

Cosalt plc

("Cosalt" or "the Group")

Interim results for the 26 weeks ended 29 April 2007

Cosalt, which is implementing a growth strategy centred on making the Group the leading European provider of personal safety and protection services and equipment, today announces a further acquisition in Marine Safety alongside an increase in interim turnover and profits

| | 2007 | 2006 |
|--------------------|-------------|-------------|
| Revenue | £63.9m | £57.1m |
| Profit before tax | £592,000 | £114,000 |
| Earnings per share | 6.4p | 1.3p |
| Dividend | 6.0p | 6.0p |

Operational Highlights

- Group making rapid progress with its strategic objectives following a second acquisition in Marine Safety.
- Strong performance in Marine Safety following Bofort acquisition
- Acquisition of Marine Safety Systems in Spain for €3.0m, extending the Group's footprint in another 'top-ten' European port
- Share placings completed during period raised £4.2 million to fund Bofort acquisition and future growth
- Further progress in managing turnaround of Holiday Homes division
- Further strengthening of the board with the appointment of Rod Powell as a non-executive director

John Kelly, Chairman, commented:

"The last six months have endorsed the Board's confidence in its strategy of focusing on Marine and Industrial Safety services. We are actively pursuing a number of acquisition opportunities whilst managing cash carefully and we are confident that the current year will demonstrate a second year of recovery."

3 July 2007

ENQUIRIES:

Cosalt plc
Per Jonsson, Chief Executive
Neil Carrick, Finance Director

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CHAIRMAN'S STATEMENT

Overview

We are making good progress in implementing our new strategy which is focused on becoming Europe's leading supplier and service provider of critical safety equipment to marine and industrial customers. This is being achieved through a combination of organic growth and through acquisition.

On 28 December last year we announced the acquisition of the Marine Safety Division of Bofort, which we have successfully integrated with our existing Marine Safety business. This was the first step towards achieving our new strategic objective, expanding our through-life management and service capability of critical safety equipment and giving us a launch pad into the key European market. Cosalt is now the leader in the highly fragmented market of marine safety servicing in the EU.

We are pleased to announce today that we have made a further, second strategic acquisition in marine safety; that of Maritime Safety Systems ("SSM") in Spain for a consideration of €3 million. This acquisition gives us a dominant presence in the rapidly expanding cargo and cruise ship port of Barcelona and a base from which to further strengthen our network in other key ports in Spain. This adds yet another of Europe's top ten ports to our service network, which now spans Spain, Italy, Germany, Holland, Belgium and the UK.

We are currently actively pursuing a number of other acquisition opportunities.

We are also making progress in managing our Holiday Homes and Schoolwear businesses against a backdrop of seasonal demands impacting both activities.

Results & Dividend

Group turnover for the 26 weeks to 29 April 2007 increased by 12% to £63.92 million, compared with £57.09 million for the 26 weeks to 30 April 2006.

The Group achieved a profit before taxation of £592,000, after charging £946,000 of exceptional costs and after taking credit for £1.59 million of exceptional property profit and revaluation. This is compared with a profit before taxation of £114,000 at the interim stage last year, after taking into account £305,000 of exceptional property profits. Earnings per share on continuing operations were 6.40p (2006: 1.30p).

These results reflect the strong performance of the Bofort acquisition in Marine Safety and a return to profitability for Holiday Homes which more than compensated for the previously forecast fall in demand for immersion suits following legislative changes in 2006.

Whilst the Group's future growth is focused on safety equipment and servicing, the restructuring of the remainder of the Group continues, in particular with Protective Clothing where loss making contracts are being exited.

These factors give the Board confidence in the outlook for the Group and in maintaining the interim dividend at 6.00p. The dividend will be paid on 12 September 2007 to shareholders on the register on 17 August 2007.

Operational Review

Safety & Protection

Turnover for Marine Safety increased significantly to £22.10 million (2006: £18.97 million) resulting in an improved operating profit of £1.50 million (2006: £1.15 million).

As previously forecast, demand for immersion suits during this period was substantially less than in 2006 which benefited from legislation introduced in that year. However, this was comfortably offset by the strong performance of the Bofort business, acquired at the end of 2006, which was well ahead of both its prior year and budget.

We actively continue to appraise several complementary acquisitions in the marine and industrial safety service markets, both at home and abroad. The acquisition of SSM, announced today, marks a further step in this direction. SSM holds a leading position in the Spanish marine safety market as one of a small number of companies worldwide authorised to service mass evacuation systems for cruise ships. The quality of their service operation is particularly well recognised.

