

Safety first

Focusing on personal safety and protection services

- 01 Strategic & operational highlights
- 02 Our services
- 04 Interim Management Statement
- 08 Consolidated income statement
- 09 Consolidated balance sheet
- 10 Consolidated cash flow statement
- 12 Consolidated statement of recognised income and expense
- 13 Notes to the interim statement
- 23 Independent review report

Strategic & operational highlights

Recent acquisitions successfully integrated

Acquisition announced of Myhre-Maritime in Norway for £12m

Significant growth in turnover, profit and operating margin in core Safety and Protection division

North Sea presence further strengthened by acquisition of Safety At Heights Services, an offshore Oil & Gas distribution and servicing company

Contract wins with BP, BHP and Apache

Disposal of Banner, a discontinued non core business, for £4.5m

Clear plan for Holiday Homes, sole remaining legacy division

Strengthened Board and management teams: appointments of new Chairman, Chief Executive and Finance Director

Balance sheet flexibility to carry out further acquisitions in line with strategy

Summary results*

	2008	2007	% increase
Revenue			
Safety & Protection	£49.57m	£31.99m	55
Operating profit**			
Safety & Protection	£4.19m	£1.24m	238
Operating Margin	8.5%	3.9%	
Head Office	(£1.08)m	(£0.7)m	
	£3.11m	£0.54m	476
Profit before tax**	£2.11m	(£0.2)m	
Earnings per share**	6.15p	(0.01)p	
Dividends per share	6.00p	6.00p	

* Results do not include Holiday Homes or Banner Schoolwear divisions, now both discontinued

** Before exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles and discontinued operations. (See Note 7 for reconciliation of Headline figures to Statutory figures)

Our services

	Products / services	Inspection requirement
Life rafts	/ Commercial life rafts	/ Annual test & inspection
	/ Leisure life rafts	/ Regular inspection
	/ Mass Evacuation Systems (MES)	/ Annual inspection
	/ Inflatable rescue boats	/ Annual inspection




Lifeboats	/ Fully enclosed lifeboats	/ Annual test & inspection plus a five year major overhaul
	/ Open lifeboats	
	/ Free fall lifeboats	
	/ Davits & winches	
	/ GRP engine repair	
	/ Metal fabrication facility	

Life jackets	/ Market leading 'Premier' inherently buoyant lifejackets	/ Regular inspection
	/ Commercial inflatable lifejackets	/ Annual test & inspection
	/ Leisure lifejackets	/ Regular inspection
	/ Buoyancy aids	/ Regular inspection
	/ Immersion suits	/ Annual inspection after 3 years

Fire safety	/ Fire suppression systems	/ Annual test & inspection
	/ Breathing apparatus	/ Annual test & inspection
	/ Gas detection equipment	/ Annual test & inspection
	/ Fire hoses & accessories	/ Annual test & inspection
	/ Fire extinguishers	/ Annual test & inspection
	/ Fire suits	/ Regular inspection
	/ Specialist fire-protection clothing	/ Regular inspection

Lifting & inspection	/ On/offshore test & inspection services	/ Annual/bi-annual & inspection
	/ Tool/lifting equipment hire	
	/ Non destructive testing	/ Annual/bi-annual & inspection
	/ ICP & technical support	/ Annual/bi-annual & inspection
	/ Refurbishment services	/ Support service
	/ Fall arrest equipment	/ Support service
	/ Fibre/wire rope	/ Annual/bi-annual & inspection
		/ Regular inspection

Safety workwear	/ Nuclear/biological suits	/ Regular inspection
	/ Foul weather clothing	/ Regular inspection
	/ Flotation suits	/ Regular inspection
	/ Air crew coveralls	/ Regular inspection
	/ Cold weather clothing	/ Regular inspection
	/ Hi-visibility clothing	/ Regular inspection
	/ Masks & respirators	/ Regular inspection
	/ Boots	/ Regular inspection
	/ Hats & gloves etc	/ Regular inspection

