

Safety
critical

Cosalt, the specialist provider of critical safety equipment and services for the Offshore Oil & Gas and Marine industries, announces its interim results for the 26 weeks ended 2 May 2010.

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Strategic & operational highlights

- Group sales £48.3 million (2009: £52.8 million) reflecting current caution across the UK Oil & Gas sector
- Operating margins* improved to 4.8% (2009: 4.4%) showing the benefit of management actions taken in 2009
- Profit before tax* £1.0 million (2009: £0.5million)
- ‘Gold standard’ approach to all aspects of critical safety equipment underpinned by new contract wins and retention of existing contracts
- Awarded new framework contract worth in excess of £30 million over 8 years for the supply of Personal Protective Equipment and associated services to 12 Fire and Rescue Services in the South East
- Pension deficit reduced by £1 million to £10.5 million and ongoing dialogue with Trustees expected to lead to further reduction
- Net debt £20 million (2009: £33 million)
- Trading traditionally stronger in the second half

* Excludes special items of £2.5 million (2009: £3.9 million)

INTERIM MANAGEMENT STATEMENT

Overview

I am pleased to be able to report improved profitability for the 6 months to 2 May 2010, despite a tough market environment, particularly in our core offshore oil and gas sectors. Total revenues were approximately 10% lower than the comparable period last year at £48.3 million (2009: £52.8 million), reflecting the market environment, but, with the benefit of the cost reductions introduced in 2009, we have generated an EBITDA of £3.7 million before special items (2009: £4.0 million) and a profit before tax of £1.0 million (2009: £0.5 million) excluding special items of £2.5 million. The operating margin has improved to 4.8% (2009: 4.4%) and will continue to improve as volumes pick up in the future. The special items include £1.3 million of non-cash costs, being the amortisation of intangible assets and £1.2 million of one-off costs, being principally the costs associated with upgrading certain products to comply with the new health and safety and environmental standards as well as redundancy payments and the charges associated with the cost reductions that were started in 2009 and continued into the early part of the current year.

Following the fundraising at the end of last year our debt has been significantly reduced to £20 million at 2 May 2010, representing gearing of 41%, from £33 million at the previous half year end. Our current debt position represents a slight increase from the year end as a result of the normal build up of working capital as we move into our busier trading season.

Safety remains a key agenda item for any service-focused operation, particularly those in the marine, offshore and public service sectors. It is inevitable, particularly in the wake of recent disasters such as the Gulf of Mexico oil spill, that the regulatory and legislative requirements will become ever more onerous. The Group focuses on providing equipment and services which help

our customers to minimise risk. We aim to be treated as a trusted partner by offering a “gold standard” service which provides the necessary reassurance and reliability that our customers seek. We target specific areas such as inspection and testing services, lifting equipment, tools, ropes, life boats, life jackets and other personal protective equipment where we have a superior knowledge of the safety and regulatory environment which allows us to provide top quality products and services that exceed the regulatory requirements. It is this quality of service which has seen us retain all contracts that have come up for renewal during the period and add a number of new contracts, all of which will provide us with revenue growth as activity levels pick-up.

The Company continues to seek long term contracts with key blue chip customers both within and outside of the UK, thereby providing both stability and revenue visibility for the longer term. Our foreign export levels remain resilient, and Norway in particular is seeing good demand, with revenues in the first six months having increased over the last six months of the prior year.

Dividend

Although good progress has been made in the first half of the year and our business is both profitable and cash generative, the Board believes that, for the time being, the priority remains one of consolidation and driving growth. Accordingly, it has not recommended an interim dividend but reaffirms its intention to recommence the payment of dividends as soon as is appropriate, that is once there is a clear and sustainable improvement in business levels to follow on from the financial stability that we have now achieved.

Pension Scheme

The Group's defined benefits pension scheme was closed to future accrual on 31 December

2006 and active members were transferred into a defined contribution plan. Falling bond yields resulted in the deficit in the pension scheme rising steeply over the previous financial year; however the pension deficit under IAS19 as at 2 May 2010 has been revalued from £11.5 million to £10.5 million, a 9% reduction as a result principally of improvement in asset values. Negotiations are currently in progress with the pension fund trustees which, it is hoped, will result in further reductions to the deficit.

