

COSALT PLC
(“Cosalt” or “the Group”)

Interim Results for twenty-six weeks ended 27 April 2003

Cosalt, the industrial services and leisure products group, which earlier this year acquired Sea Dog, a long established marine safety company, announces an increase in profitability and dividend at the interim stage.

Financial Highlights

- Turnover of £73.06 million (2002: £70.26 million), up 4.0%.
- Operating profit before exceptional items and goodwill of £3.27 million (2002: £3.06 million), up 6.7%.
- Profit before tax, exceptional items and goodwill of £2.44 million (2002: £2.25), up 8.7%.
- Earnings per share for the period, before exceptional items and goodwill, of 13.43p (2002: 12.42p), up 8.1%.
- Interim dividend of 5.75p per share (2002: 5.50p), up 4.5 %.

Operational Highlights

- Acquisition of Sea Dog Life Saving Appliances (Scotland) Limited, providing a complementary addition to the Group’s extensive safety equipment businesses.
- Significant life-jacket orders for new cruise liners.
- Good progress in provision of added value protective apparel.
- Growth opportunities in holiday homes market.

David Bolton, Chairman of Cosalt, said today:

“We continue our efforts to create a better business mix and improve the Group’s quality of earnings. The Group is resolutely focused on two core activities with leading market positions in our chosen areas of industrial services and leisure products. This has stood us in good stead in a period of continuing economic uncertainty and we are confident of a satisfactory outcome for the current year.”

24 June 2003

ENQUIRIES:

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CHAIRMAN'S STATEMENT
26 WEEKS ENDED 27 APRIL 2003

INTRODUCTION

I am pleased to report that the Group continues to make good progress. Profit before taxation, excluding exceptional items and goodwill, for the 26 weeks ended 27 April 2003 improved to £2.44 million, compared with £2.25 million for the 26 weeks to 28 April 2002. Group turnover increased to £73.06 million (2002: £70.26 million) and earnings per share, excluding exceptional items and goodwill, improved to 13.43p (2002: 12.42p).

The Group's performance and prospects give the Board confidence to increase the interim dividend to 5.75p (2002: 5.50p). This dividend, which will be paid on 9 September 2003 to shareholders on the register on 15 August 2003, is 2.2 times covered.

BORROWINGS

Cash control throughout the Group continues to be well disciplined. The Group's gearing at the interim stage was 124% (2002: 95%), with interest covered 3.8 times. In addition to the higher level of working capital employed in the Holiday Homes business due to seasonal sales the increased level of borrowings also reflects the recent employment of over £3 million of working capital in a managed contract with the S.E. England Consortium of fire brigades, and £1.1m paid on the acquisition of Sea-Dog. We confidently anticipate lower borrowings at the October year end, given the on-going cash generation of the Group and the seasonal impact of certain parts of the business.

BUSINESS REVIEW

The Group is structured into two focussed Divisions, Industrial Services and Leisure Products. Whilst certain of our businesses and facilities, which may not have an on-going role in the future development of the Group, are under review, potential acquisition opportunities are investigated only if they meet specific criteria, add to our mix of important market positions and, ultimately, add to our improving quality of earnings.

INDUSTRIAL SERVICES

Turnover in this Division increased to £41.30 million (26 weeks ended 28 April 2002: £39.60 million) and operating profits were £1.20 million (2002: £1.28 million).

Safety & Protection

Whilst profits at the interim stage from this business are behind those of last year, we have significant life-jacket orders for new builds and activity is increasing in our relatively new marine fire safety business. These factors will assist the results of the second half, as indeed will the acquisition of Sea Dog Life Saving Appliances (Scotland) Limited, completed on 17 February 2003.

Sea Dog is expected to contribute significantly to the future of our market leading marine safety business. The effect of the acquisition is relatively neutral in the first half with £32,000 of re-organisation costs being incurred. Cosalt and Sea Dog had competing businesses in both Aberdeen and Edinburgh. These activities have already been rationalised into two marine safety centres and re-branded Cosalt:Sea Dog. The two teams are working well together and their enthusiasm points to a good future.

Workwear / Corporatewear

The Workwear and Corporatewear business of Cosalt and SEET's high-tech fire protection clothing activity, Ballyclare Special Products, were integrated and re-branded last year as Cosalt:Ballyclare. Its Managing Director, Adrian Thomas, was appointed to the Cosalt Board in March 2003.

