

Registered No: 406925

CV Statutory Company No: 316

HICKING PENTECOST PLC

REPORT AND ACCOUNTS FOR THE PERIOD ENDED

31 DECEMBER 1999

COUNTRY OF REGISTRATION: ENGLAND

REGISTERED OFFICE: LEES STREET
SWINTON
MANCHESTER
M27 6DA

DIRECTORS: M C FLOWER
C W HEALY
K T KANTOR
D J LEA
J A MCVICKER
G M PERKS
J STEPHENS

SECRETARY: J STEPHENS

AUDITORS:



DELOITTE & TOUCHE
201 DEANS GATE
MANCHESTER
M60 2AT

HICKING PENTECOST PLC

DIRECTORS' REPORT

The directors present their annual report and audited accounts for the period ended 31 December 1999.

CHANGE OF ACCOUNTING REFERENCE DATE

Following the acquisition of Hicking Pentecost PLC by Coats Viyella Plc, the company changed its accounting reference date from 31 March to 31 December. These accounts are therefore for the nine month period ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company is that of a holding company.

REVIEW OF BUSINESS

The company was acquired by Coats Viyella Plc on 3 September 1999 following competitive bidding with American & Efrd (UK) Limited. During the course of the protracted bid negotiations, the company incurred defence costs of £1.4m which have been written off as an exceptional item.

Since the acquisition, most of the management functions of the company have been absorbed by Coats Viyella and reorganisation costs of £0.5m have been incurred as a result.

Including the above items, the operating loss for the period was £2.6m and the loss before tax was £1.4m.

The directors do not recommend the payment of a dividend.

YEAR 2000

The directors have considered the potential effects of Year 2000 issues on the company. There was no impact on its computer systems or suppliers, and no costs have been, or are expected to be, incurred in order to achieve Year 2000 compliance.

HICKING PENTECOST PLC

DIRECTORS

The directors during the year were:

T G Davies	(resigned 2 November 1999)
M C Flower	(appointed 14 September 1999)
C W Healy	(appointed 14 September 1999)
C M Jones	(resigned 31 January 2000)
K T Kantor	(appointed 14 September 1999)
N J Kershaw	(resigned 1 November 1999)
J D Lea	(appointed 14 September 1999)
J A McVicker	
G M Perks	(appointed 14 September 1999)
J Stephens	(appointed 14 September 1999)
H D Whitlow	(resigned 1 November 1999)

No director has any interest in the shares of the Company.

M C Flower and K T Kantor are directors of Coats Viyella Plc and their interests in the shares of Coats Viyella Plc are shown in its accounts.

The beneficial interest in the shares of Coats Viyella Plc of the other directors at 31 December 1999 and at appointment were as follows:

	Ordinary Shares of 20p each	
	31 December	31 March
	1999	1999
		or date of
		appointment
J A McVicker	Nil	Nil
C W Healy	Nil *	Nil
J D Lea	3,079	3,079
G M Perks	Nil	Nil
J Stephens	Nil	Nil

* purchased 4,000 shares in Coats Viyella Plc on 9.3.00.

HICKING PENTECOST PLC

DIRECTORS' INTEREST

The following share options in Coats Viyella Plc have been granted to directors and not exercised:

	<u>Options Granted</u>	<u>Price per Share</u>	<u>Period of Option</u>	<u>Number of Shares</u>
1984 Executive Share Option Scheme	1990 to 1994	103.57p to 256.09p	2000 to 2004	5,000
1994 Executive Share Option Scheme	1994 to 1999	33.75p to 214.50p	2000 to 2009	410,000
Overseas Executive Share Option Scheme	1990 to 1994	103.57p to 256.09p	2000 to 2004	20,275
Coats Viyella Sharesave	1994 to 1997	110.00p to 183.00p	2000 to 2002	6,204

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of the company's affairs and of the result of the company for that period. In preparing accounts the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

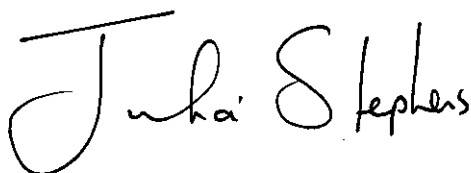
HICKING PENTECOST PLC

AUDITORS

Following the acquisition of Hicking Pentecost PLC by Coats Viyella Plc, PricewaterhouseCoopers resigned as auditors. The directors' appointed Deloitte & Touche to fill the casual vacancy.

