GUINNESS PEAT GROUP PLC
("GPG" or the "Company")

Interim Management Statement

GPG today publishes its interim management statement ("IMS") covering the period from 1 July 2012 to 12 November 2012. This IMS has been prepared solely to provide additional information to shareholders to meet the requirements of the UK Listing Authority's Disclosure and Transparency Rules and should not be relied on by any other party or for any other purpose. This IMS includes, together with an update on the GPG asset realisation programme, details of Coats' third quarter trading and some additional background on the GPG Group's tax loss position. As outlined in the market update released on 25 October 2012, the Group has now embarked on a transition towards Coats becoming the principal component and the enhanced disclosure contained within this release reflects that change.

Asset Realisation Programme

During the period from 1 July 2012, GPG has completed the disposals of four further investments: ClearView Wealth, Green's Foods, Thwaites and Tourism Asset Holdings. Total funds generated in this period from investments, including dividends and capital returns, amounted to £130m giving a cumulative total since 1 January 2011 of £433m. Approximately 57% of the portfolio held on 1 January 2011 has now been realised.

As at 9 November 2012, the investment portfolio (excluding Coats) was comprised of:

Listed investments	**Shareholding**	**Market Value (£m)**
Tower Limited	33.6%	89
Ridley Corporation Limited	22.1%	50
CIC Australia Limited	72.9%	29
PrimeAg Australia Limited	11.6%	22
Capral Limited	47.4%	20
Tandou Limited	28.4%	11
Metals X Limited	4.8%	6
Newbury Racecourse plc^	29.9%	6
AV Jennings Limited	7.7%	4
Other listed		1
Non-listed investments^^		16
Total		254

^ Sale subject to shareholder approval at 15 November 2012 General Meeting
^^Non-listed investments, which include Gosford Quarry Holdings (100%), Touch Holdings (56.0%), Rattoon Holdings (50.3%) and Tourism Property Investment Group (10.0%), are carried at consolidated book value

Financial Position

The net asset backing per share stood at 31.07p at 30 September 2012; this compares to 30.99p at 30 June 2012. GPG Parent Group cash at 30 September 2012 amounted to £303m (£289m at 30 June 2012) and was denominated in the following currencies:

	30 September 2012 £m	30 June 2012 £m
GBP	130	115
AUD	14	15
NZD	158	158
Other	1	1
Total	**303**	**289**

Subsequent to the end of September, GPG has received sale proceeds, dividends and returns of capital in respect of ClearView Wealth, Green's Foods, Tourism Asset Holdings and PrimeAg Australia. The remaining liability in respect of Capital Notes of NZ$350m (£180m) plus final quarter interest of NZ$7.3m (£3.7m) is due to be satisfied on 15 November 2012.

Coats

Coats confirms that, despite continuing tough market conditions, trading remains largely as anticipated and trading performance for the year to 31 December 2012 is expected to be in line with market expectations.

Q3 Year-on-Year Sales Performance

	Q3 like-for-like sales*	Q3 sales at actual exchange rates**
Group	+5%	-4%
Industrial Division	+3%	-5%
Crafts Division	+9%	-1%

***** *Like-for-like sales are adjusted for the number of working days in the period with 2011 sales restated at 2012 average exchange rates*
*** Reported sales*

Trading Performance

Although market conditions remain challenging, Coats has benefited from improving sales trends with consolidated like-for-like sales* up 5% year-on-year (compared with a flat performance in H1 year-on-year on this same basis). This performance was driven by sales growth across both divisions.

As a result of Coats operating across a wide range of markets, currency fluctuations can have a significant impact on sales, although historically they have had a lesser impact on profits. Consolidated sales at actual exchange rates** in Q3 were down 4% on 2011, reflecting the strength of the US dollar against currencies such as the Brazilian real, the Indian rupee and the euro; a slight improvement over H1 (which was 5% down on H1 2011).

Following the difficult trading conditions encountered during the first half of this year, Q3 has seen year-on-year operating margin improvement as stocks, benefiting from the lower raw material prices experienced earlier in the year, have been sold and the income from the Crafts sales price increases implemented in H1 has been realised. However, Coats is seeing the return of a generally upward trend in commodity prices and this, combined with the structural inflation affecting the business, will contribute to continuing pressure on margins going into 2013. This structural inflation is driven primarily by labour, energy and utility costs.

Industrial Division

Industrial sales* increased by 3% in Q3, an improvement over a 2% decline in H1. This performance was underpinned by positive sales growth in Asia and softer comparators in Q3 2011. This trend is expected to continue in Q4.

Crafts Division

Crafts saw growth in Q3, with sales* up 9%, an improvement over the 5% achieved in H1. The business continues to benefit from expanded shelf space won with large retail customers and a focus on digital channels and class leading product ranges and service levels. It is particularly pleasing that EMEA Crafts delivered growth, continuing the improvement achieved in H1 after years of decline.

Trading outlook

While the general economic environment is expected to remain fragile for the rest of the financial year, the board anticipates 2012 full year profit before interest and tax will be in line with market expectations with the exception of reorganisation costs referred to below. Other non-operating items within the income statement should follow the trends seen in the first half.

Reorganisation

In order to position Coats strongly for the future, the board and management continue to identify actions to optimise the footprint and cost base of the business. Reorganisation charges for the 2012 financial year are therefore expected to be between $25m and $30m (£16m and £19m) higher than in 2011, although the resultant cash effect will largely arise in the 2013 financial year. Reorganisation charges are currently projected in the range $20m to $30m (£13m to £19m) for 2013. This accelerated programme brings forward projects planned for future years and one consequence of this is that management do not envisage incurring separately identifiable reorganisation expenditure from 2014 onwards. Overall net cash outflows on these accelerated projects are expected to be largely offset by disposal proceeds of some $50m (£31m) before tax from surplus properties. The increased 2012 reorganisation costs will impact the net result reported by Coats in its income statement for the full year.

Coats UK pension scheme triennial valuation

Final agreement of the outcome of the April 2012 triennial valuation is expected to have been reached by the year end.

GPG tax losses

There have in recent weeks been a number of general shareholder enquiries relating to the tax losses disclosed in the GPG 2011 Annual Report. A summary of these losses is set out below:

	Capital losses £m	Revenue losses £m
Parent Group	869	273
Coats	235	465
Other	-	46
Total	**1,104**	**784**

The GPG Parent Group capital and revenue losses as at 31 December 2011 related primarily to activity in the UK and Australia. The Coats capital losses were also UK related while the revenue losses mainly arose in the UK or Germany. The increase from 2010 to 2011 in reported Group losses was due to a capital loss which arose historically in a company formerly owned by Coats. That company was transferred to GPG in 2007. Since last year end, the availability and quantum of the loss has been agreed with HMRC and the loss has now been realised.

The tax losses in the UK and Australia, combined with the tax regime in the Netherlands, mean that GPG does not expect to incur significant tax leakage on the wind-down of the non-Coats investment portfolio. Tax losses in the various jurisdictions are generally subject to change of control, continuity of business and anti-avoidance tests.

Full Year Results

GPG is scheduled to release its 2012 full year results at the end of February 2013.

The financial information on which this statement is based has not been reviewed or reported on by GPG's auditors.

Chris Healy
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13 November 2012

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About Coats

Coats is the world's leading global manufacturer and supplier of threads, yarns and textile crafts to both industrial and consumer markets with revenues of $1.7bn in 2011.

At home in more than 70 countries, the business employs around 21,000 people across six continents. Coats operates on a truly global basis with its own well known brands and has strong relationships with the leading apparel and footwear brands and manufacturers, crafts retailers and consumers.

A pioneering history and culture underpin Coats' growth strategy and the business continues leading the way around the world: providing complementary and value added products and services to the apparel and footwear industries; extending the crafts offer into new markets and online; and in applying innovative techniques to develop products in new areas such as tracer threads, aramids and fibre optics.

The business has seen a period of substantial investment by its current owners in developing a world class manufacturing footprint and, more recently under CEO Paul Forman and his executive management team, in new product development, digital technology and other enabling assets. Coats is focussed on accelerating profitable and cash generative growth with a robust business model based on an unrivalled global footprint, a strong presence in its chosen markets, deep customer relationships and breadth of products and services.

Coats' facts:

- One in five garments on the planet are held together using Coats' thread
- 75 million car airbags are made using Coats' thread every year
- Coats produces enough yarn to knit 65 million scarves a year
- In 3½ hours, Coats makes enough thread to go the moon and back
- 300 million pairs of shoes are made every year using Coats' thread
- 1 million teabags using Coats' thread are brewed every 10 minutes
- Thousands of operations take place every day using Coats' thread
- Thomas Edison used Coats' thread in 1879 to invent the light bulb

To find out more about GPG and Coats visit www.gpgplc.com and www.coats.com