COSALT PLC
("Cosalt" or "the Group")

Interim Results for twenty-six weeks ended 28 April 2002

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 and incorporates the Ballyclare and Schoolwear businesses of SEET, acquired last year; Leisure Products supplies holiday homes and lighting for the leisure industry.

KEY POINTS

- Turnover of £70.26 million (2001: £51.12 million).
- Profit before tax of £2.62 million; before exceptionals and goodwill £2.25 million (2001: £2.32 million).
- Earnings per share 15.44p; before exceptionals and goodwill 12.42p (2001: 12.80p).
- Interim dividend raised to 5.5p per share (2001: 5.25p) to reflect continued long term confidence.
- Integration of SEET businesses continues, with cash generation and profitability on target.
- Seasonal losses in Schoolwear in line with expectations
- Holiday Homes business performing strongly, with reduced stocks and strong forward order book.
- Workwear businesses to be rebranded as Cosalt:Ballyclare – series of new contracts offers encouraging prospects for growth in coming years.
- Satisfactory outlook for current year.

Gerry Camamile, Chairman of Cosalt, said:

"The most significant aspect of the Cosalt Group's current position is the excellent progress that has been achieved in integrating the former SEET businesses and in developing the confidence of their management in their future success within the Group. I believe that, whilst there is much to be done to realise that potential, it will show through progressively and incrementally in the next few years. This, together with all the advances being made in the Group's other main businesses, means that the Group's long term future is bright."

25 June 2002

ENQUIRIES:

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COSALT PLC

Interim Results for twenty-six weeks ended 28 April 2002

CHAIRMAN'S STATEMENT

Results

The profit of the Group for the 26 weeks ended 28 April 2002, including an exceptional profit of £437,000 on the sale and lease-back of a freehold property, was £2.62 million, compared with £2.32 million for the 26 weeks to 29 April 2001. The Group's year end was changed to 31 October last year, following the acquisition of SEET plc on 24 April 2001, and it is particularly pleasing that operating profits before goodwill and exceptional items were greater than those of last year, notwithstanding the fact that the Schoolwear activity of SEET incurs seasonal losses in the winter period.

Group turnover increased to £70.26 million (26 weeks to 29 April 2001 - £51.12 million). This increase in turnover is not reflected in the profit figure because of the seasonal losses referred to above and the cost of funding the SEET acquisition and its working capital. Earnings per share, a more significant figure, including the exceptional profit but notwithstanding the Schoolwear losses, improved to 15.44p (26 weeks to 29 April 2001- 12.80p).

The changes in the Group's activities that are now taking place, and the way those changes are beginning to mature, give the Board confidence to increase the interim dividend to 5.5p (2001 - 5.25p).

SEET plc

This Specialist Protective Clothing, Schoolwear and Childrenswear Group of companies was acquired in April 2001, and progress so far has been very encouraging. Cash generation and profitability are on target and the Board continues to be satisfied with this enlargement of the Group's activities.

Borrowings

Cash control throughout the Group continues to be well disciplined. The Group's gearing at the interim stage was 95%, a better figure than was budgeted. The relatively high level of gearing reflects both the seasonal nature of the Holiday Homes business and the working capital requirement following the acquisition of SEET.

The relationship with our bankers is excellent and a marked fall in the seasonal borrowings is expected before the October year end.

Operating Divisions

Industrial Services

Turnover in this Division was £39.60 million (2001 – pre SEET acquisition - £23.92 million), but operating profits at £1.28 million (2001 - £1.53 million) were adversely affected, as expected, by the seasonal nature of the Schoolwear activity.

In the marine and industrial **Safety & Protection** business, profits are ahead at the interim stage. Good progress has been made with the integration of the three small businesses acquired last year, and prospects are particularly promising in the fire safety market which complements the Group's leading position in marine safety.

The businesses of **Workwear** and **Ballyclare** are being merged at the present time and will be re-branded as **Cosalt:Ballyclare**. Operating profits from Workwear are better than they were in the first half of the last financial year. Simultaneously, Ballyclare is improving its market penetration and is benefitting from the logistical support provided by the impressive Cosalt Workwear team in customer service, warehousing, wearer-specific packaging and overseas procurement.