Whilst profits at the interim stage were lower than the same period last year, the supply of lower margin products is becoming a smaller part of the business as we continue to make good progress in providing added value products to the regulation-driven fire, motor, rail maintenance, military and police markets.

We are being presented with good opportunities to fulfil longer term complete managed contracts and in this regard Cosalt:Ballyclare successfully delivered over £3 million of protective apparel to the S.E. England Consortium of Fire Brigades in January 2003, at the commencement of a seven year managed contract. Whilst profitability on this contract is likely to be stronger in the later years, because of the impact of funding costs in the earlier years, the Board believes that this type of business will help to improve the quality of the Group's earnings. Management is confident of winning more contracts of this nature.

In line with the changing nature of the business, the Board is examining a number of cost saving initiatives which, if implemented, would have an immediate up front cost, but which should enhance profitability going forward in this activity.

Schoolwear/Childrenswear

We have strong brands in Banner, Beau Brummel and Distinctive and whilst the seasonality of this activity, acquired with SEET plc, results in significant losses at the interim stage, we are beginning to feel the benefit of the recent rationalisation of the U.K. manufacturing base. Interim results are ahead of the previous year and the order book is strong, giving us confidence that there will be a satisfactory outcome for the full year.

The future of Menswear and Ladieswear is under review.

Knox Group

The performance of Knox Netting has been good in the first half and it maintains its leading position in servicing the Scottish fish farming industry.

Knox Fibres continues to operate in a difficult market place, although its results for the first half are better than last year. However, as outlined in my January 2003 statement, its long-term future is under review.

LEISURE PRODUCTS

Turnover in this Division increased to £31.76 million (26 weeks to 28 April 2002: £30.66 million), and operating profits improved to £2.07 million (2002: £1.79 million).

Holiday Homes

The market for caravan holiday homes and leisure custom homes continues to be buoyant. The ongoing consolidation in the U.K. holiday parks industry means that an increasing number of our customers come under the ownership of larger groups, and the additional investment by park operators in better facilities is resulting in an effective extension of the holiday season. Our management are responding to these changes by producing more comprehensively equipped holiday homes and chalets. Meanwhile, the U.K. holiday market is currently benefitting as greater numbers of people choose not to travel overseas.

Operating profits are ahead at the interim stage at £2.13 million (2002: £1.81 million). Cash usage throughout the winter has been good; stocks are low and with a good forward order book, we expect a satisfactory outcome for the full year.

Cosalt Lighting

The market place continues to be difficult for Cosalt's specialist products but losses are being contained in line with budget whilst we seek an acceptable exit for the Group from this activity.

OUTLOOK

We continue our efforts to create a better business mix and improve the Group's quality of earnings. The Group is resolutely focused on two core activities with leading market positions in our chosen areas of industrial services and leisure products. This has stood us in good stead in a period of continuing economic uncertainty and we are confident of a satisfactory outcome for the current year.

D.M. Bolton
24 June 2003

COSALT PLC
CONSOLIDATED PROFIT AND LOSS ACCOUNT
Twenty-six weeks to 27 April 2003

| | 26 weeks ended 27 April 2003 Unaudited £000s | 26 weeks ended 28 April 2002 Unaudited £000s | 52 weeks ended 27 October 2002 Audited £000s |
|---|---|---|---|
| Turnover | 73,060 | 70,262 | 142,695 |
| Operating Profit Before Goodwill Amortisation and Exceptional Items | 3,269 | 3,063 | 8,062 |
| Goodwill amortisation | (67) | (61) | (122) |
| Reorganisation & redundancy costs | (32) | - | (852) |
| Total Operating Profit | 3,170 | 3,002 | 7,088 |
| Profit on disposal of fixed asset | - | 437 | 437 |
| Profit on Ordinary Activities Before Interest | 3,170 | 3,439 | 7,525 |
| Interest payable (net) | (825) | (815) | (1,483) |
| Profit on Ordinary Activities Before Taxation | 2,345 | 2,624 | 6,042 |
| Taxation on ordinary activities | (767) | (697) | (1,822) |
| Profit after Taxation | 1,578 | 1,927 | 4,220 |
| Preference dividends (non-equity shares) | (2) | (2) | (4) |
| Profit Attributable to Ordinary Shareholders | 1,576 | 1,925 | 4,216 |
| Ordinary dividends (equity shares) | (717) | (687) | (2,184) |
| Retained Profit | 859 | 1,238 | 2,032 |
| Basic Earnings per ordinary share | 12.63p | 15.44p | 33.80p |
| Basic Earnings per ordinary share before goodwill amortisation and exceptional items | 13.17p | 12.42p | 36.05p |
| Diluted Earnings per ordinary share | 12.57p | 15.42p | 33.78p |
| Dividend per share | 5.75p | 5.50p | 17.50p |

