

COSALT PLC
(“Cosalt” or “the Group”)

Preliminary Results for fifty-two weeks ended 26 October 2003

Cosalt’s Industrial Services Division manufactures and supplies protective clothing and safety & protection equipment for the marine, motor, rail and defence industries as well as for the emergency services and utilities. The Group’s Leisure Products Division is a leading manufacturer of caravan holiday homes and leisure custom homes.

Cosalt announces an increase in profitability for the year to 26 October 2003 and a recommended increased final dividend..

Financial Highlights

- Turnover of £151.6 million (2002: £142.7 million), up 6.2%
- Operating profit of £8.6 million* (2002: £8.1 million), up 6.0%
- Profit before tax of £6.8 million* (2002: £6.6 million), up 3.8%
- Earnings per share for the period* of 37.58p (2002: 36.05p), up 4.2%
- EPS post exceptional charges and tax of 33.74p (2002: 33.80p)
- Recommended final dividend of 12.50p per share (2002: 12.00p), up 4.2% making total dividend for the year of 18.25p (2002: 17.50p), up 4.3%

*pre exceptional items and goodwill

Operational Highlights

- Excellent results from Cosalt Leisure Products Division
 - Industry consolidation of holiday homes market providing ongoing growth opportunities
- Successful integration of Sea Dog acquisition
 - Significant life-jacket business for new cruise-liners including Queen Mary 2
- Cosalt:Ballyclare restructuring and integration in progress with new management in place
 - Developing market leading positions

David Bolton, Chairman of Cosalt, said today:

“I am pleased to report an increase in profitability for the year to 26 October 2003 and to recommend an increased final dividend. The majority of our businesses have performed well in competitive markets with our Holiday Homes business having a particularly strong year. We are making progress in our restructuring of Cosalt:Ballyclare with a new management team. Recent cost saving initiatives, together with some further reorganisation in the current year, should ensure that this business lives up to its potential.

There is a seasonal bias to the trade in most of the activities of the Group. This has given rise to an increasing concentration of profits in the second half in recent years and I do not anticipate the year to October 2004 to be any different in this respect. Overall, despite the continuing background of a demanding economic and business climate, I am confident that we will make further progress in the current year.”

3 February 2004

ENQUIRIES:

Cosalt plc

Bill Wood, Managing Director
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COSALT PLC

Preliminary Results for 52 weeks ended 26 October 2003

CHAIRMAN'S STATEMENT

Introduction

I am pleased to report that turnover for the 52 weeks ended 26 October 2003 has increased to £151.60 million (52 weeks to 27 October 2002 - £142.70 million), and the profit before tax, excluding the amortisation of goodwill and exceptional items, increased 3.8% to £6.83 million, compared to £6.58 million for the 52 weeks to 27 October 2002. Earnings per share, after exceptional charges and tax, were 33.74p (52 weeks to 27 October 2002 - 33.80p).

This result reflects the good progress made across the majority of the Group's principal activities, and would have been better but for a disappointing result from the Cosalt:Ballyclare workwear and corporatewear business. A detailed report on the Group's operations is given in the Group Managing Director's Review.

Dividends

We are pleased to recommend an increase in the final dividend to 12.50p per ordinary share (2002 - 12.00p), making the total dividend for the year 18.25p, compared with 17.50p for the 52 weeks to 27 October 2002 - an increase of 4.3%.

Exceptional Items

The loss making Fleetwood based Cosalt Lighting business was sold at a discount to net assets in September 2003 resulting in an exceptional charge of £215,000. However, an exceptional profit of £394,000 was realised on the sale of its freehold to a supermarket group.

An exceptional profit of £74,000 was made in October 2003 on the sale of a Newcastle freehold previously occupied by the Distinctive Schoolwear business which has been relocated into other Group premises.

I outlined in my Interim Statement in June 2003 that the Board was examining a number of cost saving initiatives in the Cosalt:Ballyclare business. A decision was taken to close its Ulster based production unit in August 2003 and the cost of closure, including redundancy and notice payments to employees, stock obsolescence and compensation to the Managing Director, amounted to £930,000.

In total, net exceptional charges amounted to £677,000.

Finance

Notwithstanding that a number of acquisitions have been made for cash in the last few years, commencing with SEET plc in April 2001, gearing at 58% (2002 - 56%) is in line with management's expectations. Cash generation has been good; we continue to have adequate facilities from our bankers and management of our cash continues to be a top priority.