Operations

Cosalt Offshore

Cosalt Offshore achieved turnover of £17.6 million (2009: £20.3 million), and headline operating profit before special items of £1.3 million (2009: £2.0 million). As referred to above, this sector has experienced very challenging conditions for some time now and continues to suffer from a reduced spend across the sector particularly on capital projects. Despite this, the Board remains confident that this deferral of capital spend cannot continue indefinitely as customers will be required to maintain safety standards and we are therefore confident that revenues will grow in due course but at this time it is difficult to predict when this will happen.

Nonetheless, traditionally, trading is stronger in the second half in the North Sea as the summer period provides the better weather conditions to allow maintenance and upgrade work to be undertaken and we therefore expect to see a higher level of revenue in the remainder of the year than we experienced in the first half.

As part of our strategy to provide complimentary services to support our existing core activities we have made good progress in two specific activities - the inspection, maintenance and sale of lifeboats and the management and sales of specialist wire ropes. Cosalt Offshore's robust safety-driven approach to inspection and maintenance coupled with the Group's significant sourcing experience has

given these activities a strong competitive advantage. We are rapidly gaining market share and have already won contracts with Chevron, Dolphin Drilling, Perenco and Talisman for lifeboats.

As the exclusive distributor for Bridon International Limited, the global leader in specialist wire rope manufacture, we have recently launched a complimentary wire rope integrity management system under the banner of Funis Veritas. This unique combination of quality manufacture and integrity management has experienced a successful trial period and, we believe, will give us a major share of what could be a significant new market.

Our robust procedure-driven approach to inspection, supply and maintenance has meant that our core lifting equipment and tool hire activity remains as the "gold standard" within the industry. In addition our unique network gives us the ability to offer this quality service pan-North-Sea and it was encouraging to win the Subsea 7 contract in Norway to add to their existing Aberdeen contract. With recent events in the Gulf of Mexico certain to focus the industry on additional safety measures we are already looking at where we should next offer our gold-standard service.

We have also identified a market opportunity which is now developing in the renewable energy sector. There is considerable investment, forecast to be in the order of £75 billion over the next 10-15 years, due to go into offshore wind energy. Cosalt's UK locations are in close proximity to the major existing and proposed offshore wind-turbine sites, and with unique experience in both the marine and offshore markets, the Board believes that this provides an interesting and potentially very significant business stream.

Cosalt Marine

The Marine division, which has particular focus on regulated and legislative safety, reported turnover of £30.7 million (2009: £32.6 million),

and headline operating profit before special items of £2.1 million (2009: £1.3 million). This was a resilient performance given the market environment. The significant increase in profitability and margins shows the benefits of the actions taken last year to reduce the cost base associated with this division.

Current and future legislation has and will continue to provide us with the opportunity, by virtue of our first class technical knowledge and experience, to be a leader in the markets we sell to. Our in house expertise helps us target key players in highly regulated industries, and we continue to work closely with advisory regulators and Standards bodies such as the International Maritime Organisation (IMO). This we believe is a key differentiating factor in our approach to anticipating our client's requirements.

Sales of Workwear equipment within Marine, had a slightly weaker trading period compared to the previous year, however, we recently secured a substantial framework contract with the South East Fire Brigades worth over £30 million over 8 years for the supply of Personal Protective Equipment and associated services to 12 Fire and Rescue Services. As a result of this contract, Cosalt will provide services to approximately 46% of all the Fire and Rescue Services in the UK, making it the clear market leader in this sector. This framework agreement may also be expanded to any of the other Fire and Rescue Authorities, Fire Training Schools, Airport Services and other Emergency Services within the United Kingdom.

David Ross
Chairman

29 June 2010

Crewsaver has had a positive start to the year introducing a number of innovative new products including the Crewfit 190 range of inflatable lifejackets which have been particularly well received by customers and sailors who demand the very best equipment. Further innovative new products are being developed targeting in particular the rescue sector and commercial marine and exploration markets and are due for launch in quarter 4 2010.

Current trading and Outlook

Trading in the first two months of the second half of the year has continued at lower than hoped for levels but we are now beginning to see signs that the expected increase in activity levels that is traditionally experienced in the second half of the year is beginning.

As referred to above, although activity levels in the first half of the year have been subdued mainly as a consequence of the holding back of capital spend by our customers, we have nonetheless, retained all of our major contracts and have secured some additional contracts. Accordingly whilst we have to remain cautious in the prevailing economic climate about the outlook for the year as a whole, we remain confident that we have both the financial base and the customer relationships to ensure that we will see a healthy improvement in our revenues as activity levels pickup.

