant competitive advantage over a traditional consultancy model in which the large majority of consulting staff are full-time employees. The aim of the directors of SCS has been to provide high quality services at a reasonable price, while maintaining operating margins amongst the strongest in the sector.

5. The market

SCS provides a wide range of different services to clients in the public and private sector. These services span a number of different categories including research, training support, equipment trials and equipment procurement and the provision of human resources. The Directors are not aware of any estimate for the total size of the markets that SCS addresses or the portion of any of these markets which is currently open to competition. However, the Directors believe the market accessible to SCS is large in relation to its sales and that there are a number of trends within the sector which are conducive to SCS's efforts to expand its business. For instance, in the year 2003/4, the MOD's

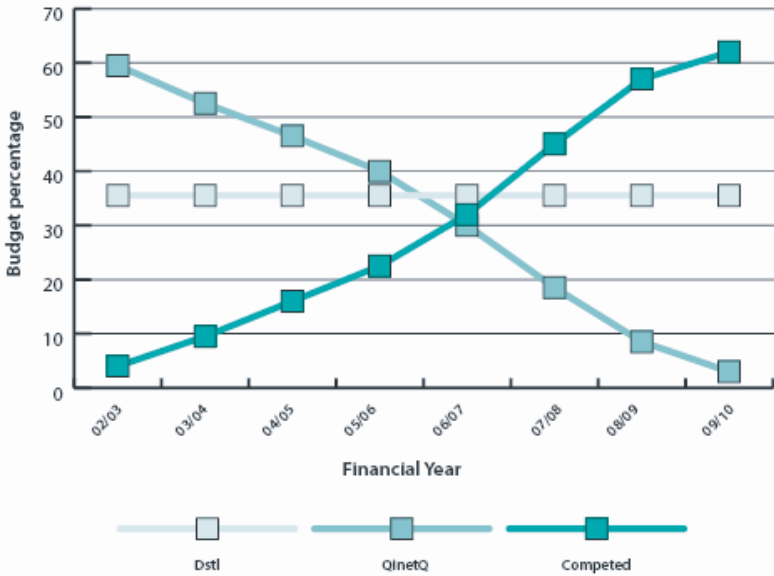
net expenditure on research and development amounted to £2.7 billion, comprising £0.5 billion on research and £2.2 billion on development. In the year 2004/5:

- the total amount spent by the DPA on studies and assessment was £351 million; and
- the MOD’s expenditure including that of its agencies on external assistance, a category that includes most external advisory work outside the DPA, was estimated at £251 million.

Whilst the figures given above are not exclusive of each other and SCS’s capability spans only a proportion of these requirements, the figures indicate that the market for the provision of technical services to the MOD and its agencies is substantial.

The Directors believe that the principal trends within the defence sector which are conducive to SCS’s efforts to expand its business are:

- Changes in the international security situation, including the increased international emphasis on the threat from terrorism. This provides opportunities in determining and implementing the necessary changes in doctrine, force structures and equipment and in crisis management training;
- The increasing technical complexity of defence equipment, coupled to capacity constraints in the MOD’s in-house scientific and technical expertise, is leading to greater reliance on external resources;
- The provision of scientific and technical expertise to the MOD is expected to be increasingly open to competition. For example, the MOD has adopted an incremental policy of inviting external suppliers to bid for research work. Prior to 2001 the large majority of this work was done in-house by the then Defence Evaluation and Research Agency (now split into the privatised QinetiQ and the smaller retained Defence Scientific and Technical Laboratory). Research is managed by the RAO, whose objective is to increase the proportion of work awarded in competition to 50 per cent. by 2007. The table below sets out the proposed increase in competition within the MOD Research Programme as published by the MOD:



Source: MOD Defence Industrial Strategy, December 2005

- A drive for efficiency, leading to increased use of temporarily engaged external advisers for tasks such as training exercise management that would previously have been carried out by permanent employees;
- Consolidation and vertical integration amongst the major defence prime contractors, which has significantly reduced the scope for competition for some defence projects. This has left the MOD needing sources of independent expert technical advice, such as SCS, which are not tied to the interests of any particular major defence supplier; and
- Military overstretch, which has resulted in important staff posts in the logistics and training areas being “gapped”, creating a need for experienced temporary replacements.

6. Customers

SCS receives a high proportion of its revenue directly from the various divisions and agencies of the MOD: over 70 per cent. in the year ended 30 April 2005. These customers include the DSTL, Research Acquisition Organisation (“RAO”), DPA and DLO. Other major defence sector customers include Raytheon, BAE Systems, General Dynamics, Lockheed Martin, NATO and QinetiQ. Typically, the MOD is the end customer in the services SCS provides to the major private defence groups. SCS also provides services to other UK government departments, including the NAO and NHS, and to NATO. The nature of this customer base results in a high quality income stream with extremely few bad debts.

The six largest contracts in the year ended 30 April 2005 comprised: two training support contracts for PJHQ; support to Lockheed Martin on LEAPP; two support contracts for the MOD’s Integration Authority; and software support to the DLO. Collectively, these contracts contributed approximately 30 per cent. of turnover for the year.

7. Competition and collaboration

SCS interacts with a range of other businesses in competition, collaboration or both. Prominent examples include QinetiQ and Vega.

SCS also competes and co-operates with smaller consultancy businesses. Typically, these offer a narrower range of capabilities, although some may have considerable strength within these. Rather than compete, such businesses have at times preferred to work with SCS in order to promote their capabilities for larger opportunities which they are unable to access alone.

8. Growth strategy

SCS’s turnover has achieved average year-on-year growth of 37 per cent. in the three years ended 30 April 2005. The Directors believe that there is considerable further organic growth potential. Although SCS has an acknowledged position in certain areas of the advisory market, for instance, military joint training, there are also other areas within the overall defence and security market well suited to its approach and skills which SCS has yet to access.

Alongside organic growth, the Directors see opportunities for consolidation in the fragmented defence technical services supplier base and the making of acquisitions is an important part of the Group’s strategy. The Directors believe that a number of companies of a similar size to Cohort, as well as smaller businesses, would make suitable potential acquisition targets. Amongst the Board there is considerable experience in effecting and integrating acquisitions. The Directors believe that acquisitions could result in the following benefits:

- Access to greater and complementary resources. SCS often forms joint teams with other advisory businesses with different sets of core skills, better to address the needs of customers for particular projects. Bringing such businesses into the same group could provide an opportunity to form teams much more easily and to access a wider range of skills in-house;
- Cross-marketing synergies. Advisory businesses frequently have strengths in particular market areas. SCS is particularly strong in the military land environment. Acquisition of businesses with complementary skills and market strengths presents an opportunity for both acquirer and acquired to enter new markets;
- Ability to bid for larger contracts. Acquisitions can increase the size and financial strength of the business, giving customers the confidence to make larger contract awards; and
- Shared central resources. SCS would seek to integrate the head office functions of any acquisitions which should lead to cost savings.

The Directors believe that a well-managed enlarged business, providing a wider range of advisory services primarily in the defence and security markets, but remaining independent of large-scale manufacturing interests, has the potential to be successful. The Directors have identified a number of independently owned companies which are complementary to SCS in terms of skills and market access. The Directors believe that the opportunity to join the kind of enlarged business they envisage may be attractive to both the owners and employees of these businesses.

9. Reasons for the Placing, Admission and use of proceeds of the Placing

The Directors believe that the Placing and Admission to AIM will provide a number of benefits. In particular, it will:

- strengthen the Group's balance sheet and provide greater visibility and transparency to customers which, the Directors believe, may enhance the Group's ability to bid for larger contracts;
- enhance the Group's ability to make acquisitions because of its enhanced ability to issue share capital to fund acquisitions and issue shares as consideration for acquisitions; and
- enhance the Group's ability to attract, motivate and retain high calibre employees and to align the interests of the senior management team with those of Shareholders by providing share-based incentive schemes.

The net proceeds of the Placing to be received by the Company of £4.1 million will be used to strengthen the Group's financial position which will, amongst other things, increase the Group's ability to make acquisitions.

The Placing will also allow certain Shareholders to realise a portion of their holding of Ordinary Shares. Admission may provide enhanced liquidity to existing Shareholders, subject to the lock-in arrangements described in paragraph 21 of this Part 1.

10. Selected financial information

The table below sets out the turnover and operating profit for SCS for each of the three years ended 30 April 2005 and the net assets at each of those dates, extracted without material adjustment from the financial information relating to SCS contained in Part 4 of this document, and the corresponding data for the interim period ended 31 October 2005, extracted without material adjustment from the unaudited interim results for SCS for such period contained in Part 5 of this document. The following information is in summary form only. Accordingly, investors should read the whole of this document and not rely solely on the summarised information.

	<i>Year ended 30 April¹</i>			<i>Six months ended 31 October 2005 (unaudited)²</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Turnover	7,706	11,182	14,432	8,477
Operating profit	432	1,192	1,815	751
Net Assets	898	1,433	2,163	2,543

Notes:

- (1) Turnover, operating profit and net assets for the three years ended 30 April 2005 are extracted from the profit and loss account and the balance sheet included in the financial information relating to SCS for such period, as set out in Part 4 of this document.
- (2) Turnover, operating profit and net assets for the six months ended 31 October 2005 are extracted from the unaudited interim results of SCS for such period, as set out in Part 5 of this document.

11. Current trading and prospects

Based on SCS's performance since 1 May 2005, the Directors expect that turnover in the current financial year will exceed the level achieved in the year ended 30 April 2005.

In the current financial year, in response to both the increasing size and breadth of the business and in anticipation of operating in the AIM environment, the Group has made, or is in the process of making, a number of changes to its organisation and policies:

- While maintaining the use of associates as the predominant means of service delivery, SCS has invested to recruit an increased number of individuals as full-time employees. This reflects the growing size of the business and its continuing need for regular access to scarce expertise in certain strategic areas;
- SCS has strengthened and is looking to strengthen further its management and administrative team both to manage the increased scale of the business and to comply with the reporting and governance requirements of a public company; and

- Historically, the directors of SCS have taken relatively low salaries, reflecting the level of dividend payments drawn from SCS. These salaries have been increased in the current financial year to levels more in line with market rates.

The Directors believe these changes are necessary and position the Group well for future growth. However, taken together with the additions to the Group's senior management team and other costs directly related to the Admission, they will result in increased costs for the Group in the year ending 30 April 2006 and in later years.

12. Dividend policy

In the absence of unforeseen circumstances, the Directors intend to pay, in September 2006, a final cash dividend of approximately £0.1 million for the six months ending 30 April 2006. For the avoidance of doubt, this is not a profit forecast.

Thereafter, the Directors intend to declare an interim and final dividend in respect of each financial year. The Directors intend to adopt a progressive dividend policy taking account of the long term earnings growth of the Group.

13. Directors and key employees

Directors

Nick Prest CBE, age 52 – Chairman

After graduating with an MA from Oxford, Nick Prest began his career as an administrative civil servant in the MOD in 1974. After an MBA course at Bradford Business School, Nick then moved within the MOD to the Defence Export Services Organisation. In 1982, he left the MOD to take a marketing role at United Scientific Holdings, predecessor of Alvis plc ("Alvis"). He was appointed Marketing Director in 1985, with overall responsibility for the order intake of the Alvis Group worldwide, and became Chief Executive in 1989.

Alvis developed into one of the world's leading contractors in the specialist field of armoured vehicles before being acquired by BAE Systems in 2004. Nick was appointed Chairman of Alvis in 1996. He was Chairman of the Defence Manufacturers Association from 2001 to 2004. Nick is Chairman designate of AVEVA Group plc.

Stanley Carter, age 63 – Chief Executive

Following a successful military career, Stanley took early retirement as a Regular Army Lieutenant Colonel in the Royal Artillery to found SCS in 1992. During his service he held a wide range of operational posts and staff officer appointments in the MOD, including the central staff, procurement, government research establishments and had significant interaction with industry. He also represented the UK on a five nation technical committee overseeing the development of an advanced weapon system and at NATO interoperability committees. Stanley won a personal award from the MOD Committee of Awards to Inventors for a lightweight missile launcher which is still in service. His final MOD appointment involved the development of command information systems. He has degrees in technology and behavioural science from Loughborough and the Open University, respectively, and an MSc in Design of Information Systems from the Royal Military College of Science in 1987. Through his experience he identified the need for personnel with theoretical knowledge and practical experience in its application in order to deploy technology to its full effect and successfully built SCS on this basis. On Admission, Stanley Carter will own approximately 48.1 per cent. of the Enlarged Share Capital (assuming the issue of the maximum number of Ordinary Shares available under the Employee Share Offer).

Andrew Thomis, age 41 – Business Development and Finance Director

After graduating with an M.Eng in Electronic Engineering and Management Science from Imperial College, London, in 1987, Andrew joined the MOD, initially as a research technologist then subsequently in project management and policy roles including a spell as a private secretary to the defence procurement minister. In 1996, he left the MOD to join Capita plc's management consultancy business, advising public sector clients in the defence and intelligence fields, joining Alvis the following year. As Director of Corporate Development at Alvis he was responsible for mergers and acquisitions, strategy and high level business development over the period when Alvis consolidated the UK armoured vehicle industry and established itself as one of the world's leading armoured vehicle businesses.

Sir Robert Walmsley, KCB, age 65 – Non-executive Director

Sir Robert Walmsley previously served in the Royal Navy where his final appointment was as Controller of the Navy and member of the Navy Board as a Vice Admiral. He was knighted in 1995. After retiring from the Navy, he was appointed as Chief of Defence Procurement, occupying that position from 1996 until 2003. He was appointed independent Non-Executive Director of British Energy Group Plc in 2003. He is an independent Director of General Dynamics Corporation, the Major Projects Association, EDO Corporation and Stratos Global Holdings Limited (a wholly owned subsidiary of Stratos Global).

The Directors intend to appoint a Finance Director within a short time following Admission. Such an appointment would allow Andrew Thomis to focus solely on his role as Business Development Director.

Key Employees

John Lyde, SCS Business Development and Commercial Director

John joined SCS in September 1992 and has considerable experience of MOD and defence business and commercial matters. A former British Army colonel, he has some 30 years involvement in defence computing and procurement in the armed forces of both the UK and the USA.

John Tydeman, SCS Administration Director

John also joined SCS in September 1992 and, together with John Lyde and Stanley Carter formed the team that steered the business through its early development. Aside from his administrative responsibilities, he has a strong systems background and considerable recent experience in providing technical support to the MOD. John was also a founding member of the Royal Signals sponsored specialist Territorial Army unit, the Land Information Assurance Group (V).

Gavin Kilgour, SCS Business Area Manager, Weapon Systems

Gavin joined SCS in April 1998. He has a detailed understanding of fire support, operational and logistic issues. His Royal Artillery service included appointments in the Defence Procurement Agency and the MOD, where he was responsible for operational requirements for artillery rocket and precision attack systems.

Robin Joy, SCS Manager, Interim Professionals Division

Robin joined SCS in November 2000 directly from his post as Regimental Colonel, the Corps of Royal Electrical and Mechanical Engineers (“REME”). He had earlier set up the REME Manning and Career Management Division in the Army Personnel Centre in Glasgow. His Army career included service with Airborne Forces as well as a period as Force Engineer of the Royal Brunei Armed Forces.

Donald Wilson CBE, SCS Business Area Manager, Training Support

Donald joined SCS in January 2004. He is a former infantry commanding officer and brigade commander with widespread operational, crisis management and training experience in the UK and overseas. This includes direction of the Army’s Training Simulation programme, policy and direction of Land Command’s collective training. In 2001, he led the operation to contain and eliminate the outbreak of foot and mouth disease and flood relief operations in the East of England.

Steve Court, SCS Business Area Manager, C4I

Steve joined SCS in June 2002. A former Royal Engineer, he has wide practical experience of the MOD acquisition system and the use of simulation and synthetic environments in training. Steve also has command and operational experience at most levels. He is a skilled project manager and has an MSc in the Design of Information Systems.

Steve Mills, SCS Business Manager

Steve joined SCS in May 2000. He is responsible for business development, client relationship management, emerging markets and ensuring coherence across capability areas and activities. Prior to joining SCS, he completed a successful career in the British Army and has served in both NATO and UK major military headquarters.

Emily Davies, SCS Business Support Manager

Emily joined SCS in October 2003 and is responsible for general business coordination, including Human Resources and Marketing. Prior to joining SCS she was a consultant in the London Reward & Share Plans team of PricewaterhouseCoopers, during which time she qualified as a Chartered Tax Adviser.