In Protective Clothing, turnover was marginally lower at £9.89 million (2006: £9.97 million) resulting in an operating loss of £257,000 (2006: profit of £176,000). A number of loss making contracts were terminated in the period and will run off in the second half. As previously announced, further stock write-downs were made as a consequence of this positive action. Provisions totalling £946,000 have been made in respect of these write-downs and a re-structuring plan launched after the end of the period. This exceptional provision was more than offset by the Group's exceptional property profit and revaluation.

Schoolwear

Turnover was £6.89 million (2006: £6.94 million) resulting in an operating loss of £56,000 in this highly seasonal activity (2006: profit of £57,000).

Entering into the second half we have better order to sales coverage in all major product lines compared to last year. Cost savings from last year's management initiatives are in line with plan and these two improvements should lead to a stronger financial result for the second half of the current year.

Holiday Homes

With a very strong performance from our market-leading log cabin Custom Homes business, turnover increased significantly to £25.04 million (2006: £21.22 million) resulting in an operating profit of £455,000 (2006: loss of £674,000).

Custom Homes increased sales by 49% and operating profits by more than 200%. The order book is now full for the year and we are increasing manufacturing capacity in a controlled way to safeguard our high quality standards.

Our 2007 Caravan Holiday Home model range has gained market share. However, the market remains weak with manufacturers clearing excessive inventory levels and this is causing margin pressure. A number of factors could still impact the overall result of the business for the year and we must wait until the end of the important summer trading period for a clearer picture.

Funding

The Bofort acquisition completed on 27 December 2006 increased debt levels by approximately £8 million net of the £1.7m proceeds of a 5% placing which took place at the same time. A further placing of 5% of shares was made on 2 April raising £2.5m. As a result of these actions and the increased turnover in Holiday Homes, borrowings increased by £12 million compared to 30 April 2006. This represented gearing of 102% (2006: 72%) (excluding IAS 19 pension scheme deficit and related deferred tax asset) which also reflects the normal seasonally high working capital profile of the Group. We confidently expect lower borrowing at the October 2007 year-end.

Board

I am today pleased to announce the appointment of Rod Powell to the Board as a non-executive Director. Rod brings a considerable wealth of industrial expertise from 20 years in general management, operations and sales in senior positions with a range of companies including Invensys, ICL and Texas Instruments. At Invensys, Rod was chief executive of the \$3 billion controls division. He is currently interim chief executive of Plasmon PLC, and is a non-executive director of Hanover Investors, Plasmon PLC, Renold PLC, and Dust Networks Inc. Rod will bring valuable experience to our post merger integration and management of acquisitions in Safety and Protection and I am delighted to welcome him to the Board.

Outlook

In Safety & Protection, ten months of accretive earnings from the Bofort acquisition (these interim results only include four months of Bofort as part of Cosalt) will more than compensate for the reduced level of immersion suit sales this year. We are also pleased with the acquisition of SSM which, though small, complements our expanding European footprint and provides the opportunity for further growth in Spain. Protective Clothing remains affected by the run off of loss making contracts and the continuing restructure plan

In Schoolwear, we are confident that last year's management initiatives will lead to a stronger financial result in the second half of this year.

In Holiday Homes, whilst the outlook for the caravan holiday homes market is weak, it is too early to forecast the full impact on the business. We continue to look to improve the efficiencies in this business, with particular attention to the working capital employed. By contrast the Custom Homes business has strong momentum and a full order book.

It is probable that the Group will incur further exceptional costs during the second half as management continue to restructure the operations where return on capital remains inadequate. It is expected that any such charges will be compensated for by exceptional property profits.

The last six months have endorsed the Board's confidence in its strategy of focusing on Marine and Industrial Safety services. We are actively pursuing a number of acquisition opportunities whilst managing cash carefully and we are confident that the current year will demonstrate a second year of recovery.