Mark Lejmam
Chief Executive

Condensed Consolidated income statement
for the 26 weeks ended 2 May 2010

	Before special items	Special items*	After special items	Before special items	Special items*	After special items	After special items
	26 weeks ended 2 May 2010	26 weeks ended 2 May 2010	26 weeks ended 2 May 2010	27 weeks ended 3 May 2009	27 weeks ended 3 May 2009	27 weeks ended 3 May 2009	53 weeks ended 1 Nov 2009
	£000	£000	£000	£000	£000	£000	£000
Revenue	48,347	-	48,347	52,852	-	52,852	107,827
Operating profit/(loss)	2,330	(2,374)	(44)	2,323	(2,461)	(138)	1,482
Financial income	30	-	30	95	-	95	18
Financing costs	(1,383)	(105)	(1,488)	(1,960)	(1,394)	(3,354)	(4,850)
Profit/(loss) before taxation	977	(2,479)	(1,502)	458	(3,855)	(3,397)	(3,350)
Income tax credit/(expense)	(285)	537	252	(131)	749	618	763
Profit/(loss) for the period	692	(1,942)	(1,250)	327	(3,106)	(2,779)	(2,587)
Earnings per ordinary share							
Basic	0.17p		(0.31)p	0.41p		(3.47)p	(2.93)p
Diluted	0.17p		(0.31)p	0.41p		(3.47)p	(2.93)p

* Special items relate to gains and losses on disposal of surplus properties and revaluation of investment properties, amortisation of acquisition intangibles and exceptional costs relating to reorganisation, redundancy, rebanking, abortive acquisitions and share based payment and LTIP costs and technical compliance costs. The results for the period derive from continuing operations. The comparative earnings per share figures have been restated as set out in Note 8.

Condensed consolidated statement of comprehensive income
for the 26 weeks ended 2 May 2010

	26 weeks ended 2 May 2010 £000	27 weeks ended 3 May 2009 £000	53 weeks ended 1 November 2009 £000
(Loss) for the period	(1,250)	(2,779)	(2,587)
Other comprehensive income:			
Effective portion of changes in cashflow hedges net of recycling	107	(1,299)	(1,224)
Currency translation differences	237	1,129	1,812
Actuarial gains/losses on defined benefit scheme	868	(996)	(5,941)
Taxation on items taken directly to equity	(243)	-	1,518
Property revaluation	-	-	614
Other comprehensive income for the period net of tax	969	(1,166)	(3,221)
Total comprehensive income for the period attributable to equity holders of the parent	(281)	(3,945)	(5,808)

Condensed consolidated balance sheet
as at 2 May 2010

	2 May 2010	3 May 2009	1 Nov 2009
	£000	£000	£000
ASSETS			
Non-current assets			
Intangible assets – goodwill	34,590	34,437	34,581
Intangible assets – customer contracts and relationships	15,147	17,822	16,226
Intangible assets – computer software	1,097	901	1,100
Investment properties	2,765	2,638	3,540
Property plant and equipment	9,949	9,479	9,402
Investments	225	1,145	350
Deferred tax assets	2,968	2,852	4,477
	66,741	69,274	69,676
Current assets			
Inventories	19,632	17,453	18,887
Trade and other receivables	24,580	29,092	22,300
Corporation tax recoverable	476	-	1,976
Derivative financial assets	24	-	35
Cash and cash equivalents	4,607	1,772	1,493
	49,319	48,317	44,691
Total assets	116,060	117,591	114,367
LIABILITIES			
Non-current liabilities			
Interest bearing loans and borrowings	17,752	25,662	16,253
Deferred tax liabilities	2,949	4,184	4,559
Deferred Government grants	6	7	6
Provisions	112	115	-
Retirement benefit obligations	10,624	7,644	11,759
	31,443	37,612	32,577
Current liabilities			
Interest bearing loans and borrowings	6,854	9,505	3,869
Corporation tax payable	296	2,469	1,601
Provisions	-	-	177
Trade and other payables	27,409	33,039	25,721
Derivative financial liabilities	900	1,058	1,018
	35,459	46,071	32,386
Total liabilities	66,902	83,683	64,963
Net assets	49,158	33,908	49,404
EQUITY			
Share capital	10,336	6,574	10,336
Share premium	48,115	34,558	48,115
Merger reserve	7,586	7,586	7,586
Other reserves	1,148	1,148	1,148
Translation reserve	2,906	1,986	2,669
Hedging reserve	(876)	(1,058)	(983)
Retained earnings	(20,057)	(16,886)	(19,467)
Total equity attributable to equity holders of the parent	49,158	33,908	49,404