14. Other activities and interests

As a private company, SCS has made loans and investments in a number of ventures in areas related and unrelated to its core activities. The Directors have taken a prudent view in accounting for these relationships. Following Admission, they intend to monitor them carefully and, where it is in the best interests of the Company, bring them to a conclusion.

SCS has a 50 per cent. interest in SCS Mothership Ltd (“SML”), a joint venture of SCS and Mothership Technology Limited (a high performance computer graphics company) focused on advanced 3D terrain and battlespace visualisation. SML is working under contract with Lockheed Martin, the major US defence business, to research and provide 3D terrain visualisation capabilities for space, ISTAR (intelligence, surveillance, target acquisition and reconnaissance) and missile control applications. SCS provides a working capital facility to SML, which showed a balance of £90,405 owing at 31 October 2005. Start-up assistance provided to SML is reflected in an additional debtor balance of £134,553 at that date. The Directors are confident that these sums are fully recoverable.

SCS has provided start-up funding for a new venture, SCS South Africa. This currently operates through an agreement with a former British Army Colonel, Peter Nell, who is based in South Africa and has been developing a new business there based on the SCS model. The commitment at 31 October 2005 was £54,000 and this was fully provided for in SCS’s accounts. The maximum commitment to this venture is £100,000.

SCS has a 25 per cent. interest in Digital Millennium Map LLP (“DMM”), an equal partnership of four companies compiling an integrated high-resolution aerial digital image of Britain. The project is an update of the Millennium Map, an integrated aerial image of Britain, originally carried out by Getmapping Ltd, one of the partners. DMM plans to provide imagery for sale to private, corporate and government users via Getmapping’s established sales channels. Changes in the market for digital geographic imagery have raised questions about the future profitability of DMM, and SCS has taken the prudent position of providing in full for its £400,000 commitment of which £130,000 had been drawn down as at 31 October 2005. Additionally, SCS owns an advanced digital camera which it leases to DMM on a commercial basis. The outstanding balance on the lease account as at 31 October 2005 was £302,986, and SCS is confident that this sum is fully recoverable. Following Admission, the Group will make no further investment in this business beyond its existing commitment.

SCS assisted in the establishment of and has lent funds to the Centre for Defence and International Security Studies (“CDiSS”), a company which was spun out of Lancaster University. CDiSS organises events and seminars, carries out studies and publishes papers with a defence and security theme. It is seeking to raise funds both through sponsorship and its operating activities. However, the recoverability of the funds advanced to CDiSS is sufficiently uncertain that SCS has made full provision in its accounts for the outstanding balance, amounting to £93,161 at 31 October 2005. Following Admission, the Group will make no further loans to this company beyond its existing commitment.

SCS assisted in the establishment of, and lent funds to, Sentinel Programmes Limited (“SPL”) which organises international security-related conferences, most recently in Prague in February 2006. The Group regards the recoverability of the funds advanced to SPL as uncertain and has consequently made full provision against the outstanding balance of £202,619 in its accounts for the six months ended 31 October 2005. Following Admission, the Group will make no further loans to this company beyond its existing commitment.

15. Details of the Placing

Pursuant to the Placing, which has been arranged by Investec, the Placing Shares have been conditionally placed with institutional and other investors in the United Kingdom at the Placing Price. The Placing has been underwritten by Investec.

Subject to the Placing becoming unconditional, the Placing will raise approximately £5.0 million before expenses (approximately £4.1 million net of expenses) for the Company and approximately £4.5 million (gross) for the Selling Shareholders. This includes the sale by Stanley Carter of 1,392,682 Ordinary Shares, representing 6.3 per cent. of the Enlarged Share Capital. Following the Placing, Stanley Carter will retain 10,645,718 Ordinary Shares, representing approximately 48.1 per cent. of the Enlarged Share Capital (assuming the issue of the maximum number of Ordinary Shares available under the Employee Share Offer), in respect of which certain undertakings have been given, as described below.

The Sale Shares are credited fully paid and are being sold pursuant to the Placing free and clear of all liens, charges and encumbrances and together with all rights attaching to the same at the date of Admission. The New Ordinary Shares comprised in the Placing will be issued credited as fully paid and will, on issue, rank *pari passu* with the Ordinary Shares (including the Sale Shares) already in issue on Admission, including the right to receive all dividends and other distributions thereafter declared, made or paid.

Application has been made for the Enlarged Share Capital to be admitted to trading on AIM. The Placing Shares, which will represent approximately 35.0 per cent. of the Enlarged Share Capital (assuming the issue of the maximum number of Ordinary Shares available under the Employee Share Offer), have not been offered in whole or in part to the public in conjunction with the application for Admission.

The Placing is conditional, *inter alia*, upon:

- the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms; and
- Admission taking place on 8 March 2006 or such later date as Investec and the Company may agree, being not later than 22 March 2006.

16. Employee Share Offer

Under the Employee Share Offer, the Company will invite certain full-time employees of the Group to make applications to subscribe for up to 220,773 New Ordinary Shares at the Placing Price. Such applications are conditional upon the Placing Agreement becoming unconditional and Admission taking place in relation to such Ordinary Shares on 8 March 2006 or such later date as Investec and the Company may agree pursuant to the Placing Agreement, being not later than 22 March 2006. The Employee Share Offer does not form part of the Placing and has not been underwritten by Investec or any other party.

17. Investments by certain Directors

Sharing a view with Stanley Carter as to the opportunities available within the technical services defence sector and the benefits which could be obtained through an acquisition strategy, in July 2005 Nick Prest agreed to become chairman of the Group and to invest in the Group.

On 9 February 2006, Andrew Thomis paid a total of £20,000 in cash and Sir Robert Walmsley a total of £15,000 in cash by way of subscription for new ordinary shares of £1 each in the capital of the Company, representing, following a subsequent sub-division of the share capital of the Company, 22,230 Ordinary Shares and 16,670 Ordinary Shares, respectively, credited as fully paid.

On 15 February 2006, Nick Prest paid a total of £550,000 by way of subscription for 718,514 Ordinary Shares, credited as fully paid. In addition, on the same date, he also subscribed for a further 979,790 Ordinary Shares for which he undertook unconditionally to pay to the Company the cash sum of £750,000 at any time up to 31 January 2007. The obligation to pay £750,000 at any time up to 31 January 2007 is not secured. Also on 15 February 2006, Anthea Prest paid a total of £200,000 by way of subscription for 261,276 Ordinary Shares, credited as fully paid.

The above transactions were entered into prior to the appointment of Nick Prest, Andrew Thomis or Sir Robert Walmsley as Directors. For further details of these arrangements, please see paragraph 7 of Part 6 of this document.

18. The City Code

Under Rule 9 of the City Code, when any person and/or group of persons acting in concert (as defined in the City Code (a "Concert Party")) acquires shares in a company which is subject to the City Code and such shares, when taken together with shares already held, carry 30 per cent. or more of the voting rights of the company, such person or group of persons is normally obliged to make a general offer in cash to all the company's shareholders to acquire the remaining equity share capital at the highest price paid by any member of such Concert Party within the preceding 12 months.

Rule 9 of the City Code also normally requires any person who, together with any person or persons acting in concert with him, holds between 30 per cent. and 50 per cent. of a company's voting rights and who acquires additional shares, which carry voting rights, to make a general offer in cash to all the company's shareholders to acquire the remaining equity share capital at the highest price paid by any member of such Concert Party within the preceding 12 months and the City Code will apply to the Company.

On Admission, Stanley Carter will hold 10,645,718 Ordinary Shares representing approximately 48.1 per cent. of the voting rights of the Company immediately following Admission (assuming the issue of the maximum number of Ordinary Shares available under the Employee Share Offer).

Accordingly, upon Admission Stanley Carter will hold more than 30 per cent. but not more than 50 per cent. of the Company's voting share capital and any further acquisition by Stanley Carter and/or any person or group of persons acting in concert with him (as defined in the City Code) of shares carrying voting rights will be subject to Rule 9 of the City Code.

19. Admission, settlement and dealings

Application has been made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. It is expected that Admission will take place, and that dealings on AIM in the Ordinary Shares will commence on 8 March 2006.

Application will be made for the Enlarged Share Capital to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place through CREST.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles of Association permit the holding and transfer of Ordinary Shares in CREST. It is expected that subject to satisfaction of the conditions of the Placing, the Placing Shares will be registered in the names of the applicants for the Placing Shares and issued or transferred either:

- in certificated form, where the applicant so elects, with the relevant share certificate expected to be despatched by post, at the applicant's risk, by 15 March 2006; or
- in CREST, where the applicant so elects, provided the applicant is a "system member" (as defined in the CREST Regulations) in relation to CREST, with delivery (to the designated CREST Account) of the Placing Shares to which the applicant is entitled, expected to take place on 8 March 2006.

All documents or remittances sent by or to an applicant for Placing Shares, or as the applicant may direct, will be sent through the post at their risk.

20. Employee share incentives

The Directors believe that the future success of the Group depends to a large extent on the future performance of its employees. In order to incentivise and reward the employees for their contribution to the future success of the Group, the Company has adopted The Cohort PLC Savings Related Share Option Scheme. There has been no grants of options made under this scheme prior to the date of this document. Further details of such scheme are set out in paragraph 4(b) of Part 6 of this document.

The Directors also recognise the importance of ensuring that key employees are fully incentivised and identify closely with the financial success of the Group. To this end, the Company has adopted The Cohort PLC 2006 Share Option Scheme. On 24 February 2006, Andrew Thomis was granted an option under this scheme to acquire 38,889 Ordinary Shares at a price of 90 pence per share. On 27 February 2006, the Directors granted to certain members of the senior management team, subject to and with effect from Admission, options to acquire 355,688 Ordinary Shares at the Placing Price. Those benefiting from such grant included Andrew Thomis (as to an option over 40,650 Ordinary Shares), John Lyde (as to an option over 40,650 Ordinary Shares) and John Tydeman (as to an option over 40,650 Ordinary Shares). Further details of this scheme are set out in paragraph 4(a) of Part 6 of this document.

21. Lock-in arrangements

The Directors have undertaken, subject to certain exceptions, not to dispose of the Ordinary Shares held by them immediately on Admission for a period of one year following Admission. The other individuals who held shares prior to Admission have also undertaken, subject to certain exceptions, not to dispose of the Ordinary Shares held by them on Admission for a period of one year following Admission. Further details of these restrictions are set out in paragraph 7 of Part 6 of this document.

22. Corporate Governance

The Directors recognise the value and importance of high standards of corporate governance and intend to observe the requirements of the Combined Code to the extent they consider appropriate in the light of the Group's size, stage of development and resources.

The Board has established an audit committee and a remuneration committee with formally delegated duties and responsibilities.

The audit committee is primarily responsible for determining the terms of engagement of the Company's auditors and, in consultation with the Company's auditors, the scope of audits. It will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use by the Group. The audit committee will have unrestricted access to the Company's auditors, including their reports on any weaknesses identified in the accounting and internal control environment.

The remuneration committee is primarily responsible for reviewing the scale and structure of both the executive Directors' and other key employees' future remuneration and setting the terms of their service agreements with due regard to the interests of Shareholders. No Director will be permitted to participate in discussions or decisions concerning his own remuneration. The remuneration committee is also responsible for administering the Share Option Schemes.

The Group will comply with Rule 21 of the AIM Rules regarding dealings in the Company's shares and will take all reasonable steps to ensure compliance by the Directors and applicable employees.

The Company has adopted and will operate a share dealing code for Directors and relevant employees incorporating the rules on dealings in securities included in the AIM Rules. Furthermore, the Company intends to issue internal guidelines for its Directors and employees in respect of the protection and dissemination of price sensitive information.

23. Taxation

The Company has sought and been granted provisional clearance by HM Revenue & Customs that the New Ordinary Shares will be eligible for EIS and/or VCT purposes on Admission.

Such advance assurance (which has been obtained on the basis of the facts supplied) does not guarantee EIS qualification for an individual, whose claim for relief will be conditional on his own circumstances and is subject to holding the shares throughout the three year qualifying period. In addition, for VCT and EIS relief not to be withdrawn, the Company must comply with a number of conditions and no guarantee is given that the future activities of the Company will be such as to retain any qualifying company status for EIS or VCT purposes.

Individual Shareholders who are resident or ordinarily resident in the United Kingdom should be eligible for business or non-business asset taper relief for chargeable gains on disposals of their Ordinary Shares. The availability of business asset taper relief which, after a two-year holding period reduces the effective rate of capital gains tax for higher rate taxpayers to 10 per cent., will depend, *inter alia*, on the Company being a holding company of a trading group for the relevant period of ownership of the Ordinary Share and the necessary conditions having been satisfied throughout. To the extent that Ordinary Shares do not constitute business assets at any time during the relevant period of ownership, they will generally be considered non-business assets during such time.

Further information on United Kingdom taxation with regard to the Placing is set out in the paragraph entitled "Taxation" in paragraph 9 of Part 6 of this document. All information in relation to taxation in this document is intended only as a general guide to the current UK tax position. If you are in any doubt as to your own tax position, or are subject to tax in a jurisdiction other than the United Kingdom, you should consult your own independent professional adviser immediately.

24. Risk Factors

The Group's business is dependent on many factors and investors should read the whole of this document and, in particular, Part 2 entitled "Risk Factors".

25. Financial information and Additional Information

The attention of investors is drawn to the financial information and the Accountants' Report thereon on the Company, the financial information and the Accountants' Report thereon on SCS, the unaudited interim results of SCS and the section of this document entitled "Additional Information" in Parts 3, 4, 5 and 6, respectively, of this document, which provide additional information relating to the Group.

PART 2

RISK FACTORS

Prior to making an investment decision in respect of the Placing Shares, prospective investors should consider carefully all of the information within this document, including the following risk factors.

The Directors believe the following risks to be the most significant for potential investors. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and/or tax requirements. The risks listed are not set out in any particular order of priority.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such cases, the market price of the Company's shares could decline and an investor may lose part or all of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Group and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group.

Investment in AIM securities

Although the Company is applying for the admission of its share capital to trading on AIM, there can be no assurance that an active trading market for the Ordinary Shares will develop, or if developed, that it will be maintained. Investment in shares traded on AIM is perceived to involve a higher degree of risk than investment in a company whose shares are listed on the Official List of the UK Listing Authority. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of the Ordinary Shares may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may therefore realise less than, or lose all of, their investment.

Volatility of share price

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new services by the Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company and news reports relating to trends in the Group's markets. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Group's performance.

Ability to attract associates

The Group depends on a large number of experienced associates to enable it to bid for new contracts. Should the Group be unable to attract new associates this could severely impact the Group's ability to grow its business.

Use of associates

The Group makes use of both employees and self-employed associates in providing its services to customers. The Board believes that this provides flexibility for both the Group and its sub-contracting associates. The Group considers and applies what it believes to be the correct tax treatment of any sub-contracting parties on a contract-by-contract basis. If, however, HM Revenue & Customs were to disagree with the Group's treatment of associates, there is a risk that additional National Insurance and PAYE may become payable by the Group. The Board believes that the Group's policy on the treatment of associates substantially complies with current HM Revenue & Customs rules.

Failure to maintain good relations with customers/partners

The Group needs to maintain good relations with individuals in both its customer organisations and in partner companies. Souring of individual relationships, for whatever reason, could adversely impact the Group's ability to deliver its existing business and to win new contracts.

Acquisitions

As part of their strategy, the Directors intend to acquire complementary companies. It is widely recognised that acquisitions carry significant business risks. It is possible that one or more unsuccessful acquisitions could have a material adverse effect on the Group's profitability.

There is no guarantee that the Directors will be able to complete acquisitions of complementary companies on acceptable terms. Failure to do so over an extended period would limit the Directors' ability to carry out their strategy and would reduce the long-term growth prospects of the Group.

Catastrophic event

As a small business operating from a single primary location, the Group is relatively vulnerable to unpredictable adverse events, such as fire or other damage to buildings, the death or incapacity of key personnel or damage to critical IT infrastructure. The Group's contingency planning may not be sufficient to allow the business to continue in all circumstances. Any such event could adversely affect the Group's business and financial results.

Adverse public opinion/special interest groups

As a business operating in the defence and security area, the Group may attract the attention of campaigners or special interest groups who are opposed to its activities. Public campaigning by such groups could damage the Group's reputation and impact on its ability to win new business and recruit personnel.

