16 December 2013

COHORT PLC
("Cohort" or "the Group")

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2013

Cohort plc, the independent technology group, today announces its unaudited results for the six months ended 31 October 2013.

Highlights include:

- Order intake up 20% at £35.7m (2012: £29.9m)
- Healthy closing order book of £98.2m (30 April 2013: £95.7m).
- Net cash of £13.6m (31 Oct 2013: £12.1m; 30 April 2013: £16.4m) following purchase of own property.
- Interim dividend increased by 17% to 1.4p per share (2012: 1.2p per share).
- Revenue of £33.2m (2012: £33.8m).
- Adjusted* operating profit of £1.8m (2012: £3.3m), down on last year as expected.
- Operating profit of £1.8m (2012: £4.3m).
- Adjusted* earnings per share of 3.97p (2012: 6.97p).
- Earnings per share of 3.95p (2012: 9.35p).

Looking forward:

- £25.5m of 31 October 2013 order book is deliverable in the second half - providing a solid basis for the full year revenue expectations.
- Prospects for further order intake in the second half across the Group are encouraging.

* Adjusted figures exclude the effects of marking forward exchange contracts to market value, amortisation of other intangible assets and exceptional items.

Commenting on the results, Nick Prest, Chairman of Cohort, said:
"Cohort's first half trading was, as expected, down on last year due to the mix of work, particularly at MASS.

Our order book remains strong and we see opportunities both in UK and export defence markets.

The second half of this year is already well supported by the October order book and recent contract wins and we expect a much stronger performance than in the first half.

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

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Cohort plc (www.cohortplc.com) (@Cohortplc)

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

- **MASS** (www.mass.co.uk) - a specialist systems house with considerable experience in the defence market and a focus on information systems. Based in Cambridgeshire, MASS was acquired by Cohort in August 2006;

- **SCS** (www.scs-ltd.co.uk) - a defence technical advisory business, combining technical expertise with practical experience and domain knowledge. Owned by Cohort since flotation in March 2006;

- **SEA** (www.sea.co.uk) - an advanced surveillance systems and software house with hardware development capability operating in the defence, space and transport market sectors. Acquired by Cohort in October 2007.

Cohort (AIM: CHRT) was admitted to London's Alternative Investment Market in March 2006. It has its headquarters in Berkshire and employs in total around 500 core staff there and at its other operating company sites in Bristol, Cambridgeshire, Lincolnshire and Somerset.

Chairman's statement

Overview

As we expected, and in line with our trading update at the time of the annual general meeting back in September, the Group's 2013/14 first half trading performance (adjusted operating profit) was lower than last year's despite a similar level of top-line revenue. This reflects a change in mix of work. At MASS, education work, which is a lower margin activity increased while activity in its systems work, which had benefited from the completion of certain projects last year, decreased. SEA had a slightly weaker first half on a similar level of revenue, due primarily to a change in mix with less research activity and more Space work. Following the restructuring at SCS this time last year, it is pleasing to report SCS returning to a much better level of profitability on slightly increased revenues.

Key financials

The Group's revenue was £33.2m (2012: £33.8m), including £14.0m from SEA, £11.7m from MASS and £7.5m at SCS. In the six months ended 31 October 2013, Cohort's operating profit was £1.8m (2012: £4.3m) after recognising exceptional items, amortisation of intangible assets and differences arising on marking forward exchange contracts to market value at the period end. The Group's adjusted operating profit was £1.8m (2012: £3.3m) (stated before exceptional items, amortisation of intangible assets and marking forward exchange contracts to market value). This included contributions from MASS of £1.2m (2012: £2.5m), SEA £1.0m (2012: £1.4m), and SCS £0.4m (2012: £0.1m) with central costs of £0.8m (2012: £0.7m).

Adjusted earnings per share for the six months ended 31 October 2013 decreased by 43% to 3.97 pence (2012: 6.97 pence). The tax rate in respect of adjusted operating profit was 17% (2012: 16%). Basic earnings per share were 3.95 pence (2012: 9.35 pence), last year having included a £1.0m exceptional gain from the release of an earn out provision, equivalent to 2.48 pence of earnings per share.

The cash outflow for the first half included an operating cash inflow of £0.3m (2012: outflow of £0.2m), offset by tax payments of £0.5m, dividends paid of £0.9m and a capital expenditure outflow of £2.0m, primarily relating to the acquisition in May of the freehold of one of our Bristol offices. The Group's net cash at 31 October 2013 of £13.6m (2012: £12.1m) was therefore £2.8m below the 30 April 2013 position of £16.4m but up on the £11.5m reported for the end of August.

