

Guinness Peat Group plc

The following unaudited consolidated results of Coats Group Limited ("the Company") for the six months ended 30 June 2005 are released by Guinness Peat Group plc ("GPG") for information only. The Company, which became a subsidiary of GPG on 1 April 2004, is the holding company of Coats Group.

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Guinness Peat Group plc

12 September 2005

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Coats Group Limited: unaudited results* for the six months ended 30 June 2005**Financial summary**

	2005	Like-for-like**	
	Half year	2004	2004
	Unaudited	Half year	Half year
	US\$m	Unaudited	Unaudited
		US\$m	US\$m
Revenue	830.4	812.9	779.0
Operating profit before reorganisation, impairment and other exceptional items (see note 2)	66.5	41.8	41.3
Operating profit	54.2	34.6	18.9
Pre-tax profit	45.0		1.3
Net cash (outflow)/inflow generated by operations	(5.8)		69.4
Capital expenditure	38.5		40.2
Net debt***	483.9		511.1
Net gearing***	147%		160%

* See note 1 for basis of preparation of this statement

** Excluding the impact of exchange translation and the acquisition and disposal of businesses

*** Net debt at 30 June 2005 has been increased by \$23.5 million from adopting IAS 32 and IAS 39 as at 1 January 2005 (as the preference share capital of a subsidiary undertaking is now classified as debt)

Chairman's statement

Overview

The Group performed well in the first six months of 2005, with profit before tax of \$45.0 million (2004 - \$1.3 million) being ahead of management expectations for the half year.

These interim results are reported under International Financial Reporting Standards (IFRS), as set out in Note 1 on the basis of preparation.

Results

Operating results for the first six months of 2005, which are entirely generated from our Thread operations, showed a significant improvement over 2004 as follows:

Like-for-like* sales and operating profit

	2004 comparative \$m	Exchange retranslation \$m	Acquisitions/ disposals \$m	2004 adjusted \$m	2005 reported \$m	Increase %
External sales	779.0	24.5	9.4	812.9	830.4	2%
Operating profit pre reorganisation, impairment and other exceptional items (note 2)	41.3	1.1	(0.6)	41.8	66.5	59%
Operating profit	18.9	16.3	(0.6)	34.6	54.2	57%

* excluding the impact of exchange translation, acquisitions and disposals

An operating profit (before reorganisation, impairment and other exceptional items) of \$66.5 million (2004 - \$41.3 million) was generated, on sales of \$830.4 million (2004 - \$779.0 million). On a like-for-like basis, sales increased by 2%, due primarily to a strong performance from the Group's North American Crafts business. Operating profit (before reorganisation, impairment and other exceptional items) increased by 59%, driven by North American Crafts and benefits from reorganisation of the Group's industrial businesses in Western Europe and North America.

This reorganisation programme has been accelerated in 2005 in order to hasten the reduction of the Group's cost base in Western Europe and North America, following the migration of industrial thread demand to lower cost regions. Reorganisation costs of \$28.0 million (2004 - \$18.9 million) were incurred in the period.

Profit before tax increased to \$45.0 million (2004 - \$1.3 million), including \$22.5 million (2004 - nil) exchange gains, of which \$15.7 million was recognised as an exceptional item in operating profit and \$6.8 million was recognised in finance costs. These gains occurred as a result of translation of balance sheet items which are required under current accounting standards to be reported through the Profit and Loss Account.

Net earnings after tax and minorities increased by a similar amount to \$33.3 million (2004 - loss of \$12.5 million). The tax charge as a proportion of pre-exceptional profit was significantly lower due to a reduction in unrelieved operating losses.

An operating cash outflow of \$5.8 million (2004 - \$69.4 million inflow) arose, reflecting a \$70.5 million increase (2004 - \$14.3 million decrease) in net working capital since the year end. Given the excellent operating cash inflow for the 2004 full year, it was expected that there would be some reversal at the half year.

Compared to June 2004, net working capital has increased by \$26.6 million. Sales growth and the acquisition of Almedahls account for approximately \$12.0 million, with the balance due mainly to higher inventories in Europe and North America in preparation for supply chain changes. However, over the last eighteen months, underlying working capital performance has been significantly improved with the ratio of average working capital / sales on an annualised basis showing a reduction of six percentage points to 25% compared to the position at the beginning of 2004. Further improvement is targeted as restructuring progresses.

