GPG

GUINNESS PEAT GROUP PLC

ANNUAL REPORT

2011

Contents

Chairman's statement

The Preliminary Announcement was sent out on 24 February 2012 and this contained my Chairman's statement. This has been updated to take account of events since then and is set out below. My further thoughts are as follows:

Shareholders are aware that GPG is an unusual equity investment which is going through an unusual process. In releases during the 2011 year, recently in releases commenting on the value realization process and on pensions within the Group, and in this Report we have increased the transparency of the underlying investments and corporate structure substantially. The purpose of this is to make sure that current and prospective shareholders can make informed decisions in the capital markets version of "crouch, touch, pause, engage" i.e. read, think, pause, trade.

The assets held by the Company are diverse in many respects. Each is reviewed intensively on an ongoing basis to optimize the position of shareholders given the overall strategy to wind down the investment business in an orderly manner. At any time we are engaged in a number of sale, capital restructuring, or other processes most of which the Olympic diving commentators might describe as having a high degree of difficulty (not that we get extra points for that). Immersed in those processes it is possible to lose sight of the overall objective.

To help myself in that I make a practice of standing back and thinking "what really makes a difference for GPG shareholders?" I thought it worth sharing my current view on this:

1. We must do what we are able to strengthen the operational, marketing and financial strength of Coats which is the biggest single impact on ultimate value. Paul Forman, Coats CEO, and his team are doing a great job in tough markets and we are making real progress but we need to do more as other assets are realized and proceeds distributed in various ways. It is clear that Coats must be stand-alone financially and create its own future; the recent refinancing was a key and very significant step in this direction. All of the foundations for Coats as a stand-alone entity must be in place by the end of the current year;
2. We must be rigorous in realizing assets which have no clear path to value increase in a short time frame. As we keep saying to each other, hope is not a strategy. Where we do not control ability to exit we must agitate to get to that position vigorously. By the end of the current year we will have no assets remaining which are not subject to a very realistic value growth and exit plan; and
3. We must manage the legacy pension schemes efficiently. Again by the end of this year we must be able to show a clear future for these schemes which is acceptable to the trustees and gives clarity and certainty at acceptable cost to shareholders.

Thank you for being part of this journey with us.

Rob Campbell
Chairman
27 March 2012

Updated Chairman's statement of 24 February 2012

"Do not dwell in the past, do not dream of the future, concentrate the mind on the present moment."

Buddha

The 2011 financial year saw the announcement and implementation of the strategy to realise value for shareholders by discontinuation of new investment and orderly recoupment of value from the investment portfolio. This strategy was endorsed by shareholders at the Annual General Meeting in June 2011. Since that time the Board and management have devoted their efforts to the implementation of that strategy.

It is fair to say that market conditions have not been conducive to either equity value increase on a macro level nor to specific asset sales at enhanced values. However, we consider that sound progress has been made. Since 1 January 2011 total net proceeds of £214 million have been generated through the completed or partially completed sales of 50 investments. Furthermore, we now have in place a number of value enhancement projects and a number of value realisation projects. I will touch on these later.

This statement, which accompanies the Annual Report for the 2011 financial year, contains more detail than might normally be required. This reflects the desire of the Board not only to have shareholders fully understand the progress which has been made, but also to provide a very frank assessment of the current issues facing the Company and the value of its component parts and some guide to our thinking on the way forward. The issues are substantial and the strategy and situation of the Company atypical. It is hoped that shareholder reaction to this statement and ongoing dialogue about the issues will further assist the Board in any recommendations put forward to the Annual General Meeting in May 2012.

Consolidated income statement

	Year Ended 31 December 2011 £m	Re-stated Year Ended 31 December 2010 £m
Gross profit		
Parent Group	**-**	1
Coats	**372**	370
Other Subsidiaries	**20**	18
Total £ million	**392**	389
Total NZ$ million	***781***	*775*
Profit on disposal of investments and other net investment income		
Parent Group	**36**	31
Coats	**6**	4
Other Subsidiaries	**2**	6
Total £ million	**44**	41
Total NZ$ million	***88***	*82*
Exchange gains/(losses)		
Parent Group	**3**	(7)
Coats	**(2)**	-
Total £ million	**1**	(7)
Total NZ$ million	***2***	*(14)*
Net operating expenses		
Parent Group	**(35)**	(24)
Coats	**(289)**	(295)
Other Subsidiaries	**(25)**	(21)
Total £ million	**(349)**	(340)
Total NZ$ million	***(695)***	*(678)*
Share of (loss)/profit of joint ventures and associated undertakings		
Parent Group	**(16)**	5
Coats	**1**	-
Other Subsidiaries	**9**	7
Total £ million	**(6)**	12
Total NZ$ million	***(12)***	*24*
Profit/(loss) on ordinary activities before interest		
Parent Group	**(12)**	6
Coats	**88**	79
Other Subsidiaries	**6**	10
Total £ million	**82**	95
Total NZ$ million	***164***	*189*
Finance costs (net)		
Parent Group	**(17)**	(18)
Coats	**(11)**	(10)
Other Subsidiaries	**(1)**	(2)
Total £ million	**(29)**	(30)
Total NZ$ million	***(58)***	*(60)*
Profit/(loss) before taxation from continuing operations		
Parent Group	**(29)**	(12)
Coats	**77**	69
Other Subsidiaries	**5**	8
Total £ million	**53**	**65**
Total NZ$ million	***106***	*129*

We concentrate our minds on the present moment, on the assets we have, the liabilities we have and the markets we have. History and hope are no use to GPG shareholders.

The strategy has been directed towards turning assets held into cash at values reasonably commensurate with their underlying value given risk and timing considerations. We have taken the view that, in principle, distribution in specie is not a preferred option though signalling that our working assumption is that Coats will be a substantial residual asset which is left in shareholders' hands at the conclusion of the broader process. The Board will, however, continue to adopt a flexible approach to the principal objective of cash realisation and return. In relation to substantial assets where realisation at an acceptable value proves unachievable within a reasonable time frame, the Board will consider alternatives which give shareholders direct access to the assets concerned. At the present time, given that the original schedule provides for two more years to achieve our cash realisation objectives, there is no investment, Coats excepted, which falls into this category.

To be explicit about Coats, concerning which some misunderstanding has been observed:

- The priority is growing the strength of Coats as an ultimately independent company;
- As indicated above, our presumption is that Coats will be the remaining ongoing business and will continue to be owned by GPG shareholders;
- If, however, an offer for part or all of Coats is received which is thought to produce greater overall value for GPG shareholders that option will be given serious consideration.

It is the Board's intention that surplus cash proceeds from the asset realisation programme be returned to shareholders as expeditiously as possible. The Group will retain the capital necessary for Coats' ongoing requirements and to ensure it remains able to meet its actual and contingent liabilities. The GPG Group's cash position and the progress made with the realisation programme during the first half of 2011 enabled the Group to make an initial £80 million (NZ$159 million) return of cash to shareholders in July 2011. Also, in October a £12 million (NZ$24 million) cash dividend was paid, together with the issue of £6 million (NZ$12 million) of shares to existing shareholders pursuant to the Scrip Dividend Alternative.

GPG's consolidated financial results for the period ending 31 December 2011 reflect a combination of underlying investee company performance and year-end balance sheet positions (in the case of GPG's subsidiaries, joint ventures and associates) as well as the market value of other assets within the GPG portfolio at year-end, including GPG's Parent Group cash resources and liabilities. While in keeping with international accounting standards, this consolidated accounting presentation obscures an investor's view of GPG and its net asset value components.

An overview of both the consolidated accounting financial results and a simplified presentation of GPG's net asset position is contained in the following sections of this statement.

Reported financial results

GPG's net profit attributable to members in the year was £1 million (NZ$2 million) compared to a profit of £46 million (NZ$92 million) in 2010. Shareholders' funds decreased by £391 million (NZ$779 million) to £602 million (NZ$1,199 million) at 31 December 2011, due in the main to actuarial losses of £215 million (NZ$428 million) on the Group's defined benefit pension schemes, a £60 million (NZ$120 million) reduction in unrealised gains on investments (a portion of which is not a charge to shareholders' funds), foreign exchange losses of £26 million (NZ$52 million) recognised in reserves, and the return of capital of £80 million (NZ$159 million). As a consequence of these factors, the net asset backing per share decreased during the year from 54.6p (NZ$1.09) to 37.1p (NZ$0.74). The net profit for the year represented a return of 0.1% (2010: 5.0%) on average shareholders' funds.

At the year end the GPG Parent Group had cash of £200 million (NZ$398 million) (2010: £203 million (NZ$404 million)).

Coats' performance and key developments

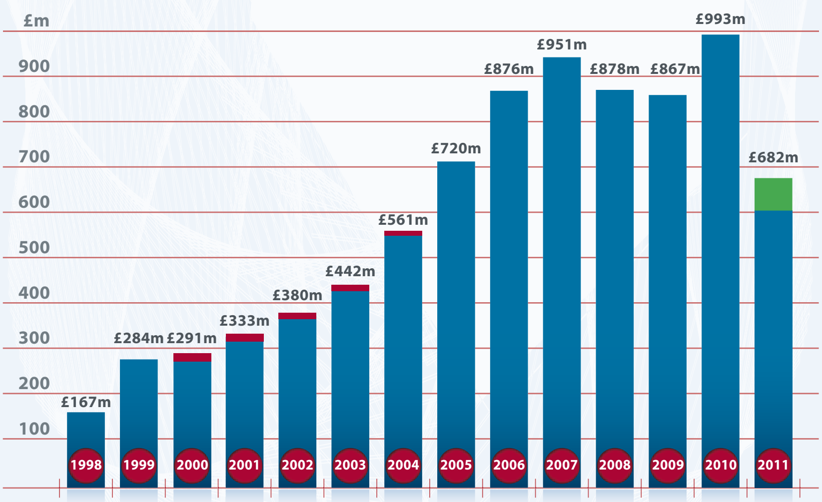
- Coats' trading during 2011 produced an attributable GPG profit of £44 million (NZ$88 million) (2010: £39 million, NZ$78 million).

Movements in shareholders' funds

	£m	£m
Opening shareholders' funds		**993**
Shareholder returns		
Capital return	(80)	
Dividend	(18)	
Scrip dividend	6	
		(92)
Profit for the period		1
Movements in unrealised gains reserve		
Gains realised in the period (recycled through the Income Statement)	(28)	
Net unrealised movements on AFS investments	(27)	
Unrealised movements in respect of associates *(Note 1)*	(15)	
Deferred tax movement	10	
		(60)
IAS19 adjustments		
GPG schemes	(29)	
Coats	(186)	
		(215)
Foreign currency revaluations – Coats		(26)
Other		1
Closing shareholders' funds		**602**

Note 1: As a consequence of the impairment in associates, £15m has been recycled from the URGR to the Income Statement

Shareholders' funds



Capital returned to shareholders in October 2011 of £80m.

The figures for CLNs are £19m (2000), £16m (2001), £12m (2002), £12m (2003), £6.0m (2004), £Nil (2005 and subsequently). Figures for 2004 and later years are prepared under International Accounting Standards whereas previous figures have been prepared under UK GAAP. For comparability the 2004 figures have been adjusted to reflect the IAS 32/39 transitional adjustments of £120m.

Return on average shareholders' funds

	Average shareholders' funds £000s	Attritutable profit/(loss) £000s	Return on average shareholders' funds
2007	**913,870**	129,292	**14.1%**
2008	**914,572**	(50,273)	**(5.5)%**
2009	**872,400**	(35,864)	**(4.1)%**
2010	**930,374**	46,361	**5.0%**
2011	**797,732**	579	**0.1%**

Elements of reported profit for the year

	£m	£m
Operating subsidiaries		
Coats	44	
Other	4	
		48
Turners & Growers (net of minority interest)		(9)
Parent Group associated undertakings and joint ventures *(Note 1)*		(16)
Investments		
Gains realised in the period (recycled from the unrealised gains reserve)	28	
Dividend income	12	
Mark-to-market adjustments	(2)	
Impairments	(10)	
		28
Foreign exchange gains		3
Other income		3
Parent Group overheads *(Note 2)*		(35)
Net interest expense		(12)
Parent Group tax *(Note 3)*		(9)
Net profit for the year attributable to GPG shareholders		**1**

Note 1: Includes impairments of £45m partially offset by a credit of £15m recycled from the URGR
Note 2: Overheads include £9m one-off advisor fees
Note 3: Consists principally of non-cash deferred tax

Simplified balance sheet

GPG's financial position is shown in the 31 December 2011 simplified balance sheet below:

	2011		2010	
	£m	£m	£m	£m
Operating subsidiaries excluding Coats (book value)		**50**		48
Associated undertakings and joint ventures (book value)		**212**		250
Other portfolio investments		**212**		366
Turners & Growers		**66**		78
Total investments		**540**		742
Cash		**200**		203
Gross assets excluding Coats		**740**		945
Capital Notes		**(214)**		(212)
GPG pension schemes		**(64)**		(37)
Other net creditors		**(10)**		(22)
		452		674
Coats				
Other net assets	**464**		472	
Net debt	**(153)**		(154)	
UK pension (deficit)/surplus	**(161)**		1	
		150		319
Shareholders' Funds £ million		**602**		**993**
Shareholders' Funds NZ$ million		**1,199**		**1,978**
NAV/share (NZ¢)		**73.9**		108.8

Coats' sales of US$1,702 million (£1,059 million, NZ$2,110 million) were 7% ahead of the prior year with sales increasing in both the Industrial and Crafts businesses. This performance was achieved against the background of difficult market conditions, especially in the second half of the year, and significant cost inflation. These results, both sales and attributable profit, were record performances under GPG ownership and confirmed the recovery from the low point of 2009 when sales were US$1,408 million (£903 million, NZ$1,799 million). In that year Coats reported an attributable loss of £3 million (NZ$6 million).

- During the year the Coats Board was strengthened by the appointment of three independent directors, each with substantial international commercial experience. I also joined the Coats Board to strengthen the governance relationship between GPG and Coats. Since the year end it has been confirmed that Gary Weiss will be stepping down as Chairman with effect from 30 April 2012 and that he will be replaced by Mike Allen. I would like to thank Gary for his chairmanship during a period of 8 years.
- The Coats performance in 2011 and its plans for 2012 and beyond will be fully outlined in its own year end documents. Suffice it to say at this point that while trading market conditions for Coats remain very challenging, the management team is implementing the strategy effectively, but the business requires constant change and reinvention while reducing costs and improving cash generation. It is a very strong challenge to which GPG remains fully committed. During 2012 the Coats Board will be undertaking a full internal review of its strategy and approach to the market.
- It is significant to note that during 2011 Coats completed a full renewal of its standalone banking facilities.

