

Cosalt plc

("Cosalt" or "the Group")

Preliminary Results for the fifty-two weeks ended 30 October 2005

Cosalt, a market leading manufacturer and supplier of Industrial Services, Safety and Leisure Products, announces preliminary results and a maintained dividend reflecting confidence of a substantial recovery in 2006.

Financial Highlights

- Turnover from continuing activities of £117.64m (2004: £145.37m)*
- Profit before tax from continuing activities of £1.03m (2004: £7.20m)*
- Earnings per share from continuing activities of 4.35p (2004: 37.40p)*
- Full year dividend maintained at 18.75p

*excluding exceptional items and goodwill

Operational Highlights

- Decisive management actions already delivering results:
 - New production systems at Holiday Homes to significantly improve flexibility and reduce cost
 - Integration of Cosalt:Ballyclare and Banner businesses completed on schedule
 - Sales approach across UK marine and industrial safety markets more focused and team strengthened
- New exclusive three year contract with Network Rail
- Internal strategic review underway to improve focus and scale

John Kelly, Chairman, commented:

"The excellent response of the management team has mitigated the impact of more difficult trading circumstances and provided a platform for recovery. In addition, the Board has decided to undertake a strategic review to improve the focus and scale of the Group. We anticipate a substantial improvement overall in 2006, particularly in the traditionally stronger second half of our financial year."

31 January 2006

ENQUIRIES:

Cosalt plc

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COSALT PLC
PRELIMINARY RESULTS FOR THE FIFTY-TWO WEEKS ENDED 30 OCTOBER 2005

CHAIRMAN'S STATEMENT

INTRODUCTION

Total turnover for the 52 weeks ended 30 October 2005 was £119.01 million, compared with £154.68 million for the 53 weeks to 31 October 2004. Turnover from continuing businesses reduced to £117.64 million (2004 - £145.37 million). Profit before tax, excluding the amortisation of goodwill, exceptional items and losses on discontinued activities, was £1.03 million (2004 - £7.20 million). This resulted in earnings per share of 4.35p (2004 - 37.40p). The pre-tax loss of the Group, after charging the amortisation of goodwill, exceptional items and losses on discontinued activities, was £1.15 million (2004 - profit £4.97 million). Earnings per share after goodwill, exceptional items and losses on discontinued activities were negative at 7.72p (2004 - 27.01p).

These results largely reflect the difficulties experienced in the caravan holiday homes market and reduced and delayed orders at Cosalt:Ballyclare; both of which we outlined to Shareholders in our trading update on 27 September 2005.

DIVIDENDS

Whilst 2005 has been a difficult year, the Group's prospects are improving following decisive management action taken during the year. The Board is therefore pleased to recommend an unchanged final dividend of 12.75p per ordinary share resulting in the total dividend for the year being maintained at 18.75p.

FINANCE

We have continued to manage our cash well and notwithstanding a much reduced level of profitability, gearing at 30 October 2005 was in line with management expectation at 44% (2004 - 37%). We have adequate facilities and the management of cash and working capital continues to be well disciplined. Further information on the key financial aspects of the Group is given in the report of the Group Finance Director.

RE-ORGANISATION AND EXCEPTIONAL COSTS

Total exceptional costs on continuing activities incurred during the year to 30 October 2005 were broadly in line with previous estimates at £1.95m.

Holiday Homes

Trading in our holiday homes business was adversely affected by the industry's over-production in 2004, linked to declining consumer confidence and a marked shift in demand to the lower priced economy sector of the market.

Management has carried out an in-depth review of our manufacturing operation, with the assistance of a leading global management consultancy firm. A number of major changes have been implemented including the replacement of the previous piecework payment system with team working, the introduction of multi-skilling and the creation of a more flexible small batch production unit. Unit costs have been reduced and we expect that the seasonal requirement for additional working capital will be less pronounced in the future. The cost of this re-organisation was £825,000 but we are already benefiting from efficiency improvements.

