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W & R LEWIS LIMITED

FINANCIAL STATEMENTS

**for the seventy-four weeks ended
28 October 2001**



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W & R LEWIS LIMITED
FINANCIAL STATEMENTS
FOR THE SEVENTY-FOUR WEEKS ENDED 28 OCTOBER 2001

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The following pages do not form part of the statutory accounts:

Detailed trading and profit and loss account	Appendix 1
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W & R LEWIS LIMITED

Directors

F W Wood (Chairman)
N R Carrick
E D W Phillips
D Robinson
W A Watson

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of the company for the seventy-four weeks ended 28 October 2001 ("the period").

Business review

The principal activity of the company continues to be:

1. Importers and manufacturers of fibre rope products;
2. Manufacturers of net products;
3. Manufacturers, suppliers and testers of lifting gear.

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

The directors do not recommend the payment of a dividend.

The entire issued share capital of the company was acquired by Cosalt plc on 2 April 2001 and as a result of this the company's year end was changed to 31 October.

Directors

The membership of the Board is shown above. Messrs Carrick, Phillips and Robinson, were appointed as directors on 2 April 2001. Mr Wood who was appointed a director on 27 April 2001. Mrs E W Watson resigned as a director on the 31 March 2001.

Directors' shareholdings

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

W & R LEWIS LIMITED**DIRECTORS' REPORT**

(continued)

Mr E D W Phillips also held options to purchase Cosalt plc ordinary shares under the various Cosalt plc Executive Share Option Schemes as follows:-

Mr E D W Phillips							
At 31 May 2000	Granted during period	Exercised during period	Lapsed during period	At 28 Oct 2001	Exercise price (p)	Dates from which exercisable	Expiry date
-	11,000	-	-	11,000	222.5	26.04.04	25.04.11

* Performance criteria must be met before exercise permitted.

The market price of Cosalt plc ordinary shares at 28 October 2001 was 184p and the range during the period was 209p to 237.5p.

Fixed assets

The movement in tangible fixed assets are set out in note 8 to the financial statements. In note 16 additional information is provided on assets used by the company which are subject to lease agreements.

By order of the Board



A J Robson
Secretary
Fish Dock Road
GRIMSBY

28 January 2002

W & R LEWIS LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the period, 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 INDEPENDENT AUDITORS, KPMG AUDIT PLC TO THE
MEMBERS OF W & R LEWIS LIMITED**

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

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 28 October 2001, and of its profit for the seventy-four 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

28 January 2002

W & R LEWIS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE SEVENTY-FOUR WEEKS ENDED 28 OCTOBER 2001

		74 weeks ended 28 October 2001	year ended 31 May 2000
	Note	£	£
Turnover	2	<u>3,104,331</u>	<u>2,169,437</u>
Operating profit	3	64,814	26,461
Interest payable and similar charges	4	<u>301</u>	<u>864</u>
Profit on ordinary activities before taxation		64,513	25,597
Taxation	6	<u>18,964</u>	<u>5,933</u>
Profit for the financial period		<u>45,549</u>	<u>19,664</u>

All operations are classed as continuing.

The company has no recognised gains or losses other than the profits for the periods 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.

W & R LEWIS LIMITED

BALANCE SHEET - 28 OCTOBER 2001

	Note	28 October 2001		31 May 2000	
		£	£	£	£
Fixed Assets					
Intangible assets	7		4,709		-
Tangible fixed assets	8		58,285		70,152
Investments	9		<u>99</u>		<u>99</u>
			63,093		70,251
Current Assets					
Stocks	10	260,301		314,824	
Debtors	11	504,452		549,546	
Bank and cash balances		<u>139,030</u>		<u>16,201</u>	
		903,783		880,571	
Creditors					
Amounts falling due within one year	12	<u>319,160</u>		<u>348,655</u>	
Net current assets			<u>584,623</u>		<u>531,916</u>
Net Assets			<u>647,716</u>		<u>602,167</u>
Capital and reserves					
Called up share capital	13		22,000		22,000
Capital redemption reserve	14		2,035		2,035
Profit and loss account	14		<u>623,681</u>		<u>578,132</u>
Equity shareholders' funds	14		<u>647,716</u>		<u>602,167</u>

Approved by the Board on 28 January 2002

N R Carrick – Director



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

W & R LEWIS LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001

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 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.