Users	Trends	
<ul style="list-style-type: none"> / Cargo & passenger vessels / Offshore oil and gas installations / Emergency services / Port and harbour authorities / Towing & workboat market / Commercial fishing / Leisure marine market / Inland waterways & lakes 	<ul style="list-style-type: none"> / Increased network of Marine safety businesses will improve customer service / Growth in cruise, container and gas sectors / Increase in oil exploration / Wider range of services & products is more attractive to larger operators / Recent acquisition will improve offshore 	
<ul style="list-style-type: none"> / Cargo & passenger vessels / Offshore oil and gas installations 	<ul style="list-style-type: none"> / New legislation is increasing demand / Increased network of Marine safety businesses will improve customer service / Growth in cruise, container and gas sectors / Increase in oil exploration / Recent acquisition will improve offshore market penetration 	
<ul style="list-style-type: none"> / Cargo & passenger vessels / Offshore oil and gas installations / Emergency services / Port and harbour authorities / Towing & workboat market / Commercial fishing / Leisure marine market / Inland waterways & lakes 	<ul style="list-style-type: none"> / Increased network of Marine safety businesses will improve customer service / Growth in cruise, container and gas sectors / Increase in oil exploration / Wider range of services & products is more attractive to larger operators / Recent acquisition will improve offshore market penetration 	
<ul style="list-style-type: none"> / Cargo & passenger vessels / Offshore oil and gas installations / Towing & workboat market / Commercial fishing 	<ul style="list-style-type: none"> / Increased network of Marine safety businesses will improve customer service / Growth in cruise, container and gas sectors / Recent acquisitions improve skill & experience / Fire servicing complements marine servicing business 	
<ul style="list-style-type: none"> / Offshore oil and gas installations / Large industrials / Petro-chemical market / Cargo & passenger vessels / Defence and aviation markets 	<ul style="list-style-type: none"> / Recent acquisitions improve offshore market penetration / Increasing potential for total integrated management 	
<ul style="list-style-type: none"> / Emergency services / Offshore oil and gas installations / Defence & aviation markets / Large industrials / Petro-chemical market 	<ul style="list-style-type: none"> / Further penetration of fire markets / Cross-sell into emergency services and local authorities / Packaged rentals and servicing 	

Interim Management Statement

Cosalt is rapidly establishing itself as a major European player in the marine safety market and has the potential to become a leading global business, underpinned by regulatory requirements.

Overview

The Group has made significant progress in its strategic objective of building a leading global business in the fast growing Safety and Protection markets serving the Marine and Oil & Gas sectors. Growth in these markets is being driven by increasing regulatory requirements around the world.

In less than two years, we have already become a major player in the North Sea and are becoming a growing force in the European market. This has been achieved through both acquisition and organic growth.

All of the acquisitions made last year are now fully and successfully integrated into the Group and the results reflect the contribution they are making. Following the period end, we acquired Safety At Heights Services, a business which reinforces the Group's capabilities in the North Sea and complements the GTC acquisition last October.

As well as developing the core business, we also made progress towards exiting our remaining legacy businesses with the announcement in May of the disposal of Banner for £4.5m. Holiday Homes, our one remaining and discontinued legacy business, continues to trade below expectations and consequently we are implementing a clear restructuring plan to optimise its value on exit.

Results and Dividend

Following the sale of Banner and the decision to sell Holiday Homes, the divisions are treated as discontinued businesses in these results.

Group turnover for the period was £49.6million (2007: £32 million) which was all attributable to the Safety & Protection division, an increase of 55%.

Headline operating profit before tax was up 476% to £3.11 million (2007: £0.54million). Corresponding earnings per share were 6.15p (2007: loss 0.01p).

The Board has agreed an interim dividend of 6.0 pence per share. The dividend will be payable on 10 September 2008 to those shareholders on the register as at 22 August 2008.

Financing and Pensions

As a result of the prudent funding of the acquisitions made in 2007, gearing remains conservative at 60% (2007: 130%) with further cash management improvements in process.

The Group's defined benefits pension scheme was closed to future accrual on 31 December 2006 and active members were transferred into a stakeholder defined contribution plan. The net deficit in the pension scheme has reduced to £4.9 million (2007: £6.9 million).

Operations

Turnover increased significantly to £49.6 million (2007: £32.0 million) resulting in an improved headline operating profit of £4.2 million (2007: £1.2 million) and reflecting our strategy of increased focus in this area. Headline operating margin has increased to 8.5% from 3.9%.

The acquisition of Aberdeen-based GTC Group in October has been fully integrated. GTC, since renamed Cosalt Lifting & Inspection, is the market leader in the North Sea for the supply, repair and management of lifting equipment, serving many of the large offshore oil and gas operators and has expanded its reach to the Southern sector of the North Sea.

It has won new contracts with BP and with BHP whilst also winning a significant new client in Aberdeen, Apache, who have signed a five year contract. A long standing client, Sparrows, recently signed a two year extension to their existing contract. These activities will be strongly complemented by the recent acquisition of Safety At Heights Services on 13 May.

Acquisition of Myhre-Maritime A/S

We are pleased to announce a further transaction with the acquisition of a complementary business in the North Sea, Myhre-Maritime A/S ('Myhre'). The total consideration is £12 million, of which £10 million is payable in cash and £1 million in Cosalt shares on completion. The balance of £1 million will be paid by way of deferred consideration subject to achieving financial goals.

Myhre is located in Stavanger, Norway, and will reinforce our already strong position in the North Sea. In the year to December 2007, Myhre had recorded a pre-tax profit of £1.8 million on turnover of £8 million. Gross assets were some £4.2 million.

The completion of the transaction is expected in early July subject to finalisation of associated financing arrangements and will be earnings enhancing.