Condensed consolidated cash flow statement
for the 26 weeks ended 2 May 2010

	26 weeks ended 2 May 2010 £000	27 weeks ended 3 May 2009 £000	53 weeks ended 1 November 2009 £000
Cash generated from operations			
(Loss) for the period	(1,250)	(2,779)	(2,587)
Adjustments for:			
Income tax (credit)	(252)	(618)	(763)
Depreciation	1,139	1,440	2,213
Amortisation of intangible assets	1,502	1,514	3,768
Deferred government grants released	-	-	(1)
Net finance costs	1,488	3,259	4,832
Share based payment charge	35	30	56
Investment property losses	-	335	335
Pension contributions in excess of charge	(200)	(61)	(1,200)
Loss on disposals of property, plant and equipment	6	25	49
Cash flow before changes in working capital	2,468	3,145	6,702
(Decrease)/increase in inventories	(703)	2,207	497
(Increase)/Decrease in trade and other receivables	(1,484)	(1,087)	5,100
Increase/(Decrease) in trade and other payables	1,002	(7,416)	(14,378)
(Decrease)/Increase in provisions	(136)	123	62
Net cash from/(used in) operations	1,147	(3,028)	(2,017)
Interest received	87	95	179
Interest paid	(1,527)	(2,668)	(4,335)
Interest element of finance lease rentals	(30)	(22)	(55)
Dividends paid on preference shares	(2)	(2)	(4)
Income tax paid	55	(918)	(2,038)
Net cash (used in) operating activities	(270)	(6,543)	(8,270)
Cash flows from investing activities			
Acquisitions of subsidiaries (net of cash acquired)	-	19	-
Proceeds from sale of subsidiary undertakings	-	-	1,896
Sale of investments	125	1,328	150
Proceeds from sale of property, plant and equipment	1,154	868	1,104
Purchase of property, plant and equipment	(2,137)	(1,063)	(2,488)
Purchase of intangible assets – software	(267)	(205)	(665)
Purchase of intangible assets - other	-	(5)	-
Net cash (used in)/from investing activities	(1,125)	942	(3)
Cash flows from financing activities			
Finance lease principal payments	(179)	(272)	(447)
Exercise of share options and share issues	-	-	17,330
New loans and facilities	4,694	36,701	36,920
Repayment of bank borrowing	(4)	(31,331)	(46,366)
Net cash from financing activities	4,511	5,098	7,437
Net increase/(decrease) in cash and cash equivalents	3,116	(503)	(836)
Cash and cash equivalents at beginning of period	1,493	2,171	2,171
Effect of exchange rate fluctuations on cash held	(2)	104	158
Cash and cash equivalents at period end	4,607	1,772	1,493
Cash	4,607	1,772	1,493
Cash and cash equivalents	4,607	1,772	1,493

Condensed consolidated statement of changes in equity

26 weeks ended 2 May 2010

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves £000	Translation reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
Balance brought forward at 26 October 2008	10,336	48,115	7,586	1,148	2,669	(983)	(19,467)	49,404
Loss for the period	-	-	-	-	-	-	(1,250)	(1,250)
Share option charge	-	-	-	-	-	-	35	35
Currency translation differences	-	-	-	-	237	-	-	237
Change in value of hedged items	-	-	-	-	-	107	-	107
Movement in pension deficit and related taxation	-	-	-	-	-	-	625	625
Balance as at 2 May 2010	10,336	48,115	7,586	1,148	2,906	(876)	(20,057)	49,158

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves £000	Translation reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
27 weeks ended 3 May 2009								
Balance brought forward at 26 October 2008	6,587	34,558	7,586	1,148	857	241	(13,422)	37,555
Profit for the period	-	-	-	-	-	-	(2,779)	(2,779)
Treasury shares	(13)	-	-	-	-	-	-	(13)
Share option charge	-	-	-	-	-	-	30	30
Currency translation differences	-	-	-	-	1,129	-	-	1,129
Change in value of hedged items	-	-	-	-	-	(1,299)	-	(1,299)
Movement in pension deficit and related taxation	-	-	-	-	-	-	(715)	(715)
Balance as at 3 May 2009	6,574	34,558	7,586	1,148	1,986	(1,058)	(16,886)	33,908