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CHAIRMAN'S STATEMENT (CONT'D)

Cosalt:Ballyclare/Banner

I am pleased to report that the carefully planned integration of these two businesses has been completed recently on time. The buildings in Atherton housing Cosalt:Ballyclare's administration, design and warehouse functions have been sold and staff relocated to the Banner premises in Stockport. Schoolwear production in the north-east of England has been scaled back to facilitate further overseas procurement, the warehousing function has been rationalised and mechanised and administration and I.T. functions are being co-ordinated. Whilst this has resulted in exceptional costs of £628,000, these measures will reduce the cost base by more than £500,000 per annum. The sale of the Atherton freehold was completed on 27 January 2006, resulting in a cash inflow of £1.20 million and an exceptional profit of £270,000 which will be included in the 2006 interim accounts.

Other Exceptionals

The balance of £497,000 charged as an exceptional item relates to the self-insurance excess resulting from two separate fires caused by arson, the rationalisation of the branch structure in the Safety & Protection business and the write-off of assets in a Spanish venture.

ACQUISITION

The marine safety business, Aberdeen Inflatables, acquired on 1 November 2004, with bases in both Aberdeen and Grimsby, contributed a pre-tax profit of £379,000 to the Safety & Protection activity.

Initial consideration of £807,000 was paid on completion, with an additional final consideration of £258,000, to be paid shortly, based on the operating performance in the year to 30 October 2005.

REVIEW OF ACTIVITIES

Over the past few years the Board has sought to rationalise the Group's activities, both through the disposal of non-core activities and the acquisition of complementary businesses, to gain scale and improve Shareholder value. The Board has decided to conduct an internal strategic review to examine how best to continue this process and we expect further progress to be made in this regard during the coming year.

OUTLOOK

The excellent response of the management team has mitigated the impact of more difficult trading circumstances and provided a platform for recovery. We anticipate a substantial improvement overall in 2006, particularly in the traditionally stronger second half of our financial year.

John Kelly
Chairman

30 January 2006

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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 30 October 2005		53 weeks ended 31 October 2004	
		£m	£m	£m	£m
Turnover					
Industrial Services	- continuing	71.98		cont. 83.53	
	- discontinued	<u>1.36</u>	73.34	discont. <u>9.31</u>	92.84
Leisure Products			45.67		61.84
			119.01		154.68
Operating profit/(loss)					
Industrial Services	- continuing	3.93		cont. 4.47	
	- discontinued	0.06	3.99	discont. <u>(0.31)</u>	4.16
Leisure Products			(1.06)		4.55
			2.93		8.71
Goodwill and exceptional items					
Industrial	- continuing	(2.04)		cont. (0.76)	
	- discontinued	-	(2.04)	discont. <u>(1.80)</u>	(2.56)
Total operating profit			0.89		6.15
Loss on disposal of business			(0.17)		(0.23)
(Loss)/profit on disposal of fixed assets			(0.01)		1.08
Profit before interest and tax			0.71		7.00

INDUSTRIAL SERVICES DIVISION

Safety and Protection

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

Whilst turnover was lower in the 52 weeks to 30 October 2005 at £33.94 million (53 weeks to 31 October 2004: £35.36 million) operating profits increased to £2.20 million (2004: £1.88 million).

The 2005 figures included a full year of trading from Aberdeen Inflatables, acquired on 1 November 2004. This business has been successfully incorporated into Group activities with pleasing results in the first year - turnover of £1.35 million generating an operating profit of £374,000.

The year was particularly difficult with a lower level of activity generally in the areas of the provision of lifejackets for cruise ship new-builds, offshore projects and defence, although we remain confident that we have maintained our strong market share.

We have first-rate IT systems in place enabling the business to drive improvement with the adoption of key performance indicators. The branch network is being further rationalised and with a recently strengthened sales team the sales approach across the UK marine and industrial safety markets is becoming more focused.

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GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS (CONT'D)

Looking forward, we expect to benefit from legislation which comes into effect in July 2006 requiring commercial cargo vessels to be equipped with immersion suits, of which Cosalt is one of the leading producers.

We are appraising a number of complementary acquisitions in the marine safety market, both at home and abroad.

Safetywear and Protective Clothing

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 the rail maintenance industry, the defence industry, regional fire brigades, police forces, utility companies and motor dealerships.

Turnover for the 52 weeks to 30 October 2005 was reduced at £18.39 million compared with £27.48 million for the 53 weeks to 31 October 2004. Operating profits reduced to £633,000 (2004: £1.26 million).