Whilst a good result for the current financial year is expected from Cosalt:Ballyclare, the new business recently won with the MOD, Translink, Railtrack Major Stations, Severn Trent Water and the Police Service in Northern Ireland, will contribute principally in future years. A significant recent development is the contract to supply a consortium of South East England fire brigades with a complete "head-to-toe" managed package for a seven year period following a "roll-out" early in the next financial year. This is an excellent example of the management's strategy of seeking to secure long term service contracts which provide a greater consistency of revenue.

Future prospects for Cosalt:Ballyclare are exciting, particularly because of its ability to offer a complete managed service incorporating a variety of high-tech garments to a wide range of public and similar bodies and to other regulation-driven markets.

Knox Fibres continues to operate in a difficult market place, with profits to date behind those of last year, but has a management team which is flexible and thoughtful in its approach to problems. **Knox Netting** maintains a leading position in serving the fish farming industry. Following a slow start to the year, with depressed salmon prices, business has improved considerably and prospects for the full year are now good.

The Schoolwear and Childrenswear activities of **Banner** and **Distinctive** incurred seasonal trading losses in the first half of the financial year, as expected, but, following rationalisation of U.K. factory capacity at the end of 2001, the businesses are performing well and in line with expectations: with a good order book, prospects for the second half are very encouraging.

As outlined in the January report, the Banner fashionwear activity, incorporating menswear and ladieswear, is under review although the local management has responded positively to Cosalt's style and disciplines.

Leisure Products

Turnover in this Division increased to £30.66 million (2001 – 26 weeks to 29 April - £27.21 million), and operating profits increased to £1.79 million (2001 - £1.37 million).

Holiday Homes, after a difficult 2001 year, is trading much better, with operating profits ahead at the interim stage, at £1.81 million, compared with £1.36 million in the 26 weeks to 29 April 2001. Cash usage has been better this winter; stocks are low, and forward orders good. These improved half-year results from Holiday Homes are pleasing and a very satisfactory outcome for the full year is expected.

Cosalt Lighting continues to operate in a very difficult U.K. market. Whilst progress is being made in export sales, results are still not satisfactory and the Board continues to examine ways of addressing this.

Directors

As I reported in my January statement with the final accounts for the last financial year, I shall be succeeded on my retirement at 31 October 2002 by David Bolton.

John McConnell, who has served as a Non-Executive Director since 1996, will also retire in October in order to devote more time to his other business interests. We appreciate the refreshing approach John has brought to Cosalt and he retires with our gratitude and good wishes.

I am pleased to report that James Dean (47) has agreed to join the Board as a Non-Executive Director. James, a Chartered Surveyor, is a Director of a number of companies in the FPD Savills Group and holds several non-executive Directorships.

Outlook

This is my last report, and I should therefore take this opportunity to record my appreciation of the productive and kindly support which I have enjoyed from all of my colleagues in my years as Chairman. Cosalt is run by a really first-class team of people, whose company I have been privileged to enjoy and whose talents have brought the Group to what I believe is a new threshold of opportunity for future growth and continuing success.

The most significant aspect of the Cosalt Group's current position is the excellent progress that has been achieved in integrating the former SEET businesses and in developing the confidence of their management in their future success within the Group. I believe that, whilst there is much to be done to realise that potential, it will show through progressively and incrementally in the next few years. This, together with all the advances being made in the Group's other main businesses, means that the Group's long term future is bright.

In the shorter term, I expect that when David Bolton reports in January, he will be able to endorse that view.

