

Cosalt plc

("Cosalt" or "the Group")

Preliminary results for the 52 weeks to 28 October 2007

Cosalt announces a strong improvement in its performance and major progress towards achieving its objective of becoming a focussed provider of personal safety and protection services and equipment.

Financial Highlights

	2007	2006	% increase
Revenue	£135.13m	£124.00m	9
Operating profit	£4.95m*	£3.29m	50
Profit before tax	£2.70m*	£2.00m	35
Earnings per share	11.59p*	10.41p	11

* Before exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles

Strategic Highlights

- Market share in core Marine Safety division significantly boosted by three key acquisitions:
 - **Bofort**: access to three largest cargo ports in Europe and key cruise ports in Italy
 - **SSM**: entry into Spain and access to rapidly expanding cargo and cruise ship markets
 - **GTC**: provides major foothold in the North Sea Offshore Oil & Gas market
- In 2008 Cosalt will predominantly be a Safety & Protection business
- Strengthened balance sheet
 - Three successful share placings to help finance acquisitions
 - Gearing significantly reduced to 24% and with further cash management improvements in process
 - Flexibility to carry out further acquisitions in line with strategy
- Strengthened Board and management teams

John Kelly, Chairman of Cosalt, commented:

"Our growth strategy is clear and focussed, delivering both financial results in the short-term and building a platform for long-term profitable growth. Our markets are robust with good defensive qualities and in the case of the North Sea, growing quickly. They offer attractive roll-up acquisitions as well as organic expansion opportunities. We are confident that the 2007/08 financial year will demonstrate a third year of marked improvement in the Group's performance".

30 January 2008

ENQUIRIES:

Cosalt plc

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CHAIRMAN'S STATEMENT

Introduction

I am pleased to present our shareholders with a year of progress against our strategic objectives and the prospect of further progress in the coming years. We completed three acquisitions over the course of the year, all strengthening our core Safety business. This resulted in 50% of Group sales in 2007 coming from our Safety & Protection division, which will be the predominant source of revenue in 2008.

Group turnover for the 52 weeks to 28 October 2007 was £135 million (2006: £124 million).

Headline operating profit before tax was up 50% to £5.0 million (2006: £3.3 million) with the corresponding earnings per share up 11% to 11.59p (2006: 10.41p). The Statutory profit before tax was £1.8 million (2006: £1.9 million) after exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles with corresponding earnings per share of 10.59p (2006: 12.43p).

These results reflect the strong performance from our acquisitions in Marine Safety and continued recovery in the trading of Holiday Homes, while performance of Safety Workwear (Cosalt: Ballyclare) and Schoolwear (Banner) was relatively disappointing.

Group Strategy

Our vision is to become a leading global supplier and through life manager of critical safety equipment for people exposed to hostile environments. This is expected to be achieved through a combination of organic growth and acquisition. This strategy began to be implemented in 2007 with the Company successfully completing and integrating three acquisitions in this area over the course of the year. Consequently, we have now significantly strengthened our position in our three key market sectors of offshore oil and gas, cargo shipping and the cruise and ferry market.

We took an important first step towards delivering on our vision by acquiring the Marine Safety Division of the Bofort Group on 27 December 2006. This acquisition complemented our market leading UK Marine Safety business and gave us an important presence in Rotterdam, Antwerp and Hamburg, the top three cargo ports in Europe, as well as in Italy's two leading cruise ship ports. On 3 July we acquired Safety Systems Maritime (SSM) in Spain, adding the rapidly expanding cargo and cruise ship port of Barcelona to our foot print. As a consequence, we now operate in five of Europe's top ten container ports and in the three leading cruise ship ports in the Mediterranean.

Our next strategic step was to increase our UK lifting and inspection business by acquiring the Aberdeen-based GTC Group on 12 October. GTC is the market leader in the North Sea for the supply, repair and management of lifting equipment, serving many of the large offshore oil and gas operators. The significant scale of the acquisition of GTC represented a step-change in the Group's development and significantly enhances our core Safety business.

Dividends

As announced in the prospectus relating to the GTC acquisition and associated fundraising the Board is recommending a final dividend of 6 pence per ordinary share in issue prior to the 12 October placing of new shares, resulting in the total dividend for the year being 12 pence. That dividend will be paid on 4 April 2008 to holders of those shares on 7 March 2008.