Investment Portfolio (excluding Coats)

- The Board has again, as it does for each reporting period, carefully reviewed the carrying values of its assets. It has determined that impairments totalling £55 million

(NZ$110 million) should be made and these are reflected in the full year results. The rigour and degree of conservatism which has been applied to these revisions is driven by an intention to be very clear to investors about the position at year end.

- A more detailed review of the current investment portfolio and divestments achieved to date are outlined later in this statement.

Consolidated income statement

GPG's financial performance in 2011 is shown on page 3 in the Consolidated Income Statement. GPG's profit before taxation from continuing operations was £53 million (NZ$106 million), compared to £65 million (NZ$129 million) in 2010 (as re-stated for the impact of discontinued operations - principally Turners & Growers).

Overview of GPG's key Net Asset Value (NAV) components

Another way of looking at GPG's NAV is to view it in its component parts from an investor's perspective. While it is not possible to generalise about how one investor may view GPG from another, a possible approach is to look at GPG's key asset groups and subtract from that GPG's actual and contingent liabilities.

GPG key asset components:

- Cash at bank;
- Investment portfolio (excluding Coats); and
- Coats (including Coats' pension schemes and EC fine contingent liability).

GPG key actual and contingent liability components:

- Capital notes;
- Pensions; and
- GPG overhead costs.

An overview of each of these asset and liability items is outlined below:

Investments (excluding Coats)	Shareholding	Market Value (£m)
Listed Investments		
Tower Limited	34.0%	78
ClearView Wealth Limited	48.6%	61
Ridley Corporation Limited	22.1%	54
Young & Co's Brewery plc Non-Voting	34.2%	34
Young & Co's Brewery plc 'A' Ordinary	15.4%	30
CIC Australia Limited	73.1%	33
PrimeAg Australia Limited	11.6%	21
Capral Limited	47.4%	21
Metals X Limited	6.0%	12
Tandou Limited	28.4%	10
Thwaites (Daniel) plc	9.4%	6
AVJennings Limited	7.7%	5
Newbury Racecourse plc	29.9%	4
Other listed		4
Non-listed Investments*		51
Total		**424**

* *Non-listed investments, which include Green's General Foods (72.5%), Tourism Asset Holdings (10.2%), Gosford Quarry Holdings (100%), Touch Holdings (56.0%) and Tourism Property Investment Group (10.0%) are carried at consolidated book value.*

Cash at bank

As previously noted, cash at bank as at 31 December 2011 was £200 million.

Disposals of investments during 2011 saw net cash generated from investment activity and realisations totalling £144 million (NZ$287 million). Since 1 January 2012 a further £98 million (NZ$195 million) has been realised. This includes full realisation of investments in Turners & Growers Ltd, CSR, Capilano Honey, Farm Pride, Tasmanian Pure Foods and Autologic. A schedule showing the proceeds from disposals during the above periods is set out at the end of this statement. As noted later, some of the proceeds from the disposal of Turners & Growers have been used to purchase the 2008 Capital Notes.

As at 23 March 2012 the total net proceeds including dividend and other cash distributions generated since 1 January 2011 are approximately £242 million (NZ$482 million), representing circa 35.7% of the investment portfolio (excluding Coats and cash).

Investment portfolio (excluding Coats)

As at 23 March 2012, GPG's investment portfolio including subsidiaries, associated undertakings and joint ventures had a valuation of £424 million (NZ$845 million), representing the mark to market value of its listed investments and the current book value of its non-listed investments. A summary of the major holdings in the current investment portfolio is outlined above.

It is not appropriate for the Board to disclose asset specific realisation processes while they are in action as this may compromise process and value. A number are in train at this time as the outcome of considered and structured plans generated and managed by GPG.

The Board and management receive a steady flow of expressions of interest in assets, interest which spans the range of genuine to opportunistic. While each such expression is treated with interest and added to our thinking, it was never the intention to simply conduct a garage sale. GPG was and remains invested in a range of assets at different stages of maturity in the investment cycle as with any investment company. While a rigorous time value of capital invested is now imposed, some assets, simply because of the stage they occupy in the value creation process, and other assets because of genuine illiquidity, will not be realised in the short term.

It may be useful to shareholders to comment on some specific assets of size in which the main current emphasis is on value creation:

- Tower had a sound performance in 2011 despite the difficulties created by earthquakes. The difficult aspect of Tower is that its share price continues to languish well below assessment of its underlying value, illustrated by the typical analysts' "sum of the parts" valuation at over NZ$2 per share. We concur with this assessment. The Tower Board has now embarked on a review of its strategies, which we support. It is very important to both GPG shareholders and to Tower shareholders that during 2012 there is a considerable strengthening of Tower's market position, performance and recognition of its value.
- ClearView is an investment that is at an early stage of its planned development into an independent life insurance and wealth management service provider in the Australian market. During 2011 and into 2012 the company has made very good progress in product development, internal operational improvement and developing its distribution channels. This is a continuing process which has GPG's full support. We expect to see substantial progress in 2012 and better recognition of the growing inherent value in the business.
- CIC is a significant property development business. During the past year substantial progress has been made in refinancing and de-risking its exposure to some large but attractive assets. CIC has strong partner relationships and is well placed to gain in value from any cyclical improvement in the Australian housing market.

The above list does not imply that there is no work going on to enhance and unlock value from GPG's other investments but rather those examples provided are intended to indicate the multi-layered nature of the value realisation process in practice. Most of GPG's investments are illiquid and have their inherent value encapsulated in either hard assets and/or other strategic attributes. The point here is that simple auction or market sell-down processes are not necessarily the path to appropriate value realisation but rather intensive work with other stakeholders are expected to produce the right outcomes for all shareholders.

GPG has significant capital tax losses both in the UK and Australia. To the extent that GPG generates capital gains from the realisation programme, it is anticipated that the proceeds can be returned to the UK without significant tax leakage.

Coats

The book value of Coats in the GPG consolidated balance sheet at 31 December 2011 was £150 million. This represents a decrease of £169 million from the balance reported at the previous year end. The principal movements during the year were the reported profit of £44 million, foreign exchange losses taken directly to reserves of £26 million and actuarial losses, primarily in respect of its UK Pension Plan, of £187 million. The foreign currency losses arose mainly as a result of the strengthening of the US dollar against the currencies in which Coats' assets are denominated. The adverse movement in the IAS19 funding position of the Coats UK Pension Plan is specifically described below in more detail under 'Pensions'.

As previously reported, Coats has been the subject of legal action which it is vigorously contesting, in respect of a European Commission investigation into European fasteners. The appeal against the fine imposed on Coats was heard in July 2011 and a final determination is expected towards the end of 2012 or during the first half of 2013. The full potential liability including interest as at 31 December 2011 amounted to €135 million (£113 million).

Capital notes

Two issues of capital notes remained outstanding at the year end. Notice of early repayment of the notes with an initial election date of 15 December 2013 was given in September 2011 and this issue, with a principal value of NZ$77 million (£39 million), was purchased on 15 March 2012. The remaining capital notes have an initial election date of 15 November 2012 and a principal value of NZ$350 million (£176 million) but no notice of early repurchase will be given in respect of this issue.

Pensions

The carrying values of the Coats UK Pension Plan ("Coats Plan") and the two GPG pension schemes, Brunel and Staveley ("the GPG Pension Schemes"), on an IAS19 financial reporting basis (which, irrespective of assets held, requires the Schemes' liabilities to be discounted at AA rated corporate bond interest rates) have worsened significantly during the year. As a result of unprecedentedly low corporate bond rates the balance sheet position of the three schemes at 31 December 2011 was as follows:

31 December	**2011**	**2010**
IAS19 (deficit)/surplus	**£m**	**£m**
Coats	(161)	12
Brunel	(31)	(23)
Staveley	(34)	(14)
Total £ million	**(226)**	**(25)**
Total NZ$ million	*(450)*	*(50)*

Future financial conditions are not possible to forecast. Since the year end, bond yields continue to be at historically low levels, although equity values have improved to some extent.

These accounting outcomes are very significant in their impact on the balance sheet of GPG. In terms of their year to year impact, the accounting position of such schemes does vary substantially with discount rate changes and market conditions. In accordance with the Group's stated accounting policy, the actuarial losses arising from experience adjustments and changes in assumptions are charged directly to equity. In operating businesses the immediate impact is when cash contributions to schemes change. Cash contributions into the pension schemes are determined by the results of triennial actuarial valuations. The last valuation of the Coats Plan (as at April 2009) resulted in a funding deficit of £101 million (NZ$201 million) which Coats agreed to make good by contributions of £7 million (NZ$14 million) per annum over a period of ten years. This is subject to review at the next valuation of the Coats Plan (as at April 2012) which is due to be completed by July 2013. If the current financial conditions continue it is likely that contributions will increase.

The most recently completed actuarial valuations of the Brunel scheme (as at March 2010) and the Staveley scheme (as at April 2008) did not result in funding deficits, so no company contributions are currently being made to those schemes. The Staveley scheme valuation as at April 2011 is due to be completed by July 2012 and it is anticipated that it will result in a funding deficit. There is no reason at this point to think that any changes in cash contributions to the Staveley scheme in 2012 will be difficult to manage. The results of the next Brunel valuation (as at March 2013) will not be determined until 2014.

In the GPG half year announcement in August 2011 reference was made to the liabilities associated with the GPG Pension Schemes and the potential for these to become a limiting factor on the ability to return capital to shareholders. The Board has been considering how to manage the obligations to the GPG Pension Schemes in the context of the GPG realisation strategy. The Board continues to seek arrangements whereby the relevant companies' obligations to the GPG Pension Schemes can be met, without triggering calls to "cash up" the support to meet present shortfalls. This is the most immediately concerning issue.

In order to prevent an adverse outcome with respect to the GPG Pension Schemes, the support provided by GPG to back these schemes will need to be maintained. The current support provisions effectively provide the Trustees of the GPG Pension Schemes with a contingent claim over the assets of GPG of approximately £130 million (NZ$259 million). This will likely mean that £130 million (NZ$259 million) 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.

Support arrangements for the GPG Pension Schemes are subject to negotiation and agreement with the Trustees. In addition the UK Pensions Regulator has powers to overturn scheme valuations he deems inappropriate and impose additional support arrangements where certain statutory tests are met and he deems reasonable to do so such that there is a small risk that any agreement reached with the Trustees is subsequently overturned.

It is important that shareholders understand the limited nature of the options facing the Company on this matter which is a legacy of previous corporate acquisitions. Living in the present as we do, pensions are a very serious challenge. While options are limited, it is also unwise to assume that this challenge cannot be met. It is our intention to give a further update on this matter at the forthcoming Annual General Meeting.

Overhead costs

Net operating expenses of £35 million for the Parent Group in the 2011 financial year is further analysed below.

The other staff incentives represent the cost of staff retention and reward programmes and future redundancies. These costs, some of which are dependent on the outcome of the asset realisation exercise, are being spread over the period the related services are being provided. Significant progress has been made during the year to reduce other overhead costs of the Parent Group. Further progress in this regard is expected to be made and this is likely to include a combination in time of certain activities with those of Coats.

Capital management

We have had calls from shareholders to implement the share buy-back capability which we have as one means of reducing the share price to asset value gap. A buy-back has been given, and continues to be given, active consideration. While it has merit, we have had equal calls to maintain the dividend if possible as many shareholders look to this as a significant income stream. On top of this we have the obligations in respect of capital notes to meet and no absolute clarity as to the timing of future cash flow from realisations.

In implementing its capital management strategy, the Board will exercise its judgment in the best interest of the Company and shareholders considered as a whole.

The Board is not declaring a dividend at this time but this matter remains under consideration.

Ongoing consideration is also being given to the relative tax effectiveness of the various means of returning value to shareholders. The structure of GPG's shareholder base is such that finding a route to suit all interested parties is complex and it may be that a pragmatic approach aimed at meeting this objective for the majority of shareholders, whilst minimising the costs of achieving the

Overhead costs

	Year ended 31 December 2011 £m	**Year ended 31 December 2010 £m**
One-off advisors' fees relating to the strategic review and return of capital	**9**	3
Cost of redundancies arising in the year	**2**	1
Other staff incentives	**6**	-
Other operating costs:		
Staff costs	**7**	10
Non-executive directors fees	**1**	–
Legal & professional fees	**4**	3
Bank facility fees	**2**	4
Property costs	**2**	1
Legacy costs	**–**	1
Other	**2**	1
Total £ million	**35**	**24**
Total NZ$ million	***70***	*48*

return, is the best approach. A share buy-back, at the appropriate time may meet this test. Subject to applicable laws, and it being in the best interests of the Company and shareholders at the time, shareholders should expect to see such action taken during the current year.

As reported in the half-yearly financial report, a clear strategy has been implemented to migrate spare Parent Group cash funds into New Zealand dollars to match the capital notes liabilities and shareholder capital return obligations. At the year end the Parent Group cash was held in the following currencies:

	£m
GBP	73
AUD	17
NZD	109
Other	1
Total	**200**

The holding in GBP represents part of the Group's hedging strategy against its UK pension scheme liabilities. The holding in NZD as at the year end as supplemented by the proceeds from the sale of Turners & Growers, was applied in part to the purchase of the 2008 Capital Notes on 15 March 2012.

Board changes and corporate governance

As flagged at the half year, there have been several changes in the composition of the Board. To re-cap, Mark Johnson stepped down as a director and Chairman of the Company on 6 April 2011, and I was appointed Chairman from this date, Gary Weiss resigned as a director of the Company on 30 April 2011, Blake Nixon resigned from his role as an Executive Director on 30 June 2011 and, from 1 July 2011 became a Non-Executive Director, and on 29 July 2011 Gavin Walker resigned as a director of the Company. On 19 January 2012 Scott Malcolm was appointed an independent Non-Executive Director of the Company.

The Board now comprises five Non-Executive Directors, of whom three are considered to be independent. This composition is in line with the UK Corporate Governance Code issued by the UK Financial Reporting Council and provides a Board of appropriate calibre and experience to pursue the current strategy, while at the same time providing a suitable corporate governance framework.

As indicated at the previous Annual General Meeting, the Board has created the appropriate committee structures and procedures, including Board performance review.

Annual General Meeting

The Annual General Meeting will be held on Thursday 24 May 2012 in Auckland. Notice of Meeting is set out at the end of the Annual Report.