Over £2 million of the reduction in turnover arises from management action to withdraw from unprofitable contracts and over £3 million was as a result of the previous year being boosted by the roll out of new garments to over 14,000 Network Rail staff. Turnover was also impacted by delays to and reductions in a number of orders expected during the year.

As the year progressed management renewed 32 major contracts, secured business with eight new customers and lost only three.

I am also pleased to announce that we have recently been awarded a new three year contract by Network Rail to supply high visibility protective garments on an exclusive basis. Volumes with Tarmac and the Environment Agency are gaining critical mass and new business is being developed with De Walt and the MOD in both the UK and mainland Europe.

The two long-term management contracts in the fire market continue to operate well.

Prospects for recovery, building on a sounder base, are encouraging.

Schoolwear and Childrenswear

This activity, trading as Banner, Beau Brummel and Distinctive, is involved principally in the manufacture, procurement and distribution of Schoolwear and Childrenswear, together with supporting Menswear and Ladieswear businesses.

Turnover was slightly lower in the 52 weeks to 30 October 2005 at £19.64 million, compared with £20.70 million in the 53 weeks to 31 October 2004. Operating profits reduced to £1.10 million from £1.36 million in 2004.

As outlined in the trading update on 27 September 2005, sales in the important 'back to school' period for schoolwear were similar to the previous year and we believe that we have maintained our significant market share with our leading brands.

Looking forward, early 2006 season orders for schoolwear are ahead of last year and the spring/summer order book for the supporting businesses is satisfactory.

Following the recent downsizing of the UK manufacturing base in the north east of England, facilitating additional overseas procurement, the prospects for an improved performance from these businesses are good.

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GROUP MANAGING DIRECTOR'S REVIEW OF OPERATIONS (CONT'D)

LEISURE PRODUCTS DIVISION

Cosalt Holiday Homes

This business designs and manufactures caravan holiday homes, leisure custom homes and residential park homes. It also operates Kingsform, a small business making bedroom and kitchen furniture, doors and panels for Cosalt Holiday Homes and other customers.

Turnover for the 52 weeks to 30 October 2005 was £45.67 million, compared with £61.84 million for the 53 weeks to 31 October 2004. The business has incurred an operating loss of £1.06 million in 2005, compared with an operating profit of £4.55 million in the year to October 2004.

The result at the operating level deteriorated in spite of Cosalt Custom Homes achieving an improved operating profit - up from £1.02 million last year to £ 1.26 million in 2005.

As previously reported, our caravan holiday homes business has been impacted by industry- wide issues. The four years leading up to 2004 were buoyant, but a general over-capacity in manufacturing led to a large carry-over of stock into the 2005 season and trading has been affected by declining consumer confidence and a shift in demand towards the lower priced economy ranges.

During the 2005 season Cosalt Holiday Homes has focused on its levels of working capital and has achieved a significant reduction in stock. At the same time, as the Chairman outlines in his report, with the help of a leading global management consultancy firm, we have achieved cost savings and developed a more flexible production system in the caravan holiday homes factory. Additionally, the product range has been revitalised and better aligned with current market trends.

We enter the 2006 season with a strong order book for the traditional winter hire fleet business and are in a much fitter position overall. Whilst it may be another year before we begin to see a recovery in the overall market we expect a much better result in the full 2006 year.

Whilst the Custom Homes business has made a vital contribution to Group profits in 2005, this sector is also being affected by declining consumer confidence and delays in new park developments. Consequently, the volume of production is likely to be down on that achieved in 2005.

OUTLOOK

2005 has been a difficult and testing year for the Cosalt management team. Looking ahead however and despite difficulties in the caravan holiday homes market, we face 2006 in better shape overall.

We have managed the Group's cash resources well; we have reduced costs at Holiday Homes and developed a more flexible leading edge production unit and we have planned and executed the integration of Cosalt:Ballyclare and Banner with reduced UK production capacity, better overseas procurement, more effective warehousing and logistics and lower cost administration.

Notwithstanding that the trading environment continues to be challenging, we have continued to develop market leading brands in marine safety, safetywear, holiday and custom homes and schoolwear and I am confident of a substantial recovery in the Group's performance in 2006.