Discontinued Operations

Schoolwear

The Banner schoolwear business was disposed of on 13 May for a consideration of £4.5 million. Revenue in the first six months decreased 14.5% to £5.9 million (2007 £6.9 million) with a headline operating loss of £0.59 million against a £0.06 million loss in the corresponding period. The post tax loss against the net identifiable assets including goodwill, less fair value and costs of sale, was £6 million.

Holiday Homes

The legacy Holiday Homes division comprises a caravan business and the Custom Homes lodge business.

Turnover during the period declined to £22.7 million (2007: £25.1 million) resulting in an operating loss of £0.46 million (2007: £0.45 million profit).

Whilst the market-leading Custom Homes lodge business entered the 2008 season with a full order book, the division continues to be severely impacted by the economic climate with conditions in the caravan business, already suffering from excess capacity, particularly adverse. Since the period end, sales of caravans have declined still further suggesting that sales in the market may be down as much as 20% year on year.

Against this backdrop, the Group's new management team has decided to implement an immediate restructuring of the division in order to minimise the impact of the downturn, improve its performance and maximise value from the sale process. Consequently the business has been classified as a discontinued operation.

Notwithstanding this decisive action, Holiday Homes will remain loss-making and will impact the Group's profitability for the full year. Whilst we anticipate a further cash outlay of approximately £1 million, this is expected to be offset by working capital and sale proceeds. Whilst we are maintaining a very tight control of working capital and cash, we have made a fair value adjustment to the carrying asset value of the business of approximately £6 million.

Board & Management

On 1 June, Mark Lejman was appointed as Chief Executive in succession to Per Jonsson. On 3 June, David Ross was appointed Chairman to replace John Kelly, who remains a non Executive Director of the Group.

Separately, the Board is also pleased to announce the appointment of Mike Reynolds as Finance Director from 11 August in succession to Neil Carrick who will remain with the Group in a business development role and as Company Secretary. Mike was formerly at CAPE Group from 1991 to 2008, latterly as Group Finance Director, where he played a key role in their acquisition programme. Full disclosure in respect of Listing Rule 9.6.13 (2) to (6) will be made separately.

Mr Yarom Ophir was appointed a non Executive Director with effect from 3rd June and brings a wealth of experience with his family in shipping and the oil industry, and Mr Bill Wood, after 37 years service, retired from the board after the AGM on 19 March.

Outlook

We are addressing the issues around the discontinued and legacy Holiday Homes division. Meanwhile, the core Safety and Protection business has outperformed expectations to date and we expect this to continue.

We are making considerable progress in the implementation of our strategy. Cosalt, which has a major presence in the North Sea market, is rapidly establishing itself as a major European player and has the potential to become a leading global business in fast growing markets which, underpinned by regulatory requirements, also offer good defensive qualities. We are currently targeting a number of acquisitions which will both reinforce our presence in the UK and Europe as well as potentially open up new territories including the US and Far East.

We believe the market for our services and products looks set to remain strong with demand driven by increasing safety regulations and with exposure to the buoyant oil and gas market.

David Ross

Chairman

Mark Lejman

Chief Executive

26 June 2008

Condensed consolidated income statement for the 26 weeks ended 27 April 2008

	26 weeks ended 27 April 2008 £000	26 weeks ended 29 April 2007 £000	52 weeks ended 28 October 2007 £000
Revenue	49,567	31,988	66,906
Operating profit before exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles	3,109	537	2,700
Redundancies, reorganisation and impairment	(229)	(946)	(1,277)
(Loss)/gain on impairment of investment properties	(150)	1,067	1,063
Loss on disposal of surplus properties	-	-	(12)
Amortisation of acquisition intangibles	(954)	-	(689)
Operating profit	1,776	658	1,785
Financial income	89	44	101
Financing costs	(1,088)	(776)	(1,833)
Profit/(loss) before taxation	777	(74)	53
Income tax (expense)/credit	(341)	281	(536)
Profit/(loss) from continuing operations	436	207	(483)
Post-tax (loss)/profit of discontinued operations and the post-tax loss recognised on the measurement to fair value less costs to sell	(14,294)	683	2,051
(Loss)/profit for the period	(13,858)	890	1,568
Earnings per ordinary share - total operations			
Basic	(56.12)p	6.40p	10.59p
Diluted	(56.12)p	6.39p	10.53p
Earnings per ordinary share - continuing operations			
Basic	1.77p	1.49p	(3.26)p
Diluted	1.76p	1.49p	(3.26)p
Dividend per ordinary share			
Paid in the period	12.75p	12.75p	18.75p
Arising in respect of the period	6.00p	6.00p	18.75p