Conclusion

The Company is very much living in the present and continuing with the strategy determined in 2011. The strategy has been and continues to be a challenge for the Board and management. The process in which we are engaged is highly unusual for a company which remains listed, let alone listed on three exchanges in different jurisdictions. However, the experience and the outcomes to date are generally consistent with any reasonable expectation and in our presentation to the Annual General Meeting, shareholders may expect a further update and ongoing analysis of the options available to the Company.

I would like to thank the management team and staff of GPG, who have all contributed to GPG's achievements in 2011, and to their commitment to enhancing value for all GPG shareholders.

Rob Campbell
Chairman

Proceeds from disposals from 1 January 2011 to 23 March 2012

Investments fully disposed of in the period	**£m**	*NZ$m*
Turners & Growers	72	143
CSR	53	106
Chrysalis Group	15	30
Pertama Holdings	13	26
Alinta Energy (now Redbank Energy)	11	22
eServGlobal	10	20
Marshalls	6	12
MSF Sugar	6	12
NIB Holdings	5	10
M J Gleeson	3	6
Turners Auctions	3	6
Fuller Smith & Turner	2	4
Adnams	2	4
Autologic	2	4
NSX	1	2
Jersey Electricity	1	2
Jersey New Water	1	2
Augean	1	2
Sante Fe	1	2
Dickinson Legg	1	2
ASB Capital No 2	1	2
Capilano Honey	1	2
Tasmanian Pure Foods	1	2
Inland	1	2
Others	3	5
	216	**430**
Dividend receipts, part disposals and other investment activity	**26**	**52**
Total generated in the period	**242**	**482**

Note: All amounts stated in NZ$ are for illustrative purposes only, based on the NZ$: GBP exchange rate on 31 December 2011, NZ$1.9922: £1.00.

Summary of Principal Quoted Investments

Disclosed Shareholdings as at 23 March 2012

	Shareholding
SUBSIDIARIES	
Australia	
CIC Australia Ltd	73.1%
ASSOCIATED UNDERTAKINGS	
Australia	
ClearView Wealth Ltd	48.6%
Capral Ltd	47.4%
New Zealand	
Tower Ltd	34.0%
OTHER SHAREHOLDINGS	
United Kingdom	
Newbury Racecourse plc	29.9%
Young & Co.'s Brewery P.L.C. ('A' Shares)	15.4%
Daniel Thwaites plc	9.4%
Nationwide Accident Repair Services plc	7.3%
Australia	
Tandou Ltd	28.4%
Ridley Corporation Ltd	22.1%
PrimeAg Australia Ltd	11.6%
AV Jennings Ltd	7.7%
Metals X Ltd	6.0%

Analysis of Shareholdings above

	Cost* £m	Market value £m
Subsidiaries	21	33
Associated undertakings	197	160
Other	113	143
TOTAL	331	336

*Net of impairments

Board of Directors

R. J. Campbell, Non-Executive Director, Chairman

Rob Campbell has over 20 years' experience in investment management and corporate governance. He is a director and investment committee chairman of Accident Compensation Corporation and director and audit and risk committee member of Aquasure Pty Ltd, chairman of Turners & Growers Ltd and a director of Coats plc. Rob is also a board or advisory board member of several private equity and hedge funds globally. He has previously directed the investments of a large family office, and held board appointments in numerous private sector and public sector organisations in New Zealand.

Appointed to the Board 22 September 2010.

M. N. Allen, Non-Executive Director

Mike Allen has over 25 years' experience in investment banking and general management, both in New Zealand and the UK. He is a director (and with effect from 30 April 2012 will be the chairman) of Coats plc and a director of Breakwater Consulting Ltd, Godfrey Hirst NZ Ltd, Retirement Villages Group NZ, Tainui Group Holdings Ltd and NZ Windfarms Ltd. Mike is also the current chairman of PGG Wrightson Finance Ltd.

Appointed to the Board 22 September 2010. Member of the Audit, Finance and Risk Committee.

Sir Ron Brierley, Non-Executive Director

Sir Ron Brierley founded Brierley Investments Ltd in 1961. He was appointed to the Board of Guinness Peat Group plc in March 1990 and continued to apply and develop his established approach within the Company. On 9 December 2010 he retired as Chairman of the Company but remains on the Board as a non-executive director.

Appointed to the Board March 1990*. Member of the Remuneration and Nominations Committee.

S. L. Malcolm, Non-Executive Director

Scott Malcolm has over 25 years' experience in investment banking and corporate finance both in Australia and the USA. He is currently a partner in a Sydney, Australia based corporate advisory firm, Greenstone Partners Pty Limited.

Appointed to the Board 19 January 2012. Chairman of the Remuneration and Nominations Committee.

B. A. Nixon, Non-Executive Director

Blake Nixon has wide corporate experience in the UK and overseas. He is a director of Coats plc and acts as a trustee on each of the Group's UK pension schemes. On 30 June 2011 he ceased to be an executive director and became a non-executive director on 1 July 2011.

Appointed to the Board March 1990*
Chairman of the Audit, Finance and Risk Committee.

*Sir Ron Brierley and Blake Nixon were originally appointed to the Board of Guinness Peat Group plc in 1990. On 13 December 2002 that company undertook a reverse takeover of Brunel Holdings plc, which then adopted the name of Guinness Peat Group plc. These directors were appointed to the Board of the Company on 13 December 2002.

Directors' Report

The directors present their annual report and audited financial statements for the year ended 31 December 2011.

Business Review

The Company is a strategic investment holding company. Comments on the Group's activities during 2011 and also on the outlook for 2012 are set out on pages 2 to 9 in the Chairman's statement, which forms part of this Directors' Report.

The Group's major operating subsidiaries (being Coats and CIC Australia and, as at the year end, Turners & Growers Ltd) produce their own Annual Reports in which can be found reports on their business operations.

The Company's key performance indicators ("KPIs") are movement in shareholders' funds, profits attributable to shareholders, overhead costs and proceeds from disposals. These KPIs are shown in the following charts/tables within the Chairman's statement:

- movement in shareholders' funds since 1998;
- table of proceeds from disposals from 1 January 2011 to 23 March 2012;
- Elements of reported profit for the year; and
- Overhead costs.

In addition, net asset backing per share is shown on page 17.

Further information can be found in the Corporate Governance report which forms part of this Directors' Report on pages 73 to 83 under the headings 'Internal Controls', 'Business Review' and 'Principal Risks and Uncertainties', including commentary on the way the Group manages the risks inherent in its activities and those of its operating subsidiaries.

Strategy to Realise Value

On 11 February 2011 the Company announced a strategy to realise value. This involves an orderly value realisation of GPG's investment portfolio over time. As a result of the adoption of this strategy GPG was able to make an initial capital return to shareholders of £80 million (A$121 million/NZ$159 million*) in 2011. On 12 March 2012 the sale of GPG's entire holding of 74,254,522 ordinary shares in Turners & Growers Ltd, a subsidiary, for a total consideration of NZ$137 million (£69 million*) was completed. Cumulative net realisation proceeds generated from 1 January 2011 to 23 March 2012 totalled £242 million. Further details may be found on pages 2 to 9 in the Chairman's statement and note 39 to the financial statements on Post Balance Sheet Events.

Post Balance Sheet Events

Please see note 39 on page 62 for significant post balance sheet events.

Going Concern

The directors' consideration of the going concern assumption is discussed on pages 78 and 79.

Results and Dividends

The results of the Group are shown on page 14 and movements in reserves are set out in note 32 to the financial statements. The profit attributable to equity holders for the year of £1 million (2010: profit of £46 million) includes a non-cash tax charge of £9 million (2010: non-cash tax credit of £14 million) recognised in respect of deferred tax asset movements relating to tax losses. This charge (2010: credit) arises directly from a similar size decrease (2010: increase) in deferred tax liabilities through the unrealised gains reserve. In respect of the year ended 31 December 2011, GPG paid in October 2011 an interim dividend of 1.15p per share. The directors do not propose a final dividend (2010: Nil).

Share Capital

Details of the Company's issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 31 and further described on page 19. The Company has one class of Ordinary Shares, which does not carry the right to receive a fixed income. Each share carries the right to one vote at general meetings of the Company. There are no specific restrictions on the size of a holding, on the transfer of shares, or on voting rights, all of which are governed by the provisions of the Articles of Association and prevailing legislation. Shareholder authority for the Company to purchase up to 238,787,185 of its own shares existed on 31 December 2011.

Pursuant to shareholder approval at a court-convened meeting, which considered a scheme of arrangement to implement a capital return and to create distributable reserves (the "Scheme"), the Scheme and the consequent reduction of capital became effective on 5 July 2011.

As a result, the issued share capital of GPG

*Based on NZ$: GBP exchange and A$: GBP rates on 31 December 2011, NZ$1.9922 : £1.00 and A$1.5159 : £1.00.

Directors' Report – continued

was reduced from £91,147,996.85 divided into 1,822,959,937 ordinary shares of 5 pence each to £79,755,052.65 divided into 1,595,101,053 ordinary shares of 5 pence each. The reduction of share capital was effected by cancelling 227,858,884 ordinary shares of 5 pence each (the "Cancellation Shares"), the Class B share of £6,136,528 created pursuant to the Scheme and nearly all of the Company's share premium account in exchange for the payment of 35.07 pence per Cancellation Share.

The Company's Ordinary Shares are listed on the London and New Zealand Stock Exchanges and on the Australian Securities Exchange. The main register is held in the UK. Branch registers are maintained in Australia and New Zealand.

Substantial Interests

The Company has received notification of interests of greater than 3% of the issued Ordinary Shares of the Company as follows:

Holder	Interest in Ordinary Shares	Date of Declaration/ Confirmation	Percentage of Issued Share Capital
Accident Compensation Corporation	103,079,696	15 March 2012	6.35%
Tan Chin Tuan Limited	101,528,327	29 February 2012	6.26%
AMP Capital Investors	69,526,204	20 March 2012	4.28%
OnePath (NZ) Limited	65,486,483	20 March 2012	4.04%
BlackRock Inc	55,810,039	19 March 2012	3.44%
Sir Ron Brierley	51,882,765	16 March 2012	3.20%
Westpac Banking Corp	51,005,182	9 March 2012	3.14%

Property, Plant and Equipment

Details of property, plant and equipment are set out in note 16 to the financial statements.

Financial Instruments

Disclosure of the use of financial instruments by the Group can be found in note 40 to the financial statements.

Creditor Payment Policy

The majority of the Group's investment activity takes place on regulated stock exchanges and the Group abides by the terms of payment laid down by those exchanges. Otherwise, and in the absence of dispute, amounts due to trade and other suppliers are settled within their terms of payment. The Group does not follow a specific code or standard in respect of such creditors. As at 31 December 2011, the Company's trade creditors (excluding amounts attributable to investments) represented 4 days' purchases (2010: 8 days).

Donations

In the year ended 31 December 2011, the Group made charitable donations of £74,581 (2010: £130,976), principally to local charities serving the communities in which the Group operates. Contributions of £2,412 were made to non-EU political parties during the year (2010: £6,073).

Directors and their Responsibilities

The current directors who served during the year are detailed on page 11. In accordance with the Articles of Association, Sir Ron Brierley will retire by rotation at the 2012 AGM and, being eligible, he intends to offer himself for re-election.

Scott Malcolm was appointed as a director since the 2011 AGM. As a result, he too will retire and, being eligible, intends to offer himself for election. Mark Johnson ceased to be a director on 6 April 2011, Gary Weiss ceased to be a director on 30 April 2011 and Gavin Walker ceased to be a director on 29 July 2011. Blake Nixon ceased to be an executive director on 30 June 2011 and became a non-executive director on 1 July 2011.

A report on Directors' Responsibilities and a statement regarding the disclosure of information to the auditor appear on page 85.

Further discussion of the Board's activities, powers and responsibilities, and information on compensation for loss of office, appear within the Corporate Governance report on pages 73 to 83.

Auditor

A resolution to re-appoint Deloitte LLP as auditor will be proposed at the 2012 AGM. A statement in respect of the auditor, in accordance with Section 418 of the Companies Act 2006, has been included in the Directors' Responsibilities Statement on page 85.

By order of the Board
Chris Healy
Company Secretary
27 March 2012

Consolidated Income Statement

Year ended 31 December	Notes	2011 IFRS £m	2010 IFRS Restated* £m
Continuing operations			
Revenue	2, 3	**1,141**	1,066
Cost of sales	5	**(748)**	(677)
Gross profit	5	**393**	389
Profit on disposal of investments and other net investment income	4	**44**	40
Distribution costs	5	**(182)**	(176)
Administrative expenses	5	**(167)**	(170)
Operating profit	5	**88**	83
Share of profit of joint ventures	17	**12**	8
Share of (loss)/profit of associated undertakings	17	**(18)**	4
Finance costs (net)	7	**(29)**	(30)
Profit before taxation from continuing operations	6	**53**	65
Tax on profit from continuing operations	9	**(38)**	(16)
Profit for the year from continuing operations		**15**	49
Discontinued operations			
(Loss)/profit from discontinued operations	37	**(18)**	4
(LOSS)/PROFIT FOR THE YEAR		**(3)**	53
Attributable to:			
EQUITY HOLDERS OF THE PARENT		**1**	**46**
Non-controlling interests		**(4)**	7
		(3)	53
EARNINGS PER ORDINARY SHARE FROM CONTINUING AND DISCONTINUED OPERATIONS:			
Basic	11	**0.03p**	2.57p
Diluted	11	**0.03p**	2.41p
EARNINGS PER ORDINARY SHARE FROM CONTINUING OPERATIONS:			
Basic	11	**0.62p**	2.45p
Diluted	11	**0.62p**	2.32p

*Restated to reflect the results of Turners & Growers Ltd as a discontinued operation (note 37).

