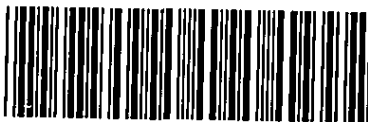


Registered No: 332517

Coats Statutory Company No: 453

**TOOTAL THREAD LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2006**

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**TOOTAL THREAD LIMITED**

**DIRECTORS' REPORT**

The directors present their report and accounts for the year ended 31 December 2006

**PRINCIPAL ACTIVITIES**

The principal activity of the company is the holding of investments in subsidiary companies. Income is principally derived from dividends and royalties.

**REVIEW OF THE BUSINESS**

Results for the year are shown in the profit and loss account on page 7. The balance sheet of the company is shown on page 8.

During the year the company purchased shares in subsidiary undertakings for a total consideration of \$14,749,000 and disposed of subsidiary undertakings with a book value of \$3,396,000 making a profit of \$6,068,000 (2005: \$nil). The company made provisions during the year against investments of \$1,425,000 (2005: \$3,971,000). The company's investments are shown in note 8.

The directors do not recommend the payment of a final dividend (2005: \$nil).

The Directors do not foresee a change in the company's activities in the foreseeable future.

**PRINCIPAL RISKS AND UNCERTAINTIES**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the Coats plc group and are not managed separately. Accordingly, the principal risks and uncertainties of Coats plc, which include those of the company, are discussed in Coats plc's annual report which does not form part of this report.

**DIRECTORS**

The following persons served as directors of the Company throughout the period, except as set out below:

R Bevan  
M J Smithyman  
G J C Aldridge (resigned 16 August 2006)  
Coats Patons Limited (appointed 8 December 2006)

**SECRETARY**

At the date of this report, the company secretary is Coats Patons Limited.

**TOOTAL THREAD LIMITED****DIRECTORS' REPORT (Continued)****DIRECTORS' INTERESTS**

None of the directors have any beneficial interest in the shares of the company. Mr Smithyman holds 'B' shares in the intermediate parent company, Coats plc and has an interest in the shares of the ultimate parent company, Guinness Peat Group plc, details of which are shown in the accounts of Coats plc. Mr Bevan holds 'A' shares in Coats plc, details of which are shown in the accounts of J. & P Coats Limited, a fellow subsidiary undertaking.

**FINANCIAL RISK  
MANAGEMENT**

The company's treasury policy is determined by the Board of Directors of Coats plc who govern the management of financial risks within the Coats plc group. In accordance with this policy, the financial risk exposures are actively monitored and the use of financial instruments, such as derivatives, is permitted. However, under the treasury policy speculative transactions are not permitted.

**LIQUIDITY RISK**

The company is part of the Coats plc group of companies which actively maintains a mixture of long-term and short-term debt finance that is designed to ensure that the group has sufficient available funds for its operations.

**INTEREST RATE RISK**

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets and liabilities include cash and certain balances due to and from group undertakings, which primarily earn and bear interest at floating rates. The company did not use interest rate derivatives during the year. However, the Coats plc group of companies may from time to time use interest rate derivatives to manage the group's exposure to interest rate fluctuations.

**CURRENCY RISK**

The company's activities expose it to foreign exchange risk in respect of non-US\$ denominated royalties and licensing income and inter-company balances. Wherever possible the foreign exchange risk is minimised including through the use of foreign exchange forward contracts.

**TOOTAL THREAD LIMITED****DIRECTORS' REPORT (Continued)****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 and Touche LLP, 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 as passed under section 393 of the Companies Act 1985 to the effect that their appointment is brought to an end.

**DIRECTORS'  
RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**TOOTAL THREAD LIMITED**

**DIRECTORS' REPORT (Continued)**

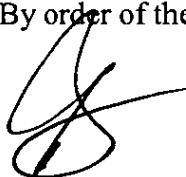
**DISCLOSURE OF  
INFORMATION  
TO AUDITORS**

The Directors, in office at the date of this Report, have each confirmed that

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and
- each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

By order of the Board

A handwritten signature in black ink, consisting of a large, stylized 'G' or 'S' shape with a horizontal line extending to the right.