I would also draw your attention to the report of Neil Carrick, Group Finance Director, on the detailed financial aspects of the Group. This report appears for the first time this year.

Share Issue

On 4 August 2003 we announced a placing of 623,816 new shares at 333p (a discount of approximately 2.3% to the then mid-market price) raising approximately £2.05 million.

We were pleased to be able to exercise our authority to issue new shares, then representing 5% of the Group's existing issued share capital, to satisfy investor demand and to widen the ownership of the Group.

Following a cash outlay on acquisitions of approximately £14 million since early 2001, this placing had the benefit of improving gearing and further strengthening the Group's balance sheet.

Directors and Management

Adrian Thomas resigned as a Director in September 2003 and Luke Evdemon (34), the executive responsible for developing our market leading position in the rail maintenance industry, was appointed Managing Director of Cosalt:Ballyclare.

I am pleased to report that Mr. E.D.W. Phillips (50) was appointed to the Group Board on 2 February 2004. Winston joined Cosalt in 1991 as an Area Business Manager and became Managing Director of the Safety & Protection business in 2001.

I would, once again, like to thank the Group's experienced executive team, their staff and all employees, for their professionalism as well as their outstanding continuing commitment to the success of the Cosalt Group and the customers whom we serve.

Outlook

There is a seasonal bias to the trade in most of the activities of the Group. This has given rise to an increasing concentration of profits in the second half in recent years and I do not anticipate the year to October 2004 to be any different in this respect. Overall, despite the continuing background of a demanding economic and business climate, I am confident that we will make further progress in the current year.

D M Bolton

Chairman

COSALT PLC

Preliminary Results for 52 weeks ended 26 October 2003

GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Overview

The Group's activities focus on two business areas: Industrial Services and Leisure Products. A summary of their financial performance is set out below.

	52 weeks ended 26 October 2003 £m	52 weeks ended 27 October 2002 £m
Turnover		
Industrial Services	91.67	85.97
Leisure Products	<u>59.93</u>	<u>56.73</u>
	151.60	142.70
Operating Profit		
Industrial Services	4.30	4.50
Leisure Products	<u>4.25</u>	<u>3.56</u>
	8.55	8.06
Goodwill and exceptional items	<u>(1.09)</u>	<u>(0.97)</u>
Total Operating Profit	7.46	7.09
Loss on disposal of business	(0.21)	-
Profit on disposal of fixed assets	<u>0.47</u>	<u>0.44</u>
Profit before interest and tax	<u>7.72</u>	<u>7.53</u>

Review of Operations

Industrial Services Division

Safety & Protection

This business is involved in the manufacture, supply and servicing of marine and industrial safety products and apparel, with the principal brands being Cosalt, Perry, Crewsaver and Yak.

Following a slow start to the year with reduced profits at the interim stage, momentum increased with the acquisition, in February 2003, of Sea-Dog's Aberdeen and Edinburgh based marine safety businesses. This acquisition was well integrated into the branch network and the Safety business overall improved its profits with a strong second-half performance.

Notwithstanding the very competitive nature of the European marine safety markets, operating profits improved for the full year by 19.2% to £1.89 million (52 weeks to 27 October 2002 - £1.58 million).

Sales of the Cosalt Premier inherently buoyant lifejackets for new cruise ships were good and we were pleased to supply the recently commissioned Queen Mary 2. Crewsaver continued to trade well with its brand leading inflatable lifejackets and marine safety products.

We continue to improve our market penetration in marine fire safety. An experienced central design and support team has been established facilitating a design, installation and service capability for marine fire suppression equipment across our comprehensive U.K. branch network. This activity is already making a worthwhile contribution and growing.

We are pleased with the way in which the I.T. systems of our safety business have been developed to become an increasingly useful aid to management. Also, the quality of management has been improved across this diverse and geographically widespread activity in the last few years. We believe that the prospects for continued growth are good and we continue to evaluate further acquisition opportunities.

Workwear/Corporatewear

Cosalt:Ballyclare designs, manufactures and procures high visibility protective clothing, high tech fire protection garments, image workwear and corporatewear, which it supplies to a wide range of markets, including motor dealerships, rail maintenance companies, defence, a number of regional fire brigades, police forces and utilities. This has been a difficult year with operating profits falling to £498,000 (52 weeks to 27 October 2002 - £1.35 million) before an exceptional re-structuring charge of £0.93 million.