Deployments of staff to dangerous locations

From time to time the Group deploys personnel to overseas locations where there may be risks from terrorism, or other security risks. If an individual deployed by the Group is killed or injured as a result of such risks, the resulting publicity could damage the Group's reputation and impact on its ability to win new business and recruit new advisers. Such an event could also result in a significant claim for damages against the Group.

Reliance on customer

The Group is reliant on the MOD and its agencies for a large proportion of its turnover. It is possible that the MOD and/or its agencies may decide not to contract with, or may restrict its dealings with, the Group in the future for a range of reasons, including changes in government policy, short-term financial constraints or as a consequence of a commercial or other dispute. This could have a material adverse impact on the Group's results.

Reliance on few contracts

The Group's largest six contracts accounted for approximately 30 per cent. of the turnover of SCS in the year ended 30 April 2005. Should SCS lose one or more of these contracts without replacement by equivalent contracts, this could have a significant adverse impact on the Group's results. The Group's contracts with its customers are typically terminable by the client on short notice, without compensation being payable to the Group on termination.

Competition

The large majority of SCS's work for new clients or on new projects is won competitively. The Group may face significant competition, including from larger companies which have greater capital resources. There is no assurance that the Group will be able to compete successfully in such a marketplace in the future.

Contractual liabilities

SCS has typically contracted on terms which do not limit its liability to the client in the event of a breach. The losses and liability which SCS could be forced to bear could significantly exceed the profit margin on the contract and could also exceed SCS's insurance cover.

Future financing

At some stage in the future the Group may need to obtain additional funding through public or private equity or debt financing, collaborative agreements or from other resources. If the Group were to raise additional funds by issuing equity securities, current shareholders may experience significant

dilution to their holdings. The Group may however be unable to obtain adequate financing on acceptable terms, if at all.

Performance

The Group's revenue and profitability depend on maintaining satisfactory performance of its customer contracts. If the Group fails to maintain a satisfactory level of performance its profitability and ability to secure future contracts could be adversely affected.

Dependence on key executives and personnel

The Group's future success is substantially dependent on the experience of its senior management and, in particular, its Directors.

There is no assurance that the Group will be able to retain the services of its Directors and senior personnel. The Group's future success depends on its continuing ability to attract and subsequently retain highly skilled and qualified personnel, particularly in relation to the defence technical services sector.

Litigation

Any litigation, by any member of the Group or against it, is likely to be costly and there can be no assurance that it would prevail to the advantage of the Group. Litigation could also involve a significant diversion of resources and management attention.

Project disruption and payment milestones

Much of the defence industry is characterised by long product development cycles and high levels of non-recurring cost, set against a pattern of relatively infrequent demand from a small number of customers.

As with any project related business, there is always the potential for delay, reduction in scope or cancellation within a particular client project. Any such event could have a direct impact on SCS's revenue and related profit.

Growth business

The Group's business is still in the growth stage of development, and its operations are subject to all of the risks inherent in a growing business enterprise. The likelihood of the Group's business success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the growth of an existing business as well as the competitive and regulatory environment in which the Group operates.

PART 3

SECTION A

STATEMENT OF DIRECTORS' RESPONSIBILITIES RELATING TO COHORT PLC

The historical financial information for the Company is set out in Section B of Part 3 of this document. This financial information does not comprise statutory accounts within the meaning of section 240 of the Companies Act.

The directors of the Company are required to prepare the financial information in a form consistent with that which will be adopted in the Company's next published annual financial statements, having regard to the accounting standards and policies and legislation applicable to such annual financial statements. In accordance with the legislation applicable within the United Kingdom, the financial information is required to give a true and fair view of the state of affairs of the Company for that period. In preparing that financial information, the Directors are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent; and
- (c) prepare the financial information on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Accountants' Report on the Company is set out in Section C of Part 3.

SECTION B
FINANCIAL INFORMATION RELATING TO COHORT PLC
BALANCE SHEET

	<i>As at</i> <i>31 January</i> <i>2006</i> <i>£</i>
Current assets	
Unpaid share capital	2
Net assets	2
Capital and reserves	
Called up share capital	2
	2

The Company has not traded, prepared any financial statements for presentation to members, incurred neither profit nor loss, and has neither declared nor paid dividends or made any other distributions since the date of incorporation. There have been no transactions other than those described below. Accordingly, no profit and loss account information is presented.

The Company was incorporated on 23 January 2006 with an authorised share capital of £2,000,000 divided into 2,000,000 Ordinary Shares of £1 each, of which two were issued, fully paid, to the subscribers to the Memorandum of Association, Stanley Carter and John Lyde.

On 9 February 2006, 1 Ordinary Share of £1 was allotted, credited as fully paid, to John Tydeman.

On 9 February 2006, a further 1,583,997 Ordinary Shares were issued credited as fully paid in exchange for the transfer to the Company of the entire issued share capital of Systems Consultants Services Limited pursuant to the terms of a share exchange agreement.

On 9 February 2006, 2,223 Ordinary Shares of £1 each were issued to Andrew Thomis for a total consideration of £20,000, paid in full.

On 9 February 2006, 1,667 Ordinary Shares of £1 each were issued to Sir Robert Walmsley for a total consideration of £15,000, paid in full.

On 9 February 2006, the Ordinary Shares of £1 each were sub-divided into 10 Ordinary Shares of 10p each.

On 15 February 2006, 718,514 Ordinary Shares of 10p each and 261,276 Ordinary Shares of 10p each were issued to Nick Prest and Anthea Prest for a total consideration of £550,000 and £200,000 respectively, paid in full.

On 15 February 2006, 979,790 Ordinary Shares of 10p each were issued to Nick Prest, credited as fully paid, for a total consideration of £750,000, payable at any time up to 31 January 2007 (with provision for earlier payment at any time prior to such a date). The obligation of Nick Prest to pay £750,000 on such date is unsecured.

On 24 February 2006, the Company granted Andrew Thomis an option under The Cohort PLC 2006 Share Option Scheme to acquire 38,889 Ordinary Shares at 90 pence per Ordinary Share exercisable between 25 February 2008 and 25 February 2009.

On 27 February 2006, the Company granted, subject to and with effect from Admission, options under The Cohort PLC 2006 Share Option Scheme to acquire 355,688 Ordinary Shares at 123 pence per Ordinary Share to certain employees, exercisable between three and ten years after the date of grant.

SECTION C

ACCOUNTANTS' REPORT ON COHORT PLC

The following is the full text of a report on Cohort from Baker Tilly, the Reporting Accountants to the directors of Cohort.



BAKER TILLY

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RH10 6AD
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The Directors
Cohort PLC
The Court House
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RG9 2JN

28 February 2006

Dear Sirs

COHORT PLC (“the Company”)

We report on the financial information which has been prepared for inclusion in Section B of Part 3 of the Company’s admission document dated 28 February 2006 (the “Admission Document”) on the basis of the accounting policies set out in the financial information. This report is required by Paragraph 20.1 of Annex I of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

As described in the introduction to Part 3, the directors of the Company are responsible for preparing the financial information on the basis of preparation set out in the financial information below and in accordance with UK GAAP.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at the date stated.

Declaration

For the purposes of with item 1.2 of Annex I of the AIM Rules and item 1.2 of Annex III of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Baker Tilly

Regulated for audit work by the Institute of Chartered Accountants of Scotland

PART 4
SECTION A

**STATEMENT OF DIRECTORS' RESPONSIBILITIES RELATING TO SYSTEMS
CONSULTANTS SERVICES LIMITED**

The historical financial information for Systems Consultants Services Limited ("SCS") is set out in Section B of Part 4 of this document.

The financial information in respect of the period from 1 May 2003 to 30 April 2005 does not constitute statutory accounts for each of the years. Statutory accounts for the three years ended 30 April 2005 have been delivered to the Registrar of Companies.

The directors of SCS are required to prepare the financial information in a form consistent with that which will be adopted in SCS's next published annual financial statements, having regard to the accounting standards and policies and legislation applicable to such annual financial statements. In accordance with the legislation applicable within the United Kingdom, the financial information is required to give a true and fair view of the state of affairs of SCS for that period. In preparing that financial information, the directors of SCS are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent; and
- (c) prepare the financial information on the going concern basis unless it is inappropriate to presume that the Subsidiary will continue in business.

The Accountants' Report on SCS is set out in Section C of Part 4.

SECTION B
FINANCIAL INFORMATION RELATING TO SYSTEMS CONSULTANTS
SERVICES LIMITED

PROFIT AND LOSS ACCOUNTS

	<i>Notes</i>	<i>Year ended 30 April 2005 £</i>	<i>Year ended 30 April 2004 £</i>	<i>Year ended 30 April 2003 £</i>
TURNOVER		14,431,674	11,182,316	7,705,617
Cost of sales		<u>10,575,435</u>	<u>8,554,835</u>	<u>5,874,959</u>
GROSS PROFIT		3,856,239	2,627,481	1,830,658
Administrative expenses		1,840,530	1,435,085	1,398,424
Exceptional item	3	<u>200,853</u>	<u>—</u>	<u>—</u>
OPERATING PROFIT	4	1,814,856	1,192,396	432,234
Exceptional item	3	<u>400,000</u>	<u>—</u>	<u>—</u>
		1,414,856	1,192,396	432,234
Interest receivable and similar income		<u>48,455</u>	<u>3,189</u>	<u>1,447</u>
		1,463,311	1,195,585	433,681
Interest payable and similar charges	5	<u>72,500</u>	<u>60,314</u>	<u>59,958</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,390,811	1,135,271	373,723
Tax on profit on ordinary activities	6	<u>432,172</u>	<u>332,686</u>	<u>79,359</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		958,639	802,585	294,364
Dividends	7	<u>228,333</u>	<u>267,500</u>	<u>75,000</u>
		730,306	535,085	219,364
Retained profit brought forward		<u>1,431,631</u>	<u>896,546</u>	<u>677,182</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>2,161,937</u></u>	<u><u>1,431,631</u></u>	<u><u>896,546</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current or previous years.

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

BALANCE SHEETS

		As at 30 April 2005 £	As at 30 April 2004 £	As at 30 April 2003 £
FIXED ASSETS				
Tangible assets	8	956,620	1,047,308	1,047,627
Investments	9	50	48	48
		956,670	1,047,356	1,047,675
CURRENT ASSETS				
Debtors	10	3,946,717	3,176,604	2,097,798
Cash at bank and in hand		571,087	62,017	241
		4,517,804	3,238,621	2,098,039
CREDITORS: Amounts falling due within one year	11	2,842,631	2,339,126	1,694,028
NET CURRENT ASSETS		1,675,173	899,495	404,011
TOTAL ASSETS LESS CURRENT LIABILITIES		2,631,843	1,946,851	1,451,686
CREDITORS: Amounts falling due after more than one year	12	468,856	514,190	554,110
		2,162,987	1,432,661	897,576
CAPITAL AND RESERVES				
Called up share capital	15	1,050	1,030	1,030
Profit and loss account		2,161,937	1,431,631	896,546
SHAREHOLDERS' FUNDS	16	2,162,987	1,432,661	897,576

CASH FLOW STATEMENTS

		<i>Year ended</i> <i>30 April</i> <i>2005</i>	<i>Year ended</i> <i>30 April</i> <i>2004</i>	<i>Year ended</i> <i>30 April</i> <i>2003</i>
	<i>Notes</i>	£	£	£
Net cash inflow (outflow) from operating activities	17a	1,304,757	688,936	24,234
Returns on investments and servicing of finance	17b	(24,045)	(57,125)	(58,511)
Taxation		(335,009)	(54,068)	(45,888)
Capital expenditure	17b	(35,793)	(39,827)	(44,001)
Acquisitions and disposals	17b	(130,002)	—	—
Equity dividends paid		(228,333)	(267,500)	(75,000)
Financing	17b	(42,505)	(45,278)	(41,108)
Increase in cash in the period		<u>509,070</u>	<u>225,138</u>	<u>(240,274)</u>
Reconciliation of net cash flow to movement in net funds				
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>
Increase in cash in the period	17c	509,070	225,138	(240,274)
Cash outflow from bank loan repayments		<u>42,525</u>	<u>45,278</u>	<u>41,108</u>
Change in net funds/(debt) resulting from cash flows		<u>551,595</u>	<u>270,416</u>	<u>(199,166)</u>
Movement in net funds/(debt) in the period		551,595	270,416	(199,166)
Net funds/(debt) at 1 May		<u>(494,247)</u>	<u>(764,663)</u>	<u>(565,497)</u>
Net funds/(debt) at 30 April		<u><u>57,348</u></u>	<u><u>(494,247)</u></u>	<u><u>(764,663)</u></u>

NOTES TO THE FINANCIAL INFORMATION

1. ACCOUNTING POLICIES

Accounting convention

This financial information has been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of services excluding value added tax.

The company has adopted the provisions of Urgent Issues Task Force Abstract 40 (Revenue recognition and service contracts). Contract revenue is recognised as activity progresses to reflect the partial performance of the contractual obligations.

Tangible fixed assets

Tangible fixed assets are stated at historical cost.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	–	2% on cost
Equipment, fixtures and fittings	–	25% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions

Amounts due to defined contribution schemes of individual employees, are written off to the Profit and Loss Account in the year to which they relate.

Investments – Joint Ventures

An entity is treated as a joint venture where the company holds a long term interest and shares control under a contractual agreement. Investments in joint ventures are included at cost less provisions.

2. STAFF COSTS

	<i>30 April 2005</i>	<i>30 April 2004</i>	<i>30 April 2003</i>
	£	£	£
Wages and salaries	5,015,036	3,870,619	3,105,711
Social security costs	574,243	439,687	325,154
Other pension costs	78,721	40,287	6,205
	<u>5,668,000</u>	<u>4,350,593</u>	<u>3,437,070</u>

The average monthly number of employees during the year was as follows:

HQ	11	8	6
Operational	98	77	68
Directors	6	6	7
	<u>115</u>	<u>91</u>	<u>81</u>

3. EXCEPTIONAL ITEMS

	<i>30 April 2005</i>
This is analysed as follows:	£
Provision against investment in joint venture limited liability partnership	400,000
Impairment of freehold property value	79,810
Provision against costs incurred on behalf of related party companies	121,043
	<u>200,853</u>

Provisions have been made against costs relating to Sentinel Programmes Limited and Centre for Defence and International Security Studies Limited, companies in which a director, Mr T Martin, has an interest.

The tax effect of these items is a Deferred Tax credit of £77,275.

4. OPERATING PROFIT

	<i>30 April 2005</i>	<i>30 April 2004</i>	<i>30 April 2003</i>
The operating profit is stated after charging:	£	£	£
Depreciation – owned assets	46,671	40,050	33,311
Loss on disposal of fixed assets	—	96	296
Impairment of fixed assets	79,810	—	—
Auditors' remuneration	8,400	6,600	9,900
	<u>232,392</u>	<u>180,652</u>	<u>254,909</u>
Directors' emoluments	—	12,500	—
Compensation to directors for loss of office	—	—	—
	<u>78,553</u>	<u>73,358</u>	<u>75,335</u>
Information regarding the highest paid director is as follows:			
Emoluments etc.	78,553	73,358	75,335

5. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>30 April 2005</i>	<i>30 April 2004</i>	<i>30 April 2003</i>
	£	£	£
Bank loan interest	34,069	32,315	35,374
Other loan interest	38,431	27,999	24,584
	<u>72,500</u>	<u>60,314</u>	<u>59,958</u>

6. TAXATION

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
UK corporation tax on profit of the year:	509,447	332,686	79,359
Total current tax	509,447	332,686	79,359
Deferred tax:			
Origination and reversal of timing differences	(77,275)	—	—
Total charge on profit on ordinary activities	432,172	332,686	79,359
Profit on ordinary activities before tax	1,390,811	1,135,271	373,723
Profit on ordinary activities multiplied by the standard rate of corporation tax 2005: 30% (2004: 30%) (2003: 19%)	417,243	340,581	71,007
Effects of:			
Expenses not deductible for tax purposes	144,084	623	520
Capital allowances in excess of depreciation	4,556	2,700	758
Consortium relief	—	(2,128)	—
Share of LLP loss	(42,657)	—	—
Other adjustments	(13,779)	366	7,074
Small companies relief	—	(9,456)	—
Current tax charge for the year	509,447	332,686	79,359

7. DIVIDENDS

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
Dividends were paid during the period as follows:			
A Ordinary £1	88,333	125,000	25,000
B Ordinary £1	2,500	70,000	25,000
C Ordinary £1	7,500	72,500	25,000
D Ordinary £1	60,000	—	—
E Ordinary £1	70,000	—	—
	228,333	267,500	75,000

Dividends on the A shares totalled £8,833.30 per share in 2005, 2004 – £12,500, 2003 – £2,500.