Director

23 April 2007

Registered office.

1 The Square  
Stockley Park  
Uxbridge  
Middlesex  
UB11 1TD

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOOTAL THREAD LIMITED**

We have audited the financial statements of Tootal Thread Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 17. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 the information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

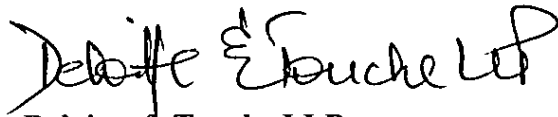
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOOTAL THREAD LIMITED (continued)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2006 and of its profit for the year ended 31 December 2006,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

A handwritten signature in black ink, appearing to read 'Deloitte & Touche LLP', is written over the printed name of the firm.

**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom  
23 April 2007

**TOTAL THREAD LIMITED****PROFIT AND LOSS ACCOUNT****Year ended 31 December 2006**

	Notes	<b>2006</b> <b>\$'000</b>	2005 \$'000
Administrative expenses		(30)	(30)
Other operating income		<u>2,831</u>	<u>2,590</u>
<b>OPERATING PROFIT</b>	2	<b>2,801</b>	<b>2,560</b>
Profit on disposal of subsidiary undertakings	8	498	-
Profit on dissolution of subsidiary undertakings	8	5,570	-
Provision against investment in and loans to subsidiary undertakings	8	(1,425)	(3,971)
Income from shares in group companies		22,033	17,688
Interest receivable and similar income	4	643	70
Interest payable and similar charges	5	<u>(88)</u>	<u>(459)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>30,032</b>	<b>15,888</b>
Tax on profit on ordinary activities	6	<u>(338)</u>	<u>(2,324)</u>
<b>PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES</b>	14	<b><u>29,694</u></b>	<b><u>13,564</u></b>

All results derive solely from continuing operations

There are no recognised gains and losses other than those shown above and consequently no statement of recognised gains and losses is presented

The notes on pages 10 to 17 form part of these financial statements



**TOOTAL THREAD LIMITED****BALANCE SHEET****As at 31 December 2006**

	Notes	<b>2006</b> <b>\$'000</b>	<b>2005</b> <b>\$'000</b>
<b>FIXED ASSETS</b>			
Goodwill	7	370	398
Investments	8	81,559	71,631
		<u>81,929</u>	<u>72,029</u>
<b>CURRENT ASSETS</b>			
Debtors amounts falling due within one year	9	2,573	2,259
Debtors amounts falling due after more than one year	9	52,307	28,000
Cash at bank and in hand		7,000	68
		<u>61,880</u>	<u>30,327</u>
Creditors amounts falling due within one year	10	(249)	(222)
<b>NET CURRENT ASSETS</b>		<u>61,631</u>	<u>30,105</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>143,560</b>	<b>102,134</b>
Creditors amounts falling due after more than one year	11	(14,322)	(2,590)
<b>NET ASSETS</b>		<u><u>129,238</u></u>	<u><u>99,544</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	13	67,689	67,689
Profit and loss account	14	61,549	31,855
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<u><u>129,238</u></u>	<u><u>99,544</u></u>

Approved by the Board of Directors on 23 April 2007 and signed on their behalf.

\_\_\_\_\_  
Director

The notes on pages 10 to 17 form part of these financial statements

**TOTAL THREAD LIMITED****RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS****Year ended 31 December 2006**

	<b>2006</b>	2005
	<b>\$'000</b>	\$'000
Retained profit for the financial year	<b>29,694</b>	13,564
Opening shareholders' funds	<b>99,544</b>	85,980
Closing shareholders' funds	<b><u>129,238</u></b>	<b><u>99,544</u></b>