Placings

During the year we made three successful placings. The first on 21 December 2006 was for 663,758 new ordinary shares of 25p each at a price of 256 pence per share, raising approximately £1.7 million, which helped finance the acquisition of Bofort. A further 5% placing was made on 2 April for 697,646 new ordinary shares at a price of 354 pence per share, raising approximately £2.5 million, which was used to strengthen the Group's balance sheet in anticipation of the SSM acquisition. The GTC acquisition was funded by a placing and open offer for 7,717,060 new ordinary shares at 330 pence per share raising approximately £25 million net of expenses and the issue of 2,121,212 new Cosalt shares to the GTC vendors. The excess proceeds of the Placing and Open Offer were used to strengthen the Company's balance sheet and provide the Group with greater flexibility in pursuing further acquisition opportunities.

Financing and Pensions

Despite making three acquisitions, we have structured the funding of the acquisitions such that gearing reduced significantly to 24% compared to 66% at the previous year end with further cash management improvements in process.

The Group's defined benefits pension scheme was closed to future accrual on 31 December 2006 and active members were transferred into a stakeholder defined contribution plan. The gross deficit in the pension scheme came down to £8.8 million (2006: £13.2 million).

Board Changes

We strengthened the Board during the year with the addition of Matthew Peacock and Rod Powell as Non-Executive Directors in March and July 2007 respectively. Mr Peacock, the founding partner of Hanover Investors, brings extensive experience of both the public markets and businesses going through periods of rapid growth or change. Mr Powell brings a considerable wealth of industrial expertise from 20 years in operational general management.

Outlook

Overall, we believe the market for our Safety services and products looks set to remain good with demand driven by increasing safety regulations and with exposure to the buoyant oil and gas market. We should also benefit from a full year's contribution of accretive earnings from the Bofort, SSM and GTC acquisitions. Holiday Homes is gaining momentum under new leadership and we expect improved results in Safety Workwear.

Our growth strategy is clear and focussed, delivering both financial results in the short-term and building a platform for long-term profitable growth. Our markets are robust with good defensive qualities and in the case of the North Sea, growing quickly. They offer attractive roll-up acquisitions as well as organic expansion opportunities. We are confident that the 2007/08 financial year will demonstrate a third year of marked improvement in the Group's performance.

CHIEF EXECUTIVE'S REVIEW OF OPERATIONS

Introduction

The Group has three divisions: Safety & Protection (incorporating Marine Safety and Safety Workwear), Schoolwear and Holiday Homes. A summary of their performance is set out below.

Safety & Protection

Turnover for Marine Safety increased significantly to £50.14 million (2006: £39.41 million) resulting in an improved operating profit of £4.4 million (2006: £2.7 million) before exceptionals and reflecting our strategy of increased focus on this area.

We service and provide critical marine safety equipment in the life raft, life boat, lift jacket, fire safety and lifting and inspection sectors.

The strong performance of the Bofort business, which was well ahead of both the prior year and budget, plus an additional four months of positive earnings from the SSM acquisition, more than offset the anticipated reduction in UK revenue from lower demand for immersion suits which benefited from a legislation driven boost in 2006.

With the acquisition of Bofort and SSM we now control a combined network of marine safety businesses based in the key ports of Europe. In Bofort we also have an expanding lifeboat service capability in the port of Antwerp and a well established fire safety servicing business. Bofort's business expertise and experience in these two activities will be used to develop opportunities in the other countries where we operate as well as supporting Cosalt's UK activities.

Additional regulations came into force on 1 July 2006 requiring that the annual inspection and service of lifeboats be performed by a certified third party and no longer the ship's own crew. This requirement is now the same as that for life rafts and we intend to expand our service capability to life boats where we expect strong demand in the next few years. There is also a significant life-boat inspection opportunity offshore as oil and gas platforms rely on life boats to evacuate personnel in case of an emergency.

GTC is the North Sea market leader in the supply, repair and management of lifting equipment serving many of the significant off shore oil and gas operators and the acquisition dramatically increases our lifting and inspection business service capacity and technical competency. It will not only strengthen our capability and profile in the important UK northern North Sea offshore oil and gas market but will also give us the opportunity to extend our reach to the UK southern North Sea and Norwegian sectors, enabling us to become a unique pan-North Sea provider of integrated safety services.

