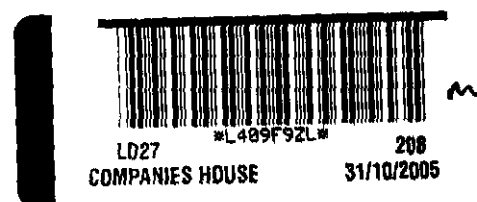


GPG Avenue Guarantee Limited

Annual Report and Accounts

31 December 2004

Registered number
4655938



GPG Avenue Guarantee Limited

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities and review of the business

The Company did not recognise any income or expenditure in the current or prior year and accordingly no profit and loss account or statement of total recognised gains and losses is presented.

Future developments

It is not anticipated that there will be any changes to the Company's activities in the foreseeable future.

Dividends

No dividends were paid during the year (2003: £nil), and the directors do not recommend a final dividend (2003: £nil).

Directors

The directors who served throughout the year were as follows:

A M Butcher
G H Weiss

Directors' interests

Neither director held any interest in the Company or any other group company requiring disclosure under the Companies Act 1985, except as disclosed below, during the year.

The interests of G H Weiss in the shares and securities of the ultimate holding company, Guinness Peat Group plc ("GPG"), are set out in the accounts of that company.

The interests of AM Butcher at 31 December 2004 and his connected persons in the shares and securities of the ultimate holding company and the parent company, GPG and GPG (UK) Holdings plc ("GPGUKH") respectively, are set out below. All holdings are beneficial.

Ordinary shares of 5p each in GPG

A M Butcher held 37,582 shares at the year end (2003: nil).

On 2 March 2004, before the 2004 Capitalisation Issue took effect, AM Butcher exercised 454,078 options, at an average price of 25.11p per share, when the average market price was 71.50p per share.

On 4 April 2005 options over a further 600,000 shares in GPG were awarded to AM Butcher.

8% Convertible subordinated unsecured loan notes of 10p (31 December 2003: 20p) each due 2005 of GPGUKH

A M Butcher held no loan notes at the period end (2003: nil).

GPG Avenue Guarantee Limited

Directors' Report (cont)

Statement of Directors' Responsibilities

The directors are required by United Kingdom company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 December 2004. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are also 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 control, for the safeguarding of the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint Deloitte & Touche LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



A M Butcher
Director

28 October 2005

**Independent auditors' report
to the member of GPG Avenue Guarantee Limited**

We have audited the financial statements of GPG Avenue Guarantee Limited for the year ended 31 December 2004 which comprise the balance sheet and the related notes 1 to 9. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely for the Company's member, 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 member 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 member, 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, 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 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.

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

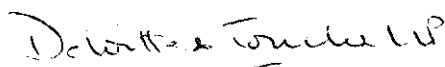
Basis of audit opinion

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 the Company's affairs as at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

28 October 2005

GPG Avenue Guarantee Limited
Balance Sheet
as at 31 December 2004

	Notes	2004 £	2003 £
Fixed assets			
Investments	4	-	-
		-	-
Creditors			
Amounts falling due within one year	5	-	-
		-	-
Net assets		-	-
		-	-
Reserves			
Profit and loss reserve		-	-
		-	-
		-	-

The Company did not recognise any income or expenditure in the current and prior year and accordingly no profit and loss account or statement of total recognised gains and losses is presented for 2004 and 2003.

Approved by the Board of Directors on 28 October 2005 and signed on its behalf by:


A M Butcher
Director

GPG Avenue Guarantee Limited

Notes to the Accounts for the year ended 31 December 2004

1 Statement of accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and law in the United Kingdom. The accounting policies adopted in preparing these financial statements have been consistently applied throughout the year and the preceding period.

Taxation

Provision is made for taxation assessable on the profit for the year as adjusted for disallowable and non-taxable items.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2 Directors' emoluments

The directors are employed and remunerated as executives of GPG, the ultimate controlling company, and received no emoluments in respect of their services to the Company for 2004 and 2003.

There were no other persons employed by the Company during the year (2003: nil).

3 Auditors' remuneration

Audit fees are borne by the Company's immediate controlling company for 2004 and 2003.

4 Investments

On 21 March 2003 the Company acquired 50,000 B1 ordinary shares in Coats Group Limited (formerly Avenue Holdings Group Limited) from GPG (UK) Holdings plc for £62,500.

On 9 June 2003 the B1 ordinary shares in Coats Group Limited were converted into non-voting deferred shares and on 20 June 2003 those non-voting deferred shares were cancelled and the capital of £62,500 was repaid in full. This sum was then immediately paid by the Company to GPG (UK) Holdings plc in satisfaction of the intercompany balance originally created when the B1 ordinary shares were acquired.

5 Creditors: amounts falling due within one year	2004	2003
	£	£
Due to GPG (UK) Holdings plc	-	-

6 Member's guarantee

The Company is limited by guarantee and has no authorised or issued share capital.

GPG Avenue Guarantee Limited

Notes to the Accounts for the year ended 31 December 2004

7 Cash flow statement

A cash flow statement has not been prepared since the Company is controlled by GPG, a body corporate which publishes consolidated financial statements that are publicly available. Consequently the Company is exempt under the terms of Financial Reporting Standard 1 (revised) from publishing a cash flow statement.

8 Related parties

The Company has taken advantage of the exemption in Financial Reporting Standard 8(3) not to disclose transactions with entities 90% or more of whose voting rights are controlled within the Group.

9 Controlling parties

The Company is controlled by GPGUKH, a company incorporated in Great Britain and registered in England and Wales. GPG is the parent company of GPGUKH and the ultimate controlling company of the Company. Copies of the accounts of GPG for the year ended 31 December 2004 are available from the Company Secretary, First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP, England.

GPGUKH and GPG are the parent undertakings of the smallest and largest groups respectively to consolidate the Company's financial statements.