



Company Registration No.
SC10713

BARBOUR THREADS LIMITED

Report and Financial Statements for the Year ended

31 December 2002

COUNTRY OF REGISTRATION:

SCOTLAND

REGISTERED OFFICE:

PACIFIC HOUSE
70 WELLINGTON STREET
GLASGOW
G2 6UB

DIRECTORS:

G J C ALDRIDGE
G C MEREDITH
C W HEALEY
J A MCVICKER

SECRETARY:

G J C ALDRIDGE

AUDITORS:

DELOITTE AND TOUCHE
MANCHESTER

BARBOUR THREADS LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

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BARBOUR THREADS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 31 December 2002.

REVIEW OF BUSINESS

The company did not trade during the current year and consequently did not incur any liabilities and has no recognised gains and losses or movements in shareholders funds. The directors do not recommend the payment of a dividend (2001: £nil).

DIRECTORS

The following served as directors during the year or were appointed after the year end:

A W Foran (resigned 24 December 2002)

J A McVicker

C Healy

M Perks (resigned 24 December 2002)

J D Lea (resigned 24 December 2002)

G J C Aldridge

S W Davies (resigned 31 March 2003)

G J Meredith (appointed 31 March 2003)

DIRECTORS INTERESTS

Details of the directors interests in the ordinary shares and options over the ordinary shares of Coats plc are shown below

	31/12/02	31/12/01
J A McVicker	30,000	30,000
Christopher Healy	4,000	4,000
G Aldridge	-	-
S Davies	-	-

AUDITORS

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the company in general meeting and the appointment of Auditors annually are currently in force. The auditors Deloitte & Touche will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which copies of this report and accounts are sent to members unless a resolution is passed under section 393 of the Companies Act 1985 to the effect that their appointment be brought to an end.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (Continued)

The following share options in Coats plc have been granted and not exercised:

	<u>Options Granted</u>	<u>Price per Share</u>	<u>Period of Option</u>	<u>Number of Shares</u>
1984 Executive Share Option Scheme	1994	251.50p	2003 to 2004	5,000
1994 Executive Share Option Scheme	1994 to 2001	42.00p to 214.50p	2003 to 2011	805,000
2002 Executive Share Option Scheme	2002	52.50p	2003 to 2012	50,000

Other than the foregoing, the directors have no beneficial interest in the shares of Coats plc.

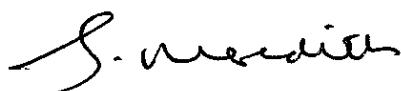
DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the result of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume 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 are also responsible for the system of internal controls, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



Director

30/7/2003

BARBOUR THREADS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARBOUR THREADS LIMITED

We have audited the financial statements of Barbour Threads Limited for the year ended 31 December 2002, which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders' funds and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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

As described in the statement of directors' responsibilities set out on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 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.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

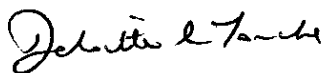
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte and Touche
Chartered Accountants and Registered Auditors
Manchester

31 July 2003

BARBOUR THREADS LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
OPERATING LOSS		-	-
Exceptional loss on disposal of trade and assets	5	-	(453)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	(453)
Tax credit on loss on ordinary activities	4	-	-
RETAINED LOSS FOR THE YEAR		-	(453)

The company has no recognised gains or losses in the years ended 31 December 2002 and 31 December 2001 other than the loss for the year and accordingly no Statement of Total Recognised Gains and Losses has been included.

BARBOUR THREADS LIMITED

BALANCE SHEET

31 December 2002

	Notes	2002 £'000	2001 £'000
Debtors falling due after more than one year	6	12,815	12,815
TOTAL ASSETS LESS CURRENT LIABILITIES		12,815	12,815
CREDITORS: amounts falling due after more than one year	7	(9,397)	(9,397)
		3,418	3,418
EQUITY SHAREHOLDERS' FUNDS			
Called up share capital	8	8,105	8,105
Profit and loss account		(4,687)	(4,687)
TOTAL EQUITY SHAREHOLDERS' FUNDS		3,418	3,418

Approved by the Board of Directors on 30 / 7 / 2003.
On behalf of the Board



Director
Barbour Threads Limited

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

BARBOUR THREADS LIMITED

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS Year ended 31 December 2002

	2002 £'000	2001 £'000
Loss for the financial year	-	(453)
Net reduction in shareholders' funds	-	(453)
Opening shareholders' funds	3,418	3,871
Closing shareholders' funds	3,418	3,418

NOTES TO THE ACCOUNTS
Year ended 31 December 2002

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention as modified to include the revaluation of certain tangible fixed assets and in accordance with applicable accounting and financial reporting standards.

Taxation

Coats plc. has assumed the responsibility for discharging any liability for United Kingdom corporation tax, current or deferred, for accounting periods during which the Company remains a member of the Coats Group. The Directors have received assurances that:

- (i) there is no intention to revoke the undertaking to discharge the taxation liabilities of the Company for those periods, and
- (ii) full provision for deferred taxation has been made by Coats plc. in respect of the Company.

Foreign currencies

Foreign currency assets and liabilities are expressed in sterling at exchange rates ruling at the year end. Transactions in the normal course of business are expressed at the rates ruling at the dates of transactions and any exchange gains or losses arising are dealt with in the profit and loss account.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £'000	2001 £'000
This is stated after (crediting):		
Profit on disposal of tangible fixed assets	-	(42)

3. STAFF COSTS AND DIRECTORS EMOLUMENTS

There were no employees of the company during the year (2001: Nil). The directors did not receive any emoluments in respect of their services to the company during the current year (2001: £Nil).

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

4. TAXATION

Any UK tax liability which may arise and is not eliminated by the offset of double taxation relief and the receipt of Group Relief and/or Advance Corporation Tax, for neither of which payment will be made will be discharged by Coats plc.

5. EXCEPTIONAL LOSS ON DISPOSAL OF TRADE AND ASSETS

On 1 January 2001, the company disposed of all of its trade, assets and liabilities to Coats (UK) Limited, a fellow subsidiary undertaking of Coats Plc. The consideration paid was by way of the intercompany loan balance between the two companies.

6. DEBTORS

	2002 £'000	2001 £'000
Amounts falling due after more than one year		
Due from group undertakings	12,815	12,815

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £'000	2001 £'000
Due to group undertakings	9,397	9,397
	9,397	9,397

Amounts due from Group undertakings are not subject to any predetermined repayment terms or interest rates.

8. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised, allotted, called up and fully paid 810,500 Ordinary Shares of £10 each	8,105	8,105

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

9. CASH FLOW STATEMENT

Coats Plc has prepared a consolidated cash flow statement which includes the cash flows of the company. The company has therefore taken advantage of the exemption under FRS1 (Revised 1996) Cash Flow Statements not to prepare a cash flow statement.

10. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption provided by FRS 8 (Related Party Disclosures) in not disclosing transactions with other group companies where there is a common ownership interest in excess of 90% and where such transactions are eliminated on consolidation.

11. ULTIMATE PARENT COMPANY

At the year end the company's ultimate parent company was Coats plc, a company incorporated in England and Wales and for which group accounts are prepared. Copies of the Group financial statements are available from the parent company's registered office at 1 The Square, Stockley Park, Uxbridge, Middlesex UB11 1TD.

As at 7th April 2003, Coats Holdings plc (formerly Avenue Acquisition plc) acquire Coats plc, and Coats Group Limited, a company incorporated in the British Virgin Islands, became the ultimate parent company.