It became clear as the year progressed that the integration of the Cosalt Workwear and Ballyclare Special Products businesses was taking longer than scheduled, and that the delay was placing pressure on systems and procedures. At the same time, the local management team accepted some business at lower margins.

We have reviewed the business in great depth and taken decisive action to improve its performance. In our Interim Statement, we indicated that we were examining a number of cost saving initiatives and in August 2003 production ceased in the Ballyclare factory. Further re-organisation is likely in the the current financial year giving rise to an exceptional charge in the order of £0.5 million as we make better use of the facilities at our disposal.

In September 2003 Adrian Thomas, the Managing Director of Cosalt:Ballyclare, resigned and Luke Evdemon was appointed as his replacement. We have an excellent team of people, being ably led by Luke, who is overseeing a more disciplined approach to the business and a planned exit from the lower margin areas.

The two long-term supply and management contracts we have in the fire market are operating well.

We have continued to develop our strong market leading position supplying motor dealerships and anticipate further development of our rail maintenance business in the current year in both the supply of legislatively-driven protective garments and after-care services, as consolidation of the industry takes place under the control of Network Rail.

Since the appointment of Luke Evdemon, we have strengthened the senior sales team of Cosalt: Ballyclare and I am confident that this business is now well set to recover and become an important contributor to Group profits.

Schoolwear/Childrenswear

This activity, trading as both Banner and Distinctive, is involved principally in the manufacture, procurement and distribution of Schoolwear and Childrenswear, together with Menswear and Ladieswear interests. The principal brands are Banner, Beau Brummel, Distinctive and Little Darlings.

The performance of these businesses, acquired as part of SEET plc in 2001, continues to improve under our management. Operating profits increased during the year to £1.45 million (52 weeks to 27 October 2002 - £1.36 million).

In Schoolwear we have continued to develop and strengthen our market leading position. In this competitive market we increased the level of overseas procurement, whilst at the same time ensuring that this activity is fully supported by a flexible, multi-skilled production unit in the North-east of England where 'specials' are produced together with the embellishment and individualisation of blazers.

The Childrenswear activity operates in several niche markets. Whilst extra turnover is hard to come by, margins have continued to improve as a result of improved designs and better overseas sourcing.

We have a good team of people in these activities, strong brands and future prospects are encouraging.

Menswear and Ladieswear are relatively small businesses and, although they may not ultimately feature in Cosalt's portfolio of core activities, the performance of both is improving.

Fibres and Netting

Knox Netting manufactures and services net cages, principally for the Scottish fish farming industry, and additionally produces industrial, sporting, safety and camouflage netting. Knox Fibres processes synthetic carpet yarns and fibres.

We have had a much better year in these businesses, with operating profits increasing to £526,000, compared with £223,000 in the 52 weeks to 27 October 2002.

At Knox Fibres the weekly output levels for the processing of yarns have been more consistent throughout the year; costs have been reduced and a more flexible operating environment has improved efficiencies.

We have, as outlined in recent statements, had the future of Knox Fibres under review and held discussions with several interested parties. We have not, however, been able to deliver a level of value which we believe would represent a satisfactory exit. In the absence of an acceptable offer for the business, we will continue to concentrate our efforts on operating the business efficiently as part of the Group.

Knox Netting, our market leading fish farm netting and service activity, produced a good return in a very price conscious market but has made a slow start to the 2004 year. However, we have received a good level of orders for camouflage netting during the year from the MOD and this work continues through to the summer months of 2004.

Leisure Products Division

Cosalt Holiday Homes

Cosalt Holiday Homes designs and manufactures caravan holiday homes, leisure custom homes and residential park homes. Kingsform, a small business, makes furniture, doors and panels for both Cosalt Holiday Homes and other customers.

As the Chairman outlined in his Interim Statement in June 2003, the on-going consolidation in the U.K. holiday parks industry brings an increasing number of our customers under the ownership of larger groups and the additional investment by park operators to provide better facilities has resulted in an effective extension of the holiday season. We have responded to these changes by producing more comprehensively equipped holiday homes and chalets.

With the product mix moving up market, the number of holiday homes produced has fallen but operating profits for the year to 26 October 2003 increased by 15.5% to £4.30 million, compared with £3.72 million in the 52 weeks to 27 October 2002.