The notes on pages 10 to 17 form part of these financial statements

**TOOTAL THREAD LIMITED****NOTES TO THE ACCOUNTS  
YEAR ENDED 31 DECEMBER 2006****1. STATEMENT OF ACCOUNTING POLICIES**

<b>Basis of Accounting</b>	The accounts are prepared on the basis of historical cost and in accordance with applicable United Kingdom accounting standards
<b>Foreign Currencies</b>	<p>The Directors consider US dollars (\$) to be the company's functional currency. Accordingly, these financial statements are presented in \$. At 31 December 2006, the closing exchange rate to sterling was \$1/£0 51 (2005 \$1/£0 58) and the average exchange rate to sterling for the year ended 31 December 2006 was \$1/£0 54 (2005 \$1/£0 55).</p> <p>Transactions denominated in foreign currencies are translated into US dollars at the rates of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at the balance sheet date. Exchange gains or losses are included in the profit and loss account.</p>
<b>Taxation</b>	<p>Coats Holdings Ltd 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</p> <ol style="list-style-type: none"> <li>(i) there is no intention to revoke the undertaking to discharge the taxation liabilities of the company for those periods, and</li> <li>(ii) full provision for deferred taxation has been made by Coats Holdings Ltd in respect of the company</li> </ol>
<b>Licensing Income</b>	Licensing income is credited to profit and loss account in the year to which it relates
<b>Investments</b>	Fixed asset investments are stated at cost unless, in the opinion of the directors, there has been an impairment in value, in which case an appropriate adjustment has been made
<b>Goodwill</b>	Goodwill acquired is capitalised and amortised to the profit and loss account over its estimated useful life which will not exceed twenty years

**TOOTAL THREAD LIMITED****NOTES TO THE ACCOUNTS (Continued)  
YEAR ENDED 31 DECEMBER 2006****1. STATEMENT OF ACCOUNTING POLICIES (continued)****Cash flow statement  
and related party  
transactions**

The company is a wholly owned subsidiary of Guinness Peat Group plc and is included in the consolidated financial statements of Guinness Peat Group plc which are publicly available. Consequently the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions (but not balances) with entities that are part of the Guinness Peat Group or investees of the Guinness Peat Group.

**Group accounts**

Under the provisions of Section 228 of the Companies Act 1985 the company is exempt from the obligation to prepare and deliver group financial statements as it is included in the consolidated financial statements of Guinness Peat Group plc. Accordingly, these financial statements present information about the company as an individual entity and not as a group.

**2. OPERATING PROFIT**

Operating profit is after (crediting)/charging

	2006 \$'000	2005 \$'000
Royalties and licensing income	(2,831)	(2,590)
Goodwill amortisation	28	29
Other	2	1
	<u>(2,801)</u>	<u>(2,560)</u>

Auditors' remuneration of \$9,000 (2005. \$9,000) was borne by a fellow group company

**3. DIRECTORS AND EMPLOYEES**

The directors received no remuneration for their services to the company (2005 \$Nil). There were no other employees (2005 Nil) and consequently employee costs for the year were \$Nil (2005 \$Nil).

**TOOTAL THREAD LIMITED****NOTES TO THE ACCOUNTS (Continued)  
YEAR ENDED 31 DECEMBER 2006****4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2006 \$'000	2005 \$'000
Bank interest	92	27
Group undertakings	551	43
	<u>643</u>	<u>70</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2006 \$'000	2005 \$'000
Other	88	459
	<u>88</u>	<u>459</u>

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2006 \$'000	2005 \$'000
UK taxation based on the profit for the year.		
Corporation tax at 30% (2005 30%)	5,123	5,327
Double taxation relief	(5,123)	(5,327)
	<u>-</u>	<u>-</u>
Overseas taxation	338	415
Prior year adjustment – group relief	-	1,909
	<u>338</u>	<u>2,324</u>

**TOOTAL THREAD LIMITED****NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 DECEMBER 2006****6 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

The standard rate of current tax for the year, based on UK standard rate of corporation tax, is 30% (2005 30%) The current tax charge for the year is lower than 30% for the reasons set out in the following reconciliation

