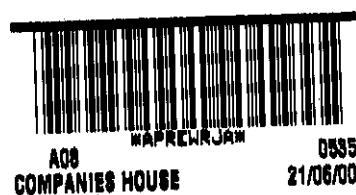


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CREWSAVER LIMITED
FINANCIAL STATEMENTS
for the fifty-two weeks ended
29th August 1999



CREWSAVER LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29TH AUGUST 1999

Contents

	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Report of the auditors to the members	4
Profit and loss account	5
Balance sheet	6
Notes	7-14

CREWSAVER LIMITED

Directors

F.W. Wood (Chairman)
A.J. Richards (Managing)
P.A. Bradbury
C.J. Hedger
M.J. Whitcombe

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the fifty-two weeks ended 29th August 1999 ("the year").

Business review

As part of a Group re-structuring, the trading operations of the company were transferred to Cosalt International Limited, a fellow subsidiary undertaking, with effect from the start of business on the 31st August 1998.

Directors

The membership of the Board is shown above. All served on the Board for the whole of the financial year.

Messrs. F.W. Wood and P.A. Bradbury retire by rotation and, being eligible, offer themselves for re-election.

Directors' shareholdings

None of the directors has any beneficial interest in the share capital of the company. The interests of Mr. Wood in the share capital of Cosalt plc, the ultimate parent company, is disclosed by that company. The interests of the other directors in the ordinary share capital of Cosalt plc are as follows:

	At 29th August 1999	At 20th August 1998
A.J. Richards	107	-
P.A. Bradbury	2,170	1,724
C.J. Hedger	446	-
M.J. Whitcombe	446	-

These holdings include shares issued under the Cosalt plc Employees' Profit Sharing Scheme.

CREWSAVER LIMITED

DIRECTORS' REPORT

(continued)

Directors' Shareholdings (continued)

Mr. P.A. Bradbury also held options to purchase Cosalt plc ordinary shares under the various Cosalt plc Executive Share Option Schemes as follows:

At 31st August 1998	Granted during year	At 29th August 1999	Exercise price	Dates from which exercisable	Expiry date
8,000	-	8,000	164p	17.12.95	16.12.02
8,000	-	8,000	111.70p	22.12.96	21.12.03
10,000	-	10,000	140p	15.12.97	14.12.04
10,000	-	10,000	219.50p	17.02.00*	16.02.04
10,000	-	10,000	232.50p	23.12.00*	22.12.04
-	<u>15,000</u>	<u>15,000</u>	204.50p	22.12.01*	22.12.05
<u>46,000</u>	<u>15,000</u>	<u>61,000</u>			

* Performance criteria must be met before exercise permitted.

No options lapsed during the year. No options were exercised during the year.

The market price of Cosalt plc ordinary shares at 29th August 1999 was 210.00p and the range during the year was 174.50p to 224.50p.

Fixed Assets

The movements in tangible fixed assets are set out in note 7 to the financial statements. In note 14 to the financial statements, additional information is provided on assets used by the company which are subject to lease agreements.

Revaluations of company property have been carried out periodically with the last professional valuation taking place during 1996.

Auditors

The auditors, KPMG Audit plc, have expressed their willingness to continue in office. In accordance with Section 384 of the Companies Act 1985, a resolution for their appointment will be proposed at the Annual General Meeting.

By order of the Board



A.B. Clark
Secretary

Fish Dock Road
Grimsby

28th April 2000

CREWSAVER LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year, and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

**REPORT OF THE AUDITORS, KPMG AUDIT PLC, TO THE MEMBERS OF
CREWSAVER LIMITED**

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 29th August 1999 and of its result for the fifty-two weeks then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Mc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Sheffield

28 April 2000

CREWSAVER LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE FIFTY-TWO WEEKS ENDED 29TH AUGUST 1999

		52 weeks ended 29th August 1999	52 weeks ended 30th August 1998
	Note	£	£
Turnover	2	<u>-</u>	<u>4,080,283</u>
Operating loss before exceptional item	3	-	(238,890)
Release of provision against inter company debtor		<u>-</u>	<u>103,000</u>
Operating loss after exceptional item		-	(135,890)
Interest payable and similar charges	4	<u>-</u>	<u>(177,548)</u>
Loss on ordinary activities before taxation		-	(313,438)
Taxation	6	<u>-</u>	<u>122,322</u>
Transferred from reserves	13	<u>-</u>	<u>(191,116)</u>

All operations are classed as discontinued.