Notes on pages 21 to 72 form part of these financial statements

Consolidated Statement of Comprehensive Income

Year ended 31 December	2011 IFRS £m	2010 IFRS £m
(Loss)/profit for the year	**(3)**	53
(Losses)/gains on revaluation of fixed asset investments	**(27)**	87
Losses on cash flow hedges	**(5)**	(5)
Exchange (losses)/gains on translation of foreign operations	**(23)**	58
Actuarial losses on retirement benefit schemes (note 10)	**(215)**	(17)
Tax on items taken directly to equity	**9**	(14)
Net (loss)/income recognised directly in equity	**(261)**	109
Transfers		
Transferred to profit or loss on sale or impairment of fixed asset investments	**(43)**	(17)
Transferred to profit or loss on sale of businesses	**(3)**	(7)
Transferred to profit or loss on cash flow hedges	**4**	8
	(42)	(16)
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR	**(306)**	146
Attributable to:		
EQUITY HOLDERS OF THE PARENT	**(301)**	130
Non-controlling interests	**(5)**	16
	(306)	146

Notes on pages 21 to 72 form part of these financial statements

Consolidated Statement of Financial Position

31 December			
NON-CURRENT ASSETS	Notes	**2011 IFRS £m**	2010 IFRS £m
Intangible assets	14	**169**	180
Biological assets	15	**–**	7
Property, plant and equipment	16	**303**	420
Investments in associated undertakings	17	**186**	236
Investments in joint ventures	17	**62**	56
Fixed asset investments	17	**203**	333
Deferred tax assets	19	**12**	13
Pension surpluses	10	**20**	31
Trade and other receivables	21	**10**	27
		965	1,303
CURRENT ASSETS			
Inventories	20	**216**	265
Biological assets	15	**–**	4
Trade and other receivables	21	**217**	272
Current asset investments	22	**10**	14
Derivative financial instruments	23	**2**	5
Cash and cash equivalents		**276**	313
		721	873
Assets held for sale	37	**215**	2
TOTAL ASSETS		**1,901**	2,178
CURRENT LIABILITIES			
Trade and other payables	24	**250**	288
Current income tax liabilities		**5**	8
Capital Notes	26	**214**	–
Other borrowings	27	**50**	121
Derivative financial instruments	25	**6**	20
Provisions	29	**63**	72
		588	509
NET CURRENT ASSETS		**133**	364
Liabilities directly associated with assets held for sale	37	**94**	–
NON-CURRENT LIABILITIES			
Trade and other payables	24	**13**	11
Deferred tax liabilities	28	**25**	29
Capital Notes	26	**–**	212
Other borrowings	27	**216**	231
Derivative financial instruments	25	**3**	5
Retirement benefit obligations:			
Funded schemes	10	**221**	37
Unfunded schemes	10	**54**	56
Provisions	29	**21**	26
		553	607
TOTAL LIABILITIES		**1,235**	1,116
NET ASSETS		**666**	1,062

Notes on pages 21 to 72 form part of these financial statements

Consolidated Statement of Financial Position

31 December EQUITY	Notes	**2011 IFRS £m**	2010 IFRS £m
Share capital	31	**81**	91
Share premium account	32	**–**	62
Translation reserve	32	**139**	165
Unrealised gains reserve	32	**64**	124
Capital reduction reserve	32	**118**	–
Other reserves	32	**109**	270
Retained earnings	32	**91**	281
EQUITY SHAREHOLDERS' FUNDS		**602**	**993**
Non-controlling interests	32	**64**	69
TOTAL EQUITY		**666**	1,062
Net asset backing per share		**37.10p**	54.63p

B A Nixon, Director

Approved by the Board on 27 March 2012

Company Registration No. 103548

Notes on pages 21 to 72 form part of these financial statements

Company Balance Sheet

31 December		2011 UK GAAP	2010 UK GAAP
FIXED ASSETS	Notes	**£m**	£m
Investments	17	**445**	927
TOTAL FIXED ASSETS		**445**	927
CURRENT ASSETS			
Loans to subsidiary undertakings		**8**	177
Other receivables	21	**–**	22
TOTAL CURRENT ASSETS		**8**	199
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Derivative financial instruments	25	**–**	15
Loans from subsidiary undertakings	24	**230**	172
TOTAL CURRENT LIABILITIES		**230**	187
NET CURRENT (LIABILITIES)/ASSETS		**(222)**	12
TOTAL ASSETS LESS CURRENT LIABILITIES		**223**	939
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Trade and other creditors	24	**2**	–
Loans from subsidiary undertakings	24	**–**	583
PROVISIONS FOR LIABILITIES	29	**1**	1
NET ASSETS		**220**	**355**
CAPITAL AND RESERVES			
Share capital	31	**81**	91
Share premium account	32	**–**	62
Unrealised gains reserve	32	**2**	27
Capital reduction reserve	32	**118**	–
Share options reserve	32	**8**	8
Other reserves	32	**2**	163
Profit and loss account	32	**9**	4
EQUITY SHAREHOLDERS' FUNDS		**220**	**355**

B A Nixon, Director

Approved by the Board on 27 March 2012

Company Registration No. 103548

Notes on pages 21 to 72 form part of these financial statements

Consolidated Statement of Changes in Equity

Year ended 31 December	Share capital £m	Share premium account £m	Translation reserve £m	Unrealised gains reserve £m	Capital reduction reserve £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m
Balance as at 1 January 2010	81	63	123	68	–	274	258	867	77
Total comprehensive income for the year	–	–	42	56	–	3	29	130	16
Dividends	–	–	–	–	–	–	(16)	(16)	(5)
Scrip dividend alternative	1	(1)	–	–	–	–	10	10	–
Capitalisation issue of shares	8	–	–	–	–	(8)	–	–	–
Other share issues	1	–	–	–	–	–	–	1	–
Share based payments	–	–	–	–	–	1	–	1	–
Dilution of investment in subsidiaries	–	–	–	–	–	–	–	–	15
Disposal of subsidiaries	–	–	–	–	–	–	–	–	(34)
Balance as at 31 December 2010	**91**	**62**	**165**	**124**		**270**	**281**	**993**	**69**
Total comprehensive expense for the year	**–**	**–**	**(26)**	**(60)**	**–**	**(1)**	**(214)**	**(301)**	**(5)**
Return of capital	**(11)**	**(63)**	**–**	**–**	**118**	**(161)**	**37**	**(80)**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(18)**	**(18)**	**(4)**
Scrip dividend alternative (note 31)	**1**	**(1)**	**–**	**–**	**–**	**–**	**6**	**6**	**–**
Other share issues (note 31)	**–**	**2**	**–**	**–**	**–**	**–**	**–**	**2**	**–**
Share based payments	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**1**	**–**
Dilution of investment in subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(1)**	**(1)**	**4**
Balance as at 31 December 2011	**81**	**–**	**139**	**64**	**118**	**109**	**91**	**602**	**64**

Following Shareholder and Court approval, a Scheme of Arrangement and consequent Reduction of Capital became effective on 5 July 2011. Under that Scheme, three deferred shares of nominal value £37 million (Class A share), £6 million (Class B share) and £118 million (Class C share) were allotted and issued as fully paid through the capitalisation of the Company's other reserve. The Class A share was cancelled and the reserve arising from the cancellation was credited to the Company's profit and loss account and the Class C share was cancelled and the reserve arising from the cancellation was credited to a capital reduction reserve. In addition, in order to fund a capital return to shareholders of £80 million, the share capital of the Company was reduced by the cancellation of £11 million of ordinary shares, the Class B share and the Company's share premium account.

Consolidated Statement of Cash Flows

Year ended 31 December	Notes	**2011 IFRS £m**	2010 IFRS £m
Cash inflow/(outflow) from operating activities			
Net cash inflow from operating activities	35a)	**209**	61
Interest paid		**(41)**	(42)
Taxation paid	35b)	**(27)**	(25)
Net cash generated by/(absorbed in) operating activities		**141**	(6)
Cash inflow/(outflow) from investing activities			
Dividends received from joint ventures	35c)	**8**	9
Capital expenditure and financial investment	35d)	**(38)**	(29)
Acquisitions and disposals	35e)	**(1)**	(90)
Net cash absorbed in investing activities		**(31)**	(110)
Cash (outflow)/inflow from financing activities			
Net (capital return)/issue of Ordinary Shares	35f)	**(78)**	1
Equity dividends paid to the Company's shareholders	35g)	**(12)**	(6)
Dividends paid to non-controlling interests		**(4)**	(5)
Net (decrease)/increase in borrowings	35h)	**(45)**	8
Net cash absorbed in financing activities		**(139)**	(2)
Net decrease in cash and cash equivalents		**(29)**	(118)
Cash and cash equivalents at beginning of the year		**287**	388
Exchange gains on cash and cash equivalents		**1**	17
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**259**	287
Cash and cash equivalents per the Consolidated Statement of Financial Position		**276**	313
Bank overdrafts	27	**(17)**	(26)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**259**	287
Summary of net debt			
– Parent Group* cash		**200**	203
– Capital Notes	26	**(214)**	(212)
– Parent Group net debt		**(14)**	(9)
– Other group cash		**76**	110
– Other group debt	27	**(266)**	(352)
Total group net debt		**(204)**	(251)

*Parent Group comprises the Group's central investment activities.

Notes on pages 21 to 72 form part of these financial statements

Notes to Financial Statements

1. Principal Accounting Policies

The following are the principal accounting policies adopted in preparing the financial statements.

GROUP

CRITICAL ACCOUNTING POLICIES

The principal accounting policies adopted by the Group are set out in this note to the financial statements. Certain of the Group's accounting policies inherently rely on subjective assumptions and judgements, such that it is possible that over time the actual results upon which the assumptions and judgements are based could differ from the estimates used by the Group. Due to the size of the amounts involved, changes in the assumptions relating to the following policies could potentially have a significant impact on the result for the period and/or the carrying values of assets and liabilities in the consolidated financial statements:

Pension obligations
The retirement benefit obligations recognised in the statement of financial position in respect of defined benefit pension plans are the present values of the defined benefit obligations at the year end less the fair value of any plan assets. Key assumptions involved in the determination of the present values of the defined benefit obligations include discount rates, member mortality and pensions in payment inflation rates. Changes in any or all of these assumptions could materially change the retirement benefit obligations recognised in the statement of financial position.

A sensitivity analysis relating to the Group's major defined benefit pension arrangements is included in note 10.

Carrying value of brands
The carrying value of brands is dependent on the calculation of discounted cash flows arising from the cash-generating units to which those assets relate. Changes in either the discount rates applied or the estimated cash flows could materially change the carrying values of these intangible assets.

Carrying value of fixed asset investments, associated undertakings and joint ventures
Fixed asset investments are carried at fair value, and temporary fluctuations in value are dealt with through the unrealised gains reserve. Where a reduction in value of a particular fixed asset investment is deemed to be permanent, the write-down is dealt with as an impairment through the income statement.

Associated undertakings and joint ventures are carried at cost plus the Group's share of post-acquisition changes in the associated undertakings' and joint ventures' net assets. To the extent that the fair value of any particular associated undertaking or joint venture is less than its book value, any shortfall deemed to be permanent is written down as an impairment through the income statement.

A) ACCOUNTING CONVENTION AND FORMAT

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and International Accounting Standards and Standing Interpretations Committee interpretations approved by the predecessor International Accounting Standards Committee that have been subsequently authorised by the IASB and remain in effect.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The Group has changed the presentation in the Consolidated Statement of Financial Position to disclose separately biological assets, which were previously included within Property, plant and equipment and Trade and other receivables.

B) BASIS OF PREPARATION

Subsidiaries

The principal subsidiaries are listed in note 18. Subsidiaries are consolidated from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group, or the subsidiary meets the criteria to be classified as held for sale. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in determining the existence or otherwise of control. Where necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with those used by the Group.

Notes to Financial Statements – continued

Where subsidiaries are not 100% owned by the Group, the share attributable to outside shareholders is reflected in non-controlling interests. Non-controlling interests are identified separately from the Group's equity, and may initially be measured at either fair value or at the non-controlling interests' share of the fair value of the subsidiary's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Changes in the Group's interests in subsidiaries, that do not result in a loss of control, are accounted for as equity transactions. Where control is lost, a gain or loss on disposal is recognised through the income statement, calculated as the difference between the fair value of consideration received (plus the fair value of any retained interest) and the Group's previous share of the former subsidiary's net assets. Amounts previously recognised in other comprehensive income in relation to that subsidiary are reclassified and recognised through the income statement as part of the gain or loss on disposal.

Turners & Growers Ltd ("T&G") has been reclassified as a discontinued operation following the conditional sale of that investment (see note 37). The assets and liabilities of T&G at 31 December 2011 are accounted for in accordance with the policy applying to disposal groups. No opening statement of financial position has been presented for the prior year in these financial statements as it is unchanged from that previously reported.

Associated Undertakings

The Group's investment in associated undertakings is accounted for under the equity method of accounting. These are entities in which the Group has the ability to exert significant influence and which are neither subsidiaries nor joint ventures. The investment in associated undertakings is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated undertakings, less any impairment in value. The income statement reflects the share of the results of operations of associated undertakings, together with any negative goodwill arising on acquisition and any impairment recorded by the Group.

If the Group's share of losses exceeds the carrying amount of an associated undertaking, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the undertaking.

Where there has been a change recognised directly in the associated undertaking's equity, the Group recognises its share of any changes and discloses this, where applicable, in the statement of comprehensive income.

Joint Ventures

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are accounted for using the equity method as allowed under the 'alternative accounting rules' set out in IAS 31 – Interests in Joint Ventures.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with the other venturers are recognised in the financial statements. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accruals basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be reliably measured.

Going concern

Giving due consideration to the nature of the Group's business and underlying investments, including the ability of the Parent Group to realise its liquid investments, the uncertainty inherent in the capital markets in which it operates and foreign currency risk and also taking into consideration the cash flow forecasts prepared by the Group and the sensitivity analysis associated therewith, the directors consider that the Company and the Group are going concerns and this financial information is prepared on that basis. Further detail is contained in the Corporate Governance report on pages 78 and 79.

C) FOREIGN CURRENCIES

Foreign currency translation

The Company's functional and the Group's presentation currency is the Pound Sterling. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the period end. All currency differences on monetary items are taken to the income statement with the exception of differences on receivables and payables that represent a net investment in a foreign operation, which are taken directly to equity until disposal of the net investment, at which time they are recycled through the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction.

Group companies

Assets and liabilities of overseas subsidiaries are translated into the Group's presentation currency at the rates of exchange ruling at the period end and their income statements are translated at the average exchange rates for the year. The exchange differences arising on the retranslation since 1 January 2004 are taken to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity since 1 January 2004 relating to that particular foreign operation is recycled through the income statement. Translation differences that arose before the date of transition to IFRS in respect of all foreign entities are not presented as a separate component of equity.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are regarded as assets and liabilities of the foreign operation, expressed in the functional currency of the foreign operation and recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

D) SEGMENT REPORTING

Operating segments are the components of the Group about which separate financial information is available that is evaluated regularly by the GPG directors in deciding how to allocate resources and in assessing performance. The information presented within the operating segment analysis is reported on the same basis as that used internally by the GPG directors in evaluating operating segment performance.

E) PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairments.