Order intake for the first half was £35.7m, resulting in a closing order book for the period of £98.2m (30 April 2013: £95.7m), of which £25.5m is expected to be delivered as revenue in the second half of the current year, which along with revenue already achieved underpins 80% of the consensus revenue forecast for the full year.

MASS

MASS, as expected, had a weaker first half this year, generating an adjusted operating profit of £1.2m (2012: £2.5m) on revenues of £11.7m (2012: £12.6m). The lower revenue was a result of the successful completion of system design and build contracts during 2012/13 which has not been repeated this year.

The weaker operating margin of 10.6% (2012: 20.3%) was primarily due to a change in mix with increased revenue from lower margin education work partly offsetting the lower level of system design work.

Of MASS's closing order book of £49.6m, £10.2m is deliverable in the second half.

MASS secured a small but important first export order for its EWMST training software and its pipeline of export opportunities remains strong. The order book underpinning of the second half revenue and the pipeline prospects give us confidence that MASS will have a stronger second half and return nearer to historical operating margins.

SCS

Following the restructuring undertaken at this time last year, SCS continued the improvement in performance seen in the second half of 2012/13. The domestic market for SCS has remained tight, partly due to the uncertainty around the future structure of the UK MOD Defence Equipment and Support organisation. Despite this background, SCS did manage to grow its revenue in the first half compared with last year and had a good order intake of £8.6m (2012: £4.3m), including in the air domain a £4.1m order for Lightning II Independent Technical Evaluation. The Training Support division secured its first orders for command and decision training in Oman.

SCS's margin of 5.6% (2012: 1.5%) on revenue of £7.5m (2012: £7.3m) remains below target. Further growth in revenue will improve this due to the benefit of operational gearing.

Of SCS's order book of £8.9m, £5.0m is deliverable in the second half, a good position for the business which inherently has a limited visibility of its forward order cover.

SEA

SEA's lower profitability of £1.0m (2012: £1.4m) on similar levels of revenue to last year, £14.0m (2012: £13.9m) was primarily a result of a change in mix.

SEA completed a number of research tasks in the first half of 2012/13, whereas this year it has been in the early stages of such work. In addition, the level of Space sales increased compared with last year, impacting SEA's operating margin.

We continue to protect our commercial position on our Space projects rigorously and this along with continuing technical difficulties has led to some delivery slippage. SEA and the Group continue to have a strong focus on resolving these matters.

SEA had another strong first half order intake, securing nearly £22m of orders (2012: £20m), including further ECS systems for Astute class boats 6 and 7 as well as the design and prototyping of a Submarine Communications Buoy for future submarine platforms. This underlines SEA's strengths in the Submarine Communications market, although much of this work will be delivered after April 2014.

SEA's transport work continues to go well with deliveries for our Roadflow product to an export customer completing in the early part of 2013/14. We are confident of further export orders for Roadflow as well as a stronger second half in the UK local authority market, where first half deliveries were £0.6m (2012: £0.7m)

Of SEA's order book of £39.8m at 31 October 2013, £10.3m is deliverable in the second half.

Dividend

The Board is recommending an increase of 17% in the interim dividend to 1.40 pence per share (2012: 1.20 pence). This increase reflects the Group's healthy cash position and the Board's confidence in the outlook for Cohort and commitment to a progressive dividend policy. The dividend will be paid on 5 March 2014 to shareholders on the register at 7 February 2014.

Outlook

Our order book remains strong and we see opportunities both in the UK and export defence markets.

The second half of this year is already well supported by the October order book and recent contract wins and we expect a much stronger performance than in the first half.

We continue to look to grow through acquisition as well as organically. We believe that there are good businesses in the UK and elsewhere that would thrive under Cohort ownership, whether as new members of the Group or as "bolt-in" acquisitions to our existing operations.

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

Nick Prest CBE
Chairman

Consolidated income statement
for the six months ended 31 October 2013

	Notes	**Six months ended 31 October 2013 Unaudited £'000**	Six months ended 31 October 2012 Unaudited £'000	Year ended 30 April 2013 Audited £'000
Revenue	2	**33,167**	33,818	70,866
Cost of sales (including marking forward exchange contracts to market value at period end)		**(23,268)**	(22,603)	(47,646)
Gross profit		**9,899**	11,215	23,220
Administrative expenses (including amortisation of intangible assets and exceptional items)		**(8,072)**	(6,962)	(14,837)
Operating profit	2	**1,827**	4,253	8,383
Operating profit comprises:				
Adjusted operating profit	2	**1,840**	3,311	7,336
Income on marking forward exchange contracts to market value at period end		**51**	306	374
Amortisation of intangible assets		**(64)**	(364)	(727)
Exceptional items	3	**-**	1,000	1,400
Operating profit		**1,827**	4,253	8,383
Finance income		**74**	62	128
Profit before tax		**1,901**	4,315	8,511
Income tax expense	4	**(314)**	(543)	(168)
Profit for the period attributable to the equity shareholders of the parent		**1,587**	3,772	8,343
Earnings per share		**Pence**	Pence	Pence
Basic	5	**3.95**	9.35	20.76
Diluted	5	**3.86**	9.24	20.46

All profit for the period is derived from continuing operations.