Condensed consolidated balance sheet

as at 27 April 2008

	27 April 2008	29 April 2007	28 October 2007
	£000	£000	Restated (see note 3) £000
ASSETS			
Non-current assets			
Intangible assets – goodwill	25,602	10,120	24,273
Intangible assets – customer contracts and relationships	14,160	–	14,819
Intangible assets – computer software	1,026	1,413	1,241
Investment properties	3,750	2,592	3,900
Property plant and equipment	11,167	13,841	13,754
Investments	575	750	750
Deferred tax assets	1,920	3,106	2,525
	58,200	31,822	61,262
Current assets			
Inventories	14,392	26,322	25,526
Trade and other receivables	32,205	42,775	41,324
Other financial assets	106	–	–
Cash and cash equivalents	2,785	814	2,476
Assets classified as held for sale	25,709	–	–
	75,197	69,911	69,326
Total assets	133,397	101,733	130,588
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	900	1,230	1,205
Deferred tax liabilities	4,462	655	4,722
Deferred Government grants	37	46	41
Provisions	–	190	–
Retirement benefit obligations	6,858	9,969	8,796
	12,257	12,090	14,764
Current liabilities			
Bank overdrafts	22,366	20,574	7,709
Interest bearing loans and borrowings	7,383	11,923	7,916
Corporation tax payable	–	–	3,501
Provisions	38	392	617
Trade and other payables	31,877	31,106	37,175
Other financial liabilities	–	272	96
Liabilities classified as held for sale	13,257	–	–
	74,921	64,267	57,014
Total liabilities	87,178	76,357	71,778
Net assets	46,219	25,376	58,810
EQUITY			
Share capital	6,190	3,698	6,157
Share premium	32,116	8,444	31,985
Merger reserve	6,703	–	6,703
Other reserves	1,148	1,148	1,148
Translation reserve	976	28	256
Hedging reserve	106	(272)	(96)
Retained earnings	(1,020)	12,330	12,657
Total equity attributable to equity holders of the parent	46,219	25,376	58,810

Condensed consolidated cash flow statement for the 26 weeks ended 27 April 2008

	26 weeks ended 27 April 2008 £000	26 weeks ended 29 April 2007 £000	52 weeks ended 29 October 2007 £000
Cash generated from operations			
(Loss)/profit for the period	(13,858)	890	1,568
Adjustments for:			
Income tax (credit)/expense	341	(298)	262
Depreciation	1,628	1,285	2,633
Amortisation of intangible assets	1,303	212	1,027
Impairment of assets held for sale	12,315	-	-
Deferred government grants released	(4)	(6)	(11)
Net finance costs	1,245	990	2,255
Share based payment charge	40	15	55
Investment property losses/(gains)	150	(1,067)	(1,063)
Pension contributions in excess of charge	(426)	(410)	(810)
Profit on disposals of property, plant and equipment	(15)	(525)	(513)
Cash flow before changes in working capital	2,719	1,086	5,403
(Increase)/decrease in inventories	(2,110)	(3,421)	684
(Increase)/decrease in trade and other receivables	(10,034)	(5,971)	3,778
(Decrease)/increase in trade and other payables	(677)	(3,947)	(6,003)
(Decrease)/increase in provisions	(4)	(44)	79
Net cash (used in)/from operations	(10,106)	(12,297)	3,941
Interest received	77	44	112
Interest paid	(994)	(937)	(2,169)
Interest element of finance lease rentals	(35)	(18)	(54)
Dividends paid on preference shares	(2)	(2)	(4)
Income tax paid	(284)	229	(119)
Net cash (used in)/from operating activities	(11,344)	(12,981)	1,707
Cash flows from investing activities			
Acquisitions of subsidiaries (net of cash acquired)	(238)	(8,233)	(28,384)
Sale of investments	175	250	250
Proceeds from sale of property, plant and equipment	86	1,364	2,049
Purchase of property, plant and equipment	(1,414)	(946)	(1,406)
Purchase of intangible assets – software	(172)	(169)	(260)
Net cash used in investing activities	(1,563)	(7,734)	(27,751)
Cash flows from financing activities			
Dividends paid to shareholders	(884)	(1,790)	(2,674)
Finance lease principal payments	(309)	(39)	(433)
Exercise of share options and share issues	164	4,246	29,706
New loan	-	546	561
Repayment of bank borrowing	(514)	(924)	(1,638)
Net cash (used in)/from financing activities	(1,543)	2,039	25,522
Net decrease in cash and cash equivalents	(14,450)	(18,676)	(522)

	26 weeks ended 27 April 2008 £000	26 weeks ended 29 April 2007 £000	52 weeks ended 29 October 2007 £000
Cash and cash equivalents at beginning of period	(11,179)	(10,667)	(10,667)
Effect of exchange rate fluctuations on cash held	99	2	10
Cash and cash equivalents at end of period	(25,530)	(29,341)	(11,179)
Cash	2,792	814	2,476
Overdrafts	(22,366)	(20,574)	(7,709)
Factoring advances	(5,956)	(9,581)	(5,946)
Cash and cash equivalents	(25,530)	(29,341)	(11,179)

Note: The outflow of funds from operations in the first half of the year is a normal feature of the Group's business.