Bill Wood
Group Managing Director

30 January 2006

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FINANCE DIRECTOR'S REPORT

PROFIT & LOSS ACCOUNT

Turnover fell in the year ended 30 October 2005 to £119.01 million, compared with £154.68 million for the year ended 31 October 2004. This turnover includes £1.35 million from Aberdeen Inflatables acquired on 1 November 2004 and £1.36 million (2004: £9.31 million) from discontinued activities, being the Knox businesses, sold on 22 November 2004, the Michael De Leon retail concessions and the Distinctive Childrenswear fashion business, which ceased trading early in the financial year.

The operating profit, before charging goodwill and exceptional items and including £374,000 from acquisitions, was £2.87 million, compared with £9.02 million for the year ended 31 October 2004. A small operating profit was achieved on discontinued activities of £62,000, compared with a loss of £307,000 for the year ended 31 October 2004.

The profit and loss account has been presented in a columnar form over two pages to show the impact of exceptional items, acquisitions, discontinued activities and the underlying performance of the Group separately.

EXCEPTIONAL ITEMS

The significant downturn in the Holiday Homes business led to substantial redundancy and reorganisation costs of £825,000. Further redundancies and re-organisation costs of £628,000 were also incurred on the integration of the Banner and Cosalt:Ballyclare businesses and the reduction in its UK manufacturing capacity.

The Group incurred £200,000 of insurance excess on two separate fires caused by arson during the year.

A further £200,000 was incurred on the restructuring of the Safety and Protection branch network.

In total, exceptional items charged to operating profit were £1,853,000.

A loss of £97,000 on continuing activities was also incurred on the write-off of assets unrecoverable following the exit from an investment in Spain where we had attempted to expand the fire activity of Cosalt:Ballyclare into mainland Europe.

Losses of £72,000 and £11,000 were incurred on the sale of the discontinued Knox business and its associated land and buildings respectively.

INTEREST

The charge to the accounts for interest payable was £1.50 million (2004 - £1.60 million).

As a result of the significant reduction in operating profits the Group's interest was covered slightly less than twice by profits on continuing activities before exceptional items compared to a figure of six times for the year to 31 October 2004.

TAXATION

The effective rate of taxation on continuing activities was 43.6% pre-goodwill and exceptional items. This is higher than normal as much of the expenditure disallowable for taxation is unaffected by the Group's reduced level of profitability. Taxation relief has been allowed for on the exceptional costs, where applicable, and consequently the Group should be able to recover some of the taxation paid in the previous year.

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FINANCE DIRECTOR'S REPORT (CONT'D)

SHAREHOLDERS' RETURNS

The earnings per share for the year on continuing activities, including acquisitions but before charging exceptional items and goodwill, were 4.35p, compared to 37.40p in the previous year, with the FRS3 figures showing a loss of 7.72p per share, compared to earnings of 27.01p last year.

As reported in the Chairman's Statement, the Board is recommending a final dividend of 12.75p, resulting in the total dividend for the year being held at last year's level of 18.75p. If the final dividend is approved at the Annual General Meeting, the total cost of this year's ordinary dividend will amount to £2.49 million. Due to the loss incurred after charging exceptional items, the dividend will be paid out of accumulated reserves.

CASH FLOW AND BORROWINGS

Cash generation from operating activities was £4.6 million for the year (2004: £13.3 million).

Notwithstanding the significant shortfall in profitability in the year and the acquisition of Aberdeen Inflatables, working capital has been reduced, particularly in Holiday Homes as a result of stock realisation. In addition, the sale of the Knox businesses and assets realised £2.3 million in November 2004. Consequently Group borrowings were maintained at a similar level, being £12.8m, (44% gearing), compared to £12.3m (37% gearing) at 31 October 2004.

PENSIONS

During the year the Group has adopted Financial Reporting Standard 17 (Retirement Benefits) (FRS17). As this is a change in accounting policy it has necessitated the restatement of comparative figures and a prior year adjustment being a reduction of £8.431m in accumulated profits at 31 October 2004.