Dividends on the B shares totalled £250 per share in 2005, 2004 – £7,000, 2003 – £2,500.

Dividends on the C shares totalled £750 per share in 2005, 2004 – £7,250, 2003 – £2,500.

Dividends on the D shares totalled £6,000 per share in 2005, 2004 – nil, 2003 – nil.

Dividends on the E shares totalled £7,000 per share in 2005, 2004 – nil, 2003 – nil.

8. TANGIBLE FIXED ASSETS

	<i>Freehold Property</i> £	<i>Equipment, Fixtures and Fittings</i> £	<i>Total</i> £
Cost			
1 May 2002	1,010,148	114,622	1,124,770
Additions	—	46,793	46,793
Disposals	—	(4,371)	(4,371)
	<hr/>	<hr/>	<hr/>
30 April 2003	1,010,148	157,044	1,167,192
Additions	—	40,802	40,802
Disposals	—	(1,554)	(1,554)
	<hr/>	<hr/>	<hr/>
30 April 2004	1,010,148	196,292	1,206,440
Additions	—	35,793	35,793
Disposals	—	—	—
	<hr/>	<hr/>	<hr/>
30 April 2005	1,010,148	232,085	1,242,233
	<hr/>	<hr/>	<hr/>
Depreciation			
1 May 2002	13,729	73,808	87,537
Charged in the year	12,203	21,108	33,311
Disposals	—	(1,283)	(1,283)
	<hr/>	<hr/>	<hr/>
30 April 2003	25,932	93,633	119,565
Charged in the year	12,203	27,847	40,050
Disposals	—	(483)	(483)
	<hr/>	<hr/>	<hr/>
30 April 2004	38,135	120,997	159,132
Charged in the year	12,203	34,468	46,671
Impairment	79,810	—	79,810
	<hr/>	<hr/>	<hr/>
30 April 2005	130,148	155,465	285,613
	<hr/>	<hr/>	<hr/>
Net book value			
30 April 2005	880,000	76,620	956,620
	<hr/>	<hr/>	<hr/>
30 April 2004	972,013	75,295	1,047,308
	<hr/>	<hr/>	<hr/>
30 April 2003	984,216	63,411	1,047,627
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Included in cost of land and buildings is freehold land of £400,000 (2004 & 2003 – £400,000) which is not depreciated.

9. FIXED ASSET INVESTMENTS

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
Investment in joint venture LLP at cost	400,000	—	—
Less: provision	(400,000)	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Investment in joint venture limited company at cost	50	48	48
	<u>50</u>	<u>48</u>	<u>48</u>

The investment in the joint venture LLP comprises a 25% interest in Digital Millennium Map LLP (trading as The Getmapping Partnership), which is a UK aerial photography business. The joint venture's first accounting period ended on 30 June 2005. The following information is based on the audited accounts for the period ended 30 June 2005.

	<i>30 June</i> 2005 25% share of LLP £
Turnover	9,846
Operating costs	(116,647)
Depreciation	(28,473)
Net loss for the period ended 30 June 2005	<u>(135,274)</u>
Tangible fixed assets	106,444
Current assets	42,924
Current liabilities	(48,101)
Non current liabilities	(71,382)
Net assets at 30 June 2005	<u>29,885</u>

The investment in the joint venture limited company is comprised of a 50% interest in SCS Mothership Limited, a technical consultancy company incorporated in England and Wales. The following information is based on the unaudited accounts of that company.

	<i>31</i> <i>December</i> 2004 50% share of £	<i>31</i> <i>December</i> 2003 50% share of £	<i>31</i> <i>December</i> 2002 50% share of £
Turnover	101,828	—	3,435
Operating costs	(157,992)	(11,085)	(1,405)
Interest	(7,184)	—	—
Net loss for the year ended 31 December 2004	<u>(63,348)</u>	<u>(11,085)</u>	<u>2,030</u>
Fixed assets	2,785		
Current assets	60,330	1,081	2,881
Current liabilities	(135,467)	(11,085)	(801)
Net assets	<u>(72,352)</u>	<u>(10,004)</u>	<u>2,080</u>

Operating costs in 2004 include £80,393 (2003 – £14,619, 2002 – £1,845) expenses recharged from SCS and a provision for £134,553 expenses incurred prior to 31 December 2001 but not previously recognised.

At the balance sheet date the following balances were due from the above entities:

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
Digital Millennium Map LLP	12,340	—	—
SCS Mothership Limited	216,839	186,652	134,553
	<u>229,179</u>	<u>186,652</u>	<u>134,553</u>

Interest receivable in 2005 includes £12,340 from Digital Millennium Map LLP (2004 – £nil, 2003 – £nil) and £19,078 from SCS Mothership Limited (2004 – £nil, 2003 – £nil).

10. DEBTORS

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
Trade debtors	2,862,963	2,383,603	1,218,333
Amounts due from associated undertakings	229,179	186,652	134,553
Prepayments & accrued income	608,221	606,349	744,912
Deposits	169,079	—	—
	<u>3,869,442</u>	<u>3,176,604</u>	<u>2,097,798</u>
Amounts falling due after more than one year:			
Deferred taxation	77,275	—	—
	<u>3,946,717</u>	<u>3,176,604</u>	<u>2,097,798</u>

Deposits of £169,079 in 2005 represent the deposit on equipment to be leased to Digital Millennium Map LLP (see note 9). The total cost of the equipment was £338,158. The lease agreement was completed subsequent to 30 April 2005.

The deferred tax asset in 2005 arises from the provision against the investment in Digital Millennium Map LLP in advance of anticipated trading losses.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
Bank loans and overdrafts (see notes 13 and 14)	44,883	42,074	210,794
Trade creditors	753,779	924,614	667,708
Other creditors	551,157	195,963	385,162
Directors' current accounts	324,281	268,502	—
Social security & other taxes	310,562	365,355	187,506
Taxation	610,591	436,153	157,535
Accrued expenses	247,378	106,465	85,323
	<u>2,842,631</u>	<u>2,339,126</u>	<u>1,694,028</u>

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
Bank loans (see note 13)	468,856	514,190	554,110

13. LOANS AND OVERDRAFTS

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
An analysis of the maturity of loans and overdrafts is given below:			
Amounts falling due within one year or on demand:			
Bank overdrafts	—	—	163,362
Bank loans	44,883	42,074	47,432
	<u>44,883</u>	<u>42,074</u>	<u>210,794</u>
Amounts falling due between one and two years:			
Bank loans	46,516	42,340	48,633
	<u>46,516</u>	<u>42,340</u>	<u>48,633</u>
Amounts falling due between two and five years:			
Bank loans	158,490	146,286	162,545
	<u>158,490</u>	<u>146,286</u>	<u>162,545</u>
Amounts falling due in more than five years:			
Repayable by instalments			
Bank loans	263,850	325,564	342,932
	<u>263,850</u>	<u>325,564</u>	<u>342,932</u>

14. SECURED DEBTS

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
The following secured debts are included within creditors:			
Bank loans	513,739	556,264	601,542
Bank overdraft	—	—	163,362
	<u>513,739</u>	<u>556,264</u>	<u>764,904</u>

A Legal Mortgage is held by National Westminster Bank plc over the freehold property, The Court House, Northfield End, Henley-on-Thames, together with a mortgage debenture over the assets of SCS. Interest is charged at 1.75% per annum above the bank's base rate.

15. CALLED UP SHARE CAPITAL

			<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
<i>Authorised</i>	<i>Class</i>	<i>Nominal</i>			
<i>Number</i>	<i>Ordinary</i>	<i>value</i>			
1,000		£1	1,000	1,000	1,000
10	A	£1	10	10	10
10	B	£1	10	10	10
10	C	£1	10	10	10
10	D	£1	10	10	10
10	E	£1	10	10	10
			<u>1,050</u>	<u>1,050</u>	<u>1,050</u>
<i>Allotted, issued and fully</i>					
<i>Paid</i>	<i>Ordinary</i>	£1			
1,000		£1	1,000	1,000	1,000
10	A	£1	10	10	10
10	B	£1	10	10	10
10	C	£1	10	10	10
10	D	£1	10	—	—
10	E	£1	10	—	—
			<u>1,050</u>	<u>1,030</u>	<u>1,030</u>

The 1,000 Ordinary shares of £1 each carry a single vote each. The remaining shares carry no voting rights.

In July 2004, 10 D and 10 E Ordinary £1 fully paid shares were issued at par for cash.

On 9 February 2006, the A, B, C, D and E shares were redeemed at par.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
Profit for the financial year	958,639	802,585	294,364
Dividends	(228,333)	(267,500)	(75,000)
	<u>730,306</u>	<u>535,085</u>	<u>219,364</u>
10 Ordinary D shares issued	10	—	—
10 Ordinary E shares issued	10	—	—
	<u>730,326</u>	<u>535,085</u>	<u>219,364</u>
Net addition to shareholders' funds	730,326	535,085	219,364
Opening shareholders' funds	1,432,661	897,576	678,212
	<u>2,162,987</u>	<u>1,432,661</u>	<u>897,576</u>
Closing shareholders' funds	2,162,987	1,432,661	897,576
Equity interests	<u>2,162,987</u>	<u>1,432,661</u>	<u>897,576</u>

17a RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
Operating profit	1,814,856	1,192,396	432,234
Depreciation charges	126,481	40,050	33,311
Loss on sale of fixed assets	—	96	296
(Increase) in debtors	(692,838)	(1,078,806)	(675,660)
Increase in creditors	56,258	535,200	234,053
	<u>1,304,757</u>	<u>688,936</u>	<u>24,234</u>
Net cash inflow from operating activities	1,304,757	688,936	24,234

17b ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
Returns on investments and servicing of finance			
Interest received	48,455	3,189	1,447
Interest paid	(72,500)	(60,314)	(59,958)
Net cash outflow for returns on investments and servicing of finance	<u>(24,045)</u>	<u>(57,125)</u>	<u>(58,511)</u>
Capital expenditure			
Purchase of tangible fixed assets	(35,793)	(40,802)	(46,793)
Sale of tangible fixed assets	—	975	2,792
Net cash outflow for capital expenditure	<u>(35,793)</u>	<u>(39,827)</u>	<u>(44,001)</u>
Acquisitions and disposals			
Investment in joint venture	130,002	—	—
Net cash outflow for acquisitions and disposals	<u>130,002</u>	<u>—</u>	<u>—</u>
Financing			
Bank loan repayment	(42,525)	(45,278)	(41,108)
Issue of share capital	20	—	—
Net cash outflow for financing	<u>(42,505)</u>	<u>(45,278)</u>	<u>(41,108)</u>

17c ANALYSIS OF CHANGES IN NET FUNDS

	<i>30 April</i> 2005 £	<i>30 April</i> 2004 £	<i>30 April</i> 2003 £
Cash at bank, in hand and overdrafts	62,017	(163,121)	77,153
Bank loan	(556,264)	(601,542)	(642,650)
Opening net funds/(debt)	(494,247)	(764,663)	(565,497)
Increase in cash in the year	509,070	225,138	(240,274)
Decrease in bank loan	42,525	45,278	41,108
Cash at bank, in hand and overdrafts	571,087	62,017	(163,121)
Bank loan	(513,739)	(556,264)	(601,542)
Closing net funds/(debt)	<u>57,348</u>	<u>(494,247)</u>	<u>(764,663)</u>

18. SUBSEQUENT EVENTS

On 9 February 2006, SCS made a bonus issue of 1,583 ordinary shares for each £1 ordinary share in issue.

On 9 February 2006, the 1,584,000 ordinary shares then in issue were acquired by Cohort PLC in a share for share exchange.

On 27 February 2006, SCS entered into an agreement to sell its freehold property for £880,000 to Stanley Carter and certain of his family members trading as The Court House Partnership. Stanley Carter is a director of SCS.

19. TRANSACTIONS WITH DIRECTORS

During the year ended 30 April 2005, interest of £27,950 was paid to Mr A E S Carter and £421 to Mr J D Tydeman in respect of loan accounts (2004: £20,709 and £56, 2003 – nil). In addition, interest of £10,060 was paid to Mrs R M Lyde (the wife of Mr J W Lyde) in respect of a loan account (2004: £7,234, 2003 – nil).

As set out in note 3, provisions have been made against costs relating to Sentinel Programmes Limited and Centre for Defence and International Security Studies Limited, companies in which a director, Mr T Martin has an interest.

20. CONTROLLING PARTY

SCS is controlled by a director, Mr A E S Carter, by virtue of his majority holding of the issued share capital of SCS.

SECTION C

ACCOUNTANTS' REPORT ON SYSTEMS CONSULTANTS SERVICES LIMITED

The following is the full text of a report on Systems Consultants Services Limited from Baker Tilly, the Reporting Accountants, to the directors of Systems Consultants Services Limited.



BAKER TILLY

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Brighton Road,
Crawley,
West Sussex,
RH10 6AD
www.bakertilly.co.uk

The Directors
Systems Consultants Services Limited
The Court House
Northfield End
Henley-on-Thames
Oxon
RG9 2JN

28 February 2006

Dear Sirs

SYSTEMS CONSULTANTS SERVICES LIMITED (“SCS”)

We report on the financial information which has been prepared for inclusion in Section B of Part 4 of Cohort PLC's admission document dated 28 February 2006 (the “Admission Document”) on the basis of the accounting policies set out in note 1 of this financial information. This report is required by Paragraph 20.1 of Annex I of the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

As described in the introduction to Part 4, the directors of SCS are responsible for preparing the financial information on the basis of preparation set out in note 1 to the financial information and in accordance with UK GAAP.

It is our responsibility to form an opinion as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of SCS as at the dates stated and of its profits, cash flows and recognised gains and losses and changes in equity for the periods then ended.

Declaration

For the purposes of with item 1.2 of Annex I of the AIM Rules and item 1.2 of Annex III of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully

Baker Tilly

Regulated for audit work by the Institute of Chartered Accountants of Scotland

PART 5

UNAUDITED INTERIM RESULTS FOR SYSTEMS CONSULTANTS SERVICES LIMITED FOR THE SIX MONTHS ENDED 31 OCTOBER 2005

The following is extracted from the unaudited management accounts of Systems Consultants Services Limited in respect of the six months ended 31 October 2005. The financial information set out below does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 (as amended).

Profit and loss accounts

	<i>Six months ended 31 October 2005 £'000 (Unaudited)</i>	<i>Six months ended 31 October 2004 £'000 (Unaudited)</i>
Turnover	8,477	6,724
Cost of sales	(6,302)	(4,852)
Gross profit	2,175	1,872
Administrative expenses	(1,195)	(869)
Exceptional item	1 (229)	(137)
Operating profit	751	866
Interest receivable and similar income	61	6
Interest payable and similar charges	(37)	(35)
Profit on ordinary activities before taxation	775	837
Taxation	(236)	(302)
Profit on ordinary activities after taxation	539	535
Dividends	(159)	(148)
Retained profit brought forward	380	387
Retained profit carried forward	2,162	1,432
Retained profit carried forward	2,542	1,819

Note:

(1) The exceptional item relates to provisions made against amounts due from related party companies of £175,000 and the initial costs of £54,000 incurred setting up a venture in South Africa.