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 27 April 2003

| | As at 27 April 2003 | | As at 28 April 2002 | | As at 27 October 2002 | |
|---|---------------------|---------------|---------------------|--------|-----------------------|--------|
| | Unaudited | | Unaudited | | Audited | |
| | £000s | £000s | £000s | £000s | £000s | £000s |
| Fixed assets | | | | | | |
| Intangible assets – goodwill | | 2,956 | | 2,322 | | 2,256 |
| Tangible fixed assets | | 19,411 | | 16,350 | | 18,954 |
| | | 22,367 | | 18,672 | | 21,210 |
| Current assets | | | | | | |
| Stocks | 25,387 | | 24,191 | | 21,802 | |
| Debtors | 43,782 | | 38,339 | | 32,802 | |
| Bank and cash balances | 1,299 | | 901 | | 3,454 | |
| | | 70,468 | | 63,431 | | 58,058 |
| Creditors | | | | | | |
| Amounts falling due within one year | | 54,727 | | 47,523 | | 43,975 |
| Net current assets | | 15,741 | | 15,908 | | 14,083 |
| Total assets less current liabilities | | 38,108 | | 34,580 | | 35,293 |
| Creditors | | | | | | |
| Amounts falling due after more than one year | | 8,269 | | 6,518 | | 6,015 |
| | | 29,839 | | 28,062 | | 29,278 |
| Provisions for liabilities and charges | 1,269 | | 1,103 | | 1,558 | |
| Deferred income | | | | | | |
| Grants not yet credited to profit | 130 | 1,399 | 148 | 1,251 | 139 | 1,697 |
| Net assets | | 28,440 | | 26,811 | | 27,581 |
| Capital and reserves | | | | | | |
| Called up share capital | | 3,169 | | 3,169 | | 3,169 |
| Share premium account | | 2,330 | | 2,330 | | 2,330 |
| Revaluation reserve | | 470 | | 470 | | 470 |
| Investment property revaluation reserve | | 67 | | 67 | | 67 |
| Other reserves | | 1,148 | | 1,148 | | 1,148 |
| Profit and loss account | | 21,256 | | 19,627 | | 20,397 |
| Shareholders' funds (including non-equity interests) | | 28,440 | | 26,811 | | 27,581 |

COSALT PLC
CONSOLIDATED SUMMARISED CASH FLOW STATEMENT
Twenty-six weeks to 27 April 2003

| | 26 weeks ended 27 April 2003 Unaudited £000s | 26 weeks ended 28 April 2002 Unaudited £000s | 52 weeks ended 27 October 2002 Audited £000s |
|---|---|---|---|
| Net cash inflow from operating activities | (10,443) | (4,734) | 9,685 |
| Returns on investments and servicing of finance | (720) | (707) | (1,438) |
| Taxation | (693) | (571) | (1,739) |
| Capital expenditure and financial investment | (1,408) | 287 | (2,919) |
| Acquisitions and disposals | (1,101) | (141) | (190) |
| Equity dividends paid | (1,497) | (1,435) | (2,120) |
| Net cash flow before use of liquid funds and financing | (15,862) | (7,301) | 1,279 |
| Financing | 2,154 | (1,080) | (2,107) |
| Decrease in cash | (13,708) | (8,381) | (828) |
| Summarised Reconciliation of net cash flow to movement in net debt | | | |
| Decrease in cash | (13,708) | (8,381) | (828) |
| Repayment of long term loans | 635 | 715 | 1,359 |
| Repayment of capital elements of finance lease rentals | 411 | 376 | 759 |
| Cash inflow from new loans | (3,200) | - | - |
| Loans and finance leases on acquisition of subsidiary undertaking | (21) | - | - |
| Inception of finance leases | (37) | (2) | (630) |
| Arrangement fees amortised | (9) | - | (18) |
| Loan notes issued | (337) | - | - |
| Movement in net debt | (16,266) | (7,292) | 642 |
| Opening net debt | (15,379) | (16,021) | (16,021) |
| Closing net debt | (31,645) | (23,313) | (15,379) |