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit on ordinary activities before tax	<b>30,032</b>	<b>15,888</b>
Tax on profit on ordinary activities at standard rate	<b>9,010</b>	<b>4,766</b>
Adjusted for the effects of		
Expenses disallowed for tax purposes	<b>433</b>	<b>1,337</b>
Income not liable to taxation	<b>(1,820)</b>	<b>(139)</b>
Intra-group dividends not covered by double tax relief	<b>1,436</b>	<b>1,506</b>
Double tax relief	<b>(5,123)</b>	<b>(5,327)</b>
Withholding tax on remittances	<b>338</b>	<b>415</b>
Group relief received for nil consideration	<b>(3,936)</b>	<b>(2,143)</b>
Prior year adjustment – group relief	<b>-</b>	<b>1,909</b>
	<b>338</b>	<b>2,324</b>

No overseas tax has been provided on overseas income other than withholding tax as shown above suffered on the remittance of dividends and royalties Any United Kingdom corporation tax liability which may arise and is not eliminated by offset of double taxation relief and the receipt of group relief for which payment will not be made, will be discharged by Coats Holdings Ltd

**7. GOODWILL**

The goodwill capitalised in the balance sheet is as follows

	<b>\$'000</b>
<b>COST</b>	
At 1 January 2006 and 31 December 2006	<b>568</b>
<b>AMORTISATION</b>	
At 1 January 2006	<b>170</b>
Charge for the year	<b>28</b>
<b>At 31 December 2006</b>	<b>198</b>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<b>370</b>
At 31 December 2005	<b>398</b>

**TOOTAL THREAD LIMITED****NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 DECEMBER 2006**

<b>8. INVESTMENTS</b>	<b>Subsidiary Undertakings</b>		<b>Unlisted Invest- ments</b>	
	<b>Shares</b>	<b>Loans</b>	<b></b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>COST</b>				
At 1 January 2006	92,752	2,024	41	94,817
Additions	14,749	-	-	14,749
Disposals	(3,895)	(2,195)	-	(6,090)
Foreign exchange	-	171	-	171
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 31 December 2006</b>	<b>103,606</b>	<b>-</b>	<b>41</b>	<b>103,647</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>PROVISIONS</b>				
At 1 January 2006	(21,162)	(2,024)	-	(23,186)
Provided in the year	(1,425)	-	-	(1,425)
Disposals	499	2,195	-	2,694
Foreign exchange	-	(171)	-	(171)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 31 December 2006</b>	<b>(22,088)</b>	<b>-</b>	<b>-</b>	<b>(22,088)</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>NET BOOK VALUE</b>				
<b>At 31 December 2006</b>	<b>81,518</b>	<b>-</b>	<b>41</b>	<b>81,559</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2005	71,590	-	41	71,631
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

During the year, the company acquired investments in group companies from J & P Coats Limited, a fellow group company, for a consideration totalling \$14,322,000 and also subscribed for shares in Coats Industrial Tunisie SARL and Coats Trading Tunisie SARL for a consideration of \$427,000

The company sold its investment in Irish Sewing Limited during the year to a fellow group undertaking for a consideration of \$498,000 resulting in a profit on disposal of \$498,000. The company also disposed of its investment in Coats Expotex A B to a fellow group undertaking for a consideration of \$2,138,000 resulting in no profit or loss on disposal.

The company's investment in Coats Australia Pty Limited was reduced by \$1,258,000 during the year following a capital reduction.

During the year it was determined that the company's investment in Coats Industrial New Zealand Limited, which was held at nil book value, is to be dissolved and as a result a profit of \$5,398,000 arose following the forgiveness of inter-company balances.

Westport Doubling Company, which was also held at nil book value, has been dissolved. A profit on dissolution of \$172,000 arose following the forgiveness of inter-company balances.

A list of principal subsidiary undertakings is shown in note 16 of these accounts.