The comprehensive income for each of the periods attributable to equity shareholders of the parent is the same as the profit for the period attributable to the equity shareholders of the parent.

Consolidated statement of financial position
as at 31 October 2013

	31 October 2013 Unaudited £'000	31 October 2012 Unaudited £'000	30 April 2013 Audited £'000
Assets			
Non-current assets			
Goodwill	**31,395**	31,395	31,395
Other intangible assets	-	427	64
Property, plant and equipment	**8,608**	7,124	6,892
Deferred tax asset	**470**	216	479
	40,473	39,162	38,830
Current assets			
Inventories	**401**	221	228
Trade and other receivables	**20,252**	18,697	19,385
Derivative financial instruments	**12**	-	-
Cash and cash equivalents	**13,617**	12,109	16,426
	34,282	31,027	36,039
Total assets	**74,755**	70,189	74,869
Liabilities			
Current liabilities			
Trade and other payables	**(12,045)**	(11,504)	(13,075)
Current tax liabilities	**(935)**	(1,197)	(1,101)
Derivative financial instruments	-	(107)	(39)
Provisions	**(890)**	(1,608)	(911)
	(13,870)	(14,416)	(15,126)
Non-current liabilities			
Deferred tax liability	**(684)**	(997)	(696)
	(684)	(997)	(696)
Total liabilities	**(14,554)**	(15,413)	(15,822)
Net assets	**60,201**	54,776	59,047
Equity			
Share capital	**4,096**	4,079	4,079
Share premium account	**29,656**	29,519	29,519
Own shares	**(534)**	(782)	(731)
Share option reserve	**721**	853	571
Retained earnings	**26,262**	21,107	25,609
Total equity attributable to the equity shareholders of the parent	**60,201**	54,776	59,047

Consolidated statement of changes in equity
for the six months ended 31 October 2013

	Share capital £'000	Share premium account £'000	Own shares £'000	Share option reserve £'000	Retained earnings £'000	Total equity £'000
At 1 May 2012	4,079	29,519	(302)	703	18,101	52,100
Profit for the period	-	-	-	-	3,772	3,772
Equity dividends paid	-	-	-	-	(766)	(766)
Purchase of own shares	-	-	(480)	-	-	(480)
Share-based payments	-	-	-	150	-	150
At 31 October 2012	4,079	29,519	(782)	853	21,107	54,776
At 1 May 2012	4,079	29,519	(302)	703	18,101	52,100
Profit for the year	-	-	-	-	8,343	8,343
Equity dividends paid	-	-	-	-	(1,247)	(1,247)
Sale of own shares	-	-	91	-	-	91
Net loss on selling own shares	-	-	12	-	(12)	-
Share-based payments	-	-	-	292	-	292
Transfer of share option reserve on vesting of options	-	-	-	(424)	424	-
At 30 April 2013	4,079	29,519	(731)	571	25,609	59,047
At 1 May 2013	4,079	29,519	(731)	571	25,609	59,047
Profit for the period	-	-	-	-	1,587	1,587
Equity dividends paid	-	-	-	-	(926)	(926)
Issue of new shares	17	137	-	-	-	154
Sale of own shares	-	-	189	-	-	189
Net loss on selling on own shares	-	-	8	-	(8)	-
Share-based payments	-	-	-	150	-	150
At 31 October 2013	**4,096**	**29,656**	**(534)**	**721**	**26,262**	**60,201**

Consolidated cash flow statement
for the six months ended 31 October 2013

	Notes	**Six months ended 31 October 2013 Unaudited £'000**	Six months ended 31 October 2012 Unaudited £'000	Year ended 30 April 2013 Audited £'000
Net cash (used in)/generated from operating activities	7	**(188)**	(663)	4,090
Cash flow from investing activities				
Interest received		**74**	62	128
Purchases of property, plant and equipment		**(2,028)**	(184)	(256)
Proceeds on disposal of property, plant and equipment		-	-	3
Net cash used in investing activities		**(1,954)**	(122)	(125)
Cash flow from financing activities				
Equity dividends paid		**(926)**	(766)	(1,247)
Purchase of own shares		-	(480)	(532)
Sale of own shares		**189**	-	91
Issue of new shares		**154**	-	-
Net cash used in financing activities		**(583)**	(1,246)	(1,688)
Net (decrease)/increase in cash and cash equivalents		**(2,725)**	(2,031)	2,277
Represented by:				
Cash and cash equivalents brought forward		**16,426**	14,140	14,140
Cash flow		**(2,725)**	(2,031)	2,277
Exchange		**(84)**	-	9
Cash and cash equivalents carried forward		**13,617**	12,109	16,426