Condensed consolidated statement of recognised income and expense for the 26 weeks ended 27 April 2008

	26 weeks ended 27 April 2008 £000	26 weeks ended 29 April 2007 £000	52 weeks ended 28 October 2007 £000
Effective portion of cashflow hedges taken direct to equity	202	20	196
Currency translation differences	720	28	256
Actuarial profits on defined benefit scheme	1,424	2,800	3,602
Taxation on items taken directly to equity	(399)	(954)	(1,264)
Net income recognised directly in equity	1,947	1,894	2,790
(Loss)/profit for the period	(13,858)	890	1,568
Total recognised income and expense attributable to equity holders of the parent	(11,911)	2,784	4,358

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Cosalt plc (the "Company") is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company as at and for the 26 weeks ended 27 April 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

2. Basis of preparation

This half-yearly financial report comprises the interim management report, a responsibilities' statement and condensed consolidated interim financial statements of the Group for the 26 weeks ended 27 April 2008. It has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and the requirements of IAS 34 Interim Financial Reporting as adopted by the European Union.

The half-yearly financial report 2007/08 was approved by the Board of Directors on 26 June 2008.

The half-yearly financial report 2007/08 does not constitute financial statements as defined in section 240 of the Companies Act 1985 and does not include all of the information and disclosures required for full annual financial statements. It should be read in conjunction with the Annual report and financial statements for the 52 weeks ended 28 October 2007, copies of which can be obtained from the Company's registered office or website.

The financial information contained in this half-yearly report in respect of the 52 weeks ended 28 October 2007 has been extracted from the Annual report and financial statements 2007 which have been filed with the Registrar of Companies subject to the adjustment described in note 3. The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The auditors have reported on those financial statements; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

3. Significant accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its financial statements as at and for the 52 weeks ended 28 October 2007.

The Directors have reconsidered the appropriateness of the recognition of an increase in share premium on shares issued as part of the consideration for the acquisition of GTC Group on 12 October 2007. Consequently, the premium of £6.7m which arose on these shares has been credited to a merger reserve by restating opening balances.

4. New IFRS and amendments to IAS

The financial statements for the year ended 26 October 2008 are impacted by the following new standards and interpretations.

IFRS 7 Financial Instruments: Disclosure and IAS 1 Presentation of Financial Statements – Capital Disclosures will increase the amount of disclosure in the full financial statements including additional analysis of interest amounts. The accounting, income and net assets will remain unchanged.

Notes to the condensed consolidated interim financial statements

continued

5. Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the 52 weeks ended 28 October 2007.

During the 26 weeks ended 27 April 2008 the Group took the decision to sell Banner Limited, its schoolwear segment. The disposal which took place on 13 May 2008 has involved a clause whereby if the purchaser disposes of Banner within 18 months Cosalt will be entitled to 30% of the proceeds. Also, if the remaining Seaham property is sold within 2 years, Cosalt will receive 50% of the proceeds. The directors have assessed the fair value of these financial assets as £nil given the unknown probability and potential outcomes. The fair value of these financial assets will continue to be assessed.

As at 27 April 2008, the Holiday Homes segment is considered to be held for sale and as such the disposal group which makes up this segment has been measured at fair value less costs to sell which is £6.3m less than its carrying value. The fair values have been estimated based on sales discussions and knowledge of the segment. Actual values obtained through a sale may differ from these estimates.

6. Analysis by business segment

At 27 April 2008 the Group is organised into three main business segments: Safety & Protection, incorporating Marine Safety and Protective Clothing, Schoolwear and Holiday Homes.

The primary segment reporting format is determined to be the business segments as the Group's risks and returns are predominantly affected by differences in the products and services provided by these different activities. The operating business segments are organised and managed separately.

Operating profits are shown before head offices charges.

26 weeks ended 27 April 2008	Continuing Operations		Total £000	Discontinued Operations		
	Safety & Protection £000	Head office/ Unallocated £000		Schoolwear £000	Holiday Homes £000	Total £000
Revenue	49,567	-	49,567	5,958	22,751	78,276
Operating profit/(loss) before exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles	4,194	(1,085)	3,109	(593)	(462)	2,054
Redundancies, reorganisation and impairment	(229)	-	(229)	(562)	(116)	(907)
Loss on impairment of investment properties	-	(150)	(150)	-	-	(150)
Amortisation of acquisition intangibles	-	(954)	(954)	-	-	(954)
Operating profit/(loss)	3,965	(2,189)	1,776	(1,155)	(578)	43

6. Analysis by business segment (continued)

26 weeks ended 29 April 2007	Safety & Protection £000	Continuing Operations Head office/ Unallocated £000	Total £000	Schoolwear £000	Discontinued Operations Holiday Homes £000	Total £000
Revenue	31,988	-	31,988	6,888	25,046	63,922
Operating profit/(loss) before exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles	1,238	(701)	537	(56)	455	936
Redundancies, reorganisation and impairment	(946)	-	(946)	-	-	(946)
Profit on disposal of surplus properties	-	-	-	525	-	525
Gain on revaluation of investment properties	-	1,067	1,067	-	-	1,067
Operating profit/(loss)	292	366	658	469	455	1,582