The cost of the Group Defined Benefit Plan in the profit and loss account under the new Accounting Standard is charged partly against operating profit and partly as other finance charges. The most significant effect on the Group accounts is that the pension scheme deficit, as measured by FRS17, less the associated deferred taxation, is shown as a deduction from net assets on the Group balance sheet. FRS17 and IAS19 (the International Accounting Standard on retirement benefits which the Group will be required to adopt for the year to October 2006) both adopt a market value driven approach to asset valuations and liability measurement and consequently there is likely to be significant volatility in the balance sheet figure for pensions in the future.

The FRS17 deficit has increased during the year by almost £1.4m to £9.4m after allowing for related deferred taxation. Scheme liabilities have increased both as a result of a fall in long-term interest rates and increased longevity of scheme members. These have been partly offset by improved asset valuations during the year.

The Group closed the Defined Benefits Plan to new entrants in 2000 and pensionable salaries were frozen for three years from April 2002. In addition, a reduction in early retirement benefits was implemented in April 2003, at which date employed members' contributions were increased significantly.

The latest actuarial valuation, as at 31 December 2004, showed a funding deficit of £12.4m, and the Company and Trustees have provisionally agreed a new schedule of contributions commencing in January 2006, which will result in the Company contributing 12.4% of pensionable salaries, plus £1.12m per annum increasing each year in line with inflation, compared to the previous 10%, plus £818,000 per annum.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Group will adopt IFRS for the year to October 2006. All IFRS requirements have been reviewed in detail to assess their likely impact on the Group's reported results, and processes put in place to collect the necessary data and prepare the transitional balance sheet as at 1 November 2004. The results for the year ended 30 October 2005 are also being compiled in the IFRS format.

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FINANCE DIRECTOR'S REPORT (CONT'D)

It is not possible to assess with certainty all of the effects on the Group results for the future, as a number of standards require market-based valuation at the corresponding balance sheet date. This is likely to lead to greater volatility in the reported figures.

We believe the major areas of impact on the Group are:

- **Retirement Benefit Accounting (IAS19)**

Although the calculations are slightly different from FRS17, the market value approach to valuation and the inclusion of the deficit on the balance sheet is the same under IFRS and consequently, the effects will be similar to those adopted this year, although the potential for significant volatility remains.

- **Share Based Payments (IFRS2)**

The income statement will include a notional annual charge based on the fair value of awards made to employees. This charge is not expected to be material.

- **Goodwill**

The carrying value of capitalised goodwill will be subject to an annual impairment review but there will be no periodic amortisation. The charge for goodwill amortisation in the year to October 2005 was £188,000.

- **Intangible Assets**

IAS38 requires that I.T. software that is distinct from any associated hardware be re- classified from tangible assets to intangible assets on transition.

- **Proposed Dividend**

Under IAS10 dividends will now only be accounted for when declared and consequently the proposed final dividend accrual for the year to October 2005 will be reversed and recorded in the consolidated IFRS accounts in 2006, after it has been approved by the shareholders at the Annual General Meeting.

- **Financial Instruments - (IAS39)**

Forward foreign exchange contracts and interest rate products will be measured at fair value at the balance sheet date and any adjustments which are not covered by hedge accounting will be taken to the income statement. These items therefore have the potential to create a certain amount of volatility in the future.

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 for 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.

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FINANCE DIRECTOR'S REPORT (CONT'D)

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 5.55%, 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 30 October 2005, the Company had £15.5 million of undrawn facilities relating to bank overdrafts and short term facilities.

BALANCE SHEET

As a result of the losses incurred during the year and the dividend to be paid out of reserves, the Group's balance sheet value has reduced by £3.5 million during the year. In addition, adoption of FRS17 has resulted in the Group pension deficit, less associated deferred taxation of £9.4 million, being deducted from net assets. The net asset value per share before the pensions deficit at 30 October 2005 was 218p (2004 – 247p) and including the deficit 147p per share (2004: 186p).

Post Balance Sheet Events

The Atherton premises of Cosalt:Ballyclare were sold on 1st November 2005. Proceeds of £1,200,000 were received on 27 January 2006 and this generated an exceptional profit of £270,000, which will be disclosed in the Group's results for the six months to April 2006.