Balance Sheets

	<i>As at</i> <i>31 October</i> <i>2005</i> <i>£'000</i> <i>(Unaudited)</i>	<i>As at</i> <i>31 October</i> <i>2004</i> <i>£'000</i> <i>(Unaudited)</i>
Fixed assets		
Tangible assets	981	1,207
Investments	1	1
	<u>982</u>	<u>1,208</u>
Current assets		
Debtors	5,498	3,354
Cash at bank	203	657
	<u>5,701</u>	<u>4,011</u>
Creditors: amounts falling due within one year	<u>(3,648)</u>	<u>(2,864)</u>
Net current assets	2,053	1,147
Total assets less current liabilities	3,035	2,355
Creditors: amounts falling due after more than one year	<u>(492)</u>	<u>(535)</u>
Net assets	<u>2,543</u>	<u>1,820</u>
Capital and reserves		
Called up share capital	1	1
Profit and loss account	2,542	1,819
	<u>2,543</u>	<u>1,820</u>

PART 6

ADDITIONAL INFORMATION

1. Incorporation and general

- (a) The Company was incorporated in England on 23 January 2006 under the name of Cohort PLC (with registered number 5684823) as a public limited company under the Companies Act. On 16 February 2006, the Registrar of Companies issued a certificate under Section 117 of the Companies Act, to enable it to commence trading and acting as a holding company.
- (b) The principal legislation under which the Company was formed and now operates is the Companies Act 1985. The Company is domiciled in the United Kingdom. The liability of its members is limited.
- (c) The Company is the ultimate holding company of the Group and has the following subsidiary:

<i>Name</i>	<i>Incorporated in</i>	<i>Class of shares held</i>	<i>Principal Activity</i>	<i>Percentage of shares and voting rights held</i>
Systems Consultants Services Limited	UK	Ordinary	Providing consultancy support	100

- (d) The registered office and principal place of business of the Company and SCS is at The Court House, Northfield End, Henley-on-Thames, Oxfordshire RG9 2JN.

2. Share capital

- (a) The following table shows the authorised and issued share capital of the Company (all of which are Ordinary Shares and fully paid) (i) as at the date of this document; and (ii) immediately following Admission:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Nominal Value</i>	<i>Number</i>	<i>Nominal Value</i>	<i>Number</i>
(i) as at the date of this document	10p	40,000,000	10p	17,838,480
(ii) immediately following Admission	10p	40,000,000	10p	22,124,294 ⁽¹⁾

Note:

- (1) Assumes that the maximum number of Ordinary Shares made available to employees pursuant to the Employee Share Offer has been subscribed for.

- (b) The Placing is expected to result in the allotment and issue of 4,065,041 New Ordinary Shares, diluting existing holders of Ordinary Shares by up to 22.8 per cent..
- (c) The Company does not have in issue any securities not representing share capital and there are no outstanding convertible securities issued by the Company. No Ordinary Shares are held by or on behalf of the Company or SCS.
- (d) The par value of each Ordinary Share is 10 pence.
- (e) The Company has not issued Ordinary Shares that are not credited as fully paid up. Nick Prest has unconditionally undertaken to pay £750,000 on 31 January 2007 for 979,790 Ordinary Shares.
- (f) The following alterations in the share capital of the Company have taken place since the date of incorporation of the Company on 23 January 2006:
- (i) The Company was incorporated on 23 January 2006 with an authorised share capital of £2,000,000 divided into 2,000,000 ordinary shares of £1 each, of which two ordinary shares of £1 each were issued fully paid up to the subscribers to the Memorandum of Association of the Company, being Stanley Carter and John Lyde;
- (ii) By resolutions of the Shareholders passed as written resolutions on 9 February 2006, the Directors were generally and unconditionally authorised pursuant to section 80 of the Act to exercise all the powers of the Company to allot and issue relevant securities (as defined by that section) up to a maximum amount of £1, such authority to expire one year after

the passing of that resolution or, if sooner, the Company's next annual general meeting of Shareholders unless previously renewed, revoked or varied in any way and the Directors were empowered to allot equity securities (as defined in section 94 of the Act) pursuant to the foregoing authority up to an aggregate nominal amount of £1 as if section 89(1) of that Act did not apply to such allotment;

- (iii) On 9 February 2006, one ordinary share of £1 in the capital of the Company was issued and allotted, credited as fully paid, to John Tydeman;
 - (iv) By resolutions of the Shareholders passed as written resolutions on 9 February 2006, the authorised share capital of the Company was increased to £4,000,000 by the creation of 2,000,000 new ordinary shares of £1 each, the Directors were generally and unconditionally authorised pursuant to section 80 of the Act to exercise all the powers of the Company to allot and issue relevant securities (as defined by that section) up to a maximum amount of £2,938,665, such authority to expire one year after the passing of that resolution or, if sooner, at the conclusion of the Company's next annual general meeting, unless previously renewed, revoked or varied in any way and the Directors were empowered to allot equity securities (as defined in section 94 of the Act) pursuant to the foregoing authority up to an aggregate nominal amount of £2,314,199 as if section 89(1) of the Act did not apply to such allotment;
 - (v) On 9 February 2006, pursuant to the share exchange agreement described in paragraph 7(e) below, the Company issued 1,583,997 ordinary shares of £1 each in the capital of the Company, in exchange for the entire issued share capital of SCS, in the following proportions: 1,203,839 ordinary shares of £1 each to Stanley Carter and 190,079 ordinary shares of £1 each to each of John Lyde and John Tydeman;
 - (vi) On 9 February 2006, pursuant to subscription letters received from Andrew Thomis and Sir Robert Walmsley (details of which are set out in paragraph 7(f) below), the Company issued 2,223 ordinary shares of £1 each to Andrew Thomis and 1,667 ordinary shares of £1 each to Sir Robert Walmsley, in each case credited fully paid, at a price of approximately £8.99 per share;
 - (vii) On 9 February 2006, pursuant to a resolution passed at an extraordinary general meeting of the Company, the issued ordinary shares of £1 each in the capital of the Company were sub-divided into ten ordinary shares of ten pence each resulting in a total issued share capital of 15,878,900 ordinary shares of 10p each; and
 - (viii) On 15 February 2006, pursuant to subscription letters received from Nick Prest and Anthea Prest (details of which are set out in paragraphs 7(g) and (h) below), the Company issued 718,514 ordinary shares of 10p each to Nick Prest, credited fully paid, at a price of approximately 76.5p per share and 261,276 ordinary shares of 10p each to Anthea Prest, credited fully paid, at the same price. In addition, Nick Prest subscribed for a further 979,790 such ordinary shares for which he undertook to pay £750,000 in cash on 31 January 2007 (with provision for earlier payment at any time prior to such date). Nick Prest's undertaking to pay £750,000 is not secured.
- (g) Pursuant to resolutions passed at an extraordinary general meeting of the Company held on 27 February 2006, the Directors have authority:
- (i) pursuant to section 80 of the Companies Act, subject to Admission, to allot the New Ordinary Shares and otherwise relevant securities up to an aggregate nominal amount of £1,166,060, such authority to expire fifteen months from the date of passing the relevant resolution or (if earlier) at the conclusion of the next annual general meeting of the Company; and
 - (ii) pursuant to section 95 of the Companies Act, subject to Admission, to allot equity securities for cash pursuant to the authority referred to in paragraph 2(g)(i) above otherwise than *pro rata* to existing Shareholders, in connection with the Placing and the Employee Share Offer, any issue of equity securities pursuant to an offer by way of rights, open offer or other pre-emptive offer to holders of Ordinary Shares in proportion (as nearly as practicable) to their respective holdings on a fixed record date and (otherwise than as aforesaid) up to an aggregate nominal amount of £110,622, such authority to expire fifteen months from the date of passing the relevant resolution or (if earlier) at the conclusion of the next annual general meeting of the Company.

- (h) The authorised but unissued share capital of the Company immediately following Admission will be £1,787,571 (assuming that the maximum number of Ordinary Shares made available to employees pursuant to the Employee Share Offer is subscribed for), representing approximately 44.7 per cent. of the Company's authorised share capital.
- (i) Save as disclosed in paragraph 2(f) above, since its incorporation no capital of the Company has been allotted for cash or for a consideration other than cash.
- (j) As at the date of this document, the following options to subscribe for Ordinary Shares have been granted under the Share Option Schemes:

<i>Name</i>	<i>Number of Ordinary Shares under option</i>	<i>Scheme</i>	<i>Date of Grant</i>	<i>Exercise Price</i>	<i>Exercise Period</i>
Andrew Thomis	38,889	Executive Scheme	24 February 2006	90p	25 February 2008 to 25 February 2009

On 27 February 2006, the Directors granted, subject to and with effect from Admission, options under the Executive Scheme to acquire 355,688 Ordinary Shares at the Placing Price to certain employees (including options over 40,650 Ordinary Shares to each of Andrew Thomis, John Lyde and John Tydeman).

- (k) Save as disclosed in paragraph 2(j) above and save for the issue of the Placing Shares, no capital of the Company is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.
- (l) The New Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.
- (m) The Ordinary Shares are in registered form and capable of being held in uncertificated form. None of the Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the application for Admission other than pursuant to the Placing and the Employee Share Offer. The Ordinary Shares to be issued pursuant to the Placing are being issued at a price of 123p per share, representing a premium of 113p over the nominal value of 10p each. The expected issue date of the New Ordinary Shares is 8 March 2006.
- (n) The Ordinary Shares will be in registered form and will be capable of being held in certificated and uncertificated form.

Title to Ordinary Shares to be held in certificated form will be evidenced by entry in the register of members of the Company and title to Ordinary Shares to be held in uncertificated form will be evidenced by entry in the operator register maintained by CRESTCo (which forms part of the register of members of the Company).

No share certificates will be issued in respect of Ordinary Shares to be held in uncertificated form. If any such shares are converted to be held in certificated form, share certificates will be issued in respect of those shares in accordance with applicable legislation.

- (o) Except in relation to dividends which have been declared and rights on a liquidation of the Company (see below), the Shareholders have no rights to share in the profits of the Company.
- (p) All holders of Ordinary Shares will have the right to attend and vote at general meetings of the Company or to appoint a proxy to attend and vote at such meetings on their behalf. Shareholders who are present in person or (being a corporation) are present by a duly appointed representative at a general meeting, can vote on a show of hands and will have one vote each. Proxies cannot vote on a show of hands. On a poll, every Shareholder present in person, by a duly appointed representative or by proxy will have one vote for every share held. At any general meeting, a resolution put to the vote of the meeting will be decided on a show of hands unless a poll is demanded.
- (q) Subject to the Act, any equity shares issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The Act allows for the disapplication of pre-emption rights which may be waived by a special resolution of the

Shareholders, either generally or specifically, for a maximum period not exceeding five years. As noted in paragraph 2(g) of this Part 6, the pre-emption rights referred to in this paragraph have been disapplied by the Company to the extent noted in that paragraph.

- (r) If the Company is wound up (whether the liquidation is voluntary, under supervision of the Court or by the Court), the liquidator can, with the authority of an extraordinary resolution of the Shareholders and any other sanction required by applicable law, divide among the Shareholders the whole or any part of the assets of the Company. This applies whether the assets consist of property of one kind or of different kinds. For this purpose, the liquidator can set such value as he considers fair upon any property and decide how such division is carried out as between the Shareholders. The liquidator can transfer any part of the assets to trustees upon such trust for the benefit of the Shareholders as the liquidator, acting under that resolution, decides.
- (s) Whilst the Ordinary Shares are not redeemable, the Company may purchase or contract to purchase any of the Ordinary Shares on or off market, subject to the Act and any other applicable regulatory requirements. The Company may only purchase Ordinary Shares out of distributable reserves or the proceeds of a new issue of shares made for the purpose of funding the repurchase.
- (t) The Articles do not contain any provisions relating to conversion of the Ordinary Shares.
- (u) Save as set out below, the new Ordinary Shares will be freely transferable.

The Company may, under the Act, send out statutory notices to those it knows or has reasonable cause to believe have an interest in its shares, asking for details of those who have an interest in its shares, and the extent of their interest in a particular holding of shares. If a person receives a statutory notice and fails to provide any information required by the notice within the time specified in it and the shares which are the subject of the notice represent in aggregate at least 0.25 per cent. of that class of share, the Directors can decline to register any transfer of the shares which are the subject of the statutory notice.

Once a restriction notice has been given, the Directors are free to cancel it or exclude any shares from it at any time they think fit.

The Directors may also, without giving any reason, refuse to register the transfer of any Ordinary Shares which are not fully paid. They may also decline to register a transfer of Ordinary Shares in favour of more than four persons jointly.

- (v) The City Code applies to the Company. Under the City Code, if an acquisition of Ordinary Shares were to increase the aggregate holding of the acquiror and its concert parties to shares carrying 30 per cent. or more of the voting rights in the Company, the acquiror and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares in the Company at a price not less than the highest price paid for the Ordinary Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by any acquisition of shares by a person holding (together with its concert parties) shares carrying between 30 and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase that person's percentage of the voting rights.
- (w) Under the Act, if any offeror were to acquire or contract to acquire 90 per cent. of the Ordinary Shares to which an offer relates within four months of making its offer, it could then compulsorily acquire the remaining 10 per cent.. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders. The consideration offered to the Shareholders whose shares are compulsorily acquired under the Act must, in general, be the same as the consideration that was available under the takeover offer.
- (x) The Act would also give minority Shareholders in the Company a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the

Ordinary Shares to which the offer relates, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be required to give any Shareholder notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

- (y) There have been no public takeover bids by third parties in respect of the share capital of the Company in the last or current financial year.

3. Memorandum and Articles of Association

The principal objects of the Company, which are set out in clause 4 of its Memorandum of Association, are to act as a general commercial company.

The Articles of Association contain, *inter alia*, provisions to the following effect:

(a) Voting rights

Subject to paragraph 3(f) below, and to any special terms as to voting upon which any shares may for the time being be held, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by its duly appointed representative shall have one vote and on a poll every member present in person or by representative or proxy shall have one vote for every Ordinary Share held by him. A proxy need not be a member of the Company.

(b) Variation of rights

If at any time the capital of the Company is divided into different classes of shares, all or any of the rights or privileges attached to any class of shares in the Company may be varied or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class. At every such separate general meeting (except an adjourned meeting), the quorum shall be two persons holding or representing by proxy one-third in nominal value of the issued shares of that class.

(c) Alteration of capital

The Company may by ordinary resolution increase its share capital, consolidate and divide all or any of its share capital into shares of a larger nominal value, sub-divide all or any of its shares into shares of a smaller nominal value and cancel any shares not taken, or agreed to be taken, by any person.

The Company may, subject to the Companies Act, by special resolution reduce or cancel its share capital or any capital redemption reserve or share premium account.

Subject to and in accordance with the provisions of the Companies Act, the Company may purchase its own shares (including any redeemable shares), provided that the Company shall not purchase any of its shares unless such purchase has been sanctioned by an extraordinary resolution passed at a separate meeting of the holders of any class of shares convertible into equity share capital of the Company which are of the same class as those proposed to be purchased.

(d) Transfer of shares

A member may transfer all or any of his shares (1) in the case of certificated shares by instrument in writing in any usual or common form or in such other form as may be approved by the Directors and (2) in the case of uncertificated shares, through CREST in accordance with and subject to the CREST Regulations and the facilities and requirements of the relevant system concerned. The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or on behalf of the transferee. The Directors may in their absolute discretion refuse to register a transfer of any share which is not fully paid, provided that dealings in the shares are not prevented from taking place on an open and proper basis. Subject to paragraph 3(f) below, the Articles contain no restrictions on the free transferability of fully paid shares provided that the transfer is in respect of only one class of share and is accompanied by the share certificate and any other evidence of title required by the Directors and that the provisions in the Articles relating to the deposit of instruments for transfer have been complied with.

(e) Dividends

- (i) The Company may by ordinary resolution in general meeting declare dividends provided that no dividend shall be paid otherwise than out of profits of the Company available for distribution and no dividend shall exceed the amount recommended by the Directors. The Directors may from time to time pay such interim dividends as appear to the Directors to be justified.
- (ii) Subject to the Companies Act and the rights of persons, if any, holding shares with special dividend rights, and subject to paragraph (f) below, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the shares during any part of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on shares for this purpose.
- (iii) All dividends unclaimed for a period of 12 years after the payment date for such dividend shall be forfeited and shall revert to the Company.

(f) Suspension of rights

If a member or any other person appearing to be interested in shares held by such Shareholder has been duly served with notice under section 212 of the Companies Act or any other provision of the Companies Act concerning the disclosure of interests in voting shares and is in default in supplying to the Company within 14 days (or such longer period as may be specified in such notice) the information thereby required, then (unless the Directors determine) such member shall not be entitled to vote or to exercise any right conferred by membership in relation to meetings of the Company in respect of the shares which are the subject of such notice. Where the holding represents more than 0.25 per cent. of the issued shares of that class, the payment of dividends may be withheld, and such member shall not be entitled to transfer such shares otherwise than to a bona fide unconnected third party.