52 weeks ended 28 October 2007	Safety & Protection £000	Continuing Operations Head office/ Unallocated £000	Total £000	Schoolwear £000	Discontinued Operations Holiday Homes £000	Total £000
Revenue	66,906	-	66,906	18,475	49,749	135,130
Operating profit/(loss) before exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles	4,119	(1,419)	2,700	1,248	1,004	4,952
Redundancies, reorganisation and impairment	(1,277)	-	(1,277)	(110)	(367)	(1,754)
(Loss)/profit on disposal of surplus properties	-	(12)	(12)	525	-	513
Gain on revaluation of investment properties	-	1,063	1,063	-	-	1,063
Amortisation of acquisition intangibles (689)	-	-	(689)	-	-	(689)
Operating profit/(loss)	2,153	(368)	1,785	1,663	637	4,085

Notes to the condensed consolidated interim financial statements

continued

7. Summary of movements in equity

	Share capital \$000	Share premium \$000	Merger reserve \$000	Other reserves \$000	Translation Reserve \$000	Hedging reserve \$000	Retained earnings \$000	Total \$000
26 weeks ended 27 April 2008								
Balance brought forward								
at 28 October 2007	6,157	31,985	6,703	1,148	256	(96)	12,657	58,810
Loss for the period	-	-	-	-	-	-	(13,858)	(13,858)
Share option charge	-	-	-	-	-	-	40	40
Exercise of share options								
and share issues	33	131	-	-	-	-	-	164
Currency translation differences	-	-	-	-	720	-	-	720
Change in value of hedged items	-	-	-	-	-	202	-	202
Movement in pension deficit								
and related taxation	-	-	-	-	-	-	1,025	1,025
Dividends	-	-	-	-	-	-	(884)	(884)
Balance as at 27 April 2008	6,190	32,116	6,703	1,148	976	106	(1,020)	46,219

	Share capital \$000	Share premium \$000	Other Reserves \$000	Translation reserve \$000	Hedging reserve \$000	Retained earnings \$000	Total \$000
26 weeks ended 29 April 2007							
Balance brought forward							
at 29 October 2006	3,322	4,573	1,148	-	(292)	11,370	20,121
Profit for the period	-	-	-	-	-	890	890
Share option charge	-	-	-	-	-	14	14
Exercise of share options							
and share issues	376	3,871	-	-	-	-	4,247
Currency translation differences	-	-	-	28	-	-	28
Change in value of hedged items	-	-	-	-	20	-	20
Movement in pension deficit							
and related taxation	-	-	-	-	-	1,846	1,846
Dividends	-	-	-	-	-	(1,790)	(1,790)
Balance as at 29 April 2007	3,698	8,444	1,148	28	(272)	12,330	25,376

	Share capital \$000	Share premium \$000	Merger reserve \$000	Other reserve \$000	Translation Reserve \$000	Hedging reserve \$000	Retained earnings \$000	Total \$000
52 weeks ended 28 October 2007 Restated (see note 3)								
Balance brought forward								
at 29 October 2006	3,322	4,573	-	1,148	-	(292)	11,370	20,121
Profit for the period	-	-	-	-	-	-	1,568	1,568
Shares issued in year	2,835	27,412	6,703	-	-	-	-	36,950
Share option charge	-	-	-	-	-	-	55	55
Currency translation differences	-	-	-	-	256	-	-	256
Change in value of hedged items	-	-	-	-	-	196	-	196
Movements in pension deficit								
and related taxation	-	-	-	-	-	-	2,338	2,338
Dividends	-	-	-	-	-	-	(2,674)	(2,674)
Balance as at 28 October 2007	6,157	31,985	6,703	1,148	256	(96)	12,657	58,810

7. Summary of movements in equity (continued)

Reconciliation of Headline figures to statutory figures

	26 weeks ended 27 April 2008 £000	26 weeks ended 29 April 2007 £000	52 weeks ended 28 October 2007 £000
Headline operating profit before tax	3,109	537	2,700
Redundancies, reorganisation and impairment	(229)	(946)	(1,277)
(Loss)/gain on impairment of investment properties	(150)	1,067	1,063
Loss on disposal of surplus properties	-	-	(12)
Amortisation of acquisition intangibles	(954)	-	(689)
Statutory operating profit before tax	1,776	658	1,785
Financial income	89	44	101
Financial costs	(1,088)	(776)	(1,833)
Statutory profit/(loss) before tax	777	(74)	53

Headline EPS is calculated based on headline operating profit less net financial costs and assuming taxation at 28% and the average number of shares in issue in the period being 24,690,200 for April 2008 and 13,904,301 for April 2007.

8. Earnings per share

The basic earnings on total operations are calculated on the basis of total losses of £13,858,000 (profits of £890,000 for 29 April 2007 and profits of £1,568,000 for 28 October 2007) attributable to ordinary shareholders and the average number of shares in issue for the period, being 24,690,200 for 27 April 2008 (13,904,301 for 29 April 2007 and 14,807,146 for 28 October 2007).