Neil Carrick
Group Finance Director

30 January 2006

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Consolidated Profit and Loss Account

52 weeks ended 30 October 2005

	<u>Continuing activities</u>				
	Before goodwill amortisation and exceptional items £000s	Goodwill amortisation and exceptional items £000s	Total £000s	Discontinued activities £000	Group total £000s
Turnover					
Continuing activities	116,292	-	116,292	-	116,292
Acquisitions	1,353	-	1,353	-	1,353
Discontinued activities	-	-	-	1,364	1,364
	117,645	-	117,645	1,364	119,009
Operating profit/(loss)					
Operating profit/(loss) before goodwill amortisation and exceptional items					
Continuing activities	2,494	-	2,494	-	2,494
Acquisitions	374	-	374	-	374
Discontinued activities	-	-	-	62	62
	2,868	-	2,868	62	2,930
Goodwill amortisation	-	(188)	(188)	-	(188)
Reorganisation, redundancy and impairment costs	-	(1,853)	(1,853)	-	(1,853)
Group operating profit/(loss)	2,868	(2,041)	827	62	889
Loss on disposal of businesses	-	(97)	(97)	(72)	(169)
Profit on disposal of fixed assets	-	-	-	(11)	(11)
Profit/(loss) on ordinary activities before interest	2,868	(2,138)	730	(21)	709
Interest payable and similar charges (net)	(1,479)	-	(1,479)	(22)	(1,501)
Other finance charges – FRS17	(357)	-	(357)	-	(357)
Profit/(loss) on ordinary activities before taxation	1,032	(2,138)	(1,106)	(43)	(1,149)
Taxation on ordinary activities	(450)	555	105	23	128
Profit/(loss) after taxation	582	(1,583)	(1,001)	(20)	(1,021)
Preference dividends	(4)	-	(4)	-	(4)
Profit/(loss) attributable to ordinary shareholders	578	(1,583)	(1,005)	(20)	(1,025)
Ordinary dividends paid and proposed (equity shares)	(2,489)	-	(2,489)	-	(2,489)
Retained loss	(1,911)	(1,583)	(3,494)	(20)	(3,514)
Basic earnings per ordinary share	4.35p				(7.72p)
Diluted earnings per ordinary share	4.34p				(7.69p)
Dividend per share	18.75p				18.75p

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

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Consolidated Profit and Loss Account

53 weeks ended 31 October 2004*

Continuing activities

	Before goodwill amortisation and exceptional items £000s	Goodwill amortisation and exceptional items £000s	Total £000s	Discontinued activities £000s	Group total £000s
Turnover					
Continuing activities	145,371	-	145,371	-	145,371
Acquisitions	-	-	-	-	-
Discontinued activities	-	-	-	9,314	9,314
	145,371	-	145,371	9,314	154,685
Operating profit/(loss)					
Operating profit/(loss) before goodwill amortisation and exceptional items					
Continuing activities	9,016	-	9,016	-	9,016
Acquisitions	-	-	-	-	-
Discontinued activities	-	-	-	(307)	(307)
	9,016	-	9,016	(307)	8,709
Goodwill amortisation	-	(163)	(163)	-	(163)
Reorganisation, redundancy and impairment costs	-	(600)	(600)	(1,797)	(2,397)
Group operating profit/(loss)	9,016	(763)	8,253	(2,104)	6,149
Loss on disposal of businesses	-	(228)	(228)	-	(228)
Profit on disposal of fixed assets	-	1,075	1,075	-	1,075
Profit/(loss) on ordinary activities before interest	9,016	84	9,100	(2,104)	6,996
Interest payable and similar charges (net)	(1,396)	-	(1,396)	(208)	(1,604)
Other finance charges – FRS17	(419)	-	(419)	-	(419)
Profit/(loss) on ordinary activities before taxation	7,201	84	7,285	(2,312)	4,973
Taxation on ordinary activities	(2,232)	185	(2,047)	663	(1,384)
Profit/(loss) after taxation	4,969	269	5,238	(1,649)	3,589
Preference dividends	(4)	-	(4)	-	(4)
Profit/(loss) attributable to ordinary shareholders	4,965	269	5,234	(1,649)	3,585
Ordinary dividends paid and proposed (equity shares)	(2,491)	-	(2,491)	-	(2,491)
Retained profit/(loss)	2,474	269	2,743	(1,649)	1,094
<i>Basic earnings per ordinary share</i>	37.40p				27.01p
<i>Diluted earnings per ordinary share</i>	37.23p				26.89p
<i>Dividend per share</i>	18.75p				18.75p

