RESULTS PRESENTATION

FOR THE HALF YEAR ENDING 30 JUNE 2012

30 AUGUST 2012

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Not a profit forecast

The financial information contained in this presentation is based on publicly available historic financial information of the GPG group and is not intended to be a profit forecast or profit estimate under applicable rules.

Currency assumptions

All amounts stated in NZ$ are for illustrative purposes only, based on the NZ$:GBP exchange rate on 30 June 2012, NZ$1.9514:£1.00.

RESULTS HIGHLIGHTS

GPG GROUP

- Shareholders' funds £503m (31 December 2011: £602m); reduction driven primarily by £76m charge in respect of the Coats EC Fine – refer to Appendix 2
- Net asset backing per share 31.0p (NZ$0.605) (31 December 2011: 37.1p (NZ$0.724)) – refer to Appendix 1
- Parent Group cash balance £289m (31 December 2011: £200m)
- Further progress on value realisation – non-Coats investment portfolio cash generation in 2012 to 24 August of £168m and cumulative net cash generated since 1 January 2011 of £310m
- Net attributable loss £36m (including Coats EC Fine charge) (year ended 31 December 2011: £1m profit, 6 months to 30 June 2011: £13m profit)

COATS

- Coats total revenue $819.3m (2011: $861.8m)
  - Industrial sales $555.3m (2011: $592.7m)
  - Crafts sales $264.0m (2011: $269.1m)
- At constant exchange rates, total sales were up 1% on the same period last year (Crafts up 5% and Industrial down 1%)
- Industrial sales impacted by inventory reductions in customer base
- Sales per working day trends relative to the prior year consistently improved throughout the first half of 2012 on a like-for-like basis
- Attributable profit adversely impacted by the outcome of the EC Fine appeal
- Average net debt of $285.1m vs $295.6m during H1 2011

INVESTMENT PORTFOLIO (EXCLUDING COATS)

VALUE REALISATION STRATEGY

TO DATE

- Net proceeds from 1 January 2011 to 24 August 2012 £310m – 43% by volume of the portfolio held on 1 January 2011 now sold
- Further transactions representing proceeds of nearly £20m are in advanced stages
- £10m share buyback to be launched in early September 2012

FUTURE

- An unsolicited takeover offer for ClearView Wealth has been submitted but rejected by the ClearView board – an improved bid delivering value to shareholders of A$0.59 per share is to be made by 31 August
- Tower management is undertaking a strategic review. GPG awaits the outcome, but is of the view that the company should affirmatively embark on a process to optimise the structure and composition of its businesses, consistent with the interests of all shareholders
- Ridley is in the process of separating its salt division as part of a reconstruction of its business model

INVESTMENT PORTFOLIO (24 August 2012)

Investments (excluding Coats)	Shareholding	Market Value £m
Listed Investments		
Tower Limited	33.6%	83
ClearView Wealth Limited	47.3%	81
Ridley Corporation Limited	22.1%	48
CIC Australia Limited	72.9%	28
PrimeAg Australia Limited	11.6%	22
Capral Limited	47.4%	18
Tandou Limited	28.4%	10
Metals X Limited	6.1%	8
Newbury Racecourse plc	29.9%	5
AV Jennings Limited	7.7%	4
Other listed		2
Non-listed Investments		54
Total		**363**

The market and book values at 30 June 2012 of listed subsidiary and associated undertakings (being CIC Australia, Capral, ClearView Wealth and Tower) were £175m and £219m respectively.

At 24 August 2012 the market value of these investments had risen to £210m

CASH AND CAPITAL NOTES

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CASH

- Cash at bank as at 30 June 2012 was £289m (NZ$564m) (31 December 2011: £200m (NZ$390m))
- US$25m (£16m) of receivables acquired from Coats in June 2012 – this is expected to unwind into Parent Group cash by the end of Q3

CAPITAL NOTES

- The “2008 notes” (principal value NZ$77m) were purchased by GPG and cancelled in March 2012
- The remaining tranche (“2006 notes”) have an initial election date of 15 November 2012 and the GPG Board has announced its intention to purchase and cancel these notes on that date
- The 2006 notes have a principal value of NZ$350m (£179m) and bear interest at a rate of 8.3% per annum
- The remaining interest to be paid between 1 July 2012 and the election date is NZ$14.5m (£7.4m)
- The strategy to migrate spare Parent Group cash funds into NZD to match the capital notes liabilities and shareholder capital returns remains in place (refer to Appendix 1)
- The exemption provided to the note issuer (GPG Finance) enabling it to avoid the obligation to obtain and publish a credit rating has been extended beyond the election date of 15 November 2012