Leased assets

Finance leases, which transfer to the Group substantially all the risks and benefits of ownership of the leased items, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Subsequent expenditure

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment, and major components that are accounted for separately. Land is not depreciated. The estimated useful lives are as follows:

Freehold buildings	– 50 years to 100 years
Leasehold buildings	– 10 years to 50 years or over the term of the lease if shorter
Plant and equipment	– 3 years to 20 years
Vehicles and office equipment	– 2 years to 10 years

Assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each period end.

F) BIOLOGICAL ASSETS

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement. Fair value is based on the assets' present location and condition and therefore includes the costs necessary to get the assets to market. Point-of-sale costs include all other costs that would be necessary to sell the assets.

The fair value of biological crops (comprising varieties of fruit) at or before the point of harvest is based on the value of

Notes to Financial Statements – continued

the estimated market price of the volumes produced, net of harvesting costs. The fair value of trees and vines is based on the present value of expected net cash flows over the life of the asset discounted at a current market-determined rate.

G) INTANGIBLE ASSETS

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. CGUs represent the Group's investment in each of its business segments.

In respect of acquisitions prior to 1 January 2004, goodwill is included on the basis of its deemed cost, which represents the amount recorded previously under UK GAAP.

Negative goodwill is recognised immediately in the income statement.

Brands

Brands with finite useful lives are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over their useful lives of up to 10 years. Brands with indefinite useful lives are carried at cost less any accumulated impairment charges.

Other intangibles

Acquired computer software licences and computer software development costs are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are amortised over their estimated useful lives of up to 5 years.

Intellectual property, comprising trademarks, designs, patents and product development which have a finite useful life, are carried at cost less accumulated amortisation and impairment charges. Amortisation is calculated using the straight-line method to allocate the cost over the assets' useful lives, which vary from 5 to 10 years.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purposes of assessing impairment, assets are measured at the CGU level.

Research and development

All research costs are expensed as incurred.

An internally-generated intangible asset arising from development is recognised only if all of the following conditions are met:

- An asset is created that can be separately identified;
- It is probable that the asset created will generate future economic benefits; and
- The development costs can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

H) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the relevant financial instrument.

Financial assets

(i) Investments

Investments are recognised and derecognised on a trade date basis and are initially measured at fair value, plus directly attributable transaction costs for fixed asset investments. Investments are classified as either current assets (held-for-trading) or fixed assets (available-for-sale), dependent upon the Group's intention at the time of purchase, and are measured at subsequent reporting dates at fair value. Gains and losses arising from changes in fair value of current asset investments are included in the income statement for the period. For fixed asset investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is deemed to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement for the period. Impairment charges recognised for equity investments classified as fixed asset investments are not subsequently reversed through the income statement until such time as the equity investment is disposed of.

Net gains and losses recognised in profit or loss on disposal of investments do not incorporate dividends or interest receivable on those assets.

Listed investments held as part of the Group's investment portfolio are stated at market value.

Unlisted investments are stated at fair value based on directors' valuation, which is supported by external experts' advice or other external evidence.

(ii) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(iii) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Financial liabilities

(i) Trade payables

Trade payables are not interest-bearing and are stated at nominal value.

(ii) Borrowings

Interest-bearing loans and overdrafts are initially measured at fair value, net of direct issue costs. These financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised over the period of the relevant liabilities.

(iii) Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument, and this amount is recorded as a liability at amortised cost. The equity component is the fair value of the compound instrument as a whole less the amount of the liability component, and is recognised in equity, net of income tax effect, without subsequent remeasurement.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at fair value with changes in fair value being recognised in the income statement.

(iv) Derivative financial instruments and hedge accounting

The Group's activities expose it to the financial risks of changes in foreign exchange rates and interest rates.

The use of financial derivatives is regulated by the Board of GPG or that of the relevant operating subsidiary in accordance with their respective risk management strategies. Changes in values of all derivatives of a financing nature are included within investment income and finance costs in the income statement.

Derivative financial instruments are initially measured at fair value at contract date and are remeasured at each reporting date.

The Group designates hedging instruments as either fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of currency risk on fixed commitments are accounted for as cash flow hedges.

At the inception of each hedge transaction the issuing entity documents the relationship between the hedging instrument and the hedged item and the anticipated effectiveness of the hedge transaction, and monitors the ongoing effectiveness over the period of the hedge. Hedge accounting is discontinued when the issuing entity revokes the hedging relationship, the hedge instrument expires, is sold, exercised or otherwise terminated, and the adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through the income statement from that date.

Notes to Financial Statements – continued

(v) Fair value hedges

Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recognised immediately through the income statement, together with any changes in the fair value of the related hedged items due to changes in the hedged risks. On discontinuation of the hedge the adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through the income statement from that date.

(vi) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in equity. Once the related hedged item is recognised in the income statement, the amounts deferred in equity are recycled through the income statement. The gain or loss arising from any ineffective portion of the hedge is recognised immediately through the income statement.

(vii) Hedges of net investments in foreign operations

Gains and losses on hedging instruments relating to the effective portion of such hedges are recognised through the translation reserve, and recycled through the income statement on disposal of the respective foreign operations. The gain or loss arising from any ineffective portion of such hedges is recognised immediately through the income statement.

I) REVENUE

Revenue comprises the fair value of the sale of goods and services, net of sales tax and discounts, and after eliminating sales within the Group. Revenue is recognised as follows:

(i) Sales of goods

Sales of goods are recognised in revenue when the associated risks and rewards of ownership of the goods have been transferred to the buyer.

(ii) Sales of services

Sales of services are recognised in the period in which the services are rendered, by reference to the stage of completion of those services at the period end.

(iii) Income from sales of property

Income from sales of property is recognised on completion when legal title of the property passes to the buyer.

(iv) Investment revenue

Investment revenue comprises proceeds receivable from the sale (trade date) of current asset investments during the year.

J) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials are valued at cost on a first-in, first-out basis.

The costs of finished goods and work in progress include direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Provision is made for obsolete, slow-moving and defective inventories.

Land for resale, which is included in development work in progress, is valued at the lower of cost and net realisable value. Cost includes capitalised interest and those costs necessary to prepare the land for sale.

K) EMPLOYEE BENEFITS

(i) Pension obligations

The retirement benefit obligation recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the period end less the fair value of any plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a discount rate based on the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms of maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged directly to equity in the year in which they arise. Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Share-based compensation

Cash-settled

The Group operates a cash-settled share-based compensation plan for the benefit of certain employees of an operating subsidiary. Cash-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at each reporting date. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in liabilities.

Equity-settled

The Group operates equity-settled compensation plans for the granting of non-transferable options to employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant dates of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions, with a corresponding increase in equity. For shares granted to employees, the fair value of the shares is measured at the market price of the shares, adjusted to take into account the terms and conditions upon which the shares were granted. The fair value of share options is measured using an adjusted version of the Black-Scholes pricing model to reflect the terms and conditions of the options granted, based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

(iii) Non-share-based long term incentive schemes

The anticipated present value cost of non-share-based incentive schemes is charged to the income statement on a straight-line basis over the period the benefit is earned, based on remuneration rates that are expected to be payable.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the period end are discounted to present value.

L) TAXATION

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxation is measured on a non-discounted basis. The following temporary differences are not provided for: goodwill not deducted for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the period end. A deferred tax asset is recognised only to the extent that it is probable that future profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

The carrying values of deferred tax assets are reviewed at each period end.

Notes to Financial Statements – continued

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity in which case the deferred tax is also dealt with in equity.

M) INVESTMENT INCOME

Income from equity investments is recognised when the legal entitlement vests. Dividends from UK companies are presented net of the attributable tax credit. Dividends received from overseas companies include any withholding taxes, but exclude any underlying tax paid by the investee company on its own profit. Special dividends arising from the Group's investments are included as income in the income statement and, where appropriate, an impairment provision is recognised against the investment.

N) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment or specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs, except where otherwise stated, are recognised in the income statement in the period in which they are incurred.

O) PROVISIONS

A provision is recognised in the statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

P) ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Q) RESTRUCTURING

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

R) ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and businesses which are to be sold ("disposal groups") classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount is expected to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when such a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets are classified as held for sale from the date these conditions are met, and such assets are no longer depreciated.

Discontinued operations are classified as held for sale and are either a separate business segment or a geographical area of operations that is part of a single coordinated plan to sell. Once an operation has been identified as discontinued, or is reclassified as discontinued, the comparative information in the Income Statement is restated.

S) CASH FLOW

The statement of cash flows reflects cash flows arising in the normal course of the Parent Group's investment business as part of operating cash flows. The directors believe that all cash flows arising in the ordinary course of the Parent Group's investment business should be reflected within net cash flow from operating activities.

Acquisitions and disposals of fixed asset investments, associated undertakings and joint ventures, together with dividends received from associated undertakings and joint ventures, in respect of the Group's operating subsidiaries, remain within cash flows from investing activities, as these are strategic investments by those subsidiaries rather than being held for investment gains.

NEW IFRS ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED IN THE YEAR

During the year, the Group has adopted the following standards and interpretations, none of which has had any material impact on the amounts shown in these financial statements, but may impact on future transactions and arrangements:

Amendments to IFRS 3 ("Business Combinations");
Amendments to IFRS 7 ("Financial Instruments: Disclosures");
IAS 24 (2009) ("Related Party Transactions");
IFRIC 19 ("Extinguishing Financial Liabilities with Equity Instruments"); and
Amendments to IFRIC 14 ("Prepayments of a Minimum Funding Requirement").

NEW IFRS ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following published standards and amendments to existing standards, which have not yet been endorsed by the EU, are expected to be effective as follows:

From the year beginning 1 January 2012:

Amendments to IFRS 7 ("Disclosures – transfers of financial assets"); and
Amendments to IAS 12 ("Deferred Tax – recovery of underlying assets").

From the year beginning 1 January 2013:

IFRS 9 ("Financial Instruments");
IFRS 10 ("Consolidated Financial Statements");
IFRS 11 ("Joint Arrangements");
IFRS 12 ("Disclosure of Interests in Other Entities");
IFRS 13 ("Fair Value Measurement");
IAS 1 (amended) ("Presentation of Items of Other Comprehensive Income");
IAS 19 (revised) ("Employee Benefits");
IAS 27 ("Separate Financial Statements"); and
IAS 28 ("Investments in Associates and Joint Ventures").

Other than IAS 19, none of the above standards/amendments to existing standards is expected to have any significant future impact on the Group's accounts. IAS 19 will impact the measurement of the various components representing movements in the defined benefit obligations and associated disclosures, but not the Group's total obligation. Had the amended IAS 19 been applied in 2011, as a result of the replacement of expected returns on plan assets with a net finance cost in the Income Statement the profit for the year would have been reduced by an estimated £16 million (2010: £14 million), with a corresponding increase in other comprehensive income for the year.

COMPANY

The financial statements comply with applicable UK law and accounting standards, modified where appropriate to present a true and fair view, and have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

A) FIXED ASSETS – INVESTMENTS

Investments acquired with the intention of being held for the long term (excluding investments in subsidiaries and associated undertakings) are recorded as fixed asset investments and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period.

Investments in subsidiary and associated undertakings are reflected at cost less provisions for any impairment.

B) DERIVATIVE FINANCIAL INSTRUMENTS

The use of financial derivatives is regulated by the Board in accordance with its risk management strategy.

Changes in values of all derivatives of a financing nature are included within investment income and finance costs in the profit and loss account.

Derivative financial instruments are initially measured at fair value at contract date and are remeasured at each reporting date.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at fair value with changes in fair value being recognised in the profit and loss account.

C) INVESTMENT INCOME

Income from equity investments is recognised when the legal entitlement vests. Dividends from UK companies are presented net of the attributable tax credit. Dividends received from overseas companies include any withholding taxes, but exclude any underlying tax paid by the investee

Notes to Financial Statements – continued

company on its own profit. Special dividends arising from the Company's investments are included as income in the profit and loss account and, where appropriate, an impairment provision is recognised against the investment.

D) SHARE-BASED COMPENSATION

Cash-settled

The Company operates a cash-settled share-based compensation plan for the benefit of certain employees of an operating subsidiary. Cash-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at each reporting date. The fair value is expensed on a straight-line basis over the vesting period, with a corresponding increase in liabilities.

Equity-settled

The Company operates an equity-settled compensation plan for the granting of non-transferable options to directors and other employees. For share options granted, the fair value of the shares is measured at the market price of GPG shares, adjusted to take into account the terms and conditions upon which the share options were granted, using an adjusted version of the Black-Scholes model, based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations. The charge to the profit and loss account has no impact on net assets since the credit is reflected in equity.

E) TAXATION

Provision is made for taxation assessable on the profit or loss for the year as adjusted for disallowable and non-taxable items. Deferred taxation is provided in full in respect of timing differences which have arisen but not reversed at the balance sheet date, except that deferred tax assets (including those attributable to tax losses carried forward) are only recognised if it is considered more likely than not that they will be recovered. Deferred taxation is measured on a non-discounted basis.

F) DIVIDENDS PAYABLE

Dividends proposed are recognised in the period in which they are formally approved for payment.