J A B Kelly
Chairman
3 July 2007

Consolidated income statement for the twenty-six weeks to 29 April 2007

| | 26 weeks ended 29 April 2007 £000 | 26 weeks ended 30 April 2006 £000 | 52 weeks ended 29 October 2006 £000 |
|---|--|---|---|
| Revenue | 63,922 | 57,092 | 123,995 |
| Operating profit before exceptional gains and costs and gain on revaluation of investment properties | 936 | 376 | 3,294 |
| Redundancy, reorganisation and impairment | (946) | - | (1,209) |
| Profit on disposal of surplus properties | 525 | 305 | 284 |
| Gain on revaluation of investment properties | 1,067 | - | 835 |
| Operating profit | 1,582 | 681 | 3,204 |
| Financial income | 44 | 30 | 85 |
| Financing costs | (1,034) | (597) | (1,375) |
| Profit before taxation | 592 | 114 | 1,914 |
| Income tax credit/(expense) | 298 | 58 | (263) |
| Profit for the period | 890 | 172 | 1,651 |
| Earnings per ordinary share | | | |
| Basic (total) | 6.40p | 1.30p | 12.43p |
| Diluted (total) | 6.39p | 1.29p | 12.40p |
| Dividend per ordinary share | | | |
| Paid in the period | 12.75p | 12.75p | 18.75p |
| Arising in respect of the period | 6.00p | 6.00p | 18.75p |

Consolidated balance sheet as at 29 April 2007

| | As at 29 April 2007 £000 | As at 30 April 2006 £000 | As at 29 October 2006 £000 |
|---------------------------------------|--------------------------------|--------------------------------|----------------------------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets – goodwill | 10,120 | 3,270 | 3,268 |
| Intangible assets – other | 1,413 | 1,406 | 1,319 |
| Investment properties | 2,592 | 1,226 | 2,062 |
| Property plant and equipment | 13,841 | 13,437 | 12,906 |
| Investments | 750 | 1,000 | 1,000 |
| Deferred tax assets | 3,106 | 4,064 | 4,060 |
| | 31,822 | 24,403 | 24,615 |
| Current assets | | | |
| Inventories | 26,322 | 22,309 | 21,216 |
| Trade and other receivables | 42,775 | 34,926 | 31,809 |
| Cash and cash equivalents | 814 | 557 | 151 |
| | 69,911 | 57,792 | 53,176 |
| Total assets | 101,733 | 82,195 | 77,791 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Interest bearing loans and borrowings | 1,230 | 1,247 | 801 |
| Deferred tax liabilities | 655 | 743 | 655 |
| Deferred Government grants | 46 | 60 | 52 |
| Provisions | 190 | 103 | 146 |
| Retirement benefit obligations | 9,969 | 13,470 | 13,179 |
| | 12,090 | 15,623 | 14,833 |
| Current liabilities | | | |
| Bank overdrafts | 20,574 | 13,861 | 5,473 |
| Interest bearing loans and borrowings | 11,923 | 6,360 | 7,174 |
| Corporation tax payable | - | - | 760 |
| Provisions | 392 | 461 | 392 |
| Trade and other payables | 31,106 | 26,193 | 28,741 |
| Other financial liabilities | 272 | - | 297 |
| | 64,267 | 46,875 | 42,837 |
| Total liabilities | 76,357 | 62,498 | 57,670 |
| Net assets | 25,376 | 19,697 | 20,121 |
| Equity | | | |
| Share capital | 3,698 | 3,319 | 3,322 |
| Share premium | 8,444 | 4,547 | 4,573 |
| Other reserves | 1,148 | 1,148 | 1,148 |
| Hedging reserve | (272) | (10) | (292) |
| Translation reserve | 28 | - | - |
| Retained earnings | 12,330 | 10,693 | 11,370 |
| Total equity | 25,376 | 19,697 | 20,121 |