The company has no recognised gains or losses other than the losses for the years disclosed above; accordingly, a statement of recognised gains and losses has not been included in these financial statements.

The notes on pages 7 to 14 form part of these financial statements.

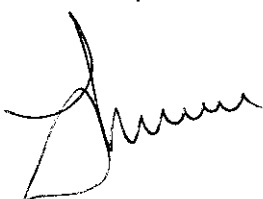
CREWSAVER LIMITED
BALANCE SHEET - 29TH AUGUST 1999

	Note	29th August 1999 £	30th August 1998* £
Fixed assets			
Tangible fixed assets	7	-	283,357
Current assets			
Stocks	8	-	821,235
Debtors	9	-	1,460,672
Bank and cash balances		<u>-</u>	<u>13,344</u>
		-	2,295,251
Creditors			
Amounts falling due within one year	10	<u>468,506</u>	<u>3,010,961</u>
Net current liabilities		(468,506)	(715,710)
Total assets less current liabilities		(468,506)	(432,353)
Provisions for liabilities and charges	11	<u>-</u>	<u>36,153</u>
Net liabilities		<u>(468,506)</u>	<u>(468,506)</u>
Capital and reserves			
Called up share capital	12	2,000	2,000
Revaluation reserve	13	-	102,848
Profit and loss account	13	<u>(470,506)</u>	<u>(573,354)</u>
Equity shareholders' funds - adverse	13	<u>(468,506)</u>	<u>(468,506)</u>

* Re-stated for change in accounting policy (note 1)

Approved by the Board on 28th April 2000

F.W. Wood - Director



The notes on pages 7 to 14 form part of these financial statements.

CREWSAVER LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

1 Accounting policies

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention, adjusted for the revaluation of leasehold land and buildings.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is a wholly owned subsidiary undertaking of a parent undertaking which publishes a consolidated cash flow statement.

In accordance with FRS12 Provisions, Contingent Liabilities and Contingent Assets, the company has changed its accounting policy for warranty costs. Previously, warranty costs were charged against the profit and loss account in the year incurred. FRS12 requires such amounts to be provided for in the balance sheet and consequently, the prior period's balance sheet has been adjusted. Details of this change are set out in Note 11.

Depreciation

Tangible fixed assets are depreciated on a straight line basis at annual rates which vary depending on the type of asset but which are generally:

Leasehold property	Over life of lease
Plant and machinery	5-20%
Motor vehicles	20-25%

Leased assets

Assets which are financed by leasing agreements transferring substantially all the risks and rewards of ownership (finance leases) are capitalised and depreciated over their useful lives. The liability to the leasing company is included in creditors. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. All other payments under lease agreements are charged in full to profit and loss account.

Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

Deferred taxation

Provision is made on the liability method for deferred taxation, arising from the different treatment of certain items for taxation and accounting purposes, unless there is reasonable probability that such deferred taxation will not be payable in the foreseeable future.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as incurred.

CREWSAVER LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at approximate rates of exchange ruling at the balance sheet date except where the transaction is to be settled at a contracted rate. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences arising are included in the profit and loss account for the year.

2 Turnover

Turnover represents the goods and services, excluding Value Added Tax, invoiced to customers arising from the principal activity of the manufacture of marine safety equipment.

The geographical analysis of turnover for 1998 was:

	£
United Kingdom	2,988,475
Overseas	<u>1,091,808</u>
	<u>4,080,283</u>

All turnover originated in the United Kingdom.