The leisure custom homes activity, as a result of improved factory efficiencies and strong demand for its products, has increased its profitability and made a very worthwhile contribution.

We are presently reviewing our production facilities for the holiday homes business. The existing factory in Hull was acquired in 1978 and is becoming restrictive to our development as the holiday home product becomes more sophisticated and better equipped. As a result, we are appraising property options and we would hope to be more specific in this regard at the interim stage.

We have a strong order book for the winter and spring trading periods in both holiday homes and leisure custom homes, and I am confident that these well-managed activities will continue to generate a good return for the Group.

OUTLOOK

I make no apologies for repeating that the key strength of the Cosalt Group is the way in which it functions. There is a small central team supporting the endeavours of loyal, highly motivated management teams across the activities. Prudent cash control and judicious financial planning continue to be important.

Notwithstanding the disappointing performance at Cosalt:Ballyclare, we have completed another year of progress for the Group, reflecting the strength of our other businesses, most notably Holiday Homes. For the tenth consecutive year the dividend has increased and the balance sheet has strengthened.

The drive and ambition of the Divisional teams, combined with the disciplines imposed from the centre, should ensure that the Group will continue to progress.

Bill Wood
Group Managing Director

COSALT PLC

Preliminary Results for 52 weeks ended 26 October 2003

FINANCIAL REPORT

Profit & Loss Account

Turnover increased by 6% in the year ended 26 October 2003 to £151.60 million as a result of strong organic growth in the Holiday Homes business and the small acquisitions made in the last 18 months within the Safety & Protection business.

The operating profit, before charging goodwill and exceptional items, at £8.55 million, increased by 6%, in line with turnover. Earnings per share, before charging goodwill and exceptional items, increased by 4.2% to 37.58p.

The sale of the Lighting business, a related freehold, and the freehold premises previously occupied by the Distinctive Schoolwear business, together with further re-structuring following the merger of Ballyclare Special Products (part of the SEET Plc acquisition in April 2001) and Cosalt Workwear, resulted in a net exceptional cost of £677,000.

The profit and loss account has been presented in a columnar form to show the impact of exceptional items and the underlying performance of the Group separately.

Exceptional Items

The Ballyclare factory in Ulster was closed during the year and this, together with the departure costs of the Managing Director of Cosalt:Ballyclare, resulted in £930,000 of exceptional costs.

The sale of the loss-making Lighting business was achieved during the year at a discount of £215,000 to the net book value of the assets sold.

The sale of the Lighting premises in Fleetwood realised £820,000, yielding a £394,000 profit, and the Newcastle premises, previously occupied by the Distinctive business, realised £300,000, £74,000 above the book value. Half the proceeds on the sale of the Fleetwood premises were received in September 2003, with the balance becoming due in April 2004. The proceeds of the Newcastle premises were received in December 2003.

Interest

The charge to the accounts for interest payable was £1.71 million (2003 - £1.48 million). A significant proportion of the Group's cash generation from the previous year was invested in fire garments (£3.5 million) delivered to the South-East Consortium of Fire Brigades in January 2003. The cost of interest on this investment has to be charged to the accounts as it occurs and as the net investment reduces, the overall profitability on this 7 year contract is likely to be better in the later years. Furthermore, we anticipate a positive cash-flow as the contract develops.

Interest was covered 5 times by the profit before charging exceptional costs.

Taxation

The effective rate of taxation is 30.3% on pre goodwill and exceptional earnings. Taxation has been allowed for on the exceptional costs but the capital gains on the property profits should be covered by capital losses generated in earlier years.

Shareholders' Returns

The earnings per share for the year, before charging exceptional items and goodwill, were 37.58p compared to 36.05p in the previous year, with the FRS3 earnings per share 33.74p compared to 33.80p last year.

The Directors have proposed a final dividend of 12.50p resulting in a total dividend for the year of 18.25p, compared with 17.50p last year - a 4.3% increase. If the final dividend is approved at the Annual General Meeting, the total cost of this year's ordinary dividend will amount to £2.38 million. The dividend is twice covered by profits before charging exceptional items.

Cash Flow and Borrowings

Cash generation from operating activities was £3.8 million for the year (2002 - £9.7 million).