Consolidated cash flow statement for the twenty-six weeks to 29 April 2007

| | 26 weeks ended 29 April 2007 £000 | 26 weeks ended 30 April 2006 £000 | 52 weeks ended 29 October 2006 £000 |
|--|--|---|---|
| Cash generated from operations | | | |
| Profit for the period | 890 | 172 | 1,651 |
| Adjustments for: | | | |
| Income tax (credit)/expense | (298) | (58) | 263 |
| Depreciation | 1,285 | 1,122 | 2,304 |
| Amortisation of intangible assets | 212 | 144 | 298 |
| Deferred government grants released | (6) | (8) | (14) |
| Net finance costs | 990 | 567 | 1,290 |
| Share based payment charge | 15 | 11 | 25 |
| Profit on disposals of property, plant and equipment | (1,593) | (305) | (1,119) |
| Pension contributions in excess of charge | (409) | (76) | (412) |
| Cash flow before changes in working capital | 1,086 | 1,569 | 4,286 |
| (Increase) in inventories | (3,421) | (2,138) | (1,035) |
| (Increase) in trade and other receivables | (5,971) | (9,869) | (8,421) |
| (Decrease)/increase in trade and other payables | (3,947) | 5,585 | 9,946 |
| (Decrease)/increase in provisions | (44) | (1,008) | (1,039) |
| Net cash (used in)/from operations | (12,297) | (5,861) | 3,737 |
| Interest received | 44 | 30 | 85 |
| Interest paid | (937) | (492) | (1,327) |
| Interest element of finance lease rentals | (18) | (16) | (30) |
| Dividends paid on preference shares | (2) | (2) | (4) |
| Income tax paid | 229 | - | 313 |
| Net cash (used in)/from operating activities | (12,981) | (6,341) | 2,774 |
| Cash flows from investing activities | | | |
| Acquisitions of subsidiaries (net of cash acquired) | (8,233) | - | - |
| Sale of investments | 250 | - | - |
| Proceeds from sale of property, plant and equipment | 1,364 | 1,405 | 1,444 |
| Purchase of property, plant and equipment | (946) | (1,254) | (1,738) |
| Purchase of intangible assets – software | (169) | (96) | (196) |
| Net cash (used in)/from investing activities | (7,734) | 55 | (490) |
| Cash flows from financing activities | | | |
| Dividends paid to shareholders | (1,790) | (1,693) | (2,490) |
| Finance lease principal payments | (39) | (161) | (345) |
| Exercise of share options and share issues | 4,246 | - | 30 |
| New Loan | 546 | - | - |
| Repayment of bank borrowing | (924) | (1,035) | (1,702) |
| Net cash (used in)/from financing activities | 2,039 | (2,889) | (4,507) |
| Effect of exchange rate fluctuations on cash held | 2 | - | - |
| Net (decrease) in cash and cash equivalents | (18,674) | (9,175) | (2,223) |
| Cash and cash equivalents at beginning of period | (10,667) | (8,444) | (8,444) |
| Cash and cash equivalents at end of period | (29,341) | (17,619) | (10,667) |
| Cash | 814 | 557 | 151 |
| Overdrafts | (20,574) | (13,860) | (5,473) |
| Factoring Advances | (9,581) | (4,316) | (5,345) |
| Cash and cash equivalents | (29,341) | (17,619) | (10,667) |

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

Consolidated statement of recognised income and expense
for the twenty-six weeks to 29 April 2007

| | 26 weeks ended 29 April 2007 £000 | 26 weeks ended 30 April 2006 £000 | 52 weeks ended 29 October 2006 £000 |
|---|--|---|---|
| Effective portion of cashflow hedges taken direct to equity | - | (180) | (408) |
| Actuarial profits/ (losses) on defined benefits scheme | 2,800 | - | (45) |
| Taxation on items taken directly to equity | (954) | 54 | 14 |
| Net income/(expense) recognised directly in equity | 1,846 | (126) | (439) |
| Profit/(loss) for the period | 890 | 172 | 1,651 |
| Effect of change in accounting policy | | | |
| Effect of adoption of IAS32 and IAS39, net of tax, on 31 October 2005 | | | |
| Share capital | - | (50) | (50) |
| Hedging reserve | - | 116 | 116 |
| Retained earnings | - | (13) | (13) |
| | - | 53 | 53 |
| Total recognised income and expense for the period | 2,736 | 99 | 1,265 |

1. Basis of preparation

This interim financial statements are condensed financial statements and the interim report has been approved by the Directors on 3 July 2007 and prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by EU ("adopted IFRSs").

The interim financial information has been prepared by applying the accounting policies and presentations that were applied in the preparation of the Group's published consolidated financial statements for the year ended 29 October 2006.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. 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 other judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods.

Statutory accounts for the year end 29 October 2006 have been delivered to the Registrar of Companies KPMG Audit Plc reported on those accounts under section 235 of the Companies Act 1985. The report was unqualified and did not contain a statement under section 237 (2) or (3) of that Act.

2. Analysis by business segment

At 29 April 2007 the Group is organised into three main business segments: Safety & Protection, incorporating Marine Safety and Protective Clothing, Schoolwear and Holiday Homes.