Another important area of opportunity arising from the acquisitions is the expansion of leasing contracts for marine safety products, where service support can now be offered to existing and new customers across the whole network in the expanding shipping, ferry and cruise markets where faster turn around times in port make leasing and replacing safety products more attractive than owning them.

Whilst taking advantage of the many opportunities to increase revenue organically we continue to appraise several complementary acquisitions in the marine safety service markets.

Marine leisure sales had another record year with sales of the award winning Crewsaver brand of lifejackets and buoyancy aids, increasing market share in both the UK and Europe. This was despite a difficult trading environment due to poor summer weather. SSM also has a strong position in the Spanish marine leisure market in addition to its main commercial marine safety business.

In Safety Workwear, we exited a number of loss making contracts and delivered on the restructuring plan. The Cosalt: Ballyclare legal entity was merged with our Marine Safety business on 31 December 2006. Exceptional charges totalling £1.3 million have been incurred on stock write downs on the exit from onerous contracts and paying for necessary redundancies. Restructuring of the business continues and we expect the benefits to be felt in the 2007/2008 financial year.

Schoolwear

Turnover was £18.48 million (2006: £19.11 million) with operating profit of £1.25 million (2006: £1.22 million) pre exceptional items.

The actions taken in 2006 by the new management team have been effective and we regained our customers' confidence in our ability to deliver on time and meet quality specifications from new sourcing in the Far East. We have decided to exit womenswear in the coming financial year, and expect continued financial benefits from these initiatives in the coming year.

Holiday Homes

Turnover increased to £49.75 million (2006: £46.64 million) resulting in an operating profit of £1.00 million (2006: £364,000) pre exceptional items.

In market conditions that remained difficult we continued to improve our results. Our market leading Custom Homes lodge business entered the 2007 season with a full order book and performed ahead of expectations for the year. The Holiday Homes caravan business benefited from some temporary housing opportunities following the floods in the summer but this could not make up for the continued softness of the market. We strengthened the management team with the appointment of a new Chief Executive highly experienced in manufacturing to complete our move to more efficient lean manufacturing. He is overseeing the move to a build-to-order production system and the multi-skilled work force can now provide batches of one to suit the current order profile.

Prospects

We have made solid progress during the year, having significantly developed our platform from which to continue growing the business within our core markets. The Group is much more focused and our predominantly regulatory driven Safety & Protection business will contribute a vast majority of the Group's revenues and earnings going forward. We continue to appraise further opportunities to increase our product and service offering while expanding our geographic footprint, and have every confidence in the Group's future prospects.

COSALT PLC
PRELIMINARY RESULTS FOR THE FIFTY-TWO WEEKS ENDED 28 OCTOBER 2007

Consolidated income statement
for the 52 weeks ended 28 October 2007

	Before exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles 52 weeks to 28 Oct 2007 £000	Exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles 52 weeks to 28 Oct 2007 £000	After exceptional gains and costs, revaluation of investment properties and amortisation of acquisition intangibles 52 weeks to 28 Oct 2007 £000	Before exceptional gains and costs and revaluation of investment properties 52 weeks to 29 Oct 2006 £000	Exceptional gains and costs and revaluation of investment properties 52 weeks to 29 Oct 2006 £000	After Exceptional gains and costs and revaluation of investment properties 52 weeks to 29 Oct 2006 £000
Revenue	135,130	-	135,130	123,995	-	123,995
Operating profit	4,952	(867)	4,085	3,294	(90)	3,204
Financial income	101	-	101	85	-	85
Financing costs	(2,356)	-	(2,356)	(1,375)	-	(1,375)
Profit before taxation	2,697	(867)	1,830	2,004	(90)	1,914
Income tax expenses	(981)	719	(262)	(621)	358	(263)
Profit for the financial period	1,716	(148)	1,568	1,383	268	1,651
Basic earnings per share	11.59p		10.59p	10.41p		12.43p
Diluted earnings per share	11.53p		10.53p	10.39p		12.40p