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution proposing their appointment will be put to the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'J Stephens', written in a cursive style.

J Stephens
Secretary

HICKING PENTECOST PLC

AUDITORS' REPORT TO THE SHAREHOLDERS OF HICKING PENTECOST PLC

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on page 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 1999 and of its loss for the nine month period ended on that date and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants
and Registered Auditors

31 July 2000

201 Deansgate
Manchester
M60 2AT

HICKING PENTECOST PLC

PROFIT AND LOSS ACCOUNT

For the Period ended 31 December 1999

	<u>Notes</u>	Period ended 31 December 1999 £'000	Year ended 31 March 1999 £'000
Administration expenses		<u>(2,638)</u>	<u>5</u>
OPERATING (LOSS)/PROFIT	1	(2,638)	5
Interest receivable and similar income	4	2,533	5,123
Interest payable and similar charges	4	(1,580)	(2,347)
Income from shares in subsidiary undertakings	5	335	4,130
(Loss)/gain on disposal of shares in subsidiary undertaking		(96)	7,888
Amounts written off investments in subsidiary undertakings		<u>-</u>	<u>(1,688)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,446)	13,111
Taxation on (loss)/profit on ordinary activities	6	<u>13</u>	<u>(1,517)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(1,433)	11,594
Ordinary dividends	7	<u>-</u>	<u>(2,634)</u>
(ABSORBED LOSS)/RETAINED PROFIT TRANSFERRED TO RESERVES	15	<u>(1,433)</u>	<u>8,960</u>

The notes on pages 9 to 18 form part of these accounts.

The above results all relate to continuing operations. There is no material difference between the results shown above and those on a historical cost basis.

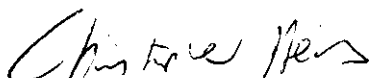
HICKING PENTECOST PLC

BALANCE SHEET

At 31 December 1999

	Notes	31 December 1999 £'000	31 March 1999 £'000
FIXED ASSETS			
Tangible fixed assets	8	1,893	1,155
Investments in subsidiaries	9	<u>92,829</u>	<u>95,829</u>
		<u>94,722</u>	<u>96,984</u>
CURRENT ASSETS			
DEBTORS - falling due within one year	10	25	80
CASH AT BANK AND IN HAND		<u>4,470</u>	<u>5,335</u>
		4,495	5,415
CREDITORS - amounts falling due within one year	11	<u>(8,967)</u>	<u>(10,720)</u>
NET CURRENT LIABILITIES		<u>(4,472)</u>	<u>(5,305)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		90,250	91,679
CREDITORS - amounts falling due after more than one year	12	(36,635)	(38,064)
PROVISIONS FOR LIABILITIES AND CHARGES	13	<u>(254)</u>	<u>(76)</u>
NET ASSETS		<u>53,361</u>	<u>53,539</u>
CAPITAL AND RESERVES			
SHARE CAPITAL	14	15,945	15,869
SHARE PREMIUM ACCOUNT	15	8,521	8,397
OTHER CAPITAL RESERVES	15	19,829	19,034
PROFIT AND LOSS ACCOUNT	15	<u>9,066</u>	<u>10,239</u>
EQUITY SHAREHOLDERS' FUNDS		<u>53,361</u>	<u>53,539</u>

Approved by the Board of Directors on 28th July 2000 and signed on their behalf.



Director

The notes on pages 9 to 18 form part of these accounts.

HICKING PENTECOST PLC

Period ended	Year ended
31 December	31 March
1999	1999
£'000	£'000

STATEMENT OF RECOGNISED GAINS AND LOSSES

Period ended 31 December 1999

(Loss)/Profit for the financial period	(1,433)	11,594
Unrealised surplus on revaluation of properties	811	-
Currency translation differences	<u>244</u>	<u>-</u>
Total recognised gains and losses relating to the period	<u>(378)</u>	<u>11,594</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

Period ended 31 December 1999

(Loss)/Profit for the financial period	(1,433)	11,594
Dividends	<u>-</u>	<u>(2,634)</u>
	(1,433)	8,960
Unrealised surplus on revaluation of properties	811	-
Currency translation differences	244	-
Shares issued during period	<u>200</u>	<u>-</u>
Net movement in shareholders' funds	(178)	8,960
Opening shareholders' funds	<u>53,539</u>	<u>44,579</u>
Closing shareholders' funds	<u>53,361</u>	<u>53,539</u>