G.H. Camamile
25 June 2002

COSALT PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
Twenty-six weeks to 28 April 2002 (unaudited)

	Before goodwill amortisation and exceptional items £000s	**Goodwill amortisation and exceptional items £000s**	**Total £000s**	26 weeks ended 29 April 2001 £000s	61 weeks ended 28 Oct 2001 Restated £000s
Turnover	**70,262**	**-**	**70,262**	51,124	136,315
Operating Profit Before Goodwill Amortisation and Exceptional Items	**3,063**	**-**	**3,063**	2,909	8,460
Goodwill amortisation	**-**	**(61)**	**(61)**	-	(60)
Reorganisation & redundancy costs	**-**	**-**	**-**	-	(606)
Total Operating Profit	**3,063**	**(61)**	**3,002**	2,909	7,794
Profit on disposal of fixed asset	**-**	**437**	**437**	-	-
Profit on Ordinary Activities Before Interest	**3,063**	**376**	**3,439**	2,909	7,794
Interest payable (net)	**(815)**	**-**	**(815)**	(594)	(1,682)
Profit on Ordinary Activities Before Taxation	**2,248**	**376**	**2,624**	2,315	6,112
Taxation on ordinary activities	**(697)**	**-**	**(697)**	(718)	(1,915)
Profit after Taxation	**1,551**	**376**	**1,927**	1,597	4,197
Preference dividends (non-equity shares)	**(2)**	**-**	**(2)**	(2)	(4)
Profit Attributable to Ordinary Shareholders	**1,549**	**376**	**1,925**	1,595	4,193
Ordinary dividends (equity shares)	**(687)**	**-**	**(687)**	(655)	(2,088)
Retained Profit	**862**	**376**	**1,238**	940	2,105
Basic Earnings per ordinary share	**12.42p**		**15.44p**	12.80p	33.63p
Basic Earnings per ordinary share before goodwill amortisation and exceptional items	**12.42p**		**12.42p**	12.80p	37.46p
Diluted Earnings per ordinary share	**12.41p**		**15.42p**	12.78p	33.60p
Dividend per share	**5.50p**		**5.50p**	5.25p	16.75p

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.

COSALT PLC

CONSOLIDATED BALANCE SHEET
as at 28 April 2002 (unaudited)

	As at 28 April 2002		As at 29 April 2001		As at 28 October 2001 Restated	
	£000s	**£000s**	£000s	£000s	£000s	£000s
Fixed assets						
Intangible assets – goodwill		**2,322**		2,212		2,368
Tangible fixed asset		**16,350**		17,822		17,316
		18,672		20,034		19,684
Current assets						
Stocks	**24,191**		27,581		21,434	
Debtors	**38,339**		38,178		30,224	
Bank and cash balances	**901**		25		2,710	
	63,431		65,784		54,368	
Creditors						
Amounts falling due within one year	**47,523**		56,936		39,290	
Net current assets		**15,908**		8,848		15,078
Total assets less current liabilities		**34,580**		28,882		34,762
Creditors						
Amounts falling due after more than one year		**6,518**		2,300		7,358
		28,062		26,582		27,404
Provisions for liabilities and charges	**1,103**		1,780		1,690	
Deferred income						
Grants not yet credited to profit	**148**	**1,251**	167	1,947	152	1,842
Net assets		**26,811**		24,635		25,562
Capital and reserves						
Called up share capital		**3,169**		3,167		3,167
Share premium account		**2,330**		2,321		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		**19,627**		17,462		18,389
Shareholders' funds (including non-equity interests)		**26,811**		24,635		25,562

COSALT PLC

CONSOLIDATED SUMMARISED CASH FLOW STATEMENT
Twenty-six weeks to 28 April 2002 (unaudited)