Consolidated balance sheet

as at 28 October 2007

	As at 28 Oct 07 £000	As at 29 Oct 06 £000
ASSETS		
<u>Non-current assets</u>		
Intangible assets – goodwill	24,273	3,268
Intangible assets – customer contacts and relationships	14,819	-
Intangible assets – computer software	1,241	1,319
Investment properties	3,900	2,062
Property plant and equipment	13,754	12,906
Investments	750	1,000
Deferred tax assets	2,525	4,060
	61,262	24,615
<u>Current assets</u>		
Inventories	25,526	21,216
Trade and other receivables	41,324	31,809
Cash and cash equivalents	2,476	151
	69,326	53,176
<u>Total assets</u>	130,588	77,791
<u>Liabilities</u>		
Non-current liabilities		
Interest bearing loans and borrowings	1,205	801
Deferred tax liabilities	4,722	655
Deferred Government grants	41	52
Provisions	-	146
Retirement benefit obligations	8,796	13,179
	14,764	14,833
<u>Current liabilities</u>		
Bank overdrafts	7,709	5,473
Interest bearing loans and borrowings	7,916	7,174
Corporation tax payable	3,501	760
Provisions	617	392
Trade and other payables	37,175	28,741
Other financial liabilities	96	297
	57,014	42,837
<u>Total liabilities</u>	71,778	57,670
<u>Net assets</u>	58,810	20,121
<u>EQUITY</u>		
Share capital	6,157	3,322
Share premium account	38,688	4,573
Other reserves	1,148	1,148
Exchange reserve	256	-
Hedging reserve	(96)	(292)
Retained earnings	12,657	11,370
<u>Total equity attributable to equity holders of the parent</u>	58,810	20,121

Consolidated statement of recognised income and expense
for the 52 weeks ended 28 October 2007

	52 weeks ended 28 Oct 07 £000	52 weeks ended 29 Oct 06 £000
Effective portion of changes in fair value of cash flow hedges net of recycling	196	(408)
Currency translation differences	256	-
Actuarial gains/(losses) on defined benefit scheme	3,602	(45)
Taxation on items taken directly to equity	(1,264)	14
Net expense recognised directly in equity	2,790	(439)
Profit for the financial period attributable to the equity Shareholders of the parent	1,568	1,651
<u>Total recognised income and expense</u>	4,358	1,212

Consolidated cash flow statement
for the 52 weeks ended 28 October 2007

	52 weeks ended 28 Oct 07 £000	52 weeks ended 29 Oct 06 £000
Cash flows from operations		
Profit for the period	1,568	1,651
Adjustments for:		
Income tax expense	262	263
Depreciation	2,633	2,304
Amortisation of intangible assets	1,027	298
Deferred government grants released	(11)	(14)
Net finance costs	2,255	1,290
Share based payment charge	55	25
Investment property gains	(1,063)	(1,119)
Pension contributions in excess of charge	(810)	(412)
Profit on disposal of property, plant and equipment	(513)	-
Cash flow before changes in working capital and provisions	5,403	4,286
(Increase)/decrease in inventories	684	(1,035)
(Increase)/decrease in trade and other receivables	3,778	(8,421)
Increase/(decrease) in trade and other payables	(6,003)	9,946
(Decrease)/increase in provisions	79	(1,039)
Net cash from operations	3,941	3,737
Interest received	112	85
Interest paid	(2,169)	(1,327)
Interest element of finance lease rentals	(54)	(30)
Dividends paid on preference shares	(4)	(4)
Income tax received/(paid)	(119)	313
Net cash from operating activities	1,707	2,774
Cash flows from investing activities		
Acquisitions of subsidiaries (net of cash acquired)	(28,384)	-
Sale of investments	250	-
Proceeds from sale of property, plant and equipment	2,049	1,444
Purchase of property, plant and equipment	(1,406)	(1,738)
Purchase of intangible assets – software	(260)	(196)
Net cash used in investing activities	(27,751)	(490)
Cash flows from financing activities		
Dividends paid to Shareholders	(2,674)	(2,490)
Finance lease principal payments	(433)	(345)
Exercise of share options and share placings	29,706	30
New loan	561	-
Repayment of bank borrowings	(1,638)	(1,702)
Net cash used in financing activities	25,522	(4,507)
Net decrease in cash and cash equivalents	(512)	(2,223)
Cash and cash equivalents at beginning of period	(10,667)	(8,444)
Effect of exchange rate fluctuations on cash held	10	-
Cash and cash equivalents at end of period	(11,179)	(10,667)
Cash	2,476	151
Overdrafts	(7,709)	(5,473)
Factoring advances	(5,946)	(5,345)
Cash and cash equivalents	(11,179)	(10,667)