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

Intangible fixed assets

Patents and licences purchased by the company are capitalised at their cost and amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of between 2 and 7 years.

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

Contributions to the group's defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' service lives.

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable, in accordance with the rules of the scheme.

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currency are translated using the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

W & R LEWIS LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001

(continued)

2 Turnover

Turnover represents the goods and services, excluding value added tax, invoiced to customers arising from the principal activities as disclosed in the Directors' Report. All turnover originated in the United Kingdom.

3 Operating profit

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

	2001 £	2000 £
Movement in stocks of finished goods and work in progress	54,523	(16,460)
Raw materials and consumables	1,799,228	1,276,315
Auditors' remuneration - audit fees	1,035	3,750
- other	-	4,482
Plant hire	2,835	4,252
Other external charges	342,389	230,013
Staff costs (note 5)	799,046	615,484
Amortisation of patents	1,058	-
Depreciation on owned assets	<u>39,403</u>	<u>25,140</u>
	<u>3,039,517</u>	<u>2,142,976</u>

W & R LEWIS LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001

(continued)

4 Interest payable and similar charges	2001	2000
	£	£
Interest on bank borrowings	301	143
Interest on finance leases and hire purchase agreements	<u>-</u>	<u>721</u>
	<u>301</u>	<u>864</u>

5 Directors and employees	2001	2000
	£	£
Staff costs:		
Wages and salaries	689,770	527,834
Social security costs	64,276	47,650
Other pension costs	<u>45,000</u>	<u>40,000</u>
	<u>799,046</u>	<u>615,484</u>

Emoluments of the directors of the company were:

Remuneration for management:	<u>147,517</u>	<u>159,567</u>
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Total remuneration of the highest paid director was £135,867 2000: £138,111) including £45,000 (2000: £40,000) of pension contributions.

	Number	Number
The number of directors accruing benefits under defined benefit pension schemes in respect of qualifying service was:	3	-
The number of directors granted share options in respect of Cosalt plc shares during the period was:	3	-

W & R LEWIS LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001

(continued)

5 Directors and employees (continued)

	2001	2000
The average number of employees of the company during the period was:		
Management and administration	11	10
Sales and distribution staff	<u>17</u>	<u>20</u>
	<u>28</u>	<u>30</u>

6 Taxation

	2001	2000
	£	£
The taxation charge based on the profit on ordinary activities is:		
UK corporation tax payable at 30% (2000: 30%)	22,750	5,933
Deferred taxation	<u>(2,872)</u>	<u>-</u>
	19,878	5,933
Adjustments in respect of prior years:		
Deferred taxation	<u>(914)</u>	<u>-</u>
	<u>18,964</u>	<u>5,933</u>

7 Intangible Assets

	Patents & Licences
	2001
	£
Cost	
At 1 June 2000	-
Additions	<u>5,767</u>
At 28 October 2001	<u>5,767</u>
Amortisation	
At 1 June 2000	-
Charge for period	<u>1,058</u>
At 28 October 2001	<u>1,058</u>
Net book amount	
At 28 October 2001	<u>4,709</u>

W & R LEWIS LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001

(continued)

8 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 June 2000	69,004	99,303	168,307
Additions	22,991	10,995	33,986
Disposals	—	(25,145)	(25,145)
At 28 October 2001	<u>91,995</u>	<u>85,153</u>	<u>177,148</u>
Depreciation			
At 1 June 2000	47,026	51,129	98,155
Charged to profit and loss account	13,670	25,733	39,403
Eliminated in respect of disposals	—	(18,695)	(18,695)
At 28 October 2001	<u>60,696</u>	<u>58,167</u>	<u>118,863</u>
Net book values			
At 28 October 2001	<u>31,299</u>	<u>26,986</u>	<u>58,285</u>
At 31 May 2000	<u>21,978</u>	<u>48,174</u>	<u>70,152</u>