	26 weeks ended 28 April 2002 £000s	26 weeks ended 29 April 2001 £000s	61 weeks ended 28 October 2001 £000s
Net cash flow from operating activities	**(4,734)**	(6,281)	8,070
Returns on investments and servicing of finance	**(707)**	(587)	(1,642)
Taxation	**(571)**	(704)	(2,254)
Capital expenditure and financial investment	**287**	(27)	(934)
Acquisitions and disposals	**(141)**	(6,491)	(12,506)
Equity dividends paid	**(1,435)**	(1,320)	(2,076)
Net cash flow before use of liquid funds and financing	**(7,301)**	(15,410)	(11,342)
Financing	**(1,080)**	(957)	3,663
Decrease in cash	**(8,381)**	(16,367)	(7,679)
Summarised Reconciliation of net cash flow to movement in net debt			
Decrease in cash	**(8,381)**	(16,367)	(7,679)
Repayment of long term loans	**715**	601	3,196
Repayment of capital elements of finance lease rentals	**376**	356	941
Cash inflow from new loans	**-**	-	(7,800)
Loans and finance leases on acquisition of subsidiary undertaking	**-**	(667)	(823)
Inception of finance leases	**(2)**	(60)	(242)
Movement in net debt	**(7,292)**	(16,137)	(12,407)
Opening net debt	**(16,021)**	(11,001)	(3,614)
Closing net debt	**(23,313)**	(27,138)	(16,021)
Summarised Reconciliation of operating profit to net cash flow from operating activities			
Operating profit	**3,002**	2,909	7,794
Profit on disposal of fixed asset	**437**	-	-
Depreciation	**1,124**	751	2,152
Amortisation and goodwill	**61**	-	60
Deferred government grants released	**(4)**	(14)	(33)
Changes in working capital	**(8,673)**	(9,945)	(1,658)
Other non-cash items	**(681)**	18	(245)
Net cash flow from operating activities	**(4,734)**	(6,281)	8,070

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 28 April 2002 includes £2,398,000 (2001: £7,002,00) of medium term sales finance in respect of the Holiday Homes Business

COSALT PLC

NOTES TO THE INTERIM STATEMENT
Twenty-six weeks to 28 April 2002 (unaudited)

1. **Basis of preparation**

This interim report has been approved by the Directors on 24 June 2002. It is prepared on the basis of the accounting policies set out on pages 22 and 23 of the Company's 2001 Annual Report and Accounts, with the exception that the Group has amended its policy on deferred taxation in order to comply with Financial Reporting Standard 19. In accordance with FRS 19 deferred taxation is now provided on the basis of the full potential liability, no discounting has been applied. A prior year adjustment has been made to restate the comparative profit and loss balance sheet figures to reflect this change in policy. The comparative figures for the 26 weeks to 29 April 2001 are proforma figures required to be disclosed as a consequence of the Group changing its year end to October in the previous year. The comparative figures for the financial period 61 weeks ended 28 October 2001 are not the Company's statutory accounts for that financial period. 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 28 April 2002	26 weeks to 29April 2001	61 weeks to 28 October 2001
Turnover	**£000s**	£000s	£000s
Industrial Services	**39,600**	23,916	78,478
Leisure Products	**30,662**	27,208	57,837
	70,262	51,124	136,315
Operating profit			
Industrial Services	**1,278**	1,535	5,344
Leisure Products	**1,785**	1,374	3,116
	3,063	2,909	8,460
Goodwill amortisation	**(61)**	-	(60)
Re-organisation and redundancy costs	**-**	-	(606)
	3,002	2,909	7,794

3. Reconciliation of movements in consolidated shareholders funds for the twenty six weeks to 28 April 2002 (unaudited)

	26 weeks to 28 April 2002	26 weeks to 29April 2001	61 weeks to 28 October 2001 Restated
	£000s	£000s	£000s
Profit for the period	**1,927**	1,597	4,197
Dividends	**(689)**	(657)	(2,092)
	1,238	940	2,105
New share capital subscribed	**11**	-	-
Net increase in shareholders funds for the period	**1,249**	940	2,105
Opening shareholders funds	**25,562**	24,157	23,919
Prior Year adjustment	**-**	(462)	(462)
Closing shareholders funds	**26,811**	24,635	25,562

4. **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 12,472,287 for 28 April 2002 (12,468,353 for 29 April 2001and the 28 October 2001).

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 12,482,241 for 28 April 2002 (12,478,876 29 April 2001, 12,532,474 28 October 2001).

5. **Interim dividend**

The interim dividend of 5.50p per share will be paid on 10 September 2002 to shareholders on the register on 16 August 2002 absorbing £686,199.

6. **Taxation**

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

7. 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 6 to 10 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 date 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 28 April 2002.

KPMG Audit Plc

Chartered Accountants
Leeds

25 June 2002