

(“Cosalt” or “the Group”)

Interim Results for twenty-six weeks ended 25 February 2001

Cosalt has two Operating Divisions: Industrial Services and Leisure Products. Industrial Services supplies marine and industrial safety products, corporate and industrial workwear, fibres and netting; Leisure Products supplies holiday homes and lighting for the leisure industry.

KEY POINTS

- * Turnover of £45.58 million (2000: £45.37 million).
- * Profit before tax of £2.1 million (2000: £2.1 million).
- * Earnings per share of 11.81p (2000: 11.68p).
- * Interim dividend raised to 5.25p per share (2000: 5.15p), to reflect long term confidence.
- * Offer for SEET plc now declared wholly unconditional.
- * Two other small acquisitions to complement Safety & Protection activities, for a total consideration of £1.13 million.
- * Workwear moving rapidly from standard commodity business to higher margin corporate wear, now able to offer full clothing and maintenance package to large multi-site customers.
- * Group’s year end is to be changed from August to October.

Gerry Camamile, Chairman of Cosalt, said:

“Trading conditions continue to be challenging for the majority of our businesses. However, our experienced and enthusiastic management teams and the control systems that we have established throughout the Group should continue to prove their worth. For the longer term, the moves we have recently made towards enlarging the Group emphasise our strategy going forward.”

24 April 2001

ENQUIRIES:

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COSALT PLC

Twenty-six weeks to 25 February 2001

CHAIRMAN'S STATEMENT

Results

The profit of the Group for the six months ended 25th February 2001 at £2.1m was the same as that achieved in the first half of 2000, on similar turnover of £45.58m (2000: £45.37m).

Earnings per share at 11.81p were almost identical (2000 - 11.68p).

Each of the five principal businesses of the Group produced increased profits, with the exception of Holiday Homes, where a fall in profits has held back the Group's overall result.

Trading conditions continue to be difficult and particularly so for Holiday Homes, where we do not expect an improvement in the short term. The changes in the emphasis of the Group's activities, which are now taking place, however, give us confidence for the longer term future for the Group. The Board has reflected this by increasing the interim dividend to 5.25p (2000 - 5.15p).

Acquisition of SEET plc

Shareholders have now approved the acquisition of the SEET plc Group and the offer has been declared wholly unconditional.

SEET, with an annual turnover in excess of £30m, has two principal Divisions - Specialist Protective Clothing, which provides a range of protective products for use by military, fire fighting, utilities and police personnel, and Schoolwear and Childrenswear. The business will be integrated within the Industrial Services Division of the Group. It is especially complementary with the activities of Cosalt Workwear, creating critical mass for the Group in an area that is already strong in flexible U.K. manufacturing, offshore procurement, innovative design and logistical support for excellent brands.

We expect the acquisition to be earnings enhancing in the current period.

Other Acquisitions

On 29th March 2001 the Group acquired the share capital of Kenmore Technical Services Limited, based in North Shields, for £132,000. Kenmore has turnover in excess of £500,000 per annum supplying and servicing, under strict regulatory control, fire protection equipment. The acquisition of Kenmore will facilitate the introduction of this activity into most outlets of Cosalt's Safety & Protection business, which serves both industrial and marine markets. Prospects for increasing both turnover and profitability are excellent.

On 2nd April 2001, the Group acquired the share capital of W & R Lewis Limited, a Glasgow based rope distribution and rigging business, with a satellite operation in Grimsby - annual turnover is in excess of £2m. The consideration, which will be determined on the signing of completion accounts in the near future, will be approximately £1m including goodwill of £370,000. W. & R. Lewis broadens the Group's customer base and complements an activity already undertaken successfully in a number of the branches of the Safety & Protection business. We expect an immediate enhancement to Group earnings from both of these acquisitions.

We have other similar acquisitions under review but only consider businesses which we believe complement the Group's existing operations and offer scope for increasing earnings.

Borrowings

Cash control throughout the Group continues to be well disciplined. Gearing, at 75%, is high, as usual at the interim stage, principally because of the seasonal nature of the Holiday Homes business.

The acquisitions are being financed by bank borrowings and a new term loan has been agreed for the acquisition of SEET plc. The Group continues to enjoy excellent relationships with its bankers with whom the funding for these acquisitions was agreed at every stage in the planning process.

Whilst this enlargement of the Group will bring an increase in gearing levels, we are hopeful that the effect will be to produce an increasing return on the Group's capital employed.

Operating Divisions

Industrial Services

Turnover in this Division was £22.77m (2000 - £22.16m), and operating profits increased by 27% to £1.34m (2000 - £1.05m).