(g) Return of capital

Subject to any special rights attached to any class of share, or subject to such conditions or restrictions to which any shares in the capital of the Company may be issued, on a winding-up or other return of capital, the holders of Ordinary Shares are entitled to share in any surplus assets *pro rata* to the amount paid up or deemed to be paid up on their Ordinary Shares. A liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Act, divide amongst the members in specie or in kind the whole or any part of the assets of the Company, those assets to be set at such value as he deems fair. A liquidator may also, with the authority of an extraordinary resolution, vest the whole or any part of the assets of the Company in trustees on trust for the benefit of the members.

(h) Pre-emption rights

There are no rights of pre-emption under the Articles of Association in respect of transfers of issued Ordinary Shares.

In certain circumstances, Shareholders may have statutory pre-emption rights under the Companies Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment by existing Shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to Shareholders.

(i) Borrowing powers

The Directors may exercise all the powers of the Company to borrow or raise money, to mortgage or charge its undertaking, property, assets and uncalled capital and, subject to section 80 of the Companies Act, to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company, any subsidiary of the Company or any third party. The aggregate amount at any one time owing by the Company and all its subsidiaries in respect of monies borrowed by them or any of them (exclusive of monies borrowed by the Company or any of its subsidiaries from such companies) shall not at any time without the previous sanction of the Shareholders in general meeting exceed three times the aggregate of the nominal capital of the Company for the time being issued and paid up and the amounts standing to the credit of the consolidated capital and reserves of the Company and each of its subsidiary companies whether

distributable or undistributable (including, without limitation, any share premium account, capital redemption reserve, property revaluation reserve and profit and loss account).

(j) Annual General Meeting

An annual general meeting is to be held once every year at such time and place as may be determined by the Directors. Annual general meetings shall be held within a period of not more than 15 months after the holding of the last preceding annual general meeting. Annual general meetings are called on 21 days' notice in writing, exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held, and is to be given to all members on the register at the close of business on a day determined by the Directors, such day being not more than 21 days before the day that the notice of meeting is sent. The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting.

(k) Extraordinary General Meetings

Extraordinary general meetings may be called whenever the Directors think fit or when one has been requisitioned in accordance with the Companies Act. An extraordinary general meeting at which it is proposed to pass a special resolution or a resolution of which special notice has been given to the Company shall be called on 21 days' notice in writing, exclusive of the day on which it is served or deemed to be served and the day on which it is to be held. Any other extraordinary general meeting is to be called on 14 days' notice in writing exclusive of the day on which it is served or deemed to be served and the day on which it is to be held. Two members present in person or by proxy and entitled to vote shall be a quorum for all purposes. The Company may specify in the notice of meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered into the register in order to have the right to attend or vote at the meeting.

(l) Directors

Save as provided in the Articles of Association, a Director shall not vote as a director of the Company in respect of any contract, transaction or arrangement or proposed contract, transaction or arrangement or any other proposal whatsoever in which he has any interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of an interest in shares or debentures or other securities of or otherwise in or through the Company), and if he shall do so his vote shall not be counted, nor in relation thereto shall he be counted in the quorum present at the meeting.

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to any of the following matters namely:

- (i) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings; or
- (ii) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the Director himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security; or
- (iii) an offer of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which offer he is or is to be or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter; or
- (iv) any matters involving or relating to any other company in which he or any person connected with him has a direct or indirect interest (whether as an officer or shareholder or otherwise), provided that he and any persons connected with him are not to his knowledge the holder (otherwise than as a nominee for the Company or any of its subsidiary undertakings) of or beneficially interested in one per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for the purpose of this Article to be a material interest in all circumstances); or
- (v) an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or

- (vi) the purchase and/or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.

Fees may be paid out of the funds of the Company to Directors who are not managing or executive directors at such rates as the Directors may from time to time determine, provided that such fees do not in the aggregate exceed such figure as the Company may by ordinary resolution from time to time determine.

Any Director who devotes special attention to the business of the Company, or otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such additional remuneration as the Directors or any committee appointed by the Directors may determine.

The Directors (including alternate Directors) shall be entitled to be paid out of the funds of the Company all their travelling, hotel and other expenses properly incurred by them respectively in and about the business of the Company, including their expenses of travelling to and from meetings of the directors, committee meetings or general meetings.

A Director may hold any other office or employment with the Company (other than the office of auditor) in conjunction with his office of director of the Company for such period and on such terms as the Directors may determine and a Director or intending Director may enter into any contract, arrangement, transaction or proposal with the Company with regard to his tenure of any other such office or employment with the Company or as a vendor, purchaser or otherwise. No such contract, arrangement, transaction or proposal or any contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director or any person connected with him is in any way directly or indirectly interested is liable to be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised from any such contract, arrangement, transaction or proposal by reason of such Director holding that office or of the fiduciary relationship thereby established, provided that he has disclosed his interest in accordance with the Companies Act.

The remuneration and other terms and conditions of appointment of a Director appointed as managing director or to any other executive office or employment under the Company shall from time to time (without prejudice to the provisions of any agreement between him and the Company) be fixed by the Directors or by any committee appointed by the Directors, and may (without limitation) be by way of fixed salary, lump sum, commission on the dividends or profits of the Company (or of any other company in which the Company is interested) or other participation in any such profits or by any combination of those modes.

Each Director shall be required to retire from office at the conclusion or adjournment of the annual general meeting held after he attains the age of 70, but shall be eligible for re-appointment.

4. Share Option Schemes

- (a) *The Cohort PLC 2006 Share Option Scheme (“the Executive Scheme”)*

The Company adopted the Executive Scheme on 16 February 2006. The principal terms of the Executive Scheme are as follows:

Status of the Executive Scheme

- (i) The Executive Scheme is designed to permit the Company to grant qualifying enterprise management incentive (“EMI”) share options within the meaning of Schedule 5 Income Tax (Earnings and Pensions) Act 2003 over Ordinary Shares. The Executive Scheme, however, also permits the Company to grant options which are not qualifying EMI options.

Eligibility

- (ii) In order to qualify for participation in the Executive Scheme, an individual must be employed by the Company or a member of the Group.
- (iii) After Admission, no option may be granted to an employee at a time when such a grant would be in breach of the AIM Rules.

Administration

- (iv) The Executive Scheme is governed by its rules and is administered by the remuneration committee of the Board (“the Committee”). The Committee will have absolute discretion in selecting the persons to whom options under the Executive Scheme are to be granted and (subject to the limits set out below) in determining the number and terms of options to be so granted. No person is entitled as of right to be granted an option.

Option Price

- (v) The holder of an option under the Executive Scheme will be entitled to acquire Ordinary Shares at a price to be determined by the Committee at the time when the option is granted. In the case of an option granted on or after Admission, the option price shall not be less than the market value of an Ordinary Share as at the date of grant.

Grant periods

- (vi) Prior to Admission, options may be granted at any time. After Admission, options may be granted within 42 days following Admission or 42 days after the dealing day following the announcement of the annual or half year results of the Company in any year.
- (vii) No consideration is payable for the grant of an option.
- (viii) No options may be granted more than ten years after the date of adoption of the Executive Scheme.

Performance Conditions and Vesting

- (ix) The Committee may, at the time of grant of an option, determine that the exercise of such option is subject to the achievement of objective performance conditions. An option will only ever be exercisable if, and to the extent to which, such performance conditions are achieved.
- (x) Instead of, in addition to or in conjunction with any performance conditions, the Committee may (at the time of grant of an option) determine that the option shall be subject to a vesting schedule. If an option is subject to a vesting schedule, it shall only vest in accordance with the provisions of such vesting schedule. An option will only ever be exercisable if, and to the extent to which, it has vested. If an option is not subject to a vesting schedule, it shall be deemed to have vested immediately upon the grant of such option.

Exercise and lapse of options

- (xi) Generally, options may only be exercised during a stated option period by a person who remains a director or employee. In respect of any option, the option period will normally commence on the day following the third anniversary of the date of grant (although, in respect of options granted prior to Admission, the Committee may determine an earlier commencement date provided that, in no circumstances, can the option period commence on or before the second anniversary of the date of grant). The option period will normally end on the tenth anniversary of the date of grant (although the Committee can, at the time of grant of an option, provide that the option period ends on an earlier date).
- (xii) Following Admission, no option may be exercised at a time when such exercise would be in breach of the AIM Rules.
- (xiii) If an option holder ceases to be employed within the Group due to death, pregnancy, ill-health, injury, disability, retirement or redundancy (or in any other exceptional circumstance as determined by the Committee in its absolute discretion), all options then held by the option holder may be exercised within 40 days following the date of cessation of employment (or, in the case of death, within 12 months from the date of death). If not so exercised, the options shall lapse.
- (xiv) If an option holder ceases to be employed within the Group in any other circumstance, all options then held by him shall lapse immediately.
- (xv) In the event of an amalgamation, reconstruction, take-over or voluntary winding up of the Company, all options may be exercised within a stated time period (or otherwise lapse).

- (xvi) As a condition of exercise of an option, an option holder must indemnify the Company or any member of the Group for any liability to income tax, employee's National Insurance contributions or employer's National Insurance contributions arising as a result of the exercise of the option.
- (xvii) Options will not be transferable.

Issue and transfer of shares

- (xviii) Ordinary Shares will be allotted and issued or transferred within 30 days of the exercise of an option. Ordinary Shares allotted will rank in full for all dividends or other distributions payable by reference to a record date occurring on or after the date of allotment of such shares. Ordinary Shares transferred on the exercise of an option shall be transferred without the benefit of any rights attaching to the shares by reference to a record date preceding the date of exercise. In all other respects the Ordinary Shares so issued or transferred shall be identical and rank *pari passu* with the fully paid registered Ordinary Shares in issue on the date of exercise.

Limits applying to the Executive Scheme

- (xix) On or after Admission, no option may be granted if immediately following the grant of such option the aggregate nominal value of Ordinary Shares in the Company issued or then capable of being issued pursuant to options granted under the Executive Scheme within the immediately preceding period of ten years and issued or then capable of being issued pursuant to options granted or rights obtained in such ten year period under any other share option or profit sharing scheme approved by the Company would exceed 10 per cent. of the nominal value of the ordinary share capital of the Company at that time in issue. For the purpose of this limit, options granted prior to Admission are excluded from account.

Individual Limits

- (xx) The total market value (at the date of grant) of Ordinary Shares over which an individual may be granted options under the Executive Scheme in any financial year of the Company (excluding options granted before Admission) will not exceed one times the individual's rate of remuneration (excluding bonuses, commissions and benefits in kind) at the date of grant.

Variations in share capital

- (xxi) In the event of any variation of or increase in the share capital of the Company, the number of shares subject to options and/or the option price may be adjusted by the Board.

Amendments

- (xxii) The Board will have the power to amend the rules of the Executive Scheme. However, the rules cannot be altered to affect adversely any subsisting options (other than to benefit the administration of the Executive Scheme, take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any option holder or a member of the Group) without such consent of the option holders as would be required under the provisions of the Articles of Association if the options constituted a single class of capital.

(b) *The Cohort PLC Savings Related Share Option Scheme ("the SAYE Scheme")*

The Company adopted the SAYE Scheme on 16 February 2006. The principal terms of the SAYE Scheme are as follows:

Status of the SAYE Scheme

- (i) The SAYE Scheme is designed to be capable of approval by HM Revenue & Customs under Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 ("ITEPA").

Eligibility

- (ii) Participation in the SAYE Scheme will be offered to all employees, including full-time directors holding salaried employment of the Group who have been employed for a continuous period to be determined by the Committee (not exceeding five years ending on

the date of grant of the relevant option) by a member of the Group and who are liable to pay UK income tax. In addition, certain other employees may be permitted to participate in the SAYE Scheme at the discretion of the Committee.

“Save-As-You-Earn” Contract

- (iii) An eligible employee who wishes to participate must enter into a save-as-you-earn (“SAYE”) contract with a building society or bank selected by the Company to save and deposit a regular sum each month for three or five years of not less than £5 (five pounds) nor more than £250 (two hundred and fifty pounds) per month (or such greater amount as may from time to time be permitted by ITEPA). An employee who completes a three-year savings contract will currently be entitled to a bonus of 1.4 monthly instalments (at current rates of interest) from the building society or bank. An employee who completes a five-year savings contract will currently be entitled to a bonus equal to 4.4 monthly instalments. There is no provision for any participant to continue to save for a longer period than five years. The bonus is fixed at the inception of the SAYE contract.
- (iv) Options to acquire Ordinary Shares will be granted to eligible employees who enter into SAYE contracts. The number of Ordinary Shares subject to such options will be that number of Ordinary Shares which have an aggregate option price not exceeding the projected proceeds of the SAYE contracts (including the bonus).
- (v) The option price per Ordinary Share subject to options granted will not be less than the greater of 80 per cent. (or such lesser percentage as may from time to time be permitted by ITEPA) of the market value of an Ordinary Share on the day on which invitations to apply for options are issued and, in the case of an option to subscribe for Ordinary Shares, the nominal value of an Ordinary Share.

Grant of Options

- (vi) Options may be granted within the period of 42 days following approval of the SAYE Scheme by HM Revenue & Customs. Thereafter, options may in general only be granted within the period of 42 days commencing on the dealing day after the date of announcement of the annual or half year results of the Company in any year. Whether options are granted within any of these periods is at the discretion of the Board. No options may be granted more than ten years after the date of adoption of the SAYE Scheme.

Exercise and Lapse of Options

- (vii) Options are not transferable and (except in the circumstances described below) an option may normally only be exercised within a period of six months following the maturity of the relevant SAYE contract by a person who remains a director or employee.
- (viii) Where an option holder dies before the maturity of his SAYE contract, his personal representatives may exercise his option within a period of twelve months from the date of his death. Where an option holder dies within a period of six months following the expiry of his SAYE contract without having exercised his option, his personal representatives may exercise his option within a period of twelve months from the date of expiry of the SAYE contract.
- (ix) An option holder may exercise his option within a period of six months of ceasing to be an employee of the Group where the cessation occurs as a result of:
 - death, injury, disability, redundancy (within the meaning of the Employment rights Act 1996) or retirement on reaching the age of 65 or at any other age at which the option holder is bound to retire in accordance with his contract of employment; or
 - his employing company or business being disposed of outside the Group.

Where an option holder reaches the age of 65 but remains in employment, he may exercise his option within a period of six months after reaching such age.

- (x) An option holder may exercise his option within a limited period following a take-over of the Company or a reconstruction, amalgamation or voluntary winding up of the Company.
- (xi) In certain circumstances, option holders may release their rights under options in consideration of the grant to them of equivalent rights over shares in an acquiring company which gains control of the Company.

- (xii) Options will lapse at the expiry of any of the periods allowed for exercise and upon cessation of employment of the option holder in any other circumstances not referred to above.
- (xiii) The number of Ordinary Shares acquired on exercise will in any event be limited by reference to the proceeds accrued under the SAYE contract up to the date of exercise.

Issue and transfer of shares

- (xiv) The SAYE Scheme provides the facility for the exercise of options to be satisfied by either the issue of Ordinary Shares, the transfer of Ordinary Shares held by trustees of an employee benefit trust established for the purpose of facilitating the holding of Ordinary Shares by Group employees or by the transfer of Ordinary Shares held in treasury.

Limits applying to the SAYE Scheme

- (xv) The number of Ordinary Shares which may be acquired by subscription (which, for the purposes of these limits, will be taken to include any treasury shares transferred to satisfy the exercise of options) on the exercise of options granted under the SAYE Scheme is limited. No option may be granted if immediately following the grant of such option the aggregate nominal value of Ordinary Shares issued or then capable of being issued pursuant to options granted under the SAYE Scheme within the immediately preceding period of 10 years and issued or then capable of being issued pursuant to options granted or rights obtained in such ten year period under any other share option or profit sharing scheme approved by the Company would exceed 10 per cent. of the nominal value of the ordinary share capital of the Company at that time in issue. This 10 per cent. limit does not apply to any option granted prior to Admission and any option granted prior to Admission is not counted when applying the limit.

Variations in share capital

- (xvi) In the event of any variation of or increase in the share capital of the Company, the number of Ordinary Shares subject to options and/or the option price may be adjusted by the Board in such manner as approved by HM Revenue & Customs.

Amendments

- (xvii) The Board will have the power to amend the rules of the SAYE Scheme. However, the rules cannot be altered to affect adversely any subsisting options (other than to benefit the administration of the SAYE Scheme, take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for any option holder or a member of the Group) without such consent of the option holders as would be required under the provisions of the Company's articles of association if the options constituted a single class of capital.

Awards Non-Pensionable

- (xviii) Any benefits or options available under the SAYE Scheme will not count as pay or remuneration for pension fund purposes.