The acquisition of Sea-Dog in February 2003 for a net cash consideration of £1.7 million, increased working capital to fund major roll-outs within the Cosalt:Ballyclare business and increased trade debtors in Safety & Protection as a result of strong sales at the end of the year, have resulted in increased cash usage. The placing of new shares and executive share options exercised in August 2003 generated £2.2 million of cash and, with the normal seasonal reduction in working capital towards the year-end, gearing was slightly higher at 58% in October 2003 (2002 - 56%).

Capital expenditure, excluding the investment in rental garments, was £1.5 million, compared with the Group's depreciation charge of £1.7 million, again excluding the depreciation charge on rental garments. Garments capitalised for the garment rental contracts was £1.1 million in 2003 and the depreciation charged on all rental garments was £900,000 for the year.

Pensions

We have made mention of the effect of FRS17 on the Group in our recent Chairman's Statements. Shareholders will see in a note to the accounts that the deficit on the Defined Benefits Plan has reduced slightly during the year, after deferred tax credit, to £7.58 million (27 October 2002 - £7.99 million). This reduction has been achieved largely as a result of management action taken to reduce future liabilities. The improvement was achieved, notwithstanding a worsening of actuarial assumptions used in the calculation.

In accordance with accounting convention, the FRS17 calculation continues to be shown not in the Group Financial Statements, but as a note to the accounts.

The Defined Benefits Plan was closed to new members in 2000. Pensionable salaries have been frozen for three years from April 2002, and a further reduction in future early retirement benefits was implemented in April 2003, at which date employed members' contributions were increased significantly.

Treasury Management

The Group's operations are primarily financed from retained earnings, bank overdrafts, leasing and longer term loans. It is the Group's policy not to trade in or enter into speculative transactions.

Debt is principally raised centrally and the Group aims to maintain a balance between flexibility and continuity of funding by having a range of maturities on its borrowings. Flexibility is provided by overdrafts and debtor financing which, due to the seasonal nature of many of its businesses, fulfils a requirement for significant short-term funding in these seasonal peaks. The Group's policy is to maintain a mixture of floating and fixed rate borrowings. Although the Group does not have significant sales in foreign currency, there is an increasing amount of purchases made in foreign currency. The Group's policy is to eliminate currency exposure by the use of forward currency contracts.

The acquisition of SEET plc in April 2001 substantially increased the Group's borrowings and in order to provide protection against significant interest rate rises in the future, the Board decided at that time to purchase a cap to cover the consideration money on the SEET purchase of £6.3 million, plus an element of core borrowings of £4 million.

The amount covered by the cap reduces in line with the repayments on the medium-term loan. A floor transaction was taken out at the same time and on the same basis in order to minimise the up-front premium for this cover.

The weighted average interest rate on the fixed rate borrowings during the year was 5.7% with an average maturity period of 2 years. Interest on floating rate liabilities is based on bank base rate or LIBOR. The interest rate cap is at 6.75% and the floor at 4.98% - both mature in May 2008.

At the end of the year, the Company had £14.5 million of undrawn facilities relating to bank overdrafts and £3.5 million relating to an amortising revolving credit.

Balance Sheet

The Group balance sheet has been strengthened in the year with the addition of £1.9 million of retained profits, and proceeds of £2.4 million from the share issues in the year.

The net asset value per share at October 2003 was 240p.

Neil Carrick
Group Finance Director

COSALT PLC

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Consolidated Profit and Loss Account

	52 weeks ended 26 October 2003			52 weeks ended 27 October 2002		
	Before goodwill, amortisation and exceptional items £000's	Goodwill amortisation and exceptional items £000's	Total £000's	Before goodwill, amortisation and exceptional items £000's	Goodwill amortisation and exceptional items £000's	Total £000's
Turnover	151,603	-	151,603	142,695	-	142,695
Operating Profit						
Operating profit before goodwill amortisation and exceptional items	8,546	-	8,546	8,062	-	8,062
Goodwill amortisation	-	(152)	(152)	-	(122)	(122)
Reorganisation and redundancy costs	-	(930)	(930)	-	(852)	(852)
Total operating profit	8,546	(1,082)	7,464	8,062	(974)	7,088
Loss on disposal of business	-	(215)	(215)	-	-	-
Profit on disposal of fixed assets	-	468	468	-	437	437
Profit on ordinary activities before interest	8,546	(829)	7,717	8,062	(537)	7,525
Interest payable (net)	(1,715)	-	(1,715)	(1,483)	-	(1,483)
Profit on ordinary activities before taxation	6,831	(829)	6,002	6,579	(537)	6,042
Taxation on ordinary activities	(2,069)	343	(1,726)	(2,078)	256	(1,822)
Profit after taxation	4,762	(486)	4,276	4,501	(281)	4,220
Preference dividends	(4)	-	(4)	(4)	-	(4)
Profit attributable to ordinary shareholders	4,758	(486)	4,272	4,497	(281)	4,216
Ordinary dividends (equity shares)	(2,383)	-	(2,383)	(2,184)	-	(2,184)
Retained profits	2,375	(486)	1,889	2,313	(281)	2,032
Basic earnings per ordinary share	37.58p		33.74p	36.05p		33.80p
Diluted earnings per ordinary share	37.40p		33.58p	36.03p		33.78p
Dividend per share	18.25p		18.25p	17.50p		17.50p