2. Segmental Analysis

OPERATING SEGMENTS

2011	Investment £m	Thread manufacture £m	Fruit/produce distribution £m	Unallocated £m	Non-operating (see note (i)) £m	Total £m
a) Revenue						
External sales	**8**	**1,059**	**–**	**74**	**–**	**1,141**
Interest receivable	**4**	**–**	**–**	**–**	**5**	**9**
Other (see note (ii) below)	**28**	**–**	**–**	**–**	**–**	**28**
	40	**1,059**	**–**	**74**	**5**	**1,178**
b) Results						
Share of associated undertakings' and joint ventures' results	**(16)**	**1**	**–**	**9**	**–**	**(6)**
Finance costs (net)	**(17)**	**(10)**	**–**	**(2)**	**–**	**(29)**
Tax charge	**(10)**	**(28)**	**–**	**–**	**–**	**(38)**
Profit/(loss) after tax:						
Continuing operations	**(43)**	**49**	**–**	**9**	**–**	**15**
Discontinued operations	**–**	**(1)**	**(17)**	**–**	**–**	**(18)**
c) Assets and Liabilities						
Assets	**416**	**845**	**–**	**80**	**560**(iv)	**1,901**
includes share of associated undertakings' and joint ventures' net assets	**212**	**10**	**–**	**26**	**–**	**248**
Liabilities	**(84)**	**(508)**	**–**	**(20)**	**(623)**(iv)	**(1,235)**
d) Other disclosures						
Tangible fixed assets – additions	**–**	**30**	**6**	**11**	**–**	**47**
Intangible assets – additions	**–**	**4**	**–**	**–**	**–**	**4**
Depreciation charge	**–**	**(31)**	**(6)**	**(1)**	**–**	**(38)**
Tangible fixed assets – impairments	**–**	**(2)**	**(5)**	**–**	**–**	**(7)**
Intangible assets – impairments	**–**	**–**	**(8)**	**–**	**–**	**(8)**
Amortisation charge	**–**	**(5)**	**(1)**	**–**	**–**	**(6)**
Investment impairment	**(10)**	**–**	**–**	**–**	**–**	**(10)**

2010 (restated to reflect Turners & Growers Ltd as a discontinued operation)	Investment £m	Thread manufacture £m	Fruit/produce distribution £m	Unallocated £m	Non-operating (see note (i)) £m	Total £m
a) Revenue						
External sales	7	1,023	–	36	–	1,066
Interest receivable	2	–	–	–	3	5
Other (see note (ii) below)	18	–	–	–	–	18
	27	1,023	–	36	3	1,089
b) Results						
Share of associated undertakings' and joint ventures' results	10	–	–	2	–	12
Finance costs (net)	(18)	(10)	–	(2)	–	(30)
Tax (charge)/credit	10	(27)	–	1	–	(16)
Profit/(loss) after tax:						
Continuing operations	(2)	42	–	9	–	49
Discontinued operations	(1)	–	3	2	–	4
c) Assets and Liabilities						
Assets	578	873	169	127	431	2,178
includes share of associated undertakings' and joint ventures' net assets	250	9	9	24	–	292
Liabilities	(55)	(375)	(30)	(19)	(637)	(1,116)

Notes to Financial Statements – continued

2. Segmental Analysis – continued

OPERATING SEGMENTS – continued

2010 – continued	Investment £m	Thread manufacture £m	Fruit/produce distribution £m	Unallocated £m	Non-operating (see note (i)) £m	Total £m
d) Other disclosures						
Tangible fixed assets – additions	–	25	7	–	–	32
Intangible assets – additions	–	2	1	–	–	3
Depreciation charge	–	(32)	(7)	(2)	–	(41)
Amortisation charge	–	(6)	(1)	–	–	(7)
Investment impairment write-back	4	–	–	–	–	4

The accounting policies of the reportable operating segments are the same as the Group's accounting policies described in note 1. Profit/(loss) after tax is the measure reported to the GPG directors for the purpose of resource allocation and assessment of segment performance.

GEOGRAPHIC SEGMENTS

	2011			2010		
	External revenue		**Non-current assets (see note (iii))**	External revenue*		Non-current assets** (see note (iii))
	By origin £m	**By destination £m**	**£m**	By origin £m	By destination £m	£m
United Kingdom	**19**	**23**	**154**	17	20	163
Europe						
– Germany	**66**	**42**	**14**	66	42	16
– Rest of Europe	**195**	**212**	**50**	154	170	53
North America						
– USA	**157**	**154**	**24**	151	150	25
– Rest of North America	**12**	**16**	**–**	30	34	6
Asia & Rest of world						
– New Zealand	**2**	**2**	**79**	2	2	213
– Brazil	**117**	**117**	**34**	115	114	31
– India	**114**	**108**	**30**	106	102	36
– China	**99**	**96**	**38**	101	100	40
– Australia	**82**	**81**	**207**	46	45	228
– Other	**278**	**290**	**90**	278	287	89
Total	**1,141**	**1,141**	**720**	1,066	1,066	900

Notes:

(i) Non-operating items comprise:
Profit on disposal of non-current investments and investment impairment provisions – in operating subsidiaries, which are not considered to be financial operations;
Interest receivable – in operating subsidiaries, which are not considered to be financial operations;
Assets – cash and cash equivalents, derivatives and investments held by operating subsidiaries, which are not considered to be financial operations, plus taxation assets and non-current assets classified as held for sale; and
Liabilities – borrowings, taxation liabilities and liabilities directly associated with non-current assets classified as held for sale.

(ii) Other revenue includes profit on disposal of non-current investments (note 4).

(iii) Non-current assets exclude financial instruments, deferred tax, pension assets, rights under insurance contracts and non-current assets held for sale.

(iv) Non-operating assets and liabilities include those associated with operations classified as held for sale (see note 37), including Turners & Growers Ltd which previously comprised the fruit/produce distribution segment.

*Restated to reflect Turners & Growers Ltd as a discontinued operation.
**2010 analysis restated from that presented in the notes to the 2010 financial statements.

3. Revenue

Year ended 31 December	2011 £m	2010* £m
CONTINUING OPERATIONS:		
Sale of investments	**8**	7
Sale of thread	**1,059**	1,023
Other	**74**	36
	1,141	1,066
DISCONTINUED OPERATIONS:		
Food/produce distribution	**320**	279
Total	**1,461**	1,345

4. Profit on Disposal of Investments and Other Net Investment Income

Year ended 31 December	2011 £m	2010* £m
Interest receivable	**9**	5
Profit on disposal of non-current investments	**28**	18
Dividend income from listed and unlisted investments	**21**	15
Net non-current investment impairment (provision)/write-back**	**(10)**	4
Loss on current investments held at fair value through the Income Statement	**(1)**	–
Loss on derivatives	**(8)**	(7)
Net gain on other financial assets/liabilities held at fair value through the Income Statement	**1**	–
Other income	**4**	5
	44	40

**The net non-current investment impairment write-back of £4 million for 2010 includes a £6 million reversal of impairments on disposal of investments.

5. Operating Profit

Year ended 31 December	2011 £m	2010* £m
Cost of sales	**(748)**	(677)
Gross profit	**393**	389
Distribution costs	**(182)**	(176)
Administrative expenses***	**(167)**	(170)
Net operating expenses	**(349)**	(346)
Profit on disposal of investments and other net investment income	**44**	40
Operating profit	**88**	83

***Includes amortisation of other intangibles of £ (5 million) (2010: £ (6 million)).

*Restated to reflect Turners & Growers Ltd as a discontinued operation.

Notes to Financial Statements – continued

6. Profit Before Taxation from Continuing Operations

Year ended 31 December	**2011 £m**	2010* £m
Profit before taxation is stated after charging/(crediting):		
Amortisation of intangible assets	**5**	6
Depreciation of property, plant and equipment	**32**	34
Impairment of property, plant and equipment	**2**	–
Impairment of investments in associated undertakings	**30**	2
Impairment of fixed asset investments	**10**	1
Group audit fees:		
Fees payable for the audit of the Company's annual accounts**	**–**	–
Fees payable for the audit of the Company's subsidiaries	**2**	2
Other Deloitte LLP services:		
Taxation services	**1**	1
Total fees charged by Deloitte LLP	**3**	3
Operating lease rentals:		
Plant and equipment	**5**	4
Other	**11**	11
Equity-settled share-based payments	**–**	1
Cash-settled share-based payments (see note 24)	**2**	–
Research and development expenditure	**1**	–
Bad and doubtful debts	**1**	1
Net foreign exchange (gains)/losses	**(1)**	7
Rental income from land and buildings	**(1)**	(1)
Inventory as a material component of cost of sales	**450**	381
Inventory write-downs to net realisable value	**6**	3

**The audit fee payable to the Company's auditor for the audit of the Company's annual accounts is £196,500 (2010: £186,000).

The Company-only charge for share-based payments is £120,000 (2010: £420,000).

7. Finance Costs (net)

Year ended 31 December	**2011 £m**	2010* £m
Interest payable on bank loans and overdrafts	**(25)**	(25)
Net finance income on pension scheme net assets (note 10)	**12**	10
Unwinding of discount on provisions (note 29)	**–**	(1)
Interest payable on Capital Notes	**(19)**	(17)
	(32)	(33)
Interest capitalised	**3**	3
	(29)	(30)

The cumulative amount of capitalised interest included in development land held at 31 December 2011 was £8 million (2010: £6 million). The weighted average interest rate for interest capitalised during the year was 8.0% (2010: 7.6%).

*Restated to reflect Turners & Growers Ltd as a discontinued operation.

8. Employee Information

Year ended 31 December	2011	2010*
The average monthly number of employees (including executive directors) in the Group during the year was:		
Continuing operations:		
Investment/corporate	**23**	29
Thread manufacture	**22,179**	21,751
Other	**188**	205
	22,390	21,985
Discontinued operations	**1,689**	1,401
TOTAL NUMBER OF EMPLOYEES	**24,079**	23,386
The average monthly number of employees (including executive directors) in the Company during the year was:		
Investment/corporate	**13**	14

Employment costs – all employees including directors:

Year ended 31 December	Group 2011 £m	Group 2010* £m	Company 2011 £m	Company 2010 £m
Continuing operations				
Aggregate gross wages and salaries	**230**	222	**5**	2
Employer's national insurance contributions or foreign equivalents	**28**	28	**–**	–
Employer's pension cost***	**8**	12	**–**	–
	266	262	**5**	2
Discontinued operations**				
Aggregate gross wages and salaries	**32**	38		
Employer's national insurance contributions or foreign equivalents	**–**	1		
Employer's pension contributions	**1**	1		
	33	40		
	299	302		

**Includes Turners & Growers Ltd for the 9 months to 30 September 2011 (2010: 12 months to 31 December 2010).
***Excludes net finance income on pension plan net assets and actuarial gains and losses.

The Parent Group has an accrued liability for holiday pay and long service leave, for staff excluding directors, of £2 million (2010: £2 million).

	2011	2010
Directors' emoluments		
Aggregate emoluments	**2**	3
Gains made on exercise of share options	**1**	–
Compensation for loss of office	**1**	1
Pension contributions	**–**	–
	4	4

*Restated to reflect Turners & Growers Ltd as a discontinued operation.

Notes to Financial Statements – continued

9. Tax on Profit from Continuing Operations

Year ended 31 December	2011 £m	2010* £m
Current tax:		
UK corporation tax at 26.5% (2010: 28.0%)	–	–
Overseas tax charge	(25)	(25)
	(25)	(25)
Deferred tax (charge)/credit	(13)	9
TOTAL TAX CHARGE	(38)	(16)

	2011 £m	2010* £m
The tax charge for the year can be reconciled as follows:		
Profit before taxation from continuing operations	53	65
Profit before taxation multiplied by standard rate of tax in the UK of 26.5% (2010: 28.0%)	14	18
Impact of differences in overseas tax rates	1	(2)
Non-taxable income	(2)	(7)
Impact of tax losses	23	2
Impact of impairments and other non-deductible expenses	9	8
Adjustments in respect of prior years	(2)	–
Associated undertakings and joint ventures	(5)	(3)
TOTAL TAX CHARGE	38	16

The impact of tax losses includes a non-cash tax charge of £9 million (2010: non-cash tax credit of £14 million) recognised in respect of deferred tax asset movements relating to tax losses. This charge (2010: credit) arises from a similar size decrease (2010: increase) in deferred tax liabilities recognised through the unrealised gains reserve. The tax charges for both years also reflect the impact of unrelieved losses in certain subsidiary undertakings.

The impact from interest capitalised during the year on the current year tax charge is £Nil (2010: £Nil).

10. Pension Costs

The charge for the year in respect of the Group's continuing operations' defined contribution arrangements was £3 million (2010: £4 million).
The Group operates three significant defined benefit schemes in the UK, namely the Brunel Holdings Pension Scheme ("Brunel"), the Staveley Industries Retirement Benefits Scheme ("SIRBS") and the Coats Pension Plan ("Coats UK") which offer both pensions in retirement and death benefits to members. In addition, Coats operates the Coats North America Pension Plan ("Coats US") in the US as well as various pension and other post-employment arrangements around the globe (most significantly in Germany). The assets of the Brunel, SIRBS, Coats UK and Coats US plans are held under self-administered trust funds and hence are separated from the Group's assets.

The following disclosures are made solely for the purposes of IAS 19 – Employee benefits and do not include information in respect of schemes operated by associated undertakings and joint ventures.

The Group has opted for all of the plans it operates to recognise all actuarial gains and losses immediately via the Statement of Comprehensive Income ("SCI").

*Restated to reflect Turners & Growers Ltd as a discontinued operation.

10. Pension Costs – continued

The previous full actuarial valuations of each scheme have been updated to 31 December 2011 by qualified independent actuaries. The major assumptions used by the actuaries were (in nominal terms) as follows:

	31 December 2011	31 December 2010	31 December 2009
Discount rate	**4.60%**	5.46%	6.01%
Mortality assumption	**various**	various	various
Rate of salary increase	**3.37%**	3.81%	4.04%
Rate of increase to pensions in payment	**various**	various	various
Rate of inflation	**2.73%**	3.23%	3.52%

The assumptions used in determining the overall expected return on the schemes' assets have been set with reference to yields available on government bonds and appropriate risk margins.