	Share capital £000	Share premium £000	Merger reserve £000	Other reserve £000	Translatio n Reserve £000	Hedging reserve £000	Retained earnings £000	Total £000
53 weeks ended 1 November 2009 (see note 3)								
Balance brought forward at 26 October 2008	6,587	34,558	7,586	1,148	857	241	(13,422)	37,555
Loss for the year	-	-	-	-	-	-	(2,587)	(2,587)
Property revaluation	-	-	-	-	-	-	614	614
Shares issued in year	3,749	13,557	-	-	-	-	-	17,306
Share option charge	-	-	-	-	-	-	56	56
Currency translation differences (net of tax)	-	-	-	-	1,812	-	-	1,812
Change in value of hedged items	-	-	-	-	-	(1,224)	-	(1,224)
Movements in pension deficit and related taxation	-	-	-	-	-	-	(4,128)	(4,128)
Balance as at 1 November 2009	10,336	48,115	7,586	1,148	2,669	(983)	(19,467)	49,404

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 2 May 2010 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 2 May 2010. 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 2009/10 was approved by the Board of Directors on 29 June 2010.

The half-yearly financial report 2009/10 does not constitute financial statements as defined in section 435 of the Companies Act 2006 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 53 weeks ended 1 November 2009, 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 53 weeks ended 1 November 2009 has been extracted from the Annual report and financial statements 2009 which have been filed with the Registrar of Companies. 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 498(2) or (3) of the Companies Act 2006.

3. Going Concern

The Group's business activities, together with the factors likely to affect its future development and performance are set out in the Chairman's statement.

The Group has presently in place £33 million of fully secured bank facilities consisting of:

- £19.9 million revolving credit facility with maturity in March 2012.
- Term facilities of £13.1 million with the repayment of £3.5 million in October 2010, £3.0 million repayable February 2011, £4.6 million repayable in October 2011 and the final repayment of £2.0 million in March 2012.

The Group has remained covenant compliant in the six month period to 2 May 2010. £3.5 million of term loan will be repaid in October 2010 and £3.0 million in February 2011 out of existing facilities and as included in Group forecasts, except to the extent that these repayments form part of ongoing discussions with the banks, which are referred to below.

As set out in the Chairman's statement the Group has signed a substantial new contract with 12 fire and rescue services in the South East. This contract has a significant working capital requirement which will require amendments to the bank facilities or alternative finance in the early part of 2011 and revised covenants from October 2010 onwards.

The Group has commenced initial discussions with their bankers on the availability of additional facilities and the revision of covenants and as a result of these discussions to date no matters have been drawn to its attention to suggest that the amendments to the facilities and revised covenants would not be forthcoming on acceptable terms.

Having considered the existing facilities and the amendments to the facilities and revised covenants required in October 2010 and 2011 in connection with the new contract, the Directors have reviewed the profit and cash forecasts of the group with appropriate sensitivities around operational performance. As a result of this review the Directors are satisfied that the Group has sufficient funds for the foreseeable future and therefore the going concern basis of preparation of the financial statements remains appropriate.

4. 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 53 weeks ended 1 November 2009, except for the addition of technical compliance costs to the definition of Special Items. This change has no impact on the comparative periods.

5. New IFRS and amendments to IAS

The following accounting standards have been effective from 2 November 2009:

- IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements (MFR) on such assets. It also addresses when a MFR might give rise to a liability.
- Revised IAS 23 'Borrowing Costs' (mandatory for the year commencing on or after 1 January 2009).
- Revised IAS 1 'Presentation of Financial Statements' (mandatory for the year commencing on or after 1 January 2009).
- Revised IAS 27 'Consolidated and Separate Financial Statements' (mandatory for the year commencing on or after 1 July 2009).
- Amendments to IFRS 2 'Share-based payment – Vesting Conditions and Cancellations' (mandatory for the year commencing on or after 1 January 2009).
- IFRS 3 revised 'Business combinations' (mandatory for the year commencing on or after 1 July 2009).
- Amendment to IFRS 7 'Improving disclosures about financial instruments' (mandatory for the year commencing on or after 1 January 2009).
- IFRS 8 Operating Segments (Applicable for periods beginning on or after 1 January 2009).

In adopting IFRS 8, the Group concluded that the operating segments were the same as the business segments determined under IAS 14 Segment Reporting.

The adoption of IAS 1 (revised) requires movements in equity to be presented as a primary statement in the condensed consolidated statement of changes in equity. The Group has elected to show the condensed consolidated statement of comprehensive income as a separate statement from the consolidated income statement.

The application of these standards and interpretations will not have a material effect on the Group's financial statements except for additional disclosure.

6. 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources. 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 53 weeks ended November 2009.