The primary segment reporting format is determined to be the business segments as the Group's risks and returns are predominantly affected by differences in the products and services provided by these different activities. The operating business segments are organised and managed separately. During the period the Protective Clothing business was merged with Marine Safety to form Safety & Protection.

| | Safety and protection | | | | | | |
|--|-----------------------|------------------------|------------|------------------|-----------------------------|--|--------|
| | Marine Safety | Protective Clothing | Schoolwear | Holiday Homes | Head office/ Unallocated | | Total |
| 26 weeks ended 29 April 2007 | £000 | £000 | £000 | £000 | £000 | | £000 |
| Revenue | 22,099 | 9,889 | 6,888 | 25,046 | - | | 63,922 |
| Operating profit/(loss) before exceptional items | 1,495 | (257) | (56) | 455 | (701) | | 936 |
| Reorganisation | - | (946) | - | - | - | | (946) |
| Profit on disposal of surplus properties and gain on revaluation of investment properties | - | - | - | - | 1,592 | | 1,592 |
| Operating profit/(loss) | 1,495 | (1,203) | (56) | 455 | 891 | | 1,582 |

Operating profits are shown before head offices charges. The comparative figures have been adjusted to reflect this disclosure.

Included within Marine Safety is turnover of £4,847,000 and operating profit of £754,000 relating to the Bofort business acquired on 27 December 2006.

2. Analysis by business segment (continued)

| 26 weeks ended 30 April 2006 | Safety & Protection | | | | | Total £000 |
|--|--------------------------|--------------------------------|--------------------|--------------------------|-------------------------------------|---------------|
| | Marine Safety £000 | Protective Clothing £000 | Schoolwear £000 | Holiday Homes £000 | Head office/ Unallocated £000 | |
| Revenue | 18,970 | 9,965 | 6,939 | 21,218 | - | 57,092 |
| Operating profit before exceptional items | 1,147 | 176 | 57 | (674) | (330) | 376 |
| Exceptional items | - | 305 | - | - | - | 305 |
| Operating profit/(loss) | 1,147 | 481 | 57 | (674) | (330) | 681 |

| 52 weeks ended 29 October 2006 | Safety & Protection | | | | | Total £000 |
|---|--------------------------|--------------------------------|--------------------|--------------------------|-------------------------------------|---------------|
| | Marine Safety £000 | Protective Clothing £000 | Schoolwear £000 | Holiday Homes £000 | Head office/ Unallocated £000 | |
| Revenue | 39,407 | 18,840 | 19,112 | 46,636 | - | 123,995 |
| Operating profit/(loss) before exceptional items | 2,733 | (328) | 1,216 | 364 | (691) | 3,294 |
| Exceptional items | - | (176) | (195) | (82) | 363 | (90) |
| Operating profit/(loss) | 2,733 | (504) | 1,021 | 282 | (328) | 3,204 |

3. Summary of movements in equity

| 52 weeks ended 29 October 2006 | Share capital £000 | Share premium £000 | Other reserve £000 | Hedging reserve £000 | Retained earnings £000 | Total £000 |
|--|--------------------------|--------------------------|--------------------------|----------------------------|------------------------------|---------------|
| Balance brought forward at transition | 3,369 | 4,547 | 1,148 | - | 12,215 | 21,279 |
| Profit for the period | - | - | - | - | 1,651 | 1,651 |
| Share option charge | - | - | - | - | 25 | 25 |
| Exercise of share options | 3 | 26 | - | - | - | 29 |
| Effect of adoption of IAS32 and IAS39 net of tax on 31 October 2005 | (50) | - | - | 116 | - | 66 |
| Change in value of hedged items | - | - | - | (408) | - | (408) |
| Dividends paid | - | - | - | - | (2,490) | (2,490) |
| Movements in pension deficit and related taxation | - | - | - | - | (31) | (31) |
| Balance as at 29 October 2006 | 3,322 | 4,573 | 1,148 | (292) | 11,370 | 20,121 |

| 26 weeks ended 30 April 2006 | Share capital £000 | Share premium £000 | Other reserves £000 | Hedging reserve £000 | Retained earnings £000 | Total £000 |
|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------|---------------|
| Balance brought forward at 31 October 2005 | 3,369 | 4,547 | 1,148 | - | 12,215 | 21,279 |
| Profit for the period | - | - | - | - | 172 | 172 |
| Share option charge | - | - | - | - | 11 | 11 |
| Effect of adoption of IAS32 and IAS39 net of tax on 31 October 2005 | (50) | - | - | 116 | (13) | 53 |
| Effect of hedges paid in the period | - | - | - | (126) | - | (126) |
| Dividends paid | - | - | - | - | (1,692) | (1,692) |
| Balance as at 30 April 2006 | 3,319 | 4,547 | 1,148 | (10) | 10,693 | 19,697 |