i. All operations are classed as continuing.

ii. There are no recognised gains and losses other than the profit for the period.

iii. There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents

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Preliminary Results for 52 weeks ended 26 October 2003

Consolidated Balance Sheet

	26 October 2003		27 October 2002	
	£000s	£000s	£000s	£000s
Fixed assets				
Intangible assets – goodwill		2,974		2,256
Tangible fixed assets		18,408		18,954
		21,382		21,210
Current assets				
Stocks	25,325		21,802	
Debtors	35,165		32,802	
Bank and cash balances	467		3,454	
		60,957		58,058
Creditors				
Amounts falling due within one year	41,269		43,975	
		19,688		14,083
Net current assets		41,070		35,293
Total assets less current liabilities				
		7,413		6,015
Creditors				
Amounts falling due after more than one year		33,657		29,278
		1,644	1,558	
Provisions for liabilities and charges				
		173	139	1,697
Deferred income:		1,817		27,581
Grants not yet credited to profit				
Net assets		31,840		27,581
Capital and reserves				
Called up share capital		3,363		3,169
Share premium account		4,506		2,330
Revaluation reserve		443		470
Investment property revaluation reserve		67		67
Other reserves		1,148		1,148
Profit and loss account		22,313		20,397
Shareholders' funds		31,840		27,581
(including non-equity interests)				

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Consolidated Cash Flow Statement

	52 weeks ended 26 October 2003		52 weeks ended 27 October 2002	
	£000s	£000s	£000s	£000s
Net cash inflow from operating activities		3,843		9,685
Returns on investments and servicing of finance:				
Interest paid	(1,576)		(1,341)	
Interest received	21		18	
Interest element of finance lease payments	(95)		(111)	
Non-equity dividends paid	(4)		(4)	
		(1,654)		(1,438)
Taxation:				
Corporation tax paid		(1,539)		(1,739)
Capital expenditure and financial investment:				
Government grants	67		-	
Purchase of tangible fixed assets	(2,239)		(4,182)	
Sale of tangible fixed assets	436		1,263	
		(1,736)		(2,919)
Acquisitions and disposals		(1,692)		(190)
Equity dividends paid		(2,223)		(2,120)
Net cash (outflow) / inflow before use of liquid funds and financing		(5,001)		1,279
Financing:				
Issue of share capital	2,370		11	
Issue of loan notes	338			
New bank borrowings	3,200		-	
Repayment of bank and other borrowings	(1,626)		(1,359)	
Capital element of finance lease rental payments	(716)		(759)	
		3,566		(2,107)
Decrease in cash		(1,435)		(828)
Reconciliation of net cash flow to movement in net debt				
Decrease in cash		(1,435)		(828)
Cash (inflow) / outflow from (increase) / decrease in debt and lease financing		(1,196)		2,118
Change in net debt from cash flows		(2,631)		1,290
Finance leases on acquisition of subsidiary undertakings		(21)		-
Arrangement fees amortised		(19)		(18)
Inception of new finance leases		(418)		(630)
Movement in net debt in year		(3,089)		642
Net debt as at 27 October 2002		(15,379)		(16,021)
Net debt as at 26 October 2003		(18,468)		(15,379)

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The turnover and results of the main activities were as follows:

	2003	2002
	£000's	£000's
Turnover		
Industrial Services	91,667	85,969
Leisure Products	59,936	56,726
	151,603	142,695
 Industrial Services		
Industrial Services	4,302	4,502
Exceptional items	(930)	(745)
Goodwill amortisation	(152)	(122)
Operating Profit	3,220	3,635
Profit on disposal of fixed asset	74	437
Total Industrial Services	3,294	4,072
 Leisure Products		
Leisure Products	4,244	3,560
Exceptional item	-	(107)
Operating Profit	4,244	3,453
Loss on disposal of business	(215)	-
Profit on disposal of fixed assets	394	-
Total Leisure Products	4,423	3,453
Profit on ordinary activities before interest	7,717	7,525

It has not been possible to identify the effects of the acquisition of Sea Dog Life Saving Appliances (Scotland) Ltd on turnover and operating profit as their marine safety businesses in Aberdeen and Edinburgh were merged with those of the Safety and Protection division on acquisition.

Operating Assets

The operating assets of the main activities at 26 October 2003 were as follows:

	Operating capital employed	
	2003	2002
	£000's	£000's
Industrial Services	36,032	31,469
Leisure Products	13,091	13,785
	49,123	45,254
Non-operating assets and liabilities*	(187)	(3,943)
Net borrowings	(17,096)	(13,730)
Total net assets	31,840	27,581

* Non-operating assets and liabilities principally represents investment properties, taxation, dividends and finance leases

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Reconciliation of operating profit to cash flow from operating activities:

	2003 £000's	2002 £000's
Operating profit	7,464	7,088
Depreciation	2,628	2,350
Amortisation of goodwill	152	122
Capital grants income release	(33)	(13)
Increase in stocks	(3,309)	(368)
Increase in debtors	(1,629)	(1,946)
(Decrease) / increase in creditors	(1,063)	2,373
(Decrease) / increase in provisions	(367)	79
Net cash inflow from operating activities	3,843	9,685

Analysis of changes in net debt:

	At 27 October 2002 £000's	Cash Flows £000's	Subsidiaries Acquires £000's	Other Non Cash Changes £000's	At 26 October 2003 £000's
Cash in hand and at bank	3,454	(2,987)	-	-	467
Overdrafts	(4,359)	152	-	-	(4,207)
Advances due within one year	(6,534)	1,400	-	-	(5,134)
	(7,439)	(1,435)	-	-	(8,874)
Debt due within one year	(1,250)	1,288	-	(1,634)	(1,596)
Debt due after one year	(5,041)	(3,200)	-	1,615	(6,626)
Finance leases	(1,649)	716	(21)	(418)	(1,372)
Total	(15,379)	(2,631)	(21)	(437)	(18,468)

COSALT PLC

Preliminary Results for 52 weeks ended 26 October 2003

Notes to the Accounts

1. The financial information set out above does not constitute the Company's statutory accounts for the 52 weeks ended 26 October 2003 or 52 weeks ended 27 October 2002 but is derived from those accounts. Statutory Accounts for 2002 have been delivered to the Registrar of Companies, and those for 2003 will be delivered following the Company's Annual General Meeting. The Auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 237(2) or (3) of the Companies Act 1985. Full accounts for Cosalt plc for the period ended 26 October 2003 will be sent to shareholders during February 2004 and will be available after that time from the Company Secretary, Cosalt plc, Fish Dock Road, Grimsby, N.E. Lincolnshire, DN31 3NW. Copies of this announcement are available from the same address and both the accounts and this announcement will be available on the Company's website www.cosalt.plc.uk.
2. The figures of basic earnings per share are calculated on the profit attributable to ordinary shares of £4,272,000 (2002: £4,216,000), divided by the average number of shares in issue during the period, being 12,660,543 (2002: 12,474,308).

For diluted earnings per share, the weighted average number of ordinary shares is adjusted for the dilutive effect of potential ordinary shares. The Group has only one category of dilutive potential ordinary shares which is that of share options granted to employees. Those options which have an exercise price which is less than the daily average mid-market price of the Company's ordinary shares during the period are considered dilutive.

	26 October 2003	27 October 2002
Weighted average number of shares in issue	12,660,543	12,474,308
Weighted average number of dilutive share options	61,656	10,191
<hr/> Total number of shares for calculating diluted earnings per share	<hr/> 12,722,199	<hr/> 12,484,499

3. A final dividend of 12.50p per share is proposed and if approved will be payable on 24 March 2004 to shareholders on the register on 12 March 2004, absorbing £1,656,615.
4. This preliminary announcement was approved by the Board on 2 February 2004.