W & R LEWIS LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001

(continued)

9 Investments	2001	2000
	£	£
Cost and net book value		
At 1 June 2000 and 28 October 2001	<u>99</u>	<u>99</u>
10 Stocks	2001	2000
	£	£
Finished goods	<u>260,301</u>	<u>314,824</u>
11 Debtors	2001	2000
	£	£
Amounts falling due within one year:		
Trade debtors	466,143	532,824
Amounts due from fellow subsidiary undertakings	25,108	8,763
Deferred taxation	3,786	-
Prepayments and accrued income	<u>9,415</u>	<u>7,959</u>
	<u>504,452</u>	<u>549,546</u>
12 Creditors	2001	2000
	£	£
Amounts falling due within one year:		
Trade creditors	207,119	249,043
Amounts owed to fellow subsidiary undertakings	37,841	-
Corporation tax	22,750	5,933
Other taxation	31,605	26,884
Accruals and deferred income	<u>19,845</u>	<u>66,795</u>
	<u>319,160</u>	<u>348,655</u>

W & R LEWIS LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001

(continued)

13 Called up share capital	2001 £	2000 £
Authorised:		
14,000 'A' ordinary shares of £1 each	14,000	14,000
8,000 'B' ordinary shares of £1 each	8,000	8,000
3,000 ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>
	<u>25,000</u>	<u>25,000</u>
Issued and fully paid:		
14,000 'A' ordinary shares of £1 each	14,000	14,000
8,000 'B' ordinary shares of £1 each	<u>8,000</u>	<u>8,000</u>
	<u>22,000</u>	<u>22,000</u>

14 Reserves		2001 £	2000 £
a) Reconciliation of movements in equity shareholders' funds			
Profit for the financial year		45,549	19,664
Opening equity shareholders' funds		<u>602,167</u>	<u>582,503</u>
Closing equity shareholders' funds		<u>647,716</u>	<u>602,167</u>
b) Profit and loss account			
	Capital redemption reserve £	Profit and loss account £	Total £
Balance at 1 June 2000	2,035	578,132	580,167
Profit for the period	<u>-</u>	<u>45,549</u>	<u>45,549</u>
Balance at 28 October 2001	2,035	623,681	625,716

15 Deferred taxation

	Accelerated capital allowances
At 1 June 2000	-
Deferred taxation	<u>(3,786)</u>
At 28 October 2001	<u>(3,786)</u>

W & R LEWIS LIMITED

NOTES ON FINANCIAL STATEMENTS - 28 OCTOBER 2001

(continued)

16 Leasing obligations

	2001	2000
Annual commitments due under non-cancellable operating leases are:		
Land and buildings leases which expire:		
Between two and five years	38,380	-
After five years	<u>-</u>	<u>38,380</u>
	<u>38,380</u>	<u>38,380</u>
Plant leases which expire:		
Within one year	4,252	-
Between two and five years	<u>-</u>	<u>4,252</u>
	<u>4,252</u>	<u>4,252</u>

17 Pension commitments

The company is part of the Cosalt plc group which operates several pension schemes, the major one being of the defined benefit type, and the assets of these schemes are held in separate trustee administered funds. This scheme was closed to new entrants on 25 July 2000 and replaced by a defined contribution scheme.

A new pension cost accounting standard, Financial Reporting Standard 17 (FRS17), was issued in November 2000 and although full compliance is not mandatory for the company until the year ending October 2003, prior to this, transitional disclosure rules apply.

Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits' the scheme will be accounted for by the company when the accounting standard is fully adopted by the company as if the scheme was a defined contribution scheme.

The FRS 17 transitional disclosures for the scheme are shown in the consolidated accounts of Cosalt plc, the ultimate parent company.

Contributions of £45,000 (2000: £40,000) were made to the company's defined contribution scheme during the period and are charged to the profit and loss account as they become payable.

18 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 No. 8 as the consolidated financial statements in which the company is included are publicly available.

19 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.