HICKING PENTECOST PLC

STATEMENT OF ACCOUNTING POLICIES

Basis of Accounting	The financial accounts are prepared on the basis of historical cost, as modified by the revaluation of land and buildings, and in accordance with applicable accounting standards.								
Foreign Currencies	Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. Profits and losses on exchange arising in the normal course of trading and realised exchange differences arising on the conversion of foreign currency borrowings are dealt with in the profit and loss account. Unrealised exchange differences arising on the translation of overseas net assets and matched long term foreign currency borrowings are taken direct to reserves.								
Investments	Fixed asset investments are stated at cost, unless in the opinion of the Directors, there has been an impairment in the carrying value in which case an appropriate adjustment is made.								
Tangible Fixed Assets	<p>Tangible fixed assets are stated at cost or open market existing use valuation less accumulated depreciation which is provided to write off the asset over its useful economic life at the following rates:</p> <table><tr><td>Freehold land</td><td>Nil</td></tr><tr><td>Freehold buildings</td><td>2% to 5%</td></tr><tr><td>Plant and equipment</td><td>20% to 33%</td></tr><tr><td>Motor vehicles</td><td>25%</td></tr></table>	Freehold land	Nil	Freehold buildings	2% to 5%	Plant and equipment	20% to 33%	Motor vehicles	25%
Freehold land	Nil								
Freehold buildings	2% to 5%								
Plant and equipment	20% to 33%								
Motor vehicles	25%								
Taxation	<p>Coats Viyella Plc 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 Viyella Group. The Directors have received assurances that:</p> <ul style="list-style-type: none">(i) there is no intention to revoke the undertaking to discharge the taxation liabilities of the Company for those periods, and(ii) full provision for deferred taxation has been made by Coats Viyella Plc in respect of the Company.								
Cash Flow Statement	The company is a wholly owned subsidiary undertaking of Coats Viyella Plc. The company has therefore taken the advantage of the exemption under FRS1 of not producing its own cash flow statement as a consolidated cash flow statement has been included in the consolidated financial statements of Coats Viyella Plc.								

HICKING PENTECOST PLC

NOTES TO THE ACCOUNTS

	Period ended 31 December 1999 £'000	Year ended 31 March 1999 £'000
1. OPERATING (LOSS)/PROFIT		
Operating (loss)/profit is stated after charging/ (crediting):		
Depreciation	63	52
Profit on disposal of fixed assets	8	(1)
Operating leases - plant and machinery	-	28
Audit fees	15	15
Non-audit fees payable to auditors	22	20
Bid defence costs	1,425	-
Reorganisation costs	494	-
Impairment of fixed assets	13	-
2. DIRECTORS' REMUNERATION		
Aggregate emoluments	425	525
Company pension contributions to money purchase schemes	49	57
Compensation for loss of office	<u>474</u>	<u>-</u>
	<u>948</u>	<u>582</u>
Aggregate emoluments of highest paid director including compensation for loss of office	443	141
Company pension contributions to money purchase scheme for highest paid director	<u>24</u>	<u>25</u>
	<u>467</u>	<u>166</u>
Number of directors for whom retirements benefits provided:	<u>Number</u>	<u>Number</u>
under money purchase schemes	3	4
under defined benefit schemes	1	1

Four directors received cash in lieu of share options cancelled in the year.

The following directors do not receive any emoluments
in respect of their services to the company:

M C Flower
C W Healy

D J Lea
G M Perks

K T Kantor

HICKING PENTECOST PLC

NOTES TO THE ACCOUNTS (Continued)

	Period ended 31 December 1999	Year ended 31 March 1999
3. EMPLOYEES	Number	Number
Average number of persons employed	<u>7</u>	<u>8</u>
	£'000	£'000
Staff costs during the period:		
Wages and salaries	312	426
Social security costs	45	40
Other pension costs	<u>62</u>	<u>69</u>
	<u>419</u>	<u>535</u>
4. INTEREST RECEIVABLE AND PAYABLE	Period ended 31 December 1999 £'000	Year ended 31 March 1999 £'000
Receivable - bank interest	239	293
- group loans	<u>2,294</u>	<u>4,830</u>
	<u>2,533</u>	<u>5,123</u>
Payable - bank loans	<u>(1,580)</u>	<u>(2,347)</u>
5. INCOME FROM SHARES IN SUBSIDIARY UNDERTAKINGS		
Dividends receivable	<u>335</u>	<u>4,130</u>
6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES		
Corporation tax at 30% (prior year 31%)	63	877
Deferred tax	(76)	4
Advance corporation tax written off	-	640
Prior year adjustments - corporation tax	<u>-</u>	<u>(4)</u>
	<u>(13)</u>	<u>1,517</u>

The tax credit for the period is disproportionate to the loss for the period due to the none provision of a deferred tax asset.