*Restated for change in accounting policy

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

COSALT PLC
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Consolidated Balance Sheet

	30 October 2005		31 October 2004*	
	£000s	£000s	£000s	£000s
Fixed assets				
Intangible assets – goodwill		3,079		2,740
Tangible fixed assets		17,040		18,201
Investments		750		-
		20,869		20,941
Current assets				
Stocks	20,181		25,673	
Debtors	25,262		31,656	
Bank and cash balances	232		1,743	
		45,675		59,072
Creditors				
Amounts falling due within one year	33,127		40,832	
Net current assets		12,548		18,240
Total assets less current liabilities		33,417		39,181
Creditors				
Amounts falling due after more than one year		2,155		4,413
		31,262		34,768
Provisions for liabilities and charges	2,259		1,881	
Deferred income				
Grants not yet credited to profit	66	2,325	150	2,031
Net assets excluding pension liability		28,937		32,737
Net pension liability		9,449		8,089
Net assets including pension liability		19,488		24,648
Capital and reserves				
Called up share capital		3,369		3,369
Share premium account		4,547		4,547
Revaluation reserve		443		443
Investment property revaluation reserve		67		67
Other reserves		1,148		1,148
Profit and loss account		9,914		15,074
Shareholders' funds				
(including non-equity interests)		19,488		24,648

*Restated for change in accounting policy

COSALT PLC
PRELIMINARY RESULTS FOR THE FIFTY-TWO WEEKS ENDED 30 OCTOBER 2005

Consolidated Cash Flow Statement

	52 weeks ended 30 October 2005		53 weeks ended 31 October 2004	
	£000s	£000s	£000s	£000s
Net cash inflow from operating activities		4,640		13,291
Returns on investments and servicing of finance				
Interest paid	(1,551)		(1,604)	
Interest received	40		27	
Interest element of finance lease payments	(52)		(70)	
Non-equity dividends paid	(4)		(4)	
		(1,567)		(1,651)
Taxation:				
Corporation tax paid		(140)		(1,610)
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(2,648)		(3,667)	
Sale of tangible fixed assets	84		2,586	
		(2,564)		(1,081)
Acquisitions and disposals		1,572		(15)
Equity dividends paid		(2,489)		(2,456)
Net cash (outflow)/inflow before use of financing		(548)		6,478
Financing:				
New loan	-		41	
Issue of share capital	-		47	
Repayment of bank and other borrowings	(2,221)		(2,383)	
Capital element of finance lease rental payments	(337)		(647)	
		(2,558)		(2,942)
(Decrease)/increase in cash		(3,106)		3,536
Reconciliation of net cash flow to movement in net debt				
(Decrease)/increase in cash		(3,106)		3,536
Cash outflow from decrease in debt and lease financing		2,558		2,989
Change in net debt from cash flows		(548)		6,525
Arrangement fees amortised		(20)		(19)
Finance leases		16		(320)
Movement in net debt in year		(552)		6,186
Net debt as at 31 October 2004		(12,282)		(18,468)
Net debt as at 30 October 2005		(12,834)		(12,282)

COSALT PLC
PRELIMINARY RESULTS FOR THE FIFTY-TWO WEEKS ENDED 30 OCTOBER 2005

Consolidated statement of total recognised gains and losses

	52 weeks ended 30 October 2005	53 weeks ended 31 October 2004
	£000s	£000s
(Loss)/profit for financial year	(1,021)	3,589
Prior year adjustments	(8,431)	-
Actuarial loss recognised on pension schemes	(2,352)	(1,237)
Deferred tax associated with pension schemes	706	371
Total gains and losses recognised since last annual report	(11,098)	2,723

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

	2005 £000s	2004 £000s
Turnover		
Industrial Services	73,340	92,845
Leisure Products	45,669	61,840
	119,009	154,685