GPG PENSIONS (STAVELEY/BRUNEL)

GPG PENSION SCHEME ANALYSIS

- Current support provisions provide the Trustees of the GPG Pension Schemes with a contingent claim over the assets of GPG of some £129m (NZ$252m)

- Will likely mean that £129m (NZ$252m) of asset realisation proceeds will be required to be retained by the GPG group and will not be available for distribution to shareholders in the medium term

- The limited movement in the IAS19 deficits since the 2011 year end reflects changes in the discount rate applied to the scheme liabilities (based on AA rated corporate bond interest rates) and the rate of inflation applicable to those liabilities, which have broadly offset each other

- Since the year end the Staveley April 2011 triennial valuation has been agreed with the trustee, concluding with a deficit of £20.3m. This also resulted in

  - a one-off payment of £5m and monthly contributions over an eight year period of £0.11m commencing in July 2012 (£1.3m per annum); and

  - A formal mechanism whereby the net assets of the sponsor company are expected ultimately to be fully backed by cash proceeds

- No past service employer contributions are being made to the Brunel pension scheme

IAS19 deficit	**30 June 2012 £m**	**31 Dec 2011 £m**
Brunel	(33)	(31)
Staveley	(32)	(34)
Total £m	(65)	(65)
Total NZ$m	*(127)*	*(127)*

- Next triennial valuations:
  - Brunel: to be completed by June 2014
  - Staveley: to be completed by July 2015

OVERHEAD ANALYSIS AND PROGRESS

OVERHEAD ANALYSIS & PROGRESS

- Headcount at 30 August 2012 - 17 executive management and administration employees
  - 3 dedicated investment professionals
  - 9 finance, legal and administrative staff
  - 5 support staff
- Other staff incentives represent cost of staff retention and reward programmes and future redundancies
- Costs being spread over period that services are provided
- Certain incentives dependent on outcome of asset realisation exercise

	6 mths ended 30 June 2012 £m	Year ended 31 Dec 2011 £m
One-off advisors' fees relating to the strategic review and return of capital	-	9
Cost of redundancies arising in the period	1	2
Other staff incentives	3	6
Other operating costs	7	18
Total £m	11	35
Total NZ$m	21	68

COATS

CONSOLIDATED RESULTS – AS REPORTED

	HY 2012 US$m	HY 2011 US$m
Revenue	819.3	861.8
EBITDA	87.1	112.7
Operating Profit – pre-exceptional items	59.9	83.5
Pre-tax exceptional items		
-EC Fine (inc interest)	(120.4)	(2.4)
-Reorganisation costs	(11.2)	(11.9)
-Other (CIP and US environmental costs)	(5.3)	(0.5)
(Loss) / profit before tax	(83.0)	64.1
(Loss) / profit attributable to GPG	(109.4)	36.9
Capex – cash flow	19.8	20.9
NWC	286.2	346.7
NWC/12 month rolling revenue	17.3%	20.6%
Cash inflow from normal operating activities	75.5	30.5
Net cash generated from / (absorbed in) operating activities	33.5	(11.2)
Average Net Debt	285.1	295.6
Closing Net Debt	228.2	276.1
Shareholders' funds	126.9	539.3

- Reduction in shareholders' funds since 30 June 2011 mainly due to actuarial losses, primarily in respect of the UK Pension Plan, (US$273m) and the final outcome of the EC Fine appeal (US$117m)
- NWC, NWC/revenue, cash flow, closing net debt and average net debt all impacted in 2012 by US$25m of debtor factoring with GPG

SEGMENTAL SUMMARY – Industrial Trading Performance

ASIA and EMEA

- Like-for-like sales have declined in these regions by 1% reflecting the downturn in demand in European end-user markets
- Profitability has been impacted by inflationary pressures
- Second half comparators will ease and year-on-year sales and margin improvement is anticipated
- Long established relationships with global apparel and footwear suppliers and brand owners underpin the business

AMERICAS

- Sales decline on a like-for-like basis of 2% reflects slowing consumer demand for apparel and footwear in Latin America, a market also being impacted by the substitution of imports for local production due to relative currency strength
- Profitability year-on-year affected by associated lower productivity and inflationary pressures
- Year-on-year improvement in sales and margin expected in second half

INDUSTRIAL	2012 Reported US$m	2011 Like-for-like* US$m	2011 Reported US$m	Like-for-like decrease
Sales				
Asia and Rest of World	269.2	272.3	280.3	(1)%
Americas	152.0	155.1	164.5	(2)%
EMEA	134.1	135.6	147.9	(1)%
Total sales	**555.3**	**563.0**	**592.7**	**(1)%**
Pre-exceptional operating profit	**51.3**	**65.0**	**68.8**	**(21)%**