Investment continued at a relatively high level with capital expenditure of \$38.5 million (2004 - \$40.2 million) mainly directed at expansion of capacity in Asia and cost saving projects in Europe and North America. Disposals of assets (mainly surplus property) and businesses (principally Dorma Bedwear) realised \$29.0 million (2004 - \$21.4 million).

Outlook

The trading outlook is not without its challenges. Where possible, it is intended that the remaining restructuring of capacity will be accelerated, principally in Europe. Restructuring cost is therefore expected to continue at relatively high levels until end 2006. However disposal of surplus property will continue to provide a significant offset.

As a result of benefits from reorganisation, in the second half the Group expects to make continued progress at the operating level on a like-for-like basis. The Board remains confident that the current strategy will lead to further benefits in future years.

Gary Weiss
Chairman
12 September 2005

Consolidated income statement (unaudited)

For the six months ended 30 June 2005	Notes	2005 Half year Unaudited US\$m	2004 Half year Unaudited US\$m	2004 Full year Unaudited US\$m
Continuing operations				
Revenue		830.4	779.0	1,578.2
Cost of sales		(534.1)	(528.2)	(1,069.4)
Gross profit		296.3	250.8	508.8
Distribution costs		(152.6)	(149.1)	(298.1)
Administrative expenses		(90.5)	(83.1)	(170.9)
Other operating income		1.0	0.3	1.3
Operating profit	2	54.2	18.9	41.1
Share of profits of joint ventures		0.9	0.6	1.3
Share of profits of associated undertakings		-	0.1	0.2
Investment income		2.0	2.8	7.9
Finance costs		(12.1)	(21.1)	(38.5)
Profit before taxation		45.0	1.3	12.0
Taxation	3	(9.1)	(7.3)	(13.7)
Profit/(loss) from continuing operations		35.9	(6.0)	(1.7)
Discontinued operations				
Loss from discontinued operations		(0.6)	(1.9)	(1.4)
Profit/(loss) for the period		35.3	(7.9)	(3.1)
Attributable to:				
EQUITY SHAREHOLDERS OF THE COMPANY		33.3	(12.5)	(7.6)
Minority interests		2.0	4.6	4.5
		35.3	(7.9)	(3.1)

Consolidated balance sheet (unaudited)

At 30 June 2005	Notes	2005 30 June Unaudited US\$m	2004 30 June Unaudited US\$m	2004 31 December Unaudited US\$m
Non-current assets				
Intangible assets		253.0	249.1	251.9
Property, plant and equipment		458.6	482.6	477.4
Investments in joint ventures		17.6	18.0	17.8
Long term investments		10.0	4.3	4.0
Deferred tax assets		12.0	5.8	13.6
Trade and other receivables		48.5	41.4	45.8
		799.7	801.2	810.5
Current assets				
Inventories		331.1	288.0	303.1
Trade and other receivables		354.7	334.5	348.6
Trading investments		-	39.0	-
Cash and cash equivalents	5	72.7	88.7	136.5
		758.5	750.2	788.2
Non-current assets classified as held for sale		64.7	100.5	114.0
Total assets		1,622.9	1,651.9	1,712.7
Current liabilities				
Trade and other creditors		(311.0)	(274.3)	(348.0)
Bank overdrafts and other borrowings		(94.8)	(67.7)	(65.6)
Provisions for liabilities and charges		(172.7)	(185.1)	(191.1)
		(578.5)	(527.1)	(604.7)
Net current assets		180.0	223.1	183.5
Non-current liabilities				
Trade and other creditors		(10.2)	-	(2.5)
Deferred tax liabilities		(16.0)	(36.1)	(25.9)
Other borrowings		(461.8)	(532.1)	(474.7)
Retirement benefit obligations:				
Funded schemes		(65.0)	(51.7)	(71.9)
Unfunded schemes		(99.7)	(107.6)	(117.7)
Provisions for liabilities and charges		(41.4)	(24.1)	(43.2)
		(694.1)	(751.6)	(735.9)
Liabilities directly associated with non-current assets classified as held for sale		(22.1)	(53.8)	(58.5)
Total liabilities		(1,294.7)	(1,332.5)	(1,399.1)
Net assets		328.2	319.4	313.6
Equity				
Share capital		4.2	4.2	4.2
Share premium account		412.1	412.1	412.1
Revaluation reserve		1.2	-	-
Hedging and translation reserves		16.5	(7.3)	8.5
Retained earnings		(136.7)	(150.3)	(170.0)
EQUITY SHAREHOLDERS' FUNDS		297.3	258.7	254.8
Minority interests		30.9	60.7	58.8
Total equity		328.2	319.4	313.6