In the marine and industrial **Safety & Protection** business, profitability is ahead of last year on similar volumes. The offshore market is healthier and **Crewsaver**, the inflatable lifejacket manufacturer, is capitalising on the strength of its brands in both the leisure and commercial markets. Prospects for the second half are encouraging.

Operating profits at **Workwear** also increased. Whilst this business is currently finding the market for lower value 'standard' workwear very competitive, it is making progress in both the closely regulated 'high viz' market for the rail maintenance industry and in the corporate wear activity, with especially good relationships being developed with Post Office Counters, Christian Salvesen and the Virgin Group.

This business has an excellent design team, a first rate multi skilled UK factory, good lines of procurement, all supported by a competent logistics team. It is well placed to achieve growth through servicing large multi-site customers who require a fully maintained clothing and personal protection equipment package. Although this business has been slower to fulfill our earlier expectations than we would have liked, it is steadily developing into a first class operation.

The **Knox Fibres** business continues to operate in a difficult market but the first half has been better than last year and the results have benefited from surplus depreciation of just over £100,000 from the sale of excess machinery. This sale is part of the plan to continue to reduce unit cost and to achieve better utilisation of available factory space.

Knox Netting continues to gain market share with profits improved once again and prospects for the second half are excellent.

Leisure Products

Turnover in this Division was almost static at £22.81m (2000 - £23.21m) but operating profits were reduced at £1.25m (2000 - £1.53m).

Operating profits at **Holiday Homes** were lower at £1.24m (2000 - £1.66m) and are expected to be well down at the period end. Statistics suggest that the industry as a whole has suffered from over-production in the 2000 season, although our business completed that season with low stocks and with capital employed on budget. Winter trading has been difficult and the overhang of stock with dealers and park operators is taking some time to clear, although orders and despatches have recently picked up.

Progress at **Cosalt Lighting** has been very encouraging. Following the losses incurred in 2000, overheads were reduced, our committed and enthusiastic staff agreed to pay sacrifices and the results, to date, are much improved.

Outlook

Following the successful completion of the acquisition of SEET, as already announced, the Group's year end is to be changed from August to October and the preliminary announcement of the Group's final results for the fourteen month period ended on that date is therefore likely to be made in January 2002.

Trading conditions continue to be challenging for the majority of our businesses. However, our experienced and enthusiastic management teams and the control systems that we have established throughout the Group should continue to prove their worth. For the longer term, the moves we have recently made towards enlarging the Group emphasise our strategy going forward.

G H CAMAMILE

Chairman

24 April 2001

COSALT PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
Twenty-six weeks to 25 February 2001 (unaudited)

	26 weeks ended 25 February 2001 £000s	26 weeks ended 27 February 2000 £000s	52 weeks ended 27 August 2000 £000s
Turnover	45,582	45,370	98,736
Net operating expenses	(42,984)	(42,789)	(91,792)
Operating Profit	2,598	2,581	6,944
Interest payable (net)	(491)	(467)	(1,028)
Profit on ordinary activities before taxation	2,107	2,114	5,916
Taxation on ordinary activities	(633)	(661)	(1,751)
Profit for the financial period	1,474	1,453	4,165
Preference dividends (non-equity shares)	(2)	(2)	(4)
Profit attributable to ordinary shareholders	1,472	1,451	4,161
Ordinary dividends (equity shares)	(655)	(645)	(1,967)
Transferred to retained profits	817	806	2,194
Basic Earnings per ordinary share	11.81p	11.68p	33.45p
Diluted Earnings per ordinary share	11.79p	11.63p	33.40p
Dividends per ordinary share	5.25p	5.15p	15.75p

All items dealt with in arriving at operating profits relate to continuing operations.

There is no material difference between the reported results and those prepared on a historical cost basis.

The Group has no recognised gains or losses other than the profits for the periods disclosed above; accordingly, a statement of recognised gains and losses has not been included.

COSALT PLC
CONSOLIDATED BALANCE SHEET
as at 25 February 2001 (unaudited)

	As at 25 February 2001		As at 27 February 2000		As at 27 August 2000	
	£000s	£000s	£000s	£000s	£000s	£000s
Fixed assets						
Tangible fixed assets		15,208		15,753		15,561
		15,208		15,753		15,561
Current assets						
Stocks	20,166		16,555		13,862	
Debtors	28,548		28,815		19,607	
Bank and cash balances	147		57		4,184	
	48,861		45,427		37,653	
Creditors						
Amounts falling due within one year	36,018		34,766		25,490	
Net current assets		12,843		10,661		12,163
Total assets less current liabilities		28,051		26,414		27,724
Creditors						
Amounts falling due after more than one year		2,338		2,838		2,722
		25,713		23,576		25,002
Provisions for liabilities and charges	810		910		902	
Deferred income						
Grants not yet credited to profit	167	977	168	1,078	181	1,083
Net assets		24,736		22,498		23,919
Capital and reserves						
Called up share capital		3,167		3,161		3,167
Share premium account		2,321		2,294		2,321
Revaluation reserve		470		470		470
Investment property revaluation reserve		67		67		67
Other reserves		1,148		1,148		1,148
Profit and loss account		17,563		15,358		16,746
Shareholders' funds (including non-equity interests)		24,736		22,498		23,919