The assets in the schemes and the expected rates of return were:

	Long term expected rate of return at 31 December 2011	**Value as at 31 December 2011 £m**	Long term expected rate of return at 31 December 2010	Value as at 31 December 2010 £m	Long term expected rate of return at 31 December 2009	Value as at 31 December 2009 £m
Equities	8.3%	697	8.2%	685	8.9%	635
Bonds	4.2%	888	4.9%	1,091	5.3%	1,053
Other	3.7%	203	6.3%	90	6.0%	108
		1,788		1,866		1,796

The amounts recognised in the statement of financial position are as follows:

31 December	**2011 £m**	2010 £m	2009 £m
Present value of funded obligations	**(1,967)**	(1,842)	(1,772)
Fair value of assets	**1,788**	1,866	1,796
(Deficit)/surplus	**(179)**	24	24
Effect of surplus cap	**(26)**	(37)	(32)
NET FUNDED DEFICIT	**(205)**	(13)	(8)
Present value of unfunded obligations:			
Current (within other payables)	**(7)**	(6)	(6)
Non-current	**(54)**	(56)	(56)
	(61)	(62)	(62)
Net pension liability in balance sheet	**(266)**	(75)	(70)
Funded schemes			
– surpluses:			
current (within other receivables)	**3**	2	4
non-current	**20**	31	27
	23	33	31
– deficits:			
current (within other payables)	**(7)**	(9)	–
non-current	**(221)**	(37)	(39)
	(228)	(46)	(39)
NET FUNDED DEFICIT	**(205)**	(13)	(8)
Actual return on assets held	**29**	175	241

Notes to Financial Statements – continued

10. Pension Costs – continued

Roll forward of net pension liability

	2011 £m	2010 £m	2009 £m
Opening position 1 January	**(75)**	(70)	(74)
Income Statement (pre tax)			
Current service cost	**(8)**	(9)	(8)
Credit in respect of past service cost	**3**	–	–
Net finance income on pension scheme net assets	**12**	10	11
Net income	**7**	1	3
Reserves			
Net actuarial loss	**(226)**	(12)	(53)
Impact of surplus cap	**11**	(5)	40
	(215)	(17)	(13)
Net exchange gains	**–**	2	4
Net reserve movement	**(215)**	(15)	(9)
Cash flow			
Employer contributions – current service	**6**	5	7
Employer contributions – Coats UK recovery plan	**7**	–	–
Unfunded benefits paid by employer	**4**	4	4
Total cash outflow	**17**	9	11
Transfer from other provisions	**–**	–	(1)
Closing position 31 December	**(266)**	(75)	(70)

Reconciliation of opening and closing balances of the present value of the defined benefit obligations (funded and unfunded):

Year ended 31 December	**2011 £m**	2010 £m	2009 £m
Benefit obligations at beginning of year	**1,904**	1,834	1,715
Current service cost	**8**	9	8
Interest cost – unwinding of discount	**100**	105	104
Contributions by scheme participants	**1**	1	1
Actuarial loss	**143**	74	177
Benefits paid	**(124)**	(121)	(128)
Past service cost	**(3)**	–	–
Settlements	**–**	–	(4)
Transfer from other provisions	**–**	–	1
Exchange (gain)/loss	**(1)**	2	(40)
Benefit obligations at end of year	**2,028**	1,904	1,834
Less: unfunded obligations	**(61)**	(62)	(62)
Funded obligations	**1,967**	1,842	1,772

10. Pension Costs – continued

Reconciliation of opening and closing balances of the fair value of scheme assets (all funded):

Year ended 31 December	**2011 £m**	2010 £m	2009 £m
Fair value of scheme assets at beginning of year	**1,866**	1,796	1,713
Expected return on scheme assets	**112**	115	115
Actuarial (loss)/gain	**(83)**	62	124
Contributions by employers	**13**	5	7
Contributions by scheme participants	**1**	1	1
Benefits paid	**(120)**	(117)	(124)
Settlements	**–**	–	(4)
Exchange gain/(loss)	**(1)**	4	(36)
Fair value of plan assets at end of year	**1,788**	1,866	1,796

The amounts recognised in the income statement are:

Year ended 31 December	**2011 £m**	2010 £m	2009 £m
Interest on obligation – unwinding of discount	**(100)**	(105)	(104)
Expected return on scheme assets	**112**	115	115
Net finance income (note 7)	**12**	10	11
Current service cost	**(8)**	(9)	(8)
Credit in respect of past service cost	**3**	–	–
Total net income	**7**	1	3

Actuarial (losses)/gains recognised in the SCI:

Year ended 31 December	**2011 £m**	2010 £m	2009 £m
Actuarial losses	**(226)**	(12)	(53)
Limit on recognition of assets (movement in surplus cap)	**11**	(5)	40
	(215)	(17)	(13)

History of scheme assets, obligations and experience adjustments:

Year ended 31 December	**2011 £m**	2010 £m	2009 £m	2008 £m	2007 £m
Defined benefit obligations	**(2,028)**	(1,904)	(1,834)	(1,715)	(1,775)
Scheme assets	**1,788**	1,866	1,796	1,713	1,952
Net (liability)/surplus in the schemes (before effect of surplus cap)	**(240)**	(38)	(38)	(2)	177
Experience (losses)/gains arising on scheme liabilities	**(8)**	(19)	27	(7)	(7)
Experience (losses)/gains arising on scheme assets	**(83)**	62	126	(307)	(4)
Cumulative actuarial (loss)/gain recognised in SCI since adoption of IAS19	**(243)**	(28)	(11)	2	60

Notes to Financial Statements – continued

10. Pension Costs – continued

Employer contributions of £13 million for 2011 include £4 million in respect of the Group's unfunded pension schemes.

The triennial valuation of the Coats UK scheme as at April 2009 was finalised during 2010 and showed an actuarial funding deficit of £101 million, which equated to a funding level of 92%. A ten year recovery plan has been agreed with the scheme, under which contributions of £9 million per annum have been payable since January 2011, including £2 million for future service. This recovery plan will be reviewed at the next triennial valuation as at April 2012. A triennial valuation of SIRBS is being undertaken as at April 2011; no contributions in respect of past service are currently being paid to this scheme. A triennial valuation of the Brunel scheme as at April 2010 was completed in 2011. This did not result in a requirement to recommence contributions. Total contributions to be paid during 2012 in respect of GPG defined benefit plans, including to the Coats UK scheme, are estimated to be £14 million.

The impact on scheme liabilities at 31 December 2011 from changes in key actuarial assumptions would be as follows:

	Increase/(decrease) in scheme liabilities £m
0.1% increase in discount rate	**(27)**
0.1% increase in inflation rate	**21**

The impact of equivalent decreases in the above assumptions would be the reverse of the increase/(decrease) in scheme liabilities shown above.

The life expectancies of members under the mortality assumption of the most significant pension scheme in the Group, Coats UK, are as follows:

	2011		2010	
	Male	**Female**	Male	Female
Now aged 60	**24.8**	**27.4**	24.7	27.3
Aged 60 in 20 years' time	**26.8**	**29.4**	26.7	29.3

A one-year increase/(decrease) in the combined Group schemes' average life expectancy would increase/(decrease) scheme liabilities at 31 December 2011 by £58 million.

11. Earnings per Ordinary Share

Basic earnings per share ("EPS") is calculated by dividing the profit attributable to equity holders of the parent company of £1 million (2010: £46 million) by the weighted average number of Ordinary Shares in issue during the year of 1,715,466,321 (2010: 1,806,847,546).

For the calculation of diluted EPS, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares, being share options granted to employees and Capital Notes.

Year ended 31 December	**Earnings 2011 £m**	**Shares 2011 m**	**Amount per share (pence)**
Continuing and discontinued operations:			
Earnings attributable to equity holders of the parent company	**1**	**1,715**	**0.03p***

11. Earnings per Ordinary Share – continued

Year ended 31 December	Earnings 2010 £m	Shares 2010 m	Amount per share (pence)
Continuing and discontinued operations:			
Earnings attributable to equity holders of the parent company	46	1,807	2.57p*
Effect of dilutive securities:			
Capital Notes	10	535	
	56	2,342	2.41p*

Year ended 31 December	**Earnings 2011 £m**	**Shares 2011 m**	**Amount per share (pence)**
Continuing operations:			
Earnings attributable to equity holders of the parent company	**11**	**1,715**	**0.62p***

Year ended 31 December	Earmings 2010 £m	Shares 2010 m	Amount per share (pence)
Continuing operations:			
Earnings attributable to equity holders of the parent company	44	1,807	2.45p*
Effect of dilutive securities:			
Capital Notes	10	535	
	54	2,342	2.32p*

*Calculations based on results to the nearest £'000s.

The comparatives for the year ended 31 December 2010 have been adjusted to reflect the results of Turners & Growers Ltd as a discontinued operation (note 37).

12. Dividends

An interim dividend of 1.15p per share in respect of the year ending 31 December 2011 was paid on 25 October 2011 to GPG shareholders.

13. Results of Holding Company

A loss of £20 million (2010: loss of £40 million) has been dealt with in the accounts of the Company. As permitted by Section 408 of the Companies Act 2006, the Company has not published a separate profit and loss account in these financial statements.

Notes to Financial Statements – continued

14. Intangible Assets

Group

COST	Goodwill £m	Brands £m	Other intangibles £m	Total £m
At 1 January 2010	14	165	74	253
Currency translation differences	3	(6)	4	1
Additions	–	–	3	3
Disposals	–	–	(2)	(2)
Disposal of subsidiaries	–	–	(4)	(4)
AT 31 DECEMBER 2010	17	159	75	251
Currency translation differences	**–**	**1**	**(2)**	**(1)**
Additions	**–**	**–**	**4**	**4**
Transfer to non-current assets held for sale	**(5)**	**–**	**(12)**	**(17)**
Disposals	**–**	**–**	**(2)**	**(2)**
AT 31 DECEMBER 2011	**12**	**160**	**63**	**235**

CUMULATIVE AMOUNTS CHARGED	Goodwill £m	Brands £m	Other intangibles £m	Total £m
At 1 January 2010	8	1	52	61
Currency translation differences	2	–	3	5
Amortisation charge for the year (including £1m re discontinued operations)	–	–	7	7
Disposals	–	–	(2)	(2)
AT 31 DECEMBER 2010	10	1	60	71
Currency translation differences	**–**	**–**	**(2)**	**(2)**
Impairment charge for the year (re discontinued operations)	**8**	–	–	8
Amortisation charge for the year (including £1m re discontinued operations)	**–**	**–**	**6**	**6**
Transfer to non-current assets held for sale	**(8)**	**–**	**(7)**	**(15)**
Disposals	**–**	**–**	**(2)**	**(2)**
AT 31 DECEMBER 2011	**10**	**1**	**55**	**66**

NET BOOK VALUE AT 31 DECEMBER 2011	**2**	**159**	**8**	**169**
NET BOOK VALUE AT 31 DECEMBER 2010	7	158	15	180

Contained within brands at 31 December 2011 is a balance of £159 million (2010: £158 million) relating to Coats. There is no foreseeable limit to the net cash inflows from royalties, which are generated from continued sales of thread resulting from the Coats brands, and those brands are therefore assessed as having indefinite useful lives. The recoverable amount of these brands has been estimated using the value in use and is re-assessed annually by reference to the discounted cash flow arising from the royalties generated by those brands. The valuation has been based on management's recent budgets and forecasts covering the period to 31 December 2014, applying a pre-tax weighted average cost of capital of the relevant business unit and a terminal value including no growth.

The pre-tax weighted average cost of capital applied above is in the range of 11.5-12.0%. An increase of 5.6% in the weighted average cost of capital would reduce the recoverable amount to book value.

15. Biological assets

Group **Non-current**	**2011 £m**	2010 £m
At 1 January	**7**	5
Currency translation differences	**(1)**	1
Acquisition of subsidiaries	**10**	–
Additions	**1**	1
Change in fair value	**(7)**	–
Reclassified to non-current assets held for sale	**(10)**	–
At 31 December	**–**	7

Current		
At 1 January	**4**	2
Currency translation differences	**–**	1
Acquisition of subsidiaries	**2**	–
Additions	**10**	14
Change in fair value less estimated point-of-sale costs attributable to physical changes	**–**	1
Change in fair value less estimated point-of-sale costs attributable to price changes	**(2)**	(1)
Decrease due to harvest	**(11)**	(13)
Reclassified to assets held for resale	**(3)**	–
At 31 December	**–**	4

Notes to Financial Statements – continued

16. Property, Plant and Equipment

Group

COST	Land and buildings £m	Plant and equipment £m	Vehicles and office equipment £m	Land for development £m	Total £m
At 1 January 2010	243	545	111	45	944
Currency translation differences	14	28	3	7	52
Additions (including £3m interest capitalised)	4	24	3	–	31
Transfer to current assets	–	–	–	(9)	(9)
Transfer to non-current assets held for sale	(14)	–	–	–	(14)
Reclassifications	(2)	1	1	–	–
Disposals	(1)	(25)	(4)	–	(30)
Disposal of subsidiaries	–	(2)	–	–	(2)
AT 31 DECEMBER 2010	244	571	114	43	972
Currency translation differences	**(8)**	**(28)**	**(4)**	**–**	**(40)**
Acquisition of subsidiaries (note 36)	**8**	**4**	**–**	**–**	**12**
Additions (including £3m interest capitalised)	**6**	**26**	**6**	**9**	**47**
Transfer to current assets	**–**	**–**	**–**	**(14)**	**(14)**
Transfer to non-current assets held for sale	**(102)**	**(87)**	**(16)**	**–**	**(205)**
Reclassifications	**–**	**(1)**	**1**	**–**	**–**
Disposals	**–**	**(13)**	**(8)**	**–**	**(21)**
AT 31 DECEMBER 2011	**148**	**472**	**93**	**38**	**751**
ACCUMULATED DEPRECIATION					
At 1 January 2010	82	347	96	–	525
Currency translation differences	3	18	2	–	23
Depreciation charge for the year (including £7m re discontinued operations)	7	30	4	–	41
Transfer to non-current assets held for sale	(9)	–	–	–	(9)
Reclassifications	(2)	2	–	–	–
Disposals	–	(23)	(3)	–	(26)
Disposal of subsidiaries	–	(2)	–	–	(2)
AT 31 DECEMBER 2010	81	372	99	–	552
Currency translation differences	**(3)**	**(18)**	**(3)**	**–**	**(24)**
Impairment charge for the year (including £5m re discontinued operations)	**5**	**2**	**–**	**–**	**7**
Depreciation charge for the year (including £6m re discontinued operations)	**6**	**28**	**4**	**–**	**38**
Transfer to non-current assets held for sale	**(25)**	**(68)**	**(13)**	**–**	**(106)**
Reclassifications	**–**	**(1)**	**1**	**–**	**–**
Disposals	**–**	**(12)**	**(8)**	**–**	**(20)**
AT 31 DECEMBER 2011	**64**	**304**	**80**	**–**	**448**
NET BOOK VALUE AT 31 DECEMBER 2011	**84**	**168**	**13**	**38**	**303**
NET BOOK VALUE AT 31 DECEMBER 2010	163	199	15	43	420

16. Property, Plant and Equipment – continued

	Land and buildings £m	Plant and equipment £m	Vehicles and office equipment £m	Land for development £m	Total £m
Assets charged as security for borrowings:					
31 December 2011	**6**	**9**	**1**	**38**	**54**
31 December 2010	120	26	4	43	193
Assets held as lessor under operating lease arrangements:					
31 December 2011	**–**	**–**	**–**	**–**	**–**
31 December 2010	7	–	–	–	7

31 December	**2011 £m**	2010 £m
ANALYSIS OF NET BOOK VALUE OF LAND AND BUILDINGS		
Freehold	**75**	149
Leasehold:		
Over 50 years unexpired	**1**	1
Under 50 years unexpired	**8**	13
	84	163

17. Non-current Investments

31 December	Group **2011 £m**	Group 2010 £m	Company **2011 £m**	Company 2010 £m
Interests in associated undertakings (see notes a) and c) below)	**186**	236	**60**	64
Interests in joint ventures (see note a) below)	**62**	56	**–**	–
Fixed asset investments (see notes b) and c) below):				
listed investments	**186**	321	**13**	120
unlisted investments	**17**	12	**–**	–
Interests in subsidiary undertakings (see note c) below)	**–**	–	**372**	743
	451	625	**445**	927

a) Group – Interests in associated undertakings and joint ventures

	Associated undertakings £m	Joint ventures £m
At 1 January 2011	**236**	**56**
Currency translation differences	**(4)**	**–**
Additions	**–**	**2**
Transfer to non-current assets held for sale	**(6)**	**–**
Dividends receivable	**(7)**	**(8)**
Actuarial gain on retirement benefit schemes	**1**	**–**
Share of share-based payment transactions	**1**	**–**
Share of profit after tax and minorities	**12 ***	**12**
Impairments	**(45)***	**–**
Reclassification to subsidiary	**(2)**	**–**
AT 31 DECEMBER 2011	**186**	**62**

*Share of loss of associated undertakings £18 million, as reported in the Consolidated Income Statement, comprises these items net of £15 million recycled from the unrealised gains reserve (see page 46).