7. Segment information

IFRS 8 'operating segments' requires segment information to be presented on the same basis as that used for internal management reporting purposes.

The Group is organised into two distinct divisions:

Offshore: Supply, inspect, test, maintain and manage a wide range of safety equipment including lifting equipment, lifeboats, liferafts, powered hand tools and PPE to the oil and gas sector through branches in Aberdeen, Lowestoft, and Stavanger, Norway.

Marine: Supply, inspect, test and maintain a wide range of marine safety equipment including liferafts, lifeboats, lifejackets and immersion suits and supply and service lifting equipment, fire fighting and protective clothing and height safety products through a network of 25 locations across Europe.

	Marine	Offshore	Head office/ unallocated	Total
26 weeks ended 2 May 2010	£000	£000	£000	£000
Revenue	30,764	17,583	-	48,347
Operating profit/(loss) before special items	2,072	1,292	(1,034)	2,330
Special items	(495)	(548)	(1,331)	(2,374)
Operating profit/(loss)	1,577	744	(2,365)	(44)

	Marine	Offshore	Head office/ unallocated	Total
27 weeks ended 3 May 2009		£000	£000	£000
Revenue	32,592	20,260	-	52,852
Operating profit/(loss) before special items	1,295	2,030	(1,002)	2,323
Special items	(207)	(480)	(1,774)	(2,461)
Operating profit/(loss)	1,088	1,550	(2,776)	(138)

	Marine	Offshore	Head office/ unallocated	Total
53 weeks ended 1 November 2009	£000	£000	£000	£000
Revenue	63,603	44,224	-	107,827
Operating profit/(loss) before special items	4,860	5,317	(1,609)	8,568
Special items	(1,682)	(963)	(4,441)	(7,086)
Operating profit/(loss)	3,178	4,354	(6,050)	1,482

8. Reconciliation of Headline figures to statutory figures

	26 weeks ended 2 May 2010	26 weeks ended 2 May 2010	27 weeks ended 3 May 2009	27 weeks ended 3 May 2009	53 weeks ended 1 November 2009	53 weeks ended 1 November 2009
	Special items £000	Total £000	Special items £000	Total £000	Special items £000	Total £000
Headline operating profit before tax	-	2,330	-	2,323	-	8,568
Redundancies and reorganisation	(219)	-	(857)	-	(3,641)	-
Technical Compliance Costs	(892)	-	-	-	-	-
(Loss)/gain on impairment of investment properties	-	-	(335)	-	(335)	-
Share-based payments	(35)	-	-	-	(56)	-
Amortisation of acquisition intangibles	(1,228)	-	(1,269)	-	(3,054)	-
Special items in operating profit	-	(2,374)	-	(2,461)	-	(7,086)
Statutory operating (costs)/profit before tax	(2,374)	(44)	(2,461)	(138)	(7,086)	1,482
Financial income	-	30	-	95	-	18
Financial costs						
- other	-	(1,383)	-	(1,960)	-	(3,092)
- special items	(105)	(105)	(1,394)	(1,394)	(1,758)	(1,758)
Statutory (loss) before tax	(2,479)	(1,502)	(3,855)	(3,397)	(8,844)	(3,350)

9. Earnings per share

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 404,403,397 for April 2010 and 80,115,185 for April 2009.

The basic earnings are calculated on the basis of total losses of £1,250,000 (losses of £2,779,000 for 3 May 2009 and losses of £2,587,000 for 1 November 2009) attributable to ordinary shareholders and the average number of shares in issue for the period, being 404,403,397 for 2 May 2010 (80,115,185 for 3 May 2009 and 88,387,268 for 1 November 2009).

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 are based upon the average number of shares in issue for the period plus the 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 412,013,961 (80,690,757 for 3 May 2008 and 88,941,882 for 1 November 2009).

The comparative figures for 3 May 2009 have been restated to take account of the bonus element of the placing and open offer in September 2009. The restatement has been calculated using the theoretical ex-rights price of 5.27p.

10. Taxation

The taxation charge for the interim period is based upon the estimated rate for the full year. The effective tax rate of 18% is lower compared to the standard rate of 28% due to disallowable items.

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
Secretary

29 June 2010

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 2 May 2010 which comprises the Condensed consolidated income statement, Condensed consolidated balance sheet, Condensed consolidated cash flow statement, Condensed consolidated statement of comprehensive income 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 2 May 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

DJ Hutchinson (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc

Chartered Accountants, Leeds

29 June 2010

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