

BARBOUR THREADS LIMITED

Report and Financial Statements for the Year end

31 December 2004

COUNTRY OF REGISTRATION:

SCOTLAND

REGISTERED OFFICE:

**PACIFIC HOUSE
70 WELLINGTON STREET
GLASGOW
G2 6UB**

DIRECTORS:

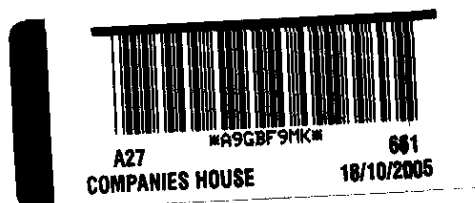
**G J C ALDRIDGE
G C MEREDITH
R BEVAN**

SECRETARY:

G J C ALDRIDGE

AUDITORS:

**DELOITTE AND TOUCHE
MANCHESTER**



BARBOUR THREADS LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 2004.

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 (2003: £nil).

2. DIRECTORS

The following served as Directors during the year:-

G.J.C. ALDRIDGE	
C.W. HEALY	(resigned 30 July 2004)
G.C. MEREDITH	
R.BEVAN	(appointed 30 July 2004)

DIRECTORS INTERESTS

As at 31 December 2003 or date of appointment if later, and 31 December 2004, the Directors did not have any beneficial interest in the shares of this or any other group company at the year end.

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



28/6/2005

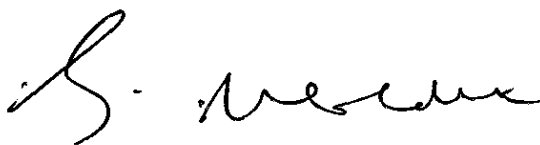
BARBOUR THREADS LIMITED**BALANCE SHEET**
31 December 2004

	Notes	2004 £'000	2003 £'000
Debtors falling due after more than one year	3	12,815	12,815
TOTAL ASSETS LESS CURRENT LIABILITIES		12,815	12,815
CREDITORS: amounts falling due after more than one year	4	(9,397)	(9,397)
		3,418	3,418
EQUITY SHAREHOLDERS' FUNDS			
Called up share capital	5	8,105	8,105
Profit and loss account		(4,687)	(4,687)
TOTAL EQUITY SHAREHOLDERS' FUNDS		3,418	3,418

The company is entitled to exemption under Subsection (1) of Section 249AA of the Companies Act 1985 in respect of its accounts for the year ended 31 December 2004. No members have required the company to obtain an audit of its accounts for the year in question in accordance with Section 249B(2). The directors acknowledge their responsibilities for ensuring that the company keeps accounting records that comply with responsibilities for preparing accounts which give a true and fair views of the state of affairs of the company as at the end of the financial year in accordance with Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

Approved by the Board of Directors on 28/6 / 2005.

On behalf of the Board



Director

BARBOUR THREADS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2004

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting and financial reporting standards.

2. PROFIT AND LOSS ACCOUNT

The company has not traded during the year and has made neither a profit nor loss in the year or the preceding year and accordingly no profit and loss account has been prepared. There were no other recognised gains or losses or movements in shareholders' funds in either year. None of the directors received any emoluments in respect of their services to the company in the current or prior year. There were no employees of the company in either year.

3. DEBTORS

	2004	2003
	£'000	£'000
Amounts falling due after more than one year		
Due from group undertakings	12,815	12,815

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

	2004	2003
	£'000	£'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.

5. CALLED UP SHARE CAPITAL

	2004	2003
	£'000	£'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 2004

6. ULTIMATE PARENT COMPANY

From 1 January 2004 to 31 March 2004, the ultimate parent company and controlling party was Coats Group Limited, a company incorporated in the British Virgin Islands.

At 1 April 2004, Guinness Peat Group plc, a company incorporated in England and Wales, became the ultimate parent company and controlling party. The consolidated accounts for this company can be obtained from its registered office at First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP.

The smallest group of which this Company is a member and for which consolidated accounts are prepared is Coats Holdings Limited, a company incorporated in England and Wales. Copies of its accounts are available from the Company's registered office at 1 The Square, Stockley Park, Uxbridge, Middlesex UB11 1TD.