Notes to Financial Statements – continued

17. Non-current Investments – continued

The impairment charge of £45 million made against the carrying value of the group's associated undertakings included in the investment operating segment was partially offset in the Consolidated Income Statement by an amount of £15 million recycled from the unrealised gains reserve. This charge arose from the further review of these investments in the light of the strategic announcement made by the Board on 11 February 2011, the continuing global stock market volatility and activity by the Group to dispose of those investments. Associated undertakings are held at the lower of cost plus post acquisition changes in the Group's share of net assets and the higher of fair value less costs to sell and value in use. Fair value in these cases has been determined in the context of the orderly value realisation being undertaken, following a detailed review by the Investment Committee and the Board which took account of indicative offers, market values and other similar factors.

31 December	Associated undertakings **2011** **£m**	2010 £m	Joint ventures **2011** **£m**	2010 £m
Share of net assets on acquisition	**134**	161	**79**	78
Share of post-acquisition retained profits/(losses)	**49**	43	**(17)**	(22)
Share of net assets	**183**	204	**62**	56
Goodwill	**3**	32	**–**	–
	186	236	**62**	56

The Parent Group's associated undertakings at 31 December 2011 are listed below:

INVESTMENT	Capital and reserves m	Latest profit/(loss) m	Date of last audited accounts	Country of incorporation	Nature of business	GPG shareholding	Class
Autologic Holdings plc*	£31	£1	31.12.10**	England	Vehicle logistics	26.2%	Ordinary
Capral Ltd	A$156	A$(8)	31.12.11	Australia	Aluminium extrusion	47.4%	Ordinary
ClearView Wealth Ltd*	A$248	A$9	30.06.11**	Australia	Financial services	48.6%	Ordinary
Tower Ltd	NZ$453	NZ$33	30.09.11**	New Zealand	Insurance	34.1%	Ordinary

* owned directly by the Company

** Management accounts for the period to 31 December 2011 have been used for the purposes of equity accounting these associated undertakings.

The market value of the Group's listed associated undertakings at 31 December 2011 was £150 million (2010: £183 million), and their carrying value at that date was £186 million (2010: £228 million).

17. Non-current Investments – continued

The following table provides summarised financial information on the Group's share of its associated undertakings, relating to the period during which they were associated undertakings, and excludes goodwill:

Year ended 31 December **SUMMARISED INCOME STATEMENT INFORMATION**	**2011** **£m**	2010 £m
Revenue	**272**	261
(Loss)/profit before tax (including £30m net impairment charge (2010: £2m))	**(10)**	9
Taxation	**(8)**	(5)
(LOSS)/PROFIT AFTER TAX	**(18)**	4

31 December **SUMMARISED BALANCE SHEET INFORMATION**	**2011** **£m**	2010 £m
Non-current assets (net of £47m impairment provisions (2010: £2m))	**501**	606
Current assets	**397**	311
	898	917
Liabilities due within one year	**(174)**	(197)
Liabilities due after more than one year	**(541)**	(516)
NET ASSETS	**183**	204

The Group's share of associated undertakings' borrowings is £16 million (2010: £31 million), of which £1 million (2010: £9 million) is repayable within one year. None of these borrowings has been guaranteed by GPG or by any of its subsidiary undertakings (2010: £9 million guaranteed by Turners & Growers Ltd).

There were four shareholdings at year end of 20% or more of the voting rights of the respective companies which were not treated as associated undertakings. The directors consider that the Group is not able to exercise significant influence over these companies due to the dominant influence of other members and/or the composition of the respective Boards. The details are as follows:

	Capital and reserves m	Latest profit m	Date of last audited accounts	Country of incorporation	Nature of business	GPG shareholding	Class
Ridley Corporation Ltd	A$291	A$29	30.06.11	Australia	Agricultural products	22.1%	Ordinary
Tooth & Co. Ltd	A$–	A$17	30.06.11	Australia	Investment	25.0%	Ordinary
Tandou Ltd	A$45	A$6	31.12.11	Australia	Water investment	28.4%	Ordinary
Newbury Racecourse plc	£17	£–	31.12.10	England	Racecourse operation	29.9%	Ordinary

The Parent Group's joint ventures at 31 December 2011 are listed below:

INVESTMENT	Capital and reserves m	Latest profit/(loss) m	Date of last audited accounts	Country of incorporation	Nature of business	GPG shareholding	Class
Green's General Foods Pty Ltd	A$50	A$4	31.12.10	Australia	Food processing	72.5%	Ordinary
Australian Country Spinners Ltd	A$(21)	A$(3)	31.12.10	Australia	Yarn manufacturers	50.0%	Ordinary

The Group's shareholding in Green's General Foods Pty Ltd does not constitute control as it is governed by a shareholders' agreement that prescribes the Group joint control of this entity.

In addition to the joint ventures held by the Parent Group, CIC Australia has an 80% holding in the ordinary shares of Crace Developments Pty Ltd ("Crace"), a developer of real estate in Australia. The governing shareholder agreement requires joint decision making, which prevents CIC from exercising any form of control over Crace. The most recent audited accounts of Crace, at 30 June 2011, showed capital and reserves of A$31 million and a profit of A$3 million for the year then ended.

Notes to Financial Statements – continued

17. Non-current Investments – continued

The following table provides summarised financial information on the Group's share of its joint ventures, relating to the period during which they were joint ventures, and excludes goodwill:

Year ended 31 December **SUMMARISED INCOME STATEMENT INFORMATION**	**2011** **£m**	2010 £m
Revenue	**123**	97
Profit before tax	**13**	10
Taxation	**(1)**	(2)
PROFIT AFTER TAX	**12**	8

31 December **SUMMARISED BALANCE SHEET INFORMATION**	**2011** **£m**	2010 £m
Non-current assets	**74**	66
Current assets	**35**	34
	109	100
Liabilities due within one year	**(44)**	(27)
Liabilities due after more than one year	**(3)**	(17)
NET ASSETS	**62**	56

The Group's share of joint ventures' borrowings is £10 million (2010: £7 million).

None of the Group's joint ventures at 31 December 2011 was listed (2010: none).

No joint ventures are held directly by GPG.

See note 33 for details of a guarantee provided by the Group in respect of the banking facilities of Australian Country Spinners Ltd.

b) Group – Fixed asset investments

	Listed investments £m	Unlisted investments £m	Total £m
At 1 January 2011	**321**	**12**	**333**
Currency translation differences	**(1)**	**1**	**–**
Additions	**8**	**–**	**8**
Repayment of capital by investees	**(17)**	**–**	**(17)**
Impairment charge	**(10)**	**–**	**(10)**
Mark-to-market valuation adjustments	**(31)**	**4**	**(27)**
Disposals	**(84)**	**–**	**(84)**
AT 31 DECEMBER 2011	**186**	**17**	**203**

c) Company

	Investments in subsidiary undertakings £m	Investments in associated undertakings £m	Listed investments £m	Total £m
At 1 January 2011	**743**	**64**	**120**	**927**
Additions	**1**	**–**	**1**	**2**
Disposals	**–**	**–**	**(85)**	**(85)**
Repayment of capital by investees	**–**	**–**	**(13)**	**(13)**
Impairment charge	**(372)***	**(2)**	**(6)**	**(380)**
Mark-to-market valuation adjustments	**–**	**(2)**	**(4)**	**(6)**
AT 31 DECEMBER 2011	**372**	**60**	**13**	**445**

*Impact of a subsidiary's dividend distribution during the year.

18. Principal Subsidiary Undertakings

The Group's principal subsidiary undertakings at 31 December 2011, all of which are included in the Group's consolidated financial statements, are set out below:

Company name	Country of incorporation/ registration	Class and percentage of shares held	Nature of business
GPG (UK) Holdings plc	England	100% ordinary shares	Investment company
GPG Finance plc*	England	100% ordinary shares	Finance
GPG Securities Trading Ltd*	England	100% ordinary shares	Investment company
Coats plc*	England	100% ordinary shares	Thread manufacture
Guinness Peat Group (Australia) Pty Ltd*	Australia	100% ordinary shares 100% preference shares	Investment company
CIC Australia Ltd*	Australia	73.2% ordinary shares	Property development
Gosford Quarry Holdings Ltd*	Australia	100% ordinary shares	Quarry operator
Touch Holdings Ltd*	Australia	56.0% ordinary shares	Electronic products and services
Turners & Growers Ltd*, **	New Zealand	63.5% ordinary shares	Fresh produce wholesaler

*These subsidiaries are owned indirectly by the Company.
**Re-classified to assets held for sale (note 37).

19. Deferred Tax Assets

31 December	Group 2011 £m	2010 £m
Deferred tax assets	**12**	13

The Group's deferred tax assets are included within the analysis in note 28.

The movements in the Group's deferred tax asset during the year were as follows:

	2011 £m	2010 £m
At 1 January	**13**	20
Currency translation differences	**(1)**	2
Acquisition of subsidiaries (note 36)	**4**	–
Disposal of subsidiaries	**–**	(9)
Charged to the income statement	**(3)**	–
Charged to reserves	**(1)**	–
AT 31 DECEMBER	**12**	13

20. Inventories

31 December	Group 2011 £m	2010 £m
Raw materials and consumables	**64**	48
Work in progress	**41**	51
Finished goods and goods for resale	**102**	113
	207	212
Development work in progress	**9**	53
	216	265

Notes to Financial Statements – continued

21. Trade and Other Receivables

31 December	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Trade receivables	**163**	205	**–**	–
Amounts owed by associated undertakings and joint ventures	**11**	15	**–**	–
Taxation recoverable (of which £1 million due after more than one year (2010: £1 million))	**4**	8	**–**	–
Other receivables	**36**	57	**–**	22
Prepayments and accrued income	**13**	14	**–**	–
	227	299	**–**	22
Amounts shown within non-current assets	**(10)**	(27)	**–**	–
Amounts shown within current assets	**217**	272	**–**	22

The fair value of trade and other receivables is not materially different to the carrying value.

Credit risk is minimised as the exposure is spread over a large number of customers. An allowance has been made for estimated irrecoverable amounts on trade receivables of £11 million (2010: £13 million). This allowance has been determined by reference to past default experience, and the movements in the allowance are analysed as follows:

	Group 2011 £m	Group 2010 £m
At 1 January	**13**	15
Currency translation differences	**(1)**	–
Charged to the income statement	**1**	1
Amounts written off during the year	**(2)**	(3)
AT 31 DECEMBER	**11**	13

22. Current Asset Investments

31 December	Group 2011 £m	Group 2010 £m
Listed investments	**9**	14
Unlisted investments	**1**	–
	10	14

The listed investments are all quoted on recognised stock exchanges.

23. Derivative Financial Instruments – Assets

Derivative financial instruments within Group current assets comprise:

31 December	Group 2011 £m	Group 2010 £m
Fair value through the income statement:		
Forward foreign currency contracts	**2**	3
Contracts for differences	**–**	1
	2	4
Fair value through the statement of comprehensive income:		
Other derivative financial instruments	**–**	1
	2	5

The fair values of these financial instruments are calculated by discounting the future cash flows to net present values using appropriate market interest and foreign currency rates prevailing at the year end.

24. Trade and Other Payables

31 December	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
AMOUNTS FALLING DUE WITHIN ONE YEAR				
Trade payables	**154**	164	**–**	–
Amounts owed to associated undertakings and joint ventures	**10**	10	**–**	–
Other tax and social security payable	**7**	5	**–**	–
Other payables	**25**	32	**–**	–
Accruals and deferred income	**35**	50	**–**	–
Employee entitlements (excluding pensions)	**19**	27	**–**	–
	250	288	**–**	–
AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Other payables	**10**	11	**–**	–
Accruals and deferred income	**2**	–	**2**	–
Employee entitlements (excluding pensions)	**1**	–	**–**	–
	13	11	**2**	–

Accruals and deferred income due after more than one year, amounting to £2 million (2010: £Nil), comprise the Group's and the Company's liability in respect of a cash-settled share-based compensation plan for the benefit of certain employees of Coats. That compensation plan comprises the right of those employees to receive a cash amount on 31 March 2014 or, if earlier, on the occurrence of certain events. Those events include the disposal of the majority of the Group's investment in Coats, a change of control of the Group, or the time when the business operated by the Group is essentially the Coats business. The value of amounts payable under the plan will be calculated based on the value of Coats at the time of the relevant event, as long as that value is greater than US$450 million. The aggregate amount payable under the plan will be capped at US$110.8 million. In the event that there is no objective basis for the valuation of the Coats business then the valuation will be determined by the Group on the basis of open market value.
The current year charge to the income statement, included within administrative expenses, is £2 million (2010: £Nil).

The fair value of trade and other payables is not materially different to the carrying value.

LOANS FROM SUBSIDIARY UNDERTAKINGS

31 December	Company 2011 £m	Company 2010 £m
Amounts falling due within one year (of which £39 million settled 15 March 2012)	**230**	172
Amounts falling due after more than one year	**–**	583
	230	755

Loans from subsidiary undertakings include £222 million (2010: £220 million) due to GPG Finance plc, of which £212 million (2010: £211 million) comprises loans in respect of that company's 2006 and 2008 Capital Notes (see note 26). Those loans are deemed to be settled on purchase and cancellation of the Capital Notes by the Company, or are otherwise repayable only at the Company's option.

Notes to Financial Statements – continued

25. Derivative Financial Instruments – Liabilities

Derivative financial instruments within Group and Company non-current and current liabilities comprise:

31 December	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Fair value through the income statement:				
Forward foreign currency contracts	**3**	1	**–**	–
Equity swaps	**–**	17	**–**	15
	3	18	**–**	15
Fair value hedges through the statement of comprehensive income:				
Other derivative financial instruments	**6**	7	