**TOOTAL THREAD LIMITED****NOTES TO THE ACCOUNTS (Continued)**  
**YEAR ENDED 31 DECEMBER 2006****8. INVESTMENTS (Continued)**

At 31 December 2006 and 2005 the company held 0.499% of the share capital of Coats Fabra SA, an unlisted company, which is incorporated in Spain. The company manufactures and markets sewing thread

**9. DEBTORS**

	2006 \$'000	2005 \$'000
<b>Amounts falling due within one year</b>		
Amounts owed by subsidiary undertakings	2,551	2,248
Other debtors	22	11
	<u>2,573</u>	<u>2,259</u>
<b>Amounts falling due after more than one year</b>		
Amounts owed by intermediate parent company and fellow subsidiary undertakings	<u>52,307</u>	<u>28,000</u>

**10. CREDITORS**

	2006 \$'000	2005 \$'000
<b>Amounts falling due within one year</b>		
Taxation	<u>249</u>	<u>222</u>

**11. CREDITORS**

	2006 \$'000	2005 \$'000
<b>Amounts falling due after more than one year</b>		
Amounts owed to intermediate parent company and fellow subsidiary undertakings	<u>14,322</u>	<u>2,590</u>

The amounts owed to group undertakings have no specified dates of repayment but are only repayable on receipt of twelve months' notice and do not bear interest.



**TOOTAL THREAD LIMITED****NOTES TO THE ACCOUNTS (Continued)  
YEAR ENDED 31 DECEMBER 2006****12. DEFERRED TAXATION**

In the opinion of the directors any deferred taxation liability is either so remote or immaterial that it is unnecessary to provide for such deferred tax or to show any potential liability. If, however, such a liability were to arise then such liability would be discharged by Coats Holdings Ltd.

The deferred tax asset unprovided is as follows

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation in advance of capital allowances	<b>12</b>	<b>12</b>
	<u>12</u>	<u>12</u>

The asset is unprovided as there is uncertainty regarding the generation of future taxable profits of the company

**13. CALLED UP SHARE CAPITAL**

	<b>ALLOTTED AND AUTHORISED</b>		<b>FULLY PAID</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
37,814,890 Ordinary shares of £1 each	<b>67,689</b>	<b>67,689</b>	<b>67,689</b>	<b>67,689</b>
	<u>67,689</u>	<u>67,689</u>	<u>67,689</u>	<u>67,689</u>

**14. PROFIT AND LOSS ACCOUNT**

	<b>\$'000</b>
At 1 January 2006	31,855
Retained profit for the year	29,694
	<u>29,694</u>
At 31 December 2006	<b>61,549</b>
	<u>61,549</u>

**15. CONTINGENT LIABILITIES**

As at 31 December 2006, \$260.7m (2005: \$344.2m) of banking facilities of the company's intermediate parent company, Coats plc are secured on the assets of certain of its subsidiaries including Tootal Thread Limited. The security provided comprises both fixed and floating charges.

**TOOTAL THREAD LIMITED****NOTES TO THE ACCOUNTS (Continued)  
YEAR ENDED 31 DECEMBER 2006****16. PRINCIPAL SUBSIDIARY UNDERTAKINGS**

	Country of incorporation or registration	Class of share	Percentage held
Coats Australia Pty Limited	Australia	Ordinary	100
Coats Bangladesh Limited	Bangladesh	Ordinary	80
China Thread Development Co Limited	Hong Kong	Ordinary	100
Coats China Holdings Ltd	Hong Kong	Ordinary	100
PT Coats Rejo Indonesia	Indonesia	Ordinary	70
Coats Thread (Malaysia) Sdn Bhd	Malaysia	Ordinary	51
Allied Thread Co Inc	Philippines	Capital Stock	100
Coats Korea Co Limited	South Korea	Ordinary	100
Coats Thread Lanka (Private) Limited	Sri Lanka	Ordinary	87
Coats Tootal Phong Phu Co Limited	Vietnam	Ordinary	75
Coats Natal Thread	South Africa	Ordinary	72

In the opinion of the directors the aggregate value of the assets of these subsidiaries is not less than the aggregate of the amounts at which these assets are included in the balance sheet

**17. ULTIMATE PARENT COMPANY**

The company's ultimate parent company and controlling party is Guinness Peat Group plc, a company incorporated in England and Wales. The consolidated accounts of Guinness Peat Group plc can be obtained from its registered office at First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP.

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