* *2011 like-for-like restates 2011 figures at 2012 exchange rates*

SEGMENTAL SUMMARY – Crafts Trading Performance

CRAFTS	2012 Reported US$m	2011 Like-for-like* US$m	2011 Reported US$m	Like-for-like increase/ (decrease)
Sales				
Asia and Rest of World	36.4	34.5	39.4	6%
Americas	151.4	141.1	148.0	7%
EMEA	76.2	76.1	81.7	-%
Total sales	**264.0**	**251.7**	**269.1**	**5%**
Pre-exceptional operating profit	**8.6**	**13.2**	**14.7**	**(35)%**

* *2011 like-for-like restates 2011 figures at 2012 exchange rates*

ASIA

- Sales growth on a like-for-like basis follows strong growth achieved in recent years as domestic markets continue to expand

AMERICAS

- Additional volumes arising from gains in shelf space won with large retail customers in North America have contributed to like-for-like sales growth of 7%
- Performance in Latin America has been adversely affected by overstocking by handknitting customers in prior periods
- Margins have been under pressure from general cost inflation and the flow through from inventory of higher raw material prices

EMEA

- Austerity measures and cuts in public spending continue to constrain consumer confidence and this is impacting consumer sewing markets in Southern Europe
- Handknittings (which represents the largest product category in EMEA) experienced strong demand in the period and overall sales were flat – halting the longstanding trend of decline
- Margins have been adversely impacted by weaker product mix

FINANCING / DEBT

- Average net debt reduced to US$285.1m (year ended 31 December 2011: US$295.3m, six months ended 30 June 2011: US$295.6m) primarily as a result of improved net cash inflow from operating activities

- Period end net debt US$228.2m (31 December 2011: US$238.4m, 30 June 2011: US$276.1m).

- Net debt to EBITDA ratio (applying the definitions incorporated into the Coats bank facilities) of 2.3x for the 12 month trading period to 30 June 2012

- This ratio treats the full EC Fine obligation as debt and these facilities have been utilised post period end to meet this obligation in full

	2012 US$m	2011 US$m
EBITDA	87.1	112.7
Movements in working capital	(3.5)	(70.8)
Provisions and other non-cash movements	(8.1)	(11.4)
Cash flow from normal operating activities	**75.5**	**30.5**
Reorganisation costs	(10.7)	(8.1)
Capital expenditure	(19.8)	(20.9)
Interest paid	(14.1)	(12.7)
Tax paid	(15.5)	(19.4)
Other (including asset sales)	(1.5)	(0.2)
Dividends to minorities	(3.2)	(3.2)
Change in net debt resulting from cash flows	**10.7**	**(34.0)**
Other (inc. amortisation of debt issue costs)	(1.1)	(1.6)
Foreign exchange	0.6	1.4
Decrease in net debt	**10.2**	**(34.2)**
Net debt at start of period	(238.4)	(241.9)
Net debt at end of period	(228.2)	(276.1)
Average Net Debt	**(285.1)**	**(295.6)**

COATS PENSION SCHEMES UPDATE

UPDATE ON UK DEFINED BENEFIT SCHEME

- Modest reduction in IAS19 deficit during the period – impact of lower inflation partially offset by lower discount rate applicable to scheme liabilities
- Current contributions US$11m per annum for deficit recovery plan and US$3m per annum for current service
- April 2012 funding valuation underway and due for completion by July 2013 – expected to give rise to increase in company contributions

IAS19 AMENDMENTS

- IAS19 has been revised and the new standard will be adopted by the group from 1 January 2013; impacting the group income statement but not the net accounting deficit or cash flows
- The key impacts will be the replacement of “expected returns on plan assets” with a net finance cost and recognition in operating profit of pension scheme administration costs
- Applying IAS19 revised to 2012 on a full year basis would reduce operating profit by US$6m and increase finance costs by US$28m
- Limited tax credits will arise in respect of these additional charges giving rise to an increased effective tax rate

IAS19 surplus / (deficit)	30 June 2012 US$m	31 Dec 2011 US$m
UK	(233)	(251)
US	34	34
Other	(94)	(96)
Total	**(293)**	**(313)**

OTHER ITEMS

EC FINE

- In June 2012 the European General Court dismissed Coats' appeal against the fine levied by the European Commission in respect of its investigation into the European fasteners market
- Liability crystallised was the fine of €110.3m (US$139m) and associated interest (US$36m) - this was paid during July 2012, funded through the Coats bank facilities arranged in 2011

