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COSALT INDUSTRIAL SERVICES LIMITED

FINANCIAL STATEMENTS

**for the fifty-three weeks ended
31 October 2004**



COSALT INDUSTRIAL SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2004

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COSALT INDUSTRIAL SERVICES LIMITED

Directors

F W Wood
P A Bradbury
N R Carrick
J Traynor

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the fifty-three weeks ended 31 October 2004 ("the year").

Business review

The principal activity of the company is that of a holding company.

The results for the year are shown in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend (2003: £724,000).

Subsidiary undertakings

Details of subsidiary undertakings are shown in note 4 to the financial statements.

Directors

The membership of the Board is shown above. All served on the Board throughout the year. Mr J Traynor resigned as a director on 19 November 2004.

Directors' shareholdings

None of the directors has any beneficial interest in the share capital of the company. The interests of Messrs N R Carrick and F W Wood in the share capital of Cosalt plc, the ultimate parent company, are disclosed by that company.

The interests of the other directors in the ordinary share capital of Cosalt plc are as follows:

	At 31 October 2004	At 26 October 2003
P A Bradbury	179	2,379

COSALT INDUSTRIAL SERVICES LIMITED

DIRECTORS' REPORT

(continued)

Directors' shareholdings (continued)

Mr J Traynor also held options to purchase Cosalt plc ordinary shares under the various Cosalt plc Executive Share Option Schemes as follows:-

At 26 Oct 2003	Granted during year	Exercised during year	Lapsed during year	At 31 Oct 2004	Exercise price(p)	Dates from which exercisable	Expiry date
J Traynor							
16,500	-	-	-	16,500	179.50	28.04.03*	27.04.10
500	-	-	-	500	179.50	28.04.03*	27.04.07
17,000	-	-	-	17,000	222.50	26.04.04*	25.04.08
10,000	-	-	-	10,000	289.50	28.04.05*	27.06.09
110	-	-	-	110	346.50	04.08.06*	03.08.13
9,890	-	-	-	9,890	346.50	04.08.06*	03.08.10
<u>54,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,000</u>			

* Performance criteria of an increase in earnings per share of 2% per annum above the Retail Price Index over a rolling three-year period must be achieved before exercise is permitted.

The market price of Cosalt plc ordinary shares at 31 October 2004 was 325.00p and the range during the year was 283.50p to 392.50p.

Auditors

The auditors, KPMG Audit Plc, have expressed their willingness to continue in office.

By order of the Board



A J Robson
Secretary
Fish Dock Road
GRIMSBY

24 August 2005

COSALT INDUSTRIAL SERVICES 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 year. 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 INDEPENDENT AUDITORS KPMG AUDIT PLC TO THE MEMBERS OF COSALT INDUSTRIAL SERVICES LIMITED

We have audited the financial statements on pages 5 to 9.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 31 October 2004, and of its loss for the fifty-three weeks then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Leeds

24 August 2005

COSALT INDUSTRIAL SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE FIFTY-THREE WEEKS ENDED 31 OCTOBER 2004

	Note	53 weeks ended 31 October 2004	52 weeks ended 26 October 2003
		£	£
Operating (loss)/profit	2	<u>(1,415,000)</u>	<u>847,000</u>
(Loss)/profit for the financial year		(1,415,000)	847,000
Dividends	3	<u>—</u>	<u>(724,000)</u>
Transferred (from)/to reserves	8	<u>(1,415,000)</u>	<u>123,000</u>

All operations are classed as continuing.

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

The notes on pages 7 to 9 form part of these financial statements.

COSALT INDUSTRIAL SERVICES LIMITED

BALANCE SHEET - 31 OCTOBER 2004

	Note	31 October 2004		26 October 2003	
		£	£	£	£
Fixed assets					
Investments	4		19,000,000		21,000,000
Current assets					
Debtors	5	1,585,000		1,724,000	
Creditors					
Amounts falling due within one year	6	—		<u>724,000</u>	
Net current assets			<u>1,585,000</u>		<u>1,000,000</u>
Net assets			<u>20,585,000</u>		<u>22,000,000</u>
Capital and reserves					
Called up share capital	7		100		100
Merger reserve	8		21,999,900		21,999,900
Profit and loss account	8		<u>(1,415,000)</u>		—
Equity shareholders' funds	8		<u>20,585,000</u>		<u>22,000,000</u>

Approved by the Board on 24 August 2005



N R Carrick
Director

The notes on pages 7 to 9 form part of these financial statements.

COSALT INDUSTRIAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS - 31 OCTOBER 2004

1 Accounting policies

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

The company has taken advantage of the exemption from preparing a cashflow statement 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 cashflow statement.

Subsidiary undertakings

Group financial statements are not prepared for the company and its subsidiary undertakings by virtue of S228 of the Companies Act 1985.

2 Operating (loss)/profit	2004	2003
	£	£

Operating (loss)/profit has been arrived at after charging/(crediting):

Write down of investments	2,000,000	-
Group dividends due	<u>(585,000)</u>	<u>(847,000)</u>
	<u>1,415,000</u>	<u>(847,000)</u>

3 Dividends	2004	2003
	£	£

Proposed final dividend of £5,850 per share (2003: £7,240)	<u>585,000</u>	<u>724,000</u>
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4 Investments	£
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Shares in subsidiary undertakings

Valuation at 26 October 2003	21,000,000
Less amounts written off	<u>(2,000,000)</u>

Valuation at 31 October 2004	<u>19,000,000</u>
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The movement in the year represents a write down in the investment of Cosalt Kilbirnie One Limited

The subsidiary undertakings of Cosalt Industrial Services Limited and their principal activities are:

Cosalt International Limited	- Manufacturer and supplier of safety at sea equipment
Cosalt:Ballyclare Limited	- Manufacturer and distributor of workwear clothing
Cosalt Kilbirnie Two Limited	- Processor of synthetic carpet yarn and fibres
Cosalt Kilbirnie One Limited	- Manufacturer of fish farm cages

All subsidiaries are wholly owned and incorporated in England.

COSALT INDUSTRIAL SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS - 31 OCTOBER 2004

5 Debtors

	2004 £	2003 £
Amounts falling due within one year:		
Amount due from parent undertaking	1,000,000	877,000
Dividends receivable	<u>585,000</u>	<u>847,000</u>
	<u>1,585,000</u>	<u>1,724,000</u>

6 Creditors

	2004 £	2003 £
Amounts falling due within one year:		
Dividends payable	<u>-</u>	<u>724,000</u>

7 Called up share capital

	2004 £	2003 £
Authorised, issued and fully paid: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

8 Reserves

	Merger reserve £	Profit and loss account £	Total £
Balance at 26 October 2003	21,999,900	-	21,999,900
Loss for year	<u>-</u>	<u>(1,415,000)</u>	<u>(1,415,000)</u>
Balance at 31 October 2004	<u>21,999,900</u>	<u>(1,415,000)</u>	<u>20,584,900</u>

Reconciliation of movements in equity shareholders' funds:	2004 £	2003 £
(Loss)/profit for the financial year	(1,415,000)	847,000
Dividends	<u>-</u>	<u>(724,000)</u>
	(1,415,000)	123,000
Opening equity shareholders funds	<u>22,000,000</u>	<u>21,877,000</u>
Closing equity shareholders' funds:	<u>20,585,000</u>	<u>22,000,000</u>

COSALT INDUSTRIAL SERVICES LIMITED**NOTES ON FINANCIAL STATEMENTS - 31 OCTOBER 2004****9 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.