The basic earnings per share on continuing operations are calculated on the basis of profits of £436,000 (profits of £207,000 for 29 April 2007 and losses of £483,000 for 28 October 2007) attributable to ordinary shareholders and the average number of shares in issue for the period, being 24,690,200 for 27 April 2008 (13,904,301 for 29 April 2007 and 14,807,146 for 28 October 2007).

Losses on basic earnings per share cannot be diluted and so where a loss has arisen this has not been diluted in calculating diluted earnings per share.

The diluted earnings per share on total operations are calculated on the basis of the losses of £13,858,000 (profits of £890,000 for 29 April 2007 and profits of £1,568,000 for 28 October 2007) attributable to ordinary shareholders and the average number of shares in issue for the period plus the average maximum potential number of shares which could be issued under the various Executive Share Option Schemes. The total number of shares used to calculate the diluted earnings are 24,728,424 (13,923,402 for 29 April 2007 and 14,883,911 for 28 October 2007).

The diluted earnings per share on continuing operations are calculated on the basis of profits of £436,000 (profits of £207,000 for 29 April 2007 and losses of £483,000 for 28 October 2007) attributable to ordinary shareholders and the average number of shares in issue for the period plus the average maximum potential number of shares which could be issued under the various Executive Share Option Schemes. The total number of shares used to calculate the diluted earnings are 24,728,424 (13,923,402 for 29 April 2007 and 14,883,911 for 28 October 2007).

Notes to the condensed consolidated interim financial statements

continued

8. Earnings per share (continued)

Discontinued operations

	26 weeks ended 27 April 2008	26 weeks ended 29 April 2007	52 weeks ended 28 October 2007
Earnings per ordinary share – discontinued operations			
Basic	(57.89)p	4.91p	13.85p
Diluted	(57.89)p	4.91p	13.78p

The basic earnings per share on discontinued operations are calculated on the basis of losses of £14,294,000 (profits of £683,000 for 29 April 2007 and profits of £2,051,000 for 28 October 2007) attributable to ordinary shareholders and the average number of shares in issue for the period, being 24,690,200 for 27 April 2008 (13,904,301 for 29 April 2007 and 14,807,146 for 28 October 2007).

Losses on basic earnings per share cannot be diluted and so where a loss has arisen this has not been diluted in calculating diluted earnings per share.

The diluted earnings per share on discontinued operations are calculated on the basis of the discontinued losses of £14,294,000 (profits of £683,000 for 29 April 2007 and profits of £2,051,000 for 28 October 2007) attributable to ordinary shareholders and the average number of shares in issue for the period plus the average maximum potential number of shares which could be issued under the various Executive Share Option Schemes. The total number of shares used to calculate the diluted earnings are 24,728,424 (13,923,402 for 29 April 2007 and 14,883,911 for 28 October 2007).

9. Interim dividend

The interim dividend of 6.0p per share will be paid on 10 September 2008 to shareholders on the register on 22 August 2008.

In accordance with the requirements of International Accounting Standards, the proposed interim dividend has not been accrued in the condensed consolidated financial statements for the 26 weeks to 27 April 2008.

The 2007 final dividend of 12.75p, total value £884,000 was paid on 4 April 2008 to shareholders on the register on 7 March 2008.

10. Taxation

The taxation charge for the interim period is based upon the estimated rate for the full year. The effective rate of tax of 44% is high compared to the standard rate of 30% (from 1 April 2008: 28%) due to adjustments to prior year overseas tax receivables.

11. Discontinued operations

Banner, the Group's Schoolwear segment, was sold on 13 May 2008 for a total consideration of £4.5 million, of which £1.5 million has been received in cash. The remaining £3.0 million was satisfied by 2008-2010 loan notes repayable by the end of 2010 and paying interest of 7% per annum from 13 May 2009. The fair value of these loan notes has been assessed as £2,728,000 based on net present value calculations.

In addition, in the event that IDP disposes of Banner within 18 months, Cosalt will be entitled to 30% of the sale proceeds attributable to shareholders and, if the remaining Seaham property is sold within two years, Cosalt will receive 50% of the sale proceeds. The directors have assessed the fair value of these financial assets as £nil given the unknown probability and potential outcomes. The fair value of these financial assets will continue to be assessed.

Holiday Homes is being actively marketed for sale as it is no longer part of the strategic plan for the Group. The disposal group which makes up this segment has been measured at fair value less costs to sell which is £6.3m lower than its carrying value.