COSALT PLC
PRELIMINARY RESULTS FOR THE FIFTY-TWO WEEKS ENDED 28 OCTOBER 2007

Notes to the accounts

1. The financial information set out above does not constitute the Company's statutory accounts for the 52 weeks ended 28 October 2007 or 52 weeks ended 29 October 2006 but is derived from those accounts. Statutory Accounts for 2006 have been delivered to the Registrar of Companies, and those for 2007 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 28 October 2007 will be sent to shareholders during February 2008 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.com

2. Segment reporting

(a) Primary

The Group is organised into three main business segments: Safety & Protection incorporating Marine Safety and Safety Workwear, 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. The operating business segments are organised and managed separately. During the year the Safety Workwear business was merged with Marine Safety to form Safety & Protection.

	52 weeks ended 28 Oct 07				Total £000
	Safety & Protection £000	Schoolwear £000	Holiday Homes £000	Head office* /unallocated £000	
	Revenue	66,906	18,475	49,749	
Operating profit/(loss) before exceptional items and gain on revaluations	4,119	1,248	1,004	(1,419)	4,952
Reorganisation, redundancy and impairment	(1,277)	(110)	(367)	-	(1,754)
Deficit/surplus on property disposals		525	-	(12)	513
Gain on revaluations	-	-	-	1,063	1,063
Amortisation of acquired intangibles	(689)	-	-	-	(689)
Operating profit/(loss)	2,153	1,663	637	(368)	4,085
Total assets	52,164	11,277	23,597	43,550	130,588
Total liabilities	(27,604)	(5,587)	(15,172)	(23,415)	(71,778)
Total net assets	24,560	5,690	8,425	20,235	58,810
Capital expenditure	1,400	40	391	64	1,895
Depreciation	1,929	207	368	129	2,633
Amortisation of intangible assets	909	59	52	7	1,027

52 weeks ended 29 Oct 06

	Safety & Schoolwear Protection	Schoolwear	Holiday Homes	Head office* /unallocated	Total
	£000	£000	£000	£000	£000
Revenue	58,247	19,112	46,636	-	123,995
Operating profit/(loss) before exceptional items and gain on revaluations	2,405	1,216	364	(691)	3,294
Reorganisation, redundancy and impairment	(460)	(195)	(82)	(472)	(1,209)
Surplus on property disposals	284	-	-	-	284
Gain on revaluations	-	-	-	835	835
Operating profit/(loss)	2,229	1,021	282	(328)	3,204
Total assets	35,854	11,149	26,834	9,445	83,282
Total liabilities	(17,918)	(3,660)	(15,730)	(25,853)	(63,161)
Total net assets	17,936	7,489	11,104	(16,408)	20,121
Capital expenditure	999	533	300	99	1,931
Depreciation	1,592	201	377	134	2,304
Amortisation of intangible assets	190	39	62	7	298

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

*Unallocated assets and liabilities principally represent investment properties, taxation, dividends, and pension scheme liability.

(b) *Secondary*

Geographical segments:

	External Revenue		Total Assets		Capital Expenditure	
	2007 £000	2006 £000	2007 £000	2006 £000	2007 £000	2006 £000
United Kingdom	110,264	109,913	122,234	77,791	1,286	1,931
Rest of Europe	24,866	14,082	8,354	-	609	-
	135,130	123,995	130,588	77,791	1,895	1,931

Revenue is based on the region in which the customer is located. Total assets and capital expenditure are based on the region in which the assets are located.

3. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year (adjusted for the effects of potentially dilutive options).

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 year are considered dilutive.

	2007			2006		
	Basic	Potentially dilutive share options	Diluted	Basic	Potentially dilutive share options	Diluted
Profit (£000)	1,568	-	1,568	1,651	-	1,651
Weighted average number of shares (thousands)	14,807	77	14,884	13,279	33	13,312
Earnings per share (pence)	10.59	(0.06)	10.53	12.43	(0.03)	12.40

Apart from the share award under the Cosalt Share Plan on 30 November 2007 of 49,815 shares there have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval of these financial statements which would significantly change the earnings per share calculations shown above.

4. A final dividend of 6.00 pence per share in issue prior to the 12 October 2007 placing of new shares is proposed and if approved will be payable on 4 April 2008 to holders of those shares on the register as at 7 March 2008, absorbing £886,000.

5. This preliminary announcement was approved by the Board on 29 January 2008.