Notes to the interim report
for the six months ended 31 October 2013

1. Basis of preparation

The financial information contained within this Interim Report has been prepared applying the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the EU and expected to apply at 30 April 2014. As permitted, this Interim Report has been prepared in accordance with AIM Rules for Companies and is not required to comply with IAS 34 'Interim Financial Reporting' to maintain compliance with IFRS. This Interim Report is presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except where otherwise indicated.

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

Going concern

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

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

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

(A) Statutory accounts

The financial information set out above does not constitute the Group's statutory accounts for the year ended 30 April 2013. KPMG Audit Plc has reported on these accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

(B) Statement of compliance

The accounting policies applied by the Group in its consolidated financial statements for the year ended 30 April 2013 are in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

The Interim Report was approved by the Board and authorised for issue on 16 December 2013.

2. Segmental analysis of revenue and adjusted operating profit

	Six months ended 31 October 2013 Unaudited £'000	Six months ended 31 October 2012 Unaudited £'000	Year ended 30 April 2013 Audited £'000
Revenue			
MASS	**11,739**	12,578	24,843
SCS	**7,540**	7,327	14,211
SEA	**14,009**	13,920	31,925
Inter-segment revenue	**(121)**	(7)	(113)
	33,167	33,818	70,866
Operating profit comprises:			
Trading profit of:			
MASS	**1,244**	2,555	5,033
SCS	**419**	110	517
SEA	**984**	1,367	3,118
Central costs	**(807)**	(721)	(1,332)
Adjusted operating profit	**1,840**	3,311	7,336
Income on marking forward exchange contracts to market value at period end	**51**	306	374
Amortisation of intangible assets	**(64)**	(364)	(727)

Exceptional items	-	1,000	1,400
Operating profit	**1,827**	4,253	8,383

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

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

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

The MASS trading profit of £1,244,000 (six months ended 31 October 2012: £2,555,000; year ended 30 April 2013: £5,033,000) is after excluding amortisation of intangible assets of £64,000 (six months ended 31 October 2012: £364,000; year ended 30 April 2013: £727,000) and exceptional income of £Nil (six months ended 31 October 2012: £1,000,000 and year ended 30 April 2013: £1,400,000).

The SEA trading profit of £984,000 (six months ended 31 October 2012: £1,367,000; year ended 30 April 2013: £3,118,000) is after excluding income in respect of marking forward exchange contracts to market value of £51,000 (six months ended 31 October 2012: £306,000; year ended 30 April 2013: £374,000)

The Group's adjusted operating profit includes the cost of share options of £150,000 for the six months ended 31 October 2013 (six months ended 31 October 2012: £150,000; year ended 30 April 2013: £292,000) and is applied to each reporting segment in proportion to the number of employees in the share option schemes.

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

Revenue analysis by sector and type of work

	Six months ended 31 October 2013 Unaudited		Six months ended 31 October 2012 Unaudited		Year ended 30 April 2013 Audited	
	£m	**%**	£m	%	£m	%
By sector						
UK defence & security	**23.3**	**70**	25.3	75	52.2	74
Export defence customers	**3.4**	**10**	3.3	10	7.2	10
Defence and security revenue	**26.7**	**80**	28.6	85	59.4	84
Transport	**2.3**		1.8		4.3	
Space	**2.5**		1.8		5.1	
Other commercial	**1.7**		1.6		2.1	
Non-defence revenue	**6.5**	**20**	5.2	15	11.5	16
Total revenue	**33.2**	**100**	33.8	100	70.9	100
By capability						
Secure networks	**6.9**	**21**	6.4	19	12.3	17
Electronic systems	**8.4**	**25**	8.3	24	15.7	22
Application software	**3.5**	**11**	3.3	10	8.8	12
Operational support	**2.0**	**6**	2.0	6	4.3	6
Training	**4.0**	**12**	3.9	11	7.2	10
Specialist expertise	**5.4**	**16**	6.1	18	10.1	14
Applied research	**2.3**	**7**	3.2	10	9.2	13
Studies and analysis	**0.7**	**2**	0.6	2	3.3	6
Total revenue	**33.2**	**100**	33.8	100	70.9	100