3 Operating loss before exceptional items

Operating loss before exceptional items for 1998 was arrived at after charging:

	£
Movement in stocks of finished goods and work in progress	89,408
Raw materials and consumables	1,612,148
Auditors' remuneration	9,400
Operating lease charges - plant	37,420
- other	32,295
Other external charges	901,469
Staff costs (note 5)	1,345,968
Depreciation on owned assets	50,062
Depreciation on assets held under finance leases	6,208
Other operating charges	<u>234,795</u>
	<u>4,319,173</u>

4 Interest payable and similar charges

Interest payable and similar charges for 1998 were:

	£
Capital charge by ultimate parent company	174,300
Interest on finance leases	<u>3,248</u>
	<u>177,548</u>

CREWSAVER LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

5 Directors and employees

Staff costs for 1998 were:	£
Wages and salaries	1,180,578
Social security costs	96,993
Other pension costs	<u>68,397</u>
	<u>1,345,968</u>

Aggregate emoluments of directors of the company, including pension contributions for 1998 were:

	£
For management	166,321
Compensation for loss of office	<u>30,000</u>
	<u>196,321</u>

	£
Pension contributions to money purchase pension schemes	
Included above are:	<u>19,031</u>

	Number
The number of directors accruing benefits under pension schemes in respect of qualifying services during 1998 was:	
Money purchase schemes	2
Defined benefit schemes	3
The number of directors granted share options in respect of Cosalt plc shares during the year was:	2
The average number of employees of the company during 1998 was:	
Management and administration	19
Sales and production	<u>89</u>
	<u>108</u>

CREWSAVER LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

6 Taxation

The taxation credit based on the loss on ordinary activities in 1998 was:

	£
U.K. corporation tax recoverable @ 31%	(123,000)
Deferred taxation	<u>(4,388)</u>
	(127,388)
Prior year adjustments:	
Deferred taxation	<u>5,066</u>
	<u>(122,322)</u>

7 Tangible fixed assets

	Long leasehold £	Plant and machinery £	Motor vehicles £	Total £
Cost or valuation				
At 30th August 1998	185,269	564,722	4,995	754,986
Intra group transfers	<u>(185,269)</u>	<u>(564,722)</u>	<u>(4,995)</u>	<u>(754,986)</u>
At 29th August 1999	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation				
At 30th August 1998	14,193	453,407	4,029	471,629
Intra group transfers	<u>(14,193)</u>	<u>(453,407)</u>	<u>(4,029)</u>	<u>(471,629)</u>
At 29th August 1999	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book values				
At 29th August 1999	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30th August 1998	<u>171,076</u>	<u>111,315</u>	<u>966</u>	<u>283,357</u>

The following tangible fixed assets held under finance lease agreements are included above:

	Plant and machinery	
	1999	1998
	£	£
Cost	-	55,762
Depreciation	<u>-</u>	<u>45,994</u>
Net book value	<u>-</u>	<u>9,768</u>

Property valuations were at open market value on an existing use basis.

CREWSAVER LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

7 Tangible fixed assets (continued)

If the company's property had not been revalued in 1983 and 1996, it would have been included at the following amounts

	1999 £	1998 £
Cost	-	90,796
Accumulated depreciation	<u>-</u>	<u>32,394</u>
Net book value	<u>-</u>	<u>58,402</u>
The depreciable amount of property is:	<u>-</u>	<u>185,269</u>

8 Stocks

	1999 £	1998 £
Raw materials	-	297,029
Work in progress	-	224,533
Finished goods	<u>-</u>	<u>299,673</u>
	<u>-</u>	<u>821,235</u>

9 Debtors

	1999 £	1998 £
Amounts falling due within one year:		
Trade debtors	-	1,076,370
Amounts due from fellow subsidiary undertakings	-	206,759
Group taxation relief recoverable	-	123,000
Prepayments and accrued income	<u>-</u>	<u>54,543</u>
	<u>-</u>	<u>1,460,672</u>

CREWSAVER LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

10 Creditors	1999 £	1998 £
Amounts falling due within one year:		
Bank overdraft	-	291,880
Trade creditors	-	338,286
Amounts owed to ultimate parent company	-	578,480
Amount owed to parent company	-	1,555,641
Amount owed to fellow subsidiary	465,506	-
Corporation tax	-	37,323
Other taxation	-	68,091
Social security	-	12,326
Accruals and deferred income	-	126,852
Obligations under finance leases (note 14)	-	2,082
	<u>468,506</u>	<u>3,010,961</u>