HICKING PENTECOST PLC

NOTES TO THE ACCOUNTS (Continued)

	Period ended 31 December 1999 £'000	Year ended 31 March 1999 £'000	
7. ORDINARY DIVIDENDS			
Interim paid (1998/99 2.7p/share)	— -	857	
Second interim declared (1998/99 5.6p/share)	— -	1,777	
	— -	2,634	
8. TANGIBLE FIXED ASSETS			
	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation			
At 31 March 1999	1,411	147	1,558
Additions	-	59	59
Disposals	(45)	(103)	(148)
Revaluation adjustments	811	-	811
At 31 December 1999	2,177	103	2,280
Depreciation			
At 31 March 1999	283	120	403
Charge for the period	37	26	63
Impairment in value	-	13	13
Disposals	(19)	(73)	(92)
At 31 December 1999	301	86	387
Net book amount			
At 31 December 1999	1,876	17	1,893
At 31 March 1999	1,128	27	1,155

Depreciation is not provided on freehold land with a valuation of £827,000 (31 March 1999 - £728,000).

On a historical cost basis, freehold land and buildings would be included at a net book amount of £1,080,000 (31 March 1999 - £1,128,000).

Following the acquisition of Hicking Pentecost PLC by Coats Viyella Plc, the company's freehold properties were valued as at 3 September 1999 on an open market existing use basis by Lambert Smith Hampton. The valuations were made in accordance with the Practice Statements in the RICS Appraisal & Valuation Manual.

HICKING PENTECOST PLC

NOTES TO THE ACCOUNTS (Continued)

9. INVESTMENTS

	<u>Group Companies</u>		
	Shares	Loans	Total
	£'000	£'000	£'000
COST			
At 31 March 1999	23,403	84,225	107,628
Repayments	-	(2,441)	(2,441)
Reclassification	-	1,581	1,581
Disposal	<u>(2,245)</u>	<u>-</u>	<u>(2,245)</u>
At 31 December 1999	<u>21,158</u>	<u>83,365</u>	<u>104,523</u>
PROVISIONS			
At 31 March 1999	(8,544)	(3,255)	(11,799)
Reclassification	-	(1,581)	(1,581)
Disposal	<u>1,686</u>	<u>-</u>	<u>1,686</u>
At 31 December 1999	<u>(6,858)</u>	<u>(4,836)</u>	<u>(11,694)</u>
NET BOOK VALUE			
At 31 December 1999	<u>14,300</u>	<u>78,529</u>	<u>92,829</u>
At 31 March 1999	<u>14,859</u>	<u>80,970</u>	<u>95,829</u>

The principal subsidiaries during the period were:

Company	Country of operation	Effective % of issued share capital held
Barbour Threads		
Barbour Threads Limited *	Northern Ireland	100%
Barbour Campbell Industria Filati S.p.A. *	Italy	100%
Barbour Threads Limited *	Ireland	100%
Barbour Threads B.V. *	Holland	100%
Barbour Threads Proprietary Limited *	Australia	100%
Barbour Threads Limited *	Hong Kong	100%
Barbour Threads Inc. *	U.S.A.	100%
B Hoogen Vertriebs GmbH *	Germany	100%

HICKING PENTECOST PLC

NOTES TO THE ACCOUNTS (Continued)

9. INVESTMENTS (Continued)

Company	Country of operation	Effective % of issued share capital held
Knitwear		
Hicking Pentecost Textiles Limited	England	100%
Industrial Products		
Forgemasters PLC	Wales	100%
Barbour Campbell Textiles Limited	Wales	100%

* shareholding held by a subsidiary undertaking.

The country of incorporation is the same as the country of operation except for Barbour Threads Limited (Northern Ireland) and Barbour Campbell Textiles Limited, both incorporated in Scotland.

The effective percentage of share capital held by the Group relates to all classes of shares and is equivalent to the voting rights.

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 those assets are included in the balance sheet.