COSALT PLC
CONSOLIDATED SUMMARISED CASH FLOW STATEMENT
Twenty-six weeks to 25 February 2001 (unaudited)

	26 weeks ended 25 February 2001 £000s	26 weeks ended 27 February 2000 £000s	52 weeks ended 27 August 2000 £000s
Net cash flow from operating activities	(11,941)	(8,965)	6,756
Returns on investments and servicing of finance	(473)	(469)	(1,054)
Taxation	(574)	(339)	(1,498)
Capital expenditure and financial investment	(551)	(235)	(826)
Equity dividends paid	(1,324)	(1,213)	(1,855)
Net cash flow before use of liquid funds and financing	(14,863)	(11,221)	1,523
Financing	(1,377)	(1,351)	(2,015)
Decrease in cash	(16,240)	(12,572)	(492)
Summarised Reconciliation of net cash flow to movement in net debt			
Decrease in cash	(16,240)	(12,572)	(492)
Repayment of long term loans	990	960	1,917
Repayment of capital elements of finance lease rentals	386	439	679
Cash inflow from new loans	-	-	(500)
Inception of finance leases	-	(673)	(517)
Movement in net debt	(14,864)	(11,846)	1,087
Opening net debt	(3,614)	(4,701)	(4,701)
Closing net debt	(18,478)	(16,547)	(3,614)
Summarised Reconciliation of operating profit to net cash flow from operating activities			
Operating profit	2,598	2,581	6,944
Depreciation	705	688	1,381
Deferred government grants released	(14)	(13)	(29)
Changes in working capital	(15,079)	(12,110)	(1,246)
Other non-cash items	(151)	(111)	(294)
Net cash flow from operating activities	(11,941)	(8,965)	6,756

Note: The outflow of funds in the first half of the year is a normal feature of the Group's business and the amount shown as decrease in cash for the 26 weeks to 25th February 2001 includes £5,116,000 (2000: £6,481,000) of medium term sales finance in respect of the Holiday Homes Business.

COSALT PLC
NOTES TO THE INTERIM STATEMENT
Twenty-six weeks to 25 February 2001 (unaudited)

1. Basis of preparation

This interim report has been approved by the Directors on 23th April 2001. It is prepared on the basis of the accounting policies set out on pages 18 and 19 of the Company's 2000 Annual Report and Accounts. The comparative figures for the financial year ended 27th August 2000 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's Auditors and delivered to the Registrar of Companies. The report of the Auditors was unqualified and did not contain a statement under Section 257(2) or (3) of the Companies Act 1985.

2. Analysis of turnover and operating profit (unaudited)

	26 weeks to 25th February 2001 £000s	26 weeks to 27th February 2000 £000s	52 weeks to 27th August 2000 £000s
Turnover			
Industrial Services	22,774	22,163	46,426
Leisure Products	22,808	23,207	52,310
	45,582	45,370	98,736
Operating profit			
Industrial Services	1,344	1,052	3,165
Leisure Products	1,254	1,529	3,779
	2,598	2,581	6,944

3. Earnings per share

The basic earnings per share are calculated on the basis of the profits attributable to ordinary shareholders and the average number of shares in issue for the period, being 12,468,353 for 25th February 2001 (12,423,386 for 27th February 2000, 12,440,265 27th August 2000).

The diluted earnings per share are calculated on the basis of the profits 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 12,478,151 for 25th February 2001 (12,475,485 27th February 2000, 12,458,246 27th August 2000).

4. Interim dividend

The interim dividend of 5.25p per share will be paid on 10th July 2001 to shareholders on the register on 15th June 2001 absorbing £654,588.

5. Taxation

The taxation charge for the interim period is based on the estimated effective rate for the full year.

6. Copies of this report are being sent to shareholders. Further copies may be obtained from the Company's registered office at Fish Dock Road, Grimsby, North East Lincolnshire, DN31 3NW.

COSALT PLC

Independent review report by KPMG Audit Plc to Cosalt Plc

Introduction

We have been instructed by the company to review the financial information set out on pages 5 to 9 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The Listing Rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: *Review of interim financial information* issued by the Auditing Practices Board. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the 26 weeks ended 25th February 2001.

KPMG Audit Plc

Chartered Accountants
Leeds

23 April 2001