COSALT PLC
CONSOLIDATED SUMMARISED CASH FLOW STATEMENT
Twenty-six weeks to 27 April 2003 (cont'd)

**Summarised Reconciliation of operating profit
to net cash flow from operating activities**

| | 26 weeks ended 27 April 2003 Unaudited £000s | 26 weeks ended 28 April 2002 Unaudited £000s | 52 weeks ended 27 October 2002 Audited £000s |
|---|---|---|---|
| Operating profit | 3,170 | 3,002 | 7,088 |
| Depreciation | 1,207 | 1,124 | 2,350 |
| Amortisation and goodwill | 67 | 61 | 122 |
| Deferred government grants released | (9) | (4) | (13) |
| Changes in working capital | (14,588) | (8,673) | 59 |
| Other non-cash items | (290) | (244) | 79 |
| <hr/> | | | |
| Net cash flow from operating activities | (10,443) | (4,734) | 9,685 |

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 27 April 2003 includes £9,656,000 (2002: £2,398,000) of medium term sales finance in respect of the Holiday Homes Business.

COSALT PLC
NOTES TO THE INTERIM STATEMENT
Twenty-six weeks to 27 April 2003

1. Basis of preparation

This interim report has been approved by the Directors on 23 June 2003. It is prepared on the basis of the accounting policies set out on pages 22 and 23 of the Company's 2002 Annual Report and Accounts. The comparative figures for the financial period 52 weeks ended 27 October 2002 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

| | 26 weeks to 27 April 2003 Unaudited £000s | 26 weeks to 28 April 2002 Unaudited £000s | 52 weeks to 27 October 2002 Audited £000s |
|---------------------------|--|--|--|
| Turnover | | | |
| Industrial Services | 41,299 | 39,600 | 85,969 |
| Leisure Products | 31,761 | 30,662 | 56,726 |
| | 73,060 | 70,262 | 142,695 |
| Operating profit | | | |
| Industrial Services | 1,201 | 1,278 | 4,502 |
| Exceptional Items | (32) | - | (745) |
| Goodwill amortisation | (67) | (61) | (122) |
| Total Industrial Services | 1,102 | 1,217 | 3,635 |
| Leisure Products | 2,068 | 1,785 | 3,560 |
| Exceptional Items | - | - | (107) |
| Total Leisure Products | 2,068 | 1,785 | 3,453 |
| Total Operating Profit | 3,170 | 3,002 | 7,088 |

3. Reconciliation of movements in consolidated shareholders funds for the twenty six weeks to 27 April 2003

| | 26 weeks to 27 April 2003 Unaudited £000 | 26 weeks to 28 April 2002 Unaudited £000 | 52 weeks to 27 October 2002 Audited £000 |
|--|---|---|---|
| Profit for the period | 1,578 | 1,927 | 4,220 |
| Dividends | (719) | (689) | (2,188) |
| | 859 | 1,238 | 2,032 |
| Shares issued | - | 11 | 11 |
| Net increase in shareholders' Funds for the period | 859 | 1,249 | 2,043 |
| Opening shareholders' funds | 27,581 | 25,562 | 25,538 |
| Closing shareholders' funds | 28,440 | 26,811 | 27,581 |

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 12,476,353 for 27 April 2003 (12,468,353 for 28 April 2002 and 12,474,308 for 27 October 2002).

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 12,540,816 for 27 April 2003 (12,482,241 for 28 April 2002 and 12,484,499 for 27 October 2002).

5. Interim dividend

The interim dividend of 5.75p per share will be paid on 9 September 2003 to shareholders on the register on 15 August 2003 absorbing £717,000.

6. Taxation

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

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 4 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.

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 Listing Rules of the Financial Services Authority. 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which 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 27 April 2003.

KPMG Audit Plc

**Chartered Accountants
Leeds**

23 June 2003

Report by KPMG June 2003