Profit on ordinary activities before interest

Industrial Services		
Operating profit before exceptional items	3,987	4,159
Exceptional items	(929)	(2,397)
Goodwill amortisation	(188)	(163)
Operating profit	2,870	1,599
Loss on disposal of business	(169)	(211)
(Loss)/profit on disposal of fixed asset	(11)	1,075
Total Industrial Services	2,690	2,463
Leisure Products		
Operating (loss)/profit before exceptional items	(1,057)	4,550
Loss on disposal of business	-	(17)
Exceptional items	(924)	-
Total Leisure Products	(1,981)	4,533
Profit on ordinary activities before interest	709	6,996

Operating assets

The operating assets of the main activities at 30 October 2005 were as follows:

	2005 £000s	2004 £000s
Operating capital employed		
Industrial Services	26,066	30,645
Leisure Products	14,052	16,138
	40,118	46,783
Non-operating assets and liabilities *	(8,487)	(10,898)
Net borrowings	(12,143)	11,237
Total net assets	19,488	24,648

*Non-operating assets and liabilities principally represent investment properties, taxation, dividends, finance leases and pension scheme liability.

COSALT PLC
PRELIMINARY RESULTS FOR THE FIFTY-TWO WEEKS ENDED 30 OCTOBER 2005

Reconciliation of operating profit to cash flow from operating activities

	2005	2004*
	£000s	£000s
Operating profit	889	6,149
Depreciation	2,155	2,564
Impairment	-	816
Amortisation of goodwill	188	163
Capital grants income release	(84)	(23)
Decrease/(increase) in stocks	4,923	(397)
Decrease in debtors	6,176	3,302
(Decrease)/increase in creditors	(9,356)	1,506
Increase in provisions	515	140
Difference between pensions charge and cash contributions	(766)	(929)
	4,640	13,291

*restated for change in accounting policy

Analysis of changes in net debt

	At 31	Cash	Other	At 30
	October	Flows	Non Cash	October
	2004	£000s	Changes	2005
	£000s	£000s	£000s	£000s
Cash in hand and at bank	1,743	(1,511)	-	232
Overdrafts	(2,176)	(4,058)	-	(6,234)
Advances due within one year	(4,905)	2,463	-	(2,442)
	(5,338)	(3,106)	-	(8,444)
Debt due within one year	(2,167)	2,220	(1,978)	(1,925)
Debt due after one year	(3,732)	-	1,958	(1,774)
Finance leases	(1,045)	338	16	(691)
Total	(12,282)	(548)	(4)	(12,834)

COSALT PLC
PRELIMINARY RESULTS FOR THE FIFTY-TWO WEEKS ENDED 30 OCTOBER 2005

Notes to the Accounts

1. The financial information set out above does not constitute the Company's statutory accounts for the 52 weeks ended 30 October 2005 or 53 weeks ended 31 October 2004 but is derived from those accounts. Statutory Accounts for 2004 have been delivered to the Registrar of Companies, and those for 2005 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 30 October 2005 will be sent to shareholders during February 2006 and will be available after that time from the Company Secretary, Cosalt plc, Fish Dock Road, Grimsby, North East 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. During the period the Group has adopted Financial Reporting Standard 17 (Retirement Benefits) (FRS17). The impact of this change is to fully recognise the financial position of its defined benefit pensions scheme. The scheme is subject to triennial actuarial valuations, with the last formal valuation taking place as at 31 December 2004. As at 30 April and 31 October each year the financial position of the pension scheme is updated to reflect the anticipated FRS17 cost of current and past service, the expected return on post employment scheme assets, the interest on post employment plan liabilities and cash contributions made to the scheme.

The result of adopting FRS17 has been to reduce accumulated profits by £8,431,000 at 31 October 2004.

3. The figures of basic earnings per share are calculated on the loss attributable to ordinary shares of £1,021,000 (2004: profit, £3,589,000), divided by the average number of shares in issue during the period, being 13,275,169 (2004: 13,274,989).

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.

	30 October 2005	31 October 2004
Weighted average number of shares in issue	13,275,169	13,274,989
Weighted average number of dilutive share options	54,806	59,032
<hr/>		
Total number of shares for calculating diluted earnings per share	13,329,975	13,334,021

4. A final dividend of 12.75p per share is proposed and if approved will be payable on 30 March 2006 to shareholders on the register on 10 March 2006, absorbing £1,692,000.
5. This preliminary announcement was approved by the Board on 30 January 2006.