CAPITAL INCENTIVE PLAN

- The charge recognised by GPG in the period to 30 June 2012 was US$2.1m (year ended 31 December 2011: US$2.6m, six months ended 30 June 2011: US$0.5m)
- No change has been made to the accrual rate since the inception of the scheme and the liability arising from this obligation is still assumed to crystallise during the first half of 2014

REORGANISATION COSTS

- US$11.2m charged to the income statement in the period (2011: US$11.9m) with a US$10.7m (2011: US$8.1m) cash flow impact

US ENVIRONMENTAL PROTECTION

- As previously reported, Coats has been notified by the US Environmental Protection Agency that it is a potentially responsible party under the US Superfund for investigation and remediation costs in connection with the Lower Passaic River Study Area in New Jersey
- Since the year end the cooperating parties group, of which Coats is a member, has agreed to fund the remediation of one part of the study area (River Mile 10.9) and Coats' provisional cost share is US$0.5-0.7m, the higher amount of which has been provided for in the six months to 30 June 2012

PROSPECTS

GENERAL TRADING CONDITIONS

- Coats faces a challenging economic environment in a number of its key markets and while raw material costs should continue to ease other input costs remain under pressure
- Despite these factors, the future prospects of the business are being underpinned by investment in new product development, global sales and marketing, digital technology and infrastructure
- Spend on capex and reorganisation in the first half totalled US$30.5m (2011: US$29.0m) representing 1.1 times (2011: 1.0 times) depreciation and amortisation of US$27.2m (2011: US$29.2m). It is anticipated that reorganisation costs in the second half of 2012 will exceed the US$2.7m charged in H2 2011

INDUSTRIAL

- Year-on-year improvement in thread demand is expected in H2 2012 with profits exceeding those in the first half

CRAFTS

- Further underlying growth is expected in H2 2012 – driven by both price and volume increases. There should also be margin benefits due to falling raw material costs
- Performance of EMEA Crafts is forecast to improve over H1 2012

APPENDICES

APPENDIX 1: GPG – SIMPLIFIED BALANCE SHEET

	30 June 2012		31 Dec 2011	
	£m	£m	£m	£m
Operating subsidiaries (book value)		48		50
Associated undertakings and joint ventures (book value)		206		212
Other portfolio investments		120		212
Turners & Growers (held for sale)		-		66
Total investments		**374**		**540**
Cash (see note below)		289		200
Gross assets excluding Coats		**663**		**740**
Capital notes		(179)		(214)
GPG pension schemes		(65)		(64)
Other net debtors / (creditors)		3		(10)
		422		**452**
Coats				
Other net assets	487		502	
Net debt	(145)		(153)	
EC Fine provision	(112)		(38)	
UK pension liabilities	(149)		(161)	
		81		**150**
Shareholders' funds		**503**		**602**
NAV / share (NZ₵)		**60.5**		**72.4**

Note: Cash at 30 June 2012 consisted of the following currencies:

	£m
GBP	115
NZD	158
AUD	15
Other	1
	289

APPENDIX 2: GPG – MOVEMENTS IN SHAREHOLDERS' FUNDS

	£m	£m
Opening shareholders' funds		602
Loss for the period (see Appendix 3)		(36)
Movements in unrealised gains reserve		
Net gains realised in the period (recycled through the Income Statement)	(29)	
Net unrealised movements on AFS investments	(17)	
Deferred tax movement	2	
		(44)
IAS19 adjustments		
GPG schemes	(1)	
Coats	5	
		4
Foreign currency revaluations		
Parent Group arising in the period	2	
Parent Group re-cycled to the Income Statement	(20)	
Coats	(5)	
		(23)
Closing shareholders' funds		**503**

APPENDIX 3: GPG – ELEMENTS OF REPORTED LOSS FOR THE PERIOD

	£m	£m
Operating subsidiaries – share of net profit after tax		
Coats – excluding the EC Fine	7	
Coats – EC Fine	(76)	
		(69)
Turners & Growers (net of minority interest)		24
Parent Group associated undertakings and joint ventures (Note 1)		-
Investments		
Gains realised in the period (recycled from the unrealised gains reserve)	29	
Dividend income	3	
Impairments	(3)	
		29
Foreign exchange losses		(5)
Other income		3
Parent Group overheads		(11)
Net interest expense		(5)
Parent Group tax (Note 2)		(2)
Net loss for the period attributable to GPG shareholders		**(36)**

Note 1: Includes impairments, of £6m

Note 2: consists principally of non-cash deferred tax