








Cosalt:plc

Focusing on personal
safety and protection services

Interim report 2007

Personal safety and protection services

Services	Products routinely inspected	Opportunities
Life rescue 	Liferrafts Lifeboats Lifejackets Lights Buoys Beacons Pyrotechnics Immersion suits Rescue equipment	<ul style="list-style-type: none"> Increased network of Marine Safety businesses will improve customer service Growth in cruise, container and gas sectors Increase in oil exploration Wider range of services and products is more attractive to larger operators More potential for total management of safety requirements Growth of leisure marine market continues
Fire safety 	Breathing apparatus Specialist fire-protective clothing Fire suits Fire extinguishers Fire hoses and accessories Fire suppression systems	<ul style="list-style-type: none"> Increased network of Marine Safety businesses will improve customer service Growth in cruise, container and gas sectors Recent acquisitions improve skill and experience Fire servicing complements marine servicing business
Rope 	Mooring ropes Towing ropes Single point mooring systems Emergency towing systems Wire ropes Specialist ropes Fishing ropes	<ul style="list-style-type: none"> Increased network of Marine Safety businesses will improve customer service New locations in the key European ports Increase in oil exploration and leading share of Single Point Mooring market Impending legislation for emergency towing systems
Rigging lifting and testing 	Blocks Hooks and ratchet buckles Shackles Chain Lifting slings Winches Cranes Lifting beams Load securing equipment	<ul style="list-style-type: none"> More potential for total management of safety requirements Wider range of services and products is more attractive to larger operators Increase in oil exploration
Fall arrest – height access 	Vertical fall arrest systems Horizontal fall arrest systems Inspection and maintenance systems Rescue and recovery systems Fall arrest blocks Harnesses and lanyards Stretchers and Bosun's chairs	<ul style="list-style-type: none"> Development of a targeted legislative 'message' 'Packaged' supply to new building market Develop Caspian and Russian markets Cross-sell into emergency services and local authorities A more focused approach to 'selling'
Ladders, covers and nets 	Helideck landing nets Perimeter safety nets Safety scramble nets Gangways nets Fishing nets Cargo nets Lifeboat boarding ladders Pilot ladders Personnel baskets	<ul style="list-style-type: none"> Further penetration of defence markets Develop Caspian and Russian markets New building markets, through double pronged drive on owners and shipyards Expand emergency services supply through framework agreement Expand emergency services supply into European network New product launch
Workwear and personal protective equipment 	Nuclear/biological suits Foul weather clothing Flotation suits Air crew coveralls Cold weather clothing Hi-visibility clothing Masks and respirators Boots Hats and gloves etc.	<ul style="list-style-type: none"> Further penetration of defence markets Cross-sell into emergency services and local authorities A more focused approach to 'selling' Development of a targeted legislative 'message' 'Packaged' supply to new building market

Cosalt is implementing a growth strategy centred on making the Group the leading European provider of personal safety and protection services and equipment.

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 Safety Systems Maritime in Spain for €3.0 million, 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

Revenue



Profit before tax



Earnings per share



Dividend



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Chairman's statement



The last six months have endorsed the Board's confidence in its strategy of focusing on Marine and Industrial Safety services.

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 Safety Systems Maritime ('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 and 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 restructuring 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 £1.7 million 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

£2.5 million. 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 & 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 26 weeks to 29 April 2007

	26 weeks ended 29 Apr 2007 £000	26 weeks ended 30 Apr 2006 £000	52 weeks ended 29 Oct 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 Apr 2007 £000	As at 30 Apr 2006 £000	As at 29 Oct 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 26 weeks to 29 April 2007

	26 weeks ended 29 Apr 2007 £000	26 weeks ended 30 Apr 2006 £000	52 weeks ended 29 Oct 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 and provisions	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) 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 received	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)

	26 weeks ended 29 Apr 2007 £000	26 weeks ended 30 Apr 2006 £000	52 weeks ended 29 Oct 2006 £000
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 from/(used in) 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 26 weeks to 29 April 2007

	26 weeks ended 29 Apr 2007 £000	26 weeks ended 30 Apr 2006 £000	52 weeks ended 29 Oct 2006 £000
Effective portion of cash flow 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 IAS 32 and IAS 39, 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

Notes to the interim statement

for the 26 weeks to 29 April 2007

1. Basis of preparation

These 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 (IFRS) as adopted by EU ('adopted IFRS').

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 IFRS 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 ended 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.

26 weeks ended 29 April 2007	Safety & Protection		Schoolwear £000	Holiday Homes £000	Head office/ unallocated £000	Total £000
	Marine Safety £000	Protective Clothing £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.

26 weeks ended 30 April 2006	Safety & Protection		Schoolwear £000	Holiday Homes £000	Head office/ unallocated £000	Total £000
	Marine Safety £000	Protective Clothing £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		Schoolwear £000	Holiday Homes £000	Head office/ unallocated £000	Total £000
	Marine Safety £000	Protective Clothing £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

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	–	–	–	–	14	–	14
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	–	–	–	–	1,846	–	1,846
Balance as at 29 April 2007	3,698	8,444	1,148	(272)	12,330	28	25,376

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 IAS 32 and IAS 39 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

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 IAS 32 and IAS 39 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

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:

	Book value £000	Provisional fair value £000
Acquiree's net assets at the acquisition date		
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 26 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 26 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 26 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

Marine market
Top ten European container ports

A dark blue silhouette map of Europe is shown against a lighter blue background. Ten specific ports are highlighted with white text labels inside rectangular boxes. Lines connect these labels to their corresponding geographical locations on the map. The ports are: Antwerp (Northwest Europe), Hamburg (Northern Germany), Felixstowe (East of England), Le Havre (Normandy), Bremen (Northwest Germany), Rotterdam (West of the Netherlands), Barcelona (Spain), Valencia (Spain), Algeciras (Southwest Spain), and Gioia Tauro (Italy).

Antwerp

Felixstowe

Le Havre

Hamburg

Bremen

Rotterdam

Barcelona

Valencia

Algeciras

Gioia Tauro

Cosalt:plc

Fish Dock Road

North East Lincolnshire DN31 3NW

Telephone 01472 504 504

Facsimile 01472 504 369

www.cosalt.plc.uk

Registered Number 19628

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