Profits attributable to the discontinued operations for the 26 weeks ended 27 April 2008 were as follows:

26 weeks ended 27 April 2008	Schoolwear £000	Holiday Homes £000	Total £000
Results of discontinued operation			
Revenue	5,958	22,751	28,709
Expenses	(7,113)	(23,575)	(30,688)
Loss before income tax	(1,155)	(824)	(1,979)
Income tax credit	-	-	-
Loss after tax but before post-tax loss recognised on the measurement to fair value less costs to sell	(1,155)	(824)	(1,979)
Post tax loss recognised on the measurement to fair value less costs to sell	(6,025)	(6,290)	(12,315)
Loss for the period	(7,180)	(7,114)	(14,294)

26 weeks ended 29 April 2007	Schoolwear £000	Holiday Homes £000	Total £000
Results of discontinued operation			
Revenue	6,888	25,046	31,934
Expenses	(6,419)	(24,849)	(31,268)
Profit before income tax	469	197	666
Income tax credit	17	-	17
Profit for the period	486	197	683

Notes to the condensed consolidated interim financial statements

continued

11. Discontinued operations (continued)

52 weeks ended 28 October 2007	Schoolwear £000	Holiday Homes £000	Total £000
Results of discontinued operation			
Revenue	18,475	49,749	68,224
Expenses	(16,812)	(49,635)	(66,447)
Profit before income tax	1,663	114	1,777
Income tax credit	69	205	274
Profit for the period	1,732	319	2,051

Cashflows from discontinued operations

	26 weeks ended 27 April 2008 £000	Schoolwear 26 weeks ended 29 April 2007 £000	52 weeks ended 28 October 2007 £000
Cashflows from discontinued operations			
Net cash from operating activities	(1,515)	(3,991)	(1,968)
Net cash from investing activities	(11)	1,107	(221)
Net cash from financing activities	-	-	-
Net cash used in discontinued operation	(1,526)	(2,884)	(2,189)

	26 weeks ended 27 April 2008 £000	Holiday Homes 26 weeks ended 29 April 2007 £000	52 weeks ended 28 October 2007 £000
Cashflows from discontinued operations			
Net cash from operating activities	(4,225)	(6,387)	(3,155)
Net cash from investing activities	(206)	(157)	(393)
Net cash from financing activities	(101)	4,209	653
Net cash used in discontinued operation	(4,532)	(2,335)	(2,895)

Loss recognised on the measurement to fair value

	Schoolwear £000	26 weeks ended 27 April 2008 Holiday Homes £000
Net identifiable assets and liabilities	9,773	14,994
Fair value	(4,228)	(8,704)
Disposal costs	480	-
Loss recognised on the measurement to fair value	6,025	6,290

11. Discontinued operations (continued)

The following segment assets and liabilities were classified as held for sale as at 27 April 2008 and consequently are shown separately on the balance sheet.

	Schoolwear £000	26 weeks ended 27 April 2008	
		Holiday Homes £000	Total £000
Property, plant and equipment	526	1,217	1,743
Inventories	3,413	5,378	8,791
Trade and other receivables	2,003	13,165	15,168
Cash and cash equivalents	-	7	7
Trade and other payables	(2,137)	(8,272)	(10,409)
Interest bearing loans and borrowings	-	(283)	(283)
Deferred tax assets/(liabilities)	56	(45)	11
Provisions	(113)	(2,463)	(2,576)
Net identifiable assets and liabilities	3,748	8,704	12,452
Assets classified as held for sale	5,942	19,767	25,709
Liabilities classified as held for sale	(2,194)	(11,063)	(13,257)
	3,748	8,704	12,452

12. Seasonality of operations

Both the Schoolwear and Holiday Homes segments are highly seasonal operations with revenue increasing in the second half of the year due to the return to school period and the summer months. The Group attempts to minimise the seasonal impact through working inventory management to match demand. The first half year typically results in lower revenues and results for these segments.

	52 weeks ended 27 April 2008 £000	52 weeks ended 29 April 2007 £000
Schoolwear		
Revenue	17,541	19,061
Operating profit before exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles	1,236	578
Redundancies, reorganisation and impairment	(672)	(195)
Profit on disposal of surplus properties	-	525
Operating profit	564	908
Holiday Homes		
Revenue	47,454	50,464
Operating profit before exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles	87	1,493
Redundancies, reorganisation and impairment	(483)	(82)
Operating (loss)/profit	(396)	1,411

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;
- the interim management report includes a fair review of the information required by:
 - a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining 26 weeks of the year; and
 - b) DTR 4.2.8R of the *Disclosure and Transparency Rules*, being related party transactions that have taken place in the first 26 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

N R Carrick

Finance Director

26 June 2008

Independent review report to Cosalt plc

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 27 April 2008 which comprises the Condensed consolidated income statement, Condensed consolidated balance sheet, Condensed consolidated cash flow statement, Condensed consolidated statement of recognised income and expense and the related explanatory notes. We have read the other information contained in the half-yearly financial 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 to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). 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 financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2, 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 financial report has been prepared in accordance with IAS 34 Interim Financial Reporting 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 financial 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 financial report for the 26 weeks ended 27 April 2008 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

KPMG Audit Plc

Chartered Accountants
Leeds

26 June 2008

Notes

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