Overseas Participants

- (xix) The rules of the SAYE Scheme give the Board the authority to adopt rules as schedules to the SAYE Scheme permitting the Company to grant options over shares on the terms contained in such schedules to individuals employed by constituent companies in locations outside the UK. The rules contained in such schedules to the SAYE Scheme will follow the rules contained in the SAYE Scheme as far as reasonably practicable.

5. Directors' interests

- (a) The interests of each Director and those of any person connected with him within the meaning of section 346 of the Companies Act ("Connected Person"), all of which are beneficial, in the issued share capital of the Company which (i) have been notified to the Company pursuant to section 324 or 328 of the Companies Act, or (ii) are required to be entered into the register maintained under section 325 of the Companies Act, or (iii) are interests of a Connected Person which would, if the Connected Person were a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known or could with reasonable diligence be ascertained by the Director are as follows:

	<i>As at the date of this document</i>		<i>Immediately following Admission¹</i>	
	<i>Ordinary Shares</i>	<i>%</i>	<i>Ordinary Shares</i>	<i>%</i>
Stanley Carter	12,038,400	67.5	10,645,718	48.1
Nick Prest	1,698,304	9.5	1,698,304	7.7
Anthea Prest ²	261,276	1.5	261,276	1.2
Andrew Thomis	22,230	0.1	22,230	0.1
Sir Robert Walmsley	16,670	0.1	16,670	0.1

Notes:

(1) Assumes that the maximum number of Ordinary Shares made available to employees pursuant to the Employee Share Offer has been subscribed for.

(2) Being the wife of Nick Prest.

- (b) Save as disclosed in paragraph 2(j) above, no Director has an interest in unissued shares of the Company held under the Share Option Schemes.
- (c) Save as disclosed above, no Director has any interest in the share capital or loan capital of the Company or SCS nor does any person connected with any of the Directors (within the meaning of section 346 of the Companies Act) have any such interests, whether beneficial or non-beneficial.
- (d) The Directors have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Nick Prest	Cohort AVEVA Group plc AVEVA Solutions Limited	Alvis Limited Alvis Vehicles Limited Alvis Vickers Limited Avimo Middle East Limited BAE Systems Land Systems (Bridging) Limited BAE Systems Land Systems (Finance) Limited BAE Systems Land Systems (FRES) Limited BAE Systems Land Systems (Investments AVG) Limited BAE Systems Land Systems (Investments AVT) Limited BAE Systems Land Systems (Investments HMC) Limited BAE Systems Land Systems (Investments South Africa) Limited BAE Systems Land Systems (Investments) Limited BAE Systems Land Systems (Ranges) Limited BAE Systems Land Systems (Singapore Investments) Limited BAE Systems Land Systems (Weapons & Vehicles) Limited
A E Stanley Carter	Cohort Centre for Defence and International Security Studies Limited SCS Mothership Limited Sentinel Concord Limited Sentinel Programmes Limited Systems Consultants Services Limited	

<i>Name</i>	<i>Current</i>	<i>Previous</i>
Sir Robert Walmsley	Cohort British Energy Employee Share Trustees Limited British Energy Generation Limited British Energy Generation (UK) Limited British Energy Group plc British Energy Holdings plc Edo Corporation Edo (UK) Limited General Dynamics Corporation Major Projects Association Stratos Aeronautical Limited Stratos Global Holdings Limited Stratos Global Limited Stratos Services Limited	British Energy Limited
Andrew Thomis	Cohort	—

(e) As at the date of this document, no Director:

- (i) has any convictions in relation to indictable offences; or
- (ii) has been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
- (iii) has been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors, save as disclosed below; or
- (iv) has been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
- (v) has had any public criticism or suffered any incrimination and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
- (vi) has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company; or
- (vii) has had any name other than his existing name.

British Energy Group plc (“British Energy”) experienced significant financial difficulties and received financial support from the UK government in the third quarter of 2002. Sir Robert Walmsley was appointed a non-executive director of British Energy on 1 August 2003. In October 2003, British Energy announced a restructuring involving arrangements with certain of its creditors and the UK Secretary of State for Trade and Industry. The restructuring was completed in January 2005.

- (f) So far as the Directors are aware, save as disclosed at paragraph 5(a) above, no person, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.
- (g) None of the Company’s major holders of shares listed above has voting rights which are different from other holders of Ordinary Shares.
- (h) The Company has been notified pursuant to Part VI of the Companies Act of the following interests in three per cent. or more of the Company’s issued share capital as at the date of this document held by persons other than a Director (and expects their interests immediately following Admission to be as follows):

	<i>As at the date of this document</i>		<i>Immediately following Admission¹</i>	
		<i>%</i>		<i>%</i>
John Lyde	1,900,800	10.7	1,087,792	4.9
John Tydeman	1,900,800	10.7	437,385	2.0

Note:

(1) Assumes that the maximum number of Ordinary Shares made available to employees pursuant to the Employee Share Offer has been subscribed for.

- (i) There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director.
- (j) Save as disclosed in paragraph 7 below, no Director is or has been interested in any transaction which is or was unusual in its nature or conditions or material to the business of the Group and which was effected by the Company or SCS during the current or immediately preceding financial year or which was effected by the Company or SCS during any earlier financial year and remains in any respect outstanding or unperformed.
- (k) In respect of the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.
- (l) The aggregate amount of remuneration (including any contingent or deferred compensation) payable and benefits in kind granted to Directors is estimated to be approximately £230,000 for the current financial period ending 30 April 2006 under the arrangements in force at the date of this document.
- (m) No Director nor any member of his immediate family nor any persons connected with such persons (within the meaning of Section 346 of the Companies Act) has any financial product whose value is determined directly or indirectly by reference to the price of the Ordinary Shares, including a fixed odds bet.

6. Directors' service contracts and letters of appointment

- (a) Stanley Carter has entered into a service agreement with the Company dated 27 February 2006, which is subject to termination upon six months' notice by either party at any time or 12 months in the event of a change of control arising as a result of any person or persons acquiring more than 50 per cent. of the voting rights at a general meeting of the Company. The agreement provides for an annual salary of £130,000. Mr. Carter is subject to a six month restrictive covenant upon termination of his employment, during which time he will not be entitled, *inter alia*, to work for a competing business or solicit or entice away from the Company any employee of any member of the Group or employ or engage any such employee in connection with a competing business.
- (b) Andrew Thomis has entered into a service agreement with the Company dated 24 February 2006, which is subject to termination upon six months' notice by either party or 12 months in the event of a change of control arising as a result of any person or persons acquiring more than 50 per cent. of the voting rights at a general meeting of the Company. The agreement provides for an annual salary of £95,000. Mr. Thomis is subject to a six month restrictive covenant upon termination of his employment, during which time he will not be entitled, *inter alia*, to work for a competing business or solicit or entice away from the Company any employee of any member of the Group or employ or engage any such employee in connection with a competing business. Prior to entering into his service contract with the Company, Andrew Thomis was engaged as a consultant by SCS for which he has received £73,000 in the current financial year.
- (c) Nick Prest has entered into a letter of appointment with the Company dated 27 February 2006, which is subject to termination upon three months' notice by either party. The letter of appointment relates to the provision of services by Nick Prest to the Company as Chairman and will be for an initial period of three years. The letter of appointment provides for Nick Prest to receive £25,000 per annum for his role as Chairman of the Company.
- (d) Nick Prest has entered into an agreement dated 27 February 2006 to provide consultancy services to the Company, which is subject to termination upon three months' notice by either party. Under the agreement, Nick Prest will provide services in relation to such projects as may be agreed from time to time with the Company (including the provision of strategic advice in relation to the future development of the Group and the identification of possible acquisition or

merger opportunities for the Group). The fee payable for the consultancy services provided by Nick Prest will be £1,250 for each day on which he provides consultancy services (being no fewer than 20 days per annum).

- (e) Sir Robert Walmsley has entered into a letter of appointment with the Company dated 27 February 2006, which is subject to termination upon three months' notice by either party. The letter of appointment relates to the provision of services by Sir Robert Walmsley as a non-executive director of the Company and will be for an initial period of three years. The letter of appointment provides for Sir Robert Walmsley to receive £25,000 per annum for his role as non-executive director of the Company.
- (f) In addition, and in relation to its executive Directors, the Company intends to introduce and make available benefits, including membership of a life insurance scheme, a private medical expenses insurance scheme and a permanent health insurance scheme.
- (g) Save as referred to in paragraphs 6(a) to (e) above, there are no service agreements, existing or proposed, between any of the Directors and the Company or SCS which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

7. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company and its subsidiaries during the two years preceding the date of this document and are or may be material:

(a) *Placing Agreement*

The Company, the Vendors, the Directors and Investec have entered into the Placing Agreement pursuant to which Investec has conditionally agreed to seek to procure subscribers for the Placing Shares at the Placing Price.

In consideration for its services under the Placing Agreement, the Company will pay Investec a corporate finance advisory fee and a commission of 4 per cent. of the value of the New Ordinary Shares issued pursuant to the Placing at the Placing Price, and the Vendors will pay Investec commission of 4 per cent. of the value of the Sale Shares at the Placing Price. These fees and commissions are payable in cash.

The obligations of Investec under the Placing Agreement are conditional upon, amongst other things: (i) the Company, the Vendors and each of the Directors having complied with their respective obligations and having satisfied all conditions to be satisfied by any of them under the Placing Agreement and certain other documents which fall to be performed or satisfied on or prior to Admission; and (ii) Admission having occurred.

The Placing Agreement contains warranties given by the Company, the Vendors and the Directors to Investec as to the accuracy of the information contained in this document and other matters relating to the Group and its business. The Company has also agreed to indemnify Investec and its affiliates and their respective directors, officers and employees against certain liabilities that they may incur under the Placing Agreement, subject to customary limitations.

Investec has the right to terminate the Placing Agreement at any time on or before Admission including where, amongst other things (i) it becomes impracticable or inadvisable to proceed with the Placing as a result of a change in financial, economic, political or market conditions or other matters; (ii) there is a material adverse change in the business; (iii) the Company or any Vendor or any Director fails in any material respect to comply with its obligations under the Placing Agreement; or (iv) there is a breach of the warranties which Investec (acting reasonably) considers to be material in the context of the Placing and Admission.

The Placing Agreement also contains undertakings from Nick Prest, Andrew Thomis and each of the Vendors not to dispose of, without Investec's prior written consent, any of the Ordinary Shares in which each of them will be interested on Admission, during the period of 12 months following Admission, save in certain limited circumstances, including in the event of an intervening court order, a takeover offer for the Company becoming or being declared unconditional or the death of the relevant covenantor.

(b) *Nominated Adviser and Broker Agreement*

The Company, the Directors and Investec have entered into the Nomad and Broker Agreement under which Investec has accepted its appointment as the Company's nominated adviser and broker for the purpose of the AIM Rules.

The agreement will terminate automatically if Admission does not take place by 22 March 2006. Investec has the right to terminate the agreement in the event, amongst other things, of any warranty or representation in the Placing Agreement being untrue, inaccurate or misleading in any material respect, or of a material breach of the AIM Rules or other relevant laws or regulations by the Company. Either Investec or the Company may also terminate the agreement on three months' notice.

(c) *Share Repurchase Agreements*

Pursuant to agreements dated 9 February 2006 entered into with each of Stanley Carter, Ruth Lyde, Jane Tydeman, John Lyde and John Tydeman, SCS repurchased, respectively, 10 A ordinary shares, 10 B ordinary shares, 10 C ordinary shares, 10 D ordinary shares and 10 E ordinary shares, in each case of £1 each in the capital of SCS, for, in aggregate, £50.

(d) *Deed of Indemnity*

Pursuant to a deed of indemnity dated 9 February 2006 between Stanley Carter, John Lyde and John Tydeman (together, the "Covenantors") and SCS, the Covenantors agreed to indemnify SCS in respect of any liability of SCS to pay or to account to HM Revenue & Customs for any income tax and any primary Class 1 (employee's) national insurance contributions (and any fine, penalty, surcharge, interest or other imposition relating thereto or any failure to make any return in respect thereof) arising out of or connected with, *inter alia*, the Covenantors' (and their respective wives') holdings of the "alphabet" shares referred to in paragraph 7(c) above (the "Alphabet Shares"), dividends paid by the Company to the Covenantors (or their respective spouses) in relation to the Alphabet Shares (whether by reason of such dividends being re-characterised as earnings or as an emolument of employment or otherwise), the acquisition or disposal of or any other dealing by the Covenantors (or their respective wives) in the Alphabet Shares, any earnings, emoluments or benefits which would have been paid or provided to any of the Covenantors but for dividends instead being paid in respect of the Alphabet Shares or the Covenantors being deemed by HM Revenue & Customs to have been employee of the Company at any time when any of the Covenantors was treated by the Company as self-employed.

(e) *Share Exchange Agreement*

Pursuant to an agreement dated 9 February 2006 between the Vendors and the Company, the Company purchased the entire issued ordinary share capital of SCS in consideration of the issue to the Vendors of 1,583,997 ordinary shares of £1 each in the capital of the Company, credited fully paid, in the following proportions: Stanley Carter, 1,203,839 ordinary shares of £1 each and each of John Lyde and John Tydeman, 190,079 ordinary shares of £1 each.

(f) *Subscription Letters*

Pursuant to subscription letters dated 9 February 2006 addressed to the Company from Andrew Thomis and Sir Robert Walmsley, Andrew Thomis subscribed in cash for 2,223 ordinary shares of £1 each in the capital of the Company and Sir Robert Walmsley subscribed in cash for 1,667 ordinary shares of £1 each in the capital of the Company (in each case at a price of approximately £8.99 per share, prior to the share split carried out later that day).

(g) *Mr. Nick Prest's Subscription Letters*

Pursuant to two subscription letters dated 15 February 2006 addressed to the Company, Nick Prest subscribed for 718,514 Ordinary Shares at a price of approximately 76.5p per share (the "First Subscription Shares"), paid up on subscription, and for a further 979,790 Ordinary Shares at a price of approximately 76.5p per share (the "Deferred Settlement Shares" and, together with the First Subscription Shares, the "Nick Prest Subscription Shares"), which he undertook to pay for in full (free from any deduction, withholding or counterclaim) for value on 31 January 2007 (or such earlier date as he may notify to the Company).

Pursuant to the subscription letter relating to the Deferred Settlement Shares, Nick Prest agreed that, in the event that he sells or otherwise disposes of any Deferred Settlement Shares prior to 31 January 2007, the net proceeds of such sale or disposal shall, in the first instance, be applied in paying to the Company the amount owing in respect of such shares.

Nick Prest agreed and undertook, pursuant to the subscription letters, to indemnify the Company against any liability in respect of income tax and employee's national insurance contributions (whether arising under "Pay-As-You-Earn" or otherwise) arising from or payable in connection with his subscription for the Nick Prest Subscription Shares and/or any subsequent disposal or other chargeable event relating to the Nick Prest Subscription Shares (and all reasonable costs and expenses and any penalties or interest incurred or payable by the Company in connection with or in consequence of any such liability or any appeal by the Company in respect of any such assessment).

(h) *Mrs Anthea Prest's Subscription Letter*

Pursuant to a subscription letter dated 15 February 2006 from Anthea Prest to the Company, Anthea Prest subscribed in cash for 261,276 Ordinary Shares (at a price of approximately 76.5p per share).

(i) *Mrs Anthea Prest's Lock-in Agreement*

The Company, Anthea Prest and Investec entered into an agreement dated 28 February 2006 pursuant to which Mrs Prest undertook not to dispose of, without Investec's prior written consent, any of the Ordinary Shares in which she will be interested on Admission, during the period of 12 months following Admission, save in certain limited circumstances, including in the event of an intervening court order, a takeover offer for the Company becoming or being declared unconditional or her death.