3. Exceptional items

The net exceptional income:

	Six months ended 31 October 2013 Unaudited	Six months ended 31 October 2012 Unaudited	Year ended 30 April 2013 Audited
	£'000	£'000	£'000

Release of earn out provision in respect of the acquisition of Abacus EW	-	1,000	1,400

4. Income tax expense

The income tax expense/(credit) comprises:

	Six months ended 31 October 2013 Unaudited £'000	Six months ended 31 October 2012 Unaudited £'000	Year ended 30 April 2013 Audited £'000
Current tax: in respect of this year	**317**	560	1,158
Current tax: in respect of prior periods	**-**	(2)	(411)
	317	558	747
Deferred taxation	**(3)**	(15)	(579)
	314	543	168

The income tax expense for the six months ended 31 October 2013 is based upon the anticipated charge for the full year.

5. Earnings per share

The earnings per share are calculated as follows:

	Six months ended 31 October 2013 Unaudited £'000	Six months ended 31 October 2012 Unaudited £'000	Year ended 30 April 2013 Audited £'000
Earnings			
Basic and diluted earnings	**1,587**	3,772	8,343
Income on marking forward exchange contracts to market at period end (net of income tax)	**(39)**	(233)	(284)
Exceptional income (net of income tax)	**-**	(1,000)	(1,400)
Amortisation of intangible assets (net of income tax)	**49**	276	552
Adjusted basic and diluted earnings	**1,597**	2,815	7,211

	Number	Number	Number
Weighted average number of shares			
For the purposes of basic earnings per share	**40,186,666**	40,358,675	40,195,916
Share options	**914,678**	483,109	582,251
For the purposes of diluted earnings per share	**41,101,344**	40,841,784	40,778,167

The weighted average number of ordinary shares for the six months ended 31 October 2013 excludes 515,519 ordinary shares held by the Cohort plc Employee Benefit Trust (which do not receive a dividend) for the purposes of calculating earnings per share (six months ended 31 October 2012, 361,446; year ended 30 April 2013, 706,079).

	Six months ended 31 October 2013 Unaudited Pence	Six months ended 31 October 2012 Unaudited Pence	Year ended 30 April 2013 Audited Pence
Earnings per share			
Basic	**3.95**	9.35	20.76

Diluted	**3.86**	9.24	20.46
Adjusted earnings per share			
Basic	**3.97**	6.97	17.94
Diluted	**3.89**	6.89	17.68

6. Dividends

	Six months ended 31 October 2013 Unaudited Pence	Six months ended 31 October 2012 Unaudited Pence	Year ended 30 April 2013 Audited Pence
Dividends per share proposed in respect of the period			
Interim	**1.40**	1.20	1.20
Final	**-**	-	2.30

The interim dividend for the six months ended 31 October 2013 is 1.40 pence (six months ended 31 October 2012: 1.20 pence) per ordinary share. This dividend will be payable 5 March 2014 for shareholders on the register at 7 February 2014.

The final dividend charged to the income statement for the year ended 30 April 2013 was 3.10 pence per ordinary share comprising 1.20 pence interim dividend for the six months ended 31 October 2012 and 1.90 pence for final dividend for the year ended 30 April 2012.

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

	Six months ended 31 October 2013 Unaudited £'000	Six months ended 31 October 2012 Unaudited £'000	Year ended 30 April 2013 Audited £'000
Profit for the period	**1,587**	3,772	8,343
Adjustments for:			
Tax expense	**314**	543	168
Depreciation of property, plant and equipment	**310**	312	610
Amortisation of intangible assets	**64**	364	727
Net finance income	**(74)**	(62)	(128)
Share-based payment	**150**	150	292
Derivative financial instruments	**(51)**	(306)	(374)
Decrease in provisions	**(21)**	(1,766)	(2,463)
Operating cash flows before movements in working capital	**2,279**	3,007	7,175
Increase in inventories	**(173)**	(6)	(13)
(Increase)/decrease in receivables	**(867)**	1,771	1,083
Decrease in payables	**(948)**	(4,985)	(3,092)
	(1,988)	(3,220)	(2,022)
Cash generated from /(used in) operations	**291**	(213)	5,153
Tax paid	**(479)**	(450)	(1,063)
Net cash (used in)/generated from operating activities	**(188)**	(663)	4,090

Independent review report to Cohort plc
for the six months ended 31 October 2013

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 31 October 2013 which comprises the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 31 October 2013 is not prepared, in all material respects, in accordance with the recognition and measurement requirements of IFRSs as adopted by the EU and the AIM Rules.

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16 December 2013