| 26 weeks ended 29 April 2007 | Share capital £000 | Share premium £000 | Other reserves £000 | Hedging reserve £000 | Retained earnings £000 | Translation reserve £000 | Total £000 |
|--|-----------------------|-----------------------|------------------------|-------------------------|---------------------------|-----------------------------|---------------|
| Balance brought forward at 29 October 2006 | 3,322 | 4,573 | 1,148 | (292) | 11,370 | - | 20,121 |
| Profit for the period | - | - | - | - | 890 | - | 890 |
| Share option charge | - | - | - | - | 15 | - | 15 |
| Exercise of share options and share issues | 376 | 3,871 | - | - | - | - | 4,247 |
| Foreign subsidiary translation | - | - | - | - | - | 28 | 28 |
| Effect of hedges paid in the period | - | - | - | 20 | - | - | 20 |
| Dividends paid | - | - | - | - | (1,790) | - | (1,790) |
| Movement in pension deficit and related taxation | - | - | - | - | 1,845 | - | 1,845 |
| Balance as at 29 April 2007 | 3,698 | 8,444 | 1,148 | (272) | 12,330 | 28 | 25,376 |

4. Business combinations

On 27 December 2006, the Group acquired the Marine Safety Division of the Bofort Group for a total consideration of €12 million in cash.

Effect of the acquisition

The acquisition had the following effect on the Group's assets and liabilities.

| Acquiree's net assets at the acquisition date | Book value £000 | Provisional fair value £000 |
|---|--------------------|--------------------------------|
| Intangible assets | 30 | 11 |
| Property, plant and equipment | 1,549 | 1,501 |
| Inventories | 1,779 | 1,662 |
| Cash | 146 | 146 |
| Interest bearing loans and borrowings | (1,286) | (1,286) |
| Other receivables and payables | (144) | (641) |
| Net assets | 2,074 | 1,393 |
| Goodwill and intangibles on acquisition | - | 6,986 |
| Consideration paid (including costs) | - | 8,379 |
| Net cash and cash equivalents acquired | - | 146 |
| Net cash outflow in period | - | 8,233 |

At 29 April 2007 the fair values of the assets and liabilities acquired noted above are provisional.

5. Earnings per share

The basic earnings on total operations are calculated on the basis of total profits of £890,000 (£172,000 for 30 April 2006 and £1,651,000 for 29 October 2006) and the average number of shares in issue for the period, being 13,904,301 for 29 April 2007 (13,275,169 for 30 April 2006 and 13,278,631 for 29 October 2006).

The basic earnings per share on continuing activities are calculated on the basis of profits of £890,000 (£172,000 for 30 April 2006 and £1,651,000 for 29 October 2006) attributable to ordinary shareholders and the average number of shares in issue for the period, being 13,904,301 for 29 April 2007 (13,275,169 for 30 April 2006 and 13,278,631 for 29 October 2006).

The diluted earnings per share on total operations are calculated on the basis of the profits of £890,000 (£172,000 for 30 April 2006 and £1,651,000 for 29 October 2006) 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 13,923,402 (13,313,392 for 30 April 2006 and 13,311,596 for 29 October 2006).

The diluted earnings per share on continuing activities of £890,000 (£172,000 for 30 April 2006 and £1,651,000 for 29 October 2006) are calculated on the basis of the continuing 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 13,923,402 (13,313,392 for 30 April 2006 and 13,311,596 for 29 October 2006).

6. Interim dividend

The interim dividend of 6.0p per share will be paid on 12 September 2007 to shareholders on the register on 17 August 2007.

In accordance with the requirements of International Accounting Standards, the proposed interim dividend has not been accrued in the consolidated financial statements for the twenty-six weeks to 29 April 2007.

7. Taxation

The taxation charge for the interim period is based upon the estimated rate for the full year. The property disposals and revaluation of investment properties were not taxed due to the availability of capital losses

Independent review report by KPMG Audit Plc to Cosalt:plc

Introduction

We have been engaged by the company to review the financial information for the twenty-six weeks ended 29 April 2007 which comprises a consolidated balance sheet as at 29 April 2007 and the related consolidated statements of income, cash flows and the statement of recognised income and expenses for the twenty-six weeks ended 29 April 2007 and related notes 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 financial statements except where any changes, and the reasons for them, are 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 for use in the United Kingdom. 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 excludes audit procedures such as tests of controls and verification of assets, liabilities and translations. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) 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 29 April 2007.

KPMG Audit Plc

Chartered Accountants

Leeds

3 July 2007