As the company is a wholly-owned subsidiary of another company incorporated in Great Britain, consolidated accounts are not presented.

10. DEBTORS (Amounts falling due within one year)	31 December 1999 £'000	31 March 1999 £'000
Amounts owed by group companies	-	62
Other debtors	<u>25</u>	<u>18</u>
	<u>25</u>	<u>80</u>

HICKING PENTECOST PLC

NOTES TO THE ACCOUNTS (Continued)

11.	CREDITORS (Amounts falling due within one year)	31 December 1999 £'000	31 March 1999 £'000
	Bank and other loans	7,629	6,796
	Trade creditors	38	-
	Corporation tax	651	1,009
	Proposed dividend	-	1,777
	Other taxation and social security	13	21
	Other creditors	7	52
	Accruals and deferred income	<u>629</u>	<u>1,065</u>
		<u>8,967</u>	<u>10,720</u>
12.	CREDITORS (Amounts falling due after more than one year)		
	Banks and other loans	23,542	25,035
	Amounts owed to group undertakings	<u>13,093</u>	<u>13,029</u>
		<u>36,635</u>	<u>38,064</u>
	Borrowings, some of which are repayable by instalments, others by a single repayment at the end of their term, comprise:		
	Due between 1 and 2 years	11,134	5,870
	Due between 2 and 5 years	4,591	15,286
	Due beyond 5 years	<u>7,817</u>	<u>3,879</u>
		<u>23,542</u>	<u>25,035</u>

There is no amount due beyond 5 years which is repayable otherwise than by instalments.

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

HICKING PENTECOST PLC

NOTES TO THE ACCOUNTS (Continued)

	31 December 1999 £'000	31 March 1999 £'000
13. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred taxation	-	76
Reorganisation provisions	<u>254</u>	<u>-</u>
	<u>254</u>	<u>76</u>

The movement on the deferred taxation provision
is as follows:-

At 31 March 1999	76
Profit and loss account	<u>(76)</u>
At 31 December 1999	<u>-</u>

	31 December 1999 £'000	31 March 1999 £'000
The deferred taxation provision comprises:		
Accelerated capital allowances	75	78
Short term timing differences	<u>(75)</u>	<u>(2)</u>
	<u>-</u>	<u>76</u>

The movement on reorganisation provisions
is as follows:-

At 31 March 1999	-
Provided during period	494
Utilised	<u>(240)</u>
At 31 December 1999	<u>254</u>

HICKING PENTECOST PLC

NOTES TO THE ACCOUNTS (Continued)

14.	CALLED UP SHARE CAPITAL	31 December 1999 £'000	31 March 1999 £'000
	NUMBER		
	Authorised		
	Ordinary shares of 50p each	40,000,000	
		<u>20,000</u>	<u>20,000</u>
	Allotted and fully paid		
	Ordinary shares of 50p each	31,890,849	
		<u>15,945</u>	<u>15,869</u>

152,052 ordinary shares were issued during the period under the company's share option schemes for a consideration of £200,000 including £124,000 in respect of share premium account.

15.	RESERVES	Share premium £'000	Capital redemption reserve £'000	Capital reserve £'000	Revaluation reserve £'000	Profit and loss account £'000
	At 31 March 1999	8,397	5	19,029	-	10,239
	Loss for the period	-	-	-	-	(1,433)
	Premium arising on shares issued	124	-	-	-	-
	Revaluation of land and buildings	-	-	-	811	-
	Transfer to profit and loss account	-	-	-	(16)	16
	Exchange	-	-	-	-	244
	At 31 December 1999	<u>8,521</u>	<u>5</u>	<u>19,029</u>	<u>795</u>	<u>9,066</u>

16.	COMMITMENTS	31 December 1999 £'000	31 March 1999 £'000
	Capital commitments contracted but not provided for	<u>-</u>	<u>34</u>

HICKING PENTECOST PLC

NOTES TO THE ACCOUNTS (Continued)

17. ULTIMATE PARENT COMPANY

The company's ultimate parent company is Coats Viyella Plc, a company incorporated in England and Wales. Copies of the Group financial statements are available from the parent company's registered office at 2 Foubert's Place, London W1V 1HH.

18. RELATED PARTY TRANSACTIONS

The company is a wholly-owned subsidiary undertaking of Coats Viyella Plc and has taken advantage of the exemption in FRS 8 "Related Party Disclosures" in not separately disclosing details of transactions with other group companies.