(j) *Sale Agreement relating to The Court House*

Pursuant to a sale agreement dated 27 February 2006 (the "Sale Agreement") between SCS and Stanley Carter and certain family members trading as The Court House Partnership ("The Court House Partnership"), the Company agreed to sell the freehold property known as The Court House, 68 Northfield End, Henley-on-Thames RG9 2JN ("The Court House") to The Court House Partnership for £880,000 (no VAT being payable on the purchase price). The property is to be sold with vacant possession. The Court House Partnership is required to enter into a deed of covenant with the Oxfordshire City Council in the form annexed to the sale agreement in compliance with a restriction on the title imposed by a transfer dated 28 March 2001 between Oxfordshire City Council and SCS. The agreed form of transfer (Land Registry Form TR1) was annexed to the sale agreement. Completion of such sale is expected to take place within seven business days of Admission, at which time The Court House Partnership will enter into the lease described in paragraph 7(k) below. It is expected that the purchase price for The Court House will be paid by The Court House Partnership out of the net proceeds of the Sale Shares sold by Stanley Carter in the Placing. The Sale Agreement contains an indemnity given to SCS by The Court House Partnership, pursuant to which SCS is indemnified against any clawback which HM Revenue & Customs may seek against it under the provisions of Part XV of the Value Added Tax Regulations 1995 (the "VAT Regulations") as a result of the sale of The Court House. The obligations of The Court House Partnership under this indemnity are to continue until the applicable adjustment period under the VAT Regulations has expired.

(k) *Lease relating to The Court House*

Pursuant to an agreement for lease contained in the Sale Agreement, The Court House Partnership has agreed to lease The Court House back to the Company for a term of five years. The annual rent is £57,000 (no VAT being payable on the rent). The lease is to be contracted out of the security of tenure provisions of the Landlord and Tenant Act 1954. There is a "tenant only" break clause operable upon six months' notice which may be given at any time during the term. SCS, as tenant, is to be responsible for all internal and external repairs throughout the term and is obliged to return the property to The Court House Partnership (as landlord) at the end of the term in the same state and condition as at the term commencement. The Court House Partnership (as landlord) is to be responsible for insuring the property and SCS (as tenant) is to reimburse the annual insurance premium to The Court House Partnership (as landlord) as a separate head of rent under the lease. SCS (as tenant) may assign and sub-let with the consent of The Court House Partnership (as landlord) and may carry out internal and external alterations with the consent of The Court House Partnership (as landlord). The "user" clause in the lease provides that the property may be used as offices with ancillary car parking.

(1) *Limited Liability Partnership Agreement relating to Digital Millennium Map LLP*

Pursuant to an agreement dated 11 June 2004 between Getmapping LLC, Geosense Limited, the Company, Flight Images Limited and Getmapping LLC (on behalf of Digital Millennium Map LLC), the parties established Digital Millennium Map LLP (“Getmapping”) to create digital aerial photographs and prints. Getmapping updates the “Millennium Map”, the first issued-up aerial photograph of Britain, using high resolution digital technology. Save for the partnership agreement and the leasing agreement relating to the camera used by Getmapping, there are no contracts between Getmapping and the Company. SCS committed to spend £400,000 on the project (provided for in full in the accounts of SCS), of which £130,000 had been drawn down as at 31 October 2005. Please see paragraph 14 of Part 1 of this document for further details.

8. Related party transactions

Save as disclosed in paragraphs 7(j), 7(k) and 7(l) of this Part 6, the Company has not entered into any related party transactions which are material to the Company.

9. Taxation

The following statements are intended as a general guide only to the position under current UK taxation legislation and HM Revenue & Customs practice as at the date of this document. They only apply to Shareholders who are resident, or in the case of individuals, ordinarily resident for UK tax purposes in (and only in) the UK (except insofar as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as an investment and who are the absolute beneficial owners of them. They do not apply to certain types of shareholders, such as insurance companies, collective investment schemes, dealers in securities and shareholders who have (or are deemed to have) acquired their Ordinary Shares by reason of or in connection with an office or employment.

Any person who is in any doubt about his/her own tax position, or who is resident in or subject to tax in a jurisdiction other than the UK, should consult an appropriate professional adviser without delay.

Dividends

- (a) The Company is not currently required to withhold at source any amount in respect of UK tax from any dividend paid by the Company.
- (b) An individual Shareholder who is resident in the UK for UK tax purposes will be entitled to a tax credit in respect of any dividend received from the Company and will be taxable on the aggregate of the dividend received and the tax credit (the “gross dividend”). The value of the tax credit is currently one ninth of the dividend received (or 10 per cent of the gross dividend). The gross dividend is treated as the top slice of the individual’s income. The tax credit will, however, be treated as discharging the individual’s liability to income tax in respect of the gross dividend, unless and except to the extent that the gross dividend falls above the threshold for the higher rate of income tax, in which case the individual will, to that extent, pay tax on the gross dividend at the higher rate on dividends (currently 32.5 per cent) less the related tax credit. So, for example, a dividend of £80 will carry a tax credit of £8.89 and the income tax payable on the dividend by an individual liable to income tax at the higher rate in respect of the whole amount of the dividend would be 32.5 per cent of £88.89, namely £28.89, less the tax credit of £8.89, leaving a net tax charge of £20.
- (c) Subject to certain exceptions, a Shareholder which is a company resident for tax purposes in the UK is not taxable on a dividend paid by the Company and received by that Shareholder and is not generally able to claim payment of the tax credit attaching to the dividend.
- (d) There will be no payment of the tax credit or any part of it to an individual whose liability to income tax on the gross dividend is less than the related tax credit.
- (e) Shareholders who are resident in the United Kingdom for tax purposes and who are not liable to UK tax on dividends, including pension funds and charities, will not be entitled to claim any payment of the tax credit in respect of dividends paid by the Company.
- (f) The right of a Shareholder who is not resident for tax purposes in the UK to a tax credit in respect of a dividend received from the Company and/or to claim payments of any part of that tax credit will depend upon the existence and terms of any double taxation convention between

the UK and the jurisdiction in which the Shareholder is resident for tax purposes. However, where a non-UK resident Shareholder is entitled to claim payment of any part of a tax credit, the amount payable will generally be less than one per cent of the dividend to which it relates.

- (g) A Shareholder who is not resident in the UK for tax purposes should consult his own tax adviser concerning his liabilities on dividends received, whether he is entitled to claim any part of the tax credit and, if he is so entitled, the procedure for doing so. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under the law of the relevant jurisdiction.

Chargeable gains

- (h) A disposal of Ordinary Shares by a Shareholder may, depending on the Shareholder's circumstances, and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains.
- (i) Taper relief may be available to an individual Shareholder, which may operate to reduce the percentage of any gain which becomes chargeable on the disposal of Ordinary Shares provided that such Shareholder has retained those new Ordinary Shares for the relevant period.
- (j) A Shareholder who is neither resident nor, in the case of an individual, ordinarily resident in the UK will not be liable for UK tax on chargeable gains realised on the disposal of his/her Ordinary Shares unless such Shareholder carries on:
 - (i) (in the case of a non-corporate Shareholder), a trade, profession or vocation in the UK through a branch or agency and has used, held or acquired the new Ordinary Shares for the purposes of such trade, profession or vocation or such branch or agency; or
 - (ii) (in the case of a corporate Shareholder) a trade in the UK through a permanent establishment and has used, held or acquired the Ordinary Shares for the purposes of the trade or has used, held or acquired the new Ordinary Shares for the purposes of such permanent establishment.
- (k) However, a Shareholder who is an individual and who is only temporarily resident outside the UK for UK tax purposes at the date of a disposal of Ordinary Shares may be liable to UK tax on chargeable gains on becoming resident or ordinarily resident in the UK again, in respect of disposals made while he was temporarily resident outside the UK, subject to any available exemption or relief.

Stamp duty and stamp duty reserve tax ("SDRT")

- (l) No liability to stamp duty or SDRT will generally arise on the allotment and issue of new Ordinary Shares by the Company pursuant to the Placing, except in the case of new Ordinary Shares issued to issuers of depositary receipts or providers of clearance services (as to which see below). However, the Company will not be paying any stamp duty or SDRT that may arise (in particular, pursuant to the provisions of sections 67, 70, 93 or 96 of the Finance Act 1986).
- (m) Any subsequent dealings in new Ordinary Shares will normally be subject to stamp duty or SDRT. The transfer on sale of Ordinary Shares will usually be liable to *ad valorem* stamp duty, at the rate of 0.5 per cent. (rounded up, if necessary to the next multiple of £5) of the amount or value of the consideration paid. Stamp duty will normally be paid by the purchaser or transferee of the Ordinary Shares. An unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT, at the rate of 0.5 per cent. of the amount or value of the consideration payable for such shares, but such liability will be cancelled, or any SDRT paid refunded, if the agreement is completed by a duty stamped instrument of transfer within six years of the date of the agreement or, if the agreement was conditional, the date on which the agreement became unconditional. SDRT will normally be the liability of the purchaser or transferee of the Ordinary Shares.
- (n) Under the CREST system for paperless share transfers, no stamp duty or SDRT will arise on a transfer of shares into the system, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the amount or value of consideration given. Transfers of shares within CREST are generally liable to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable rather than stamp duty, and SDRT on relevant transactions settled within the system or reported through it for regulatory purposes will be collected and accounted for to H.M. Revenue & Customs by CRESTCo.

- (o) Where new Ordinary Shares are issued or transferred to issuers of depositary receipts or providers of clearance services (or their nominees or agents), stamp duty or SDRT (as appropriate) may be payable (in the case of stamp duty) at the rate of 1.5 per cent. (rounded up, if necessary, to the next multiple of £5) of the amount or value of the consideration provided or (in the case of SDRT) at the rate of 1.5 per cent. of the amount or value of the consideration payable (if in money or money's worth) or the value of the new Ordinary Shares. Where such stamp duty or SDRT (as appropriate) is payable, such amounts may be charged by the depositary or clearance service to the Shareholder to whom the new Ordinary Shares would otherwise have been issued or to whom the new Ordinary Shares are being transferred. Clearance services may opt, under certain conditions, for the normal rates of stamp duty and SDRT to apply to a transfer of shares into, and to transactions within, the service. Where this is the case, the above charge at the higher rate of 1.5 per cent. will not apply to an issue or transfer of shares into that clearance service.

The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate as mentioned above or may, although not primarily liable for the tax, be required to notify and account for it.

Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements. Agreements to transfer shares to charities will not give rise to stamp duty or SDRT.

10. Investments

Save for a commitment of SCS to invest an aggregate of £400,000 in Getmapping (as described in paragraph 7(l) of this Part 6 and paragraph 14 of Part 1 of this document), there are no investments to be made by the Company or SCS in the future in respect of which firm commitments have been made. Save for the acquisition of SCS, the Company has made no investments since the date of its incorporation.

11. Property and environmental Issues

The Group's principal establishment is at its leasehold premises at The Court House, Northfield End, Henley-on-Thames, Oxfordshire RG9 2JN. The Company is not aware of any environmental issues affecting its use of its principal establishment.

12. Dependence on patents and licences

The Directors believe that the Company has no material dependence on any patent or licence for the generation of future revenues.

13. Working capital

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and the Group will be sufficient for its present requirements, that is for at least the next twelve months from the date of Admission.

14. Litigation

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against the Group during the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Group.

15. General

- (a) Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 30 April 2005.
- (b) Baker Tilly has given and has not withdrawn its written consent to the inclusion of its name and its reports in Parts 3 and 4 in this document and the references to its name and its reports in the forms and contexts in which they appear.
- (c) Investec, which is regulated by the FSA, has given and has not withdrawn its written consent to the inclusion in this document of its name in the forms and contexts in which it appears.

- (d) The total costs and expenses of and incidental to the Placing which are payable by the Company, are estimated to amount to approximately £0.9 million (excluding VAT), which includes approximately £350,000 payable to financial intermediaries.
- (e) There are no arrangements under which future dividends are waived or agreed to be waived.
- (f) The financial information set out in this document does not constitute statutory accounts within the meaning of section 240 of the Companies Act. Statutory accounts for SCS have been delivered to the Registrar of Companies for each of the three years ended 30 April 2005. Auditors' reports in respect of the statutory accounts of SCS for each such year have been made under section 235 of the Companies Act and each such report was an unqualified report and did not contain any statement under section 237(2) or (3) of the Companies Act. No statutory accounts have been prepared for the Company since its incorporation, as its first accounting reference period ends on 30 April 2006.
- (g) The Ordinary Shares will only be traded on AIM.
- (h) Except for fees payable to the professional advisers whose names are set out in this document and payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- (i) Where information in this document has been sourced from a third party, such information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

16. Availability of documents

Copies of this document will be available free of charge to the public at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL during normal business hours on any weekday (Saturdays and public holidays excepted) until close of business on the date falling one month from the date of Admission.

Dated: 28 February 2006

DEFINITIONS

The following definitions apply in this document, unless the context otherwise requires:

“Act” or “Companies Act”	the Companies Act 1985 (as amended)
“Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the AIM market of the London Stock Exchange
“AIM Rules”	the rules for AIM companies published by the London Stock Exchange from time to time
“Articles” or “Articles of Association”	the articles of association of the Company adopted conditional on Admission
“City Code”	the City Code on Takeovers and Mergers interpreted by the Panel on Takeovers and Mergers from time to time
“Cohort” or “Company”	Cohort PLC
“Combined Code”	the Principles of Good Governance and Code of Best Practice published by the Financial Reporting Council
“CREST”	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo Limited is the Operator (as defined in those Regulations)
“CRESTCo”	CRESTCo Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755)
“Directors” or “Board”	the directors of the Company, whose names are set out on page 4 of this document
“EIS”	the Enterprise Investment Scheme
“Employee Share Offer”	the invitation to certain employees of SCS to subscribe for New Ordinary Shares at the Placing Price, subject to the Placing Agreement becoming unconditional (save as to Admission) and Admission taking place in relation to those New Ordinary Shares for which application is made
“Enlarged Share Capital”	the issued share capital of the Company following completion of the Placing and the Employee Share Offer
“EU”	the European Union
“FSA”	The Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000
“Group” or “Cohort Group”	Cohort and/or its subsidiary, SCS, as the context requires
“Investec”	Investec Investment Banking, a division of Investec Bank (UK) Limited
“Listing Rules”	the listing rules issued by the FSA
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	up to 4,285,814 new Ordinary Shares to be issued pursuant to the Placing and the Employee Share Offer
“Nomad and Broker Agreement”	the agreement dated 28 February 2006 between the Compnay and Investec relating to Investec acting as nominated adviser and broker to the Company for the purposes of the AIM Rules, further details of which are set out in paragraph 7 of Part 6 of this document
“Official List”	the Official List of the UK Listing Authority
“Ordinary Shares”	ordinary shares of 10p each in the capital of the Company

“Placees”	the subscribers for and purchasers of the Placing Shares pursuant to the Placing
“Placing”	the conditional placing of the Placing Shares by Investec at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 28 February 2006 between (1) the Company, (2) Investec, (3) the Vendors and (4) the Directors relating to the Placing, further details of which are set out in paragraph 7 of Part 6 of this document
“Placing Price”	123 pence per Placing Share
“Placing Shares”	the 4,065,041 New Ordinary Shares which are the subject of the Placing and the Sale Shares
“Sale Shares”	the 3,669,105 Existing Ordinary Shares being sold by Shareholders in the Placing
“Share Option Schemes”	The Cohort PLC 2006 Share Option Scheme and the Cohort PLC Savings Related Share Option Scheme, further details of which we set out in paragraph 7 of Part 6 of this document
“Shareholders”	holders of Ordinary Shares
“SCS”	Systems Consultants Services Limited, the wholly-owned sole operating subsidiary of the Company
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UKLA” or “UK Listing Authority”	The Financial Services Authority acting in its capacity as the competent authority for the purposes of section 72 of FSMA
“uncertificated” or “in uncertificated form”	Recorded on the register of Ordinary Shares as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
“USA”	the United States of America
“VCT”	the Venture Capital Trust Scheme
“Vendors”	together, Mr. Stanley Carter, Mr. John Lyde and Mr. John Tydeman

GLOSSARY

“associate”	a technical expert who can be deployed by the Group to provide services to clients but who is not directly employed by the Group on a permanent basis
“C4IS”	Command, Control, Communications, Computing and Information Systems
“DCSA”	Defence Communication Services Agency
“DERA”	Defence Evaluation and Research Agency
“DPA”	Defence Procurement Agency
“DRA”	Defence Research Agency
“EBIT”	Earnings before Interest and Tax
“HCI”	Human-Computer Interface
“JWTC”	Joint Warfare Training Centre
“MOD”	Ministry of Defence (UK)
“NAO”	National Audit Office (UK Government Department)
“NATO”	North Atlantic Treaty Organisation
“NHS”	National Health Service (UK Government Department)
“PJHQ”	Permanent Joint Headquarters
“RAO”	The MOD’s Research Acquisition Organisation
“US DoD”	United States Department of Defence