11 Provisions for liabilities and charges

	Warranty provision £	Deferred taxation £	Total £
At 31st August 1998	-	16,153	16,153
Prior year adjustment*	<u>20,000</u>	-	<u>20,000</u>
As re-stated	20,000	16,153	36,153
Transferred to fellow subsidiary company	<u>(20,000)</u>	<u>(16,153)</u>	<u>(36,153)</u>
At 29th August 1999	<u>-</u>	<u>-</u>	<u>-</u>

	1999 £	1998 £
Analysis of deferred taxation:		
Accelerated tax allowances	-	11,578
Other timing differences	-	4,575
	<u>-</u>	<u>16,153</u>

12 Called up share capital

	1999 £	1998 £
Authorised, issued and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000
1,000 deferred ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>2,000</u>	<u>2,000</u>

CREWSAVER LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

10 Creditors	1999 £	1998 £
Amounts falling due within one year:		
Bank overdraft	-	291,880
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Amounts owed to ultimate parent company	-	578,480
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	<u>468,506</u>	<u>3,010,961</u>

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At 31st August 1998	-	16,153	16,153
Prior year adjustment*	<u>20,000</u>	<u>-</u>	<u>20,000</u>
As re-stated	20,000	16,153	36,153
Transferred to fellow subsidiary company	<u>(20,000)</u>	<u>(16,153)</u>	<u>(36,153)</u>
At 29th August 1999	<u>-</u>	<u>-</u>	<u>-</u>

	1999 £	1998 £
Analysis of deferred taxation:		
Accelerated tax allowances	-	11,578
Other timing differences	<u>-</u>	<u>4,575</u>
	<u>-</u>	<u>16,153</u>

12 Called up share capital

	1999 £	1998 £
Authorised, issued and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000
1,000 deferred ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>2,000</u>	<u>2,000</u>

CREWSAVER LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

13 Reserves		1999 £	1998 £
(a) Reconciliation of movements in equity shareholders' funds:			
Loss for the financial year and net reduction In equity shareholders' funds		-	(191,116)
Opening equity shareholders' funds As previously stated		(448,506)	(257,390)
Prior year adjustment		<u>(20,000)</u>	<u>(20,000)</u>
Opening equity shareholders' funds as adjusted		<u>(468,506)</u>	<u>(277,390)</u>
Closing equity shareholders' funds (adverse)		<u>(468,506)</u>	<u>(468,506)</u>
* Restated for change in accounting policy (note 1)			
(b) Reserves			
	Revaluation reserve £	Profit and loss account £	Total £
Balance at 31st August 1998 (as previously stated)	102,848	(553,354)	(450,506)
Prior year adjustment *	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Balance as at 31st August 1998 (as previously stated)	102,848	(573,354)	(470,506)
Realised profit	<u>(102,848)</u>	<u>102,848</u>	<u>-</u>
Balance as at 29th August 1999	<u>-</u>	<u>(470,506)</u>	<u>(470,506)</u>
* Restated for change in accounting policy (note 1)			
14 Leasing Obligations		1999 £	1998 £
Future commitments due under finance leases are:			
Within one year		-	2,504
Less: future finance charges		<u>-</u>	<u>422</u>
Shown in creditors (note 10) as:		<u>-</u>	<u>2,082</u>
Amounts falling due within one year		<u>-</u>	<u>2,082</u>

CREWSAVER LIMITED

NOTES ON FINANCIAL STATEMENTS - 29TH AUGUST 1999

(continued)

14 Leasing obligations (continued)	1999 £	1998 £
Annual commitments due under non-cancellable operating leases are:		
(i) Land and buildings which expire:		
Between two and five years	-	34,415
In five years or more	-	300
	<u>-</u>	<u>34,715</u>
(ii) Plant leases which expire:		
Within one year	-	11,857
Between two and five years	-	13,240
	<u>-</u>	<u>25,097</u>

The leases of land and buildings are subject to rent reviews

15 Company pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund and amounted to £68,397 in 1998.

16 Related party transactions

The company has taken advantage of the exemption from disclosing related party transactions with other group companies, as permitted by Financial Reporting Standard 8 as the consolidated financial statements in which the company is included are publicly available.

17 Ultimate parent company and parent undertaking of larger group.

The company is a subsidiary undertaking of Cosalt plc which is the ultimate parent company, incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from Fish Dock Road, Grimsby, DN31 3NW.