Consolidated cash flow statement (unaudited)

For the six months ended 30 June 2005	Notes	2005 Half year Unaudited US\$m	2004 Half year Unaudited US\$m	2004 Full year Unaudited US\$m
Cash inflow/(outflow) from operating activities				
Net cash (outflow)/inflow generated by operations	4	(5.8)	69.4	196.5
Interest paid		(19.0)	(14.6)	(34.0)
Taxation paid		(18.8)	(15.3)	(33.4)
Net cash (absorbed by)/generated from operating activities		(43.6)	39.5	129.1
Cash inflow/(outflow) from investing activities				
Dividends received from associates and joint ventures		0.9	0.5	1.7
Acquisition of property, plant and equipment and intangible assets		(38.5)	(40.2)	(91.1)
Disposal of property, plant and equipment and intangible assets		16.6	23.5	57.3
Acquisition of financial investments		(5.1)	-	-
Disposal of financial investments		-	3.4	45.0
Acquisition and disposal of businesses		12.4	(5.5)	(15.7)
Net cash absorbed in investing activities		(13.7)	(18.3)	(2.8)
Cash inflow/(outflow) from financing activities				
Issue of ordinary shares		-	135.7	135.7
Dividends paid to minority interests		(2.3)	(6.7)	(9.0)
Decrease in debt and lease financing		(7.7)	(174.8)	(250.2)
Net cash absorbed in financing activities		(10.0)	(45.8)	(123.5)
Net (decrease)/increase in cash and cash equivalents		(67.3)	(24.6)	2.8
Cash and cash equivalents at beginning of the period		113.5	88.0	88.0
Exchange (losses)/gains on cash and cash equivalents		(6.6)	(8.4)	22.7
Net cash and cash equivalents at end of the period	5	39.6	55.0	113.5
Reconciliation of net cash flow to movement in net debt				
(Decrease)/increase in cash and cash equivalents		(67.3)	(24.6)	2.8
Cash outflow from change in debt and lease financing		7.7	174.8	250.2
Change in net debt resulting from cash flows		(59.6)	150.2	253.0
Loans and finance leases disposed with subsidiaries		-	1.7	1.7
Transfer of preference shares from equity under IAS 32		(28.0)	-	-
Other		1.0	3.6	(3.4)
Exchange		6.5	(7.5)	4.0
(Increase)/decrease in net debt		(80.1)	148.0	255.3
Net debt at start of period		(403.8)	(659.1)	(659.1)
Net debt at end of period	5	(483.9)	(511.1)	(403.8)

Consolidated statement of recognised income and expense (unaudited)

	2005 Half year Unaudited US\$m	2004 Half year Unaudited US\$m	2004 Full year Unaudited US\$m
For the six months ended 30 June 2005			
Gain on revaluation of investments	1.2	-	-
Gain on cash flow hedges	0.4	-	-
Exchange differences on translation of foreign operations	6.8	(7.9)	6.0
Actuarial gains in respect of retirement benefit schemes	-	27.8	5.1
Net income recognised directly in equity	8.4	19.9	11.1
Profit/(loss) for the period	35.3	(7.9)	(3.1)
Transferred to profit or loss on cash flow hedges	0.5	-	-
Total recognised income and expense for the period	44.2	12.0	8.0
Attributable to:			
EQUITY SHAREHOLDERS OF THE COMPANY	42.2	7.4	3.5
Minority interests	2.0	4.6	4.5
	44.2	12.0	8.0

Reconciliation of shareholders' equity (unaudited)

	2005 Half year Unaudited US\$m	2004 Half year Unaudited US\$m	2004 Full year Unaudited US\$m
For the six months ended 30 June 2005			
Opening shareholders' equity	254.8	115.6	115.6
Restatement for the effects of IAS 32 and IAS 39	0.3	-	-
Restated opening shareholders' equity	255.1	115.6	115.6
Profit/(loss) attributable to equity shareholders	33.3	(12.5)	(7.6)
Gain on revaluation of investments	1.2	-	-
Gain on cash flow hedges	0.4	-	-
Exchange differences on translation of foreign operations	6.8	(7.9)	6.0
Actuarial gains in respect of retirement benefit obligations	-	27.8	5.1
Transferred to profit or loss on cash flow hedges	0.5	-	-
Issue of ordinary shares	-	1.3	1.3
Share premium on issue of ordinary shares	-	134.4	134.4
CLOSING SHAREHOLDERS' EQUITY	297.3	258.7	254.8

Notes to the interim accounts for the six months ended 30 June 2005

1. Basis of preparation

Coats Group Limited is incorporated in the British Virgin Islands. It does not prepare consolidated statutory accounts and therefore the financial information contained in this announcement does not constitute full financial statements and has not been, and will not be, audited.

The financial information in these accounts for the six months ended 30 June 2004 and 2005, and for the year ended 31 December 2004, has been prepared in accordance with International Financial Reporting Standards (IFRS), and the accounting policies adopted have been consistently applied to all periods presented except for those relating to the classification and measurement of financial instruments. The Group has made use of the exemption available under IFRS 1 to only apply IAS 32 and IAS 39 from 1 January 2005. The IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted in this interim financial information are those issued and effective as at the time of preparation. The IFRS and IFRIC interpretations that will be applicable at 31 December 2005 may introduce further changes. Reconciliations and descriptions of the effect of the transition from UK GAAP to IFRS on the Group's income statement for the year ended 31 December 2004 and balance sheets as at 31 December 2004 and 1 January 2005 are provided in notes 7 and 8 at the end of this report.

As a subsidiary of Guinness Peat Group plc (GPG), Coats Group Limited follows the accounting policies of GPG.

The principal exchange rates (to the US dollar) used in preparing these accounts are as follows:

		June 2005	June 2004	December 2004
Average	Sterling	0.53	0.55	0.55
	Euro	0.78	0.81	0.80
Period end	Sterling	0.56	0.55	0.52
	Euro	0.83	0.82	0.73

2. Operating profit is stated after charging/(crediting):

	2005 Half year Unaudited US\$m	2004 Half year Unaudited US\$m	2004 Full year Unaudited US\$m
Reorganisation costs and impairment of property, plant and equipment	28.0	18.9	45.6
Other exceptional items	(15.7)	3.5	3.8
Total	12.3	22.4	49.4

For the six months ended 30 June 2005, the \$15.7 million exceptional credit represents exchange gains. The other exceptional charges arising in 2004 largely represent Group refinancing costs.

3. Taxation

The taxation charge for the six months ended 30 June 2005 is based on the estimated effective tax rate for the full year, including the effect of prior period tax adjustments.

4. Reconciliation of operating profit to net cash (outflow)/inflow generated by operations

	2005 Half year Unaudited US\$m	2004 Half year Unaudited US\$m	2004 Full year Unaudited US\$m
Operating profit	54.2	18.9	41.1
Depreciation	23.4	27.0	50.7
Amortisation of intangible assets (computer software)	4.5	2.7	5.5
Reorganisation costs	28.0	18.9	43.2
Impairment of property, plant and equipment	-	-	2.4
Other exceptional items	(15.7)	3.5	3.8
(Increase)/decrease in inventories	(33.2)	31.6	45.0
(Increase)/decrease in debtors	(18.5)	(8.2)	7.7
(Decrease)/increase in creditors	(18.8)	(9.1)	38.0
Other non-cash movements	(7.4)	-	(4.6)
Net cash inflow from normal operating activities	16.5	85.3	232.8
Net cash outflow in respect of reorganisation costs and other exceptional items	(22.3)	(15.9)	(36.3)
Net cash (outflow)/inflow generated by operations	(5.8)	69.4	196.5

5. Net debt

	2005 Half year Unaudited US\$m	2004 Half year Unaudited US\$m	2004 Full year Unaudited US\$m
Cash and cash equivalents	72.7	88.7	136.5
Bank overdrafts	(33.1)	(33.7)	(23.0)
Net cash and cash equivalents	39.6	55.0	113.5
Other borrowings	(523.5)	(566.1)	(517.3)
Total	(483.9)	(511.1)	(403.8)

6. Balance sheet consolidated by Guinness Peat Group plc (unaudited)

The balance sheet consolidated by Guinness Peat Group plc (GPG) as at 30 June 2005 differs from that disclosed as follows:

	Coats Group Limited Unaudited US\$m	Coats Group Limited US\$:GBP at 0.5578 Unaudited £m	GPG fair value adjustments Unaudited £m	Included in GPG's consolidated balance sheet Unaudited £m
Intangible assets	253.0	141	23	164
Other non-current assets	546.7	305		305
Current assets	823.2	459		459
Total assets	1,622.9	905	23	928
Current liabilities	(600.6)	(335)		(335)
Non-current liabilities	(694.1)	(387)		(387)
Minority interests	(30.9)	(17)		(17)
Shareholders' funds	297.3	166	23	189

£7.8 million (\$14.0 million) of the fair value adjustment to intangible assets relates to a fair value provision being made at 31 December 2004 for the \$14.0 million loss on sale of the Dorma Bedwear business in February 2005 referred to in note 8.

7. Effect of the transition to IFRS on the consolidated income statement for the year ended 31 December 2004 (unaudited)

	UK GAAP Unaudited US\$m	Effect of transition to IFRS Unaudited US\$m	IFRS Unaudited US\$m
For the year ended 31 December 2004			
Revenue	1,711.9	(133.7)	1,578.2
Cost of sales	(1,144.6)	75.2	(1,069.4)
Gross profit	567.3	(58.5)	508.8
Distribution costs	(346.3)	48.2	(298.1)
Administrative expenses	(186.2)	15.3	(170.9)
Other operating income	0.7	0.6	1.3
Operating profit	35.5	5.6	41.1
Share of profits of joint ventures	-	1.3	1.3
Share of profits of associated undertakings	1.5	(1.3)	0.2
Profit on sale of fixed assets	0.7	(0.7)	-
Investment income	8.5	(0.6)	7.9
Finance costs	(50.3)	11.8	(38.5)
(Loss)/profit before taxation	(4.1)	16.1	12.0
Taxation	(14.3)	0.6	(13.7)
(Loss)/profit from continuing operations	(18.4)	16.7	(1.7)
Discontinued operations			
Loss from discontinued operations	-	(1.4)	(1.4)
(Loss)/profit for the period	(18.4)	15.3	(3.1)
Attributable to:			
EQUITY SHAREHOLDERS OF THE COMPANY	(24.0)	16.4	(7.6)
Minority interests	5.6	(1.1)	4.5
	(18.4)	15.3	(3.1)

The key adjustments made are as follows:

Under IFRS 3 (Business Combinations), goodwill is no longer amortised, resulting in a \$18.2 million increase in operating profit.

Under IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations), certain businesses (primarily Dorma Bedwear, which was sold on 14 February 2005) represented discontinued operations, resulting in a \$133.7 million reduction to revenue and a \$1.4 million increase in operating profit from continuing operations.

Under IAS 31 (Interests in Joint Ventures), certain businesses are now accounted for as joint ventures (instead of as subsidiary undertakings), resulting in a reduction to operating profit of \$3.0 million.

Under UK GAAP, Coats Group Limited accounted for pensions in accordance with SSAP 24. IAS 19 (Employee Benefits) has now been adopted resulting in reductions to operating profit and finance costs of \$13.6 million and \$10.0 million respectively.

8. Effect of the transition to IFRS on the consolidated balance sheet as at 31 December 2004 and 1 January 2005 (unaudited)

	UK GAAP at 31 December 2004 Unaudited \$m	Effect of transition to IFRS Unaudited \$m	IFRS at 31 December 2004 Unaudited \$m	IAS 32 and IAS 39 transitional adjustments Unaudited \$m	IFRS at 1 January 2005 Unaudited \$m
At 31 December 2004 and 1 January 2005					
Non-current assets					
Intangible assets	213.5	38.4	251.9		251.9
Property, plant and equipment	585.4	(108.0)	477.4		477.4
Investments in joint ventures	-	17.8	17.8		17.8
Long term investments	0.3	3.7	4.0		4.0
Deferred tax assets	-	13.6	13.6		13.6
Trade and other receivables	94.7	(48.9)	45.8	2.0	47.8
	893.9	(83.4)	810.5	2.0	812.5
Current assets					
Inventories	337.7	(34.6)	303.1		303.1
Trade and other receivables	359.4	(10.8)	348.6	1.0	349.6
Trading investments	3.7	(3.7)	-		-
Cash and cash equivalents	141.4	(4.9)	136.5		136.5
	842.2	(54.0)	788.2	1.0	789.2
Non-current assets classified as held for sale	-	114.0	114.0		114.0
Total assets	1,736.1	(23.4)	1,712.7	3.0	1,715.7
Current liabilities					
Trade and other creditors	(361.2)	13.2	(348.0)		(348.0)
Bank overdrafts and other borrowings	(68.3)	2.7	(65.6)		(65.6)
Provisions for liabilities and charges	-	(191.1)	(191.1)	(0.8)	(191.9)
	(429.5)	(175.2)	(604.7)	(0.8)	(605.5)
Net current assets	412.7	(229.2)	183.5	0.2	183.7
Non-current liabilities					
Trade and other creditors	(3.2)	0.7	(2.5)		(2.5)
Deferred tax liabilities	-	(25.9)	(25.9)		(25.9)
Other borrowings	(474.6)	(0.1)	(474.7)	(28.0)	(502.7)
Retirement benefit obligations:					
Funded schemes	(1.1)	(70.8)	(71.9)		(71.9)
Unfunded schemes	(123.9)	6.2	(117.7)		(117.7)
Provisions for liabilities and charges	(238.0)	194.8	(43.2)		(43.2)
	(840.8)	104.9	(735.9)	(28.0)	(763.9)
Liabilities directly associated with non-current assets classified as held for sale	-	(58.5)	(58.5)		(58.5)
Total liabilities	(1,270.3)	(128.8)	(1,399.1)	(28.8)	(1,427.9)
Net assets	465.8	(152.2)	313.6	(25.8)	287.8
Equity					
Share capital	4.2	-	4.2		4.2
Share premium account	412.1	-	412.1		412.1
Hedging and translation reserves	-	8.5	8.5	0.3	8.8
Retained earnings	(28.2)	(141.8)	(170.0)		(170.0)
EQUITY SHAREHOLDERS' FUNDS	388.1	(133.3)	254.8	0.3	255.1
Minority interests	77.7	(18.9)	58.8	(26.1)	32.7
Total equity	465.8	(152.2)	313.6	(25.8)	287.8

The key adjustments made to the balance sheet at 31 December 2004 are as follows:

Intangible assets have increased primarily to include computer software of \$17.4 million (previously recognised as part of property, plant and equipment) and to write back \$18.4 million of amortisation of goodwill, as under IFRS 3 (Business Combinations) goodwill is no longer amortised.

The adjustments to property, plant and equipment, investments in joint ventures, inventories and trade and other creditors largely arise due to the reclassification under IFRS 5 (Non-Current Assets Held for Sale and Discontinued

Operations) of certain assets and liabilities as assets and liabilities held for sale and due to certain businesses being deconsolidated as they represent joint ventures under IAS 31 (Interests in Joint Ventures).

The adjustments to provisions largely reflect the fact that IFRS require provisions to be allocated between short and long term provisions. In addition, under IFRS 5, certain provisions are reclassified to liabilities held for sale and, also under IFRS 5, provision is made at 31 December 2004 for the \$14.0 million loss on sale of the Dorma Bedwear business in February 2005.

The effect of the adoption of IAS 19 (Employee Benefits) is to increase retirement benefit obligations by \$121.9 million, with the main impact being on the balance sheet categories for trade and other receivables and retirement benefit obligations.

Net deferred tax liabilities have increased by \$16.9 million, largely to reflect deferred tax on the undistributed reserves of subsidiaries in accordance with IAS 12 (Income Taxes). (Under UK GAAP, a \$4.6 million net deferred tax asset was recognised in current assets).

The key adjustments to equity shareholders' funds are as follows:

	<u>\$m</u>
Add back goodwill amortisation	18.4
Provision for the loss on the sale of Dorma Bedwear	(14.0)
Additional provisions for retirement benefit obligations	(121.9)
Provision for additional net deferred tax	(16.9)
Other	1.1
Total adjustment to equity shareholders' funds	<u>(133.3)</u>

The adjustment to minority interests is largely due to the deconsolidation of entities which represent joint ventures under IAS 31.

The key adjustment arising on the adoption of IAS 32 and IAS 39 as at 1 January 2005 is the reclassification of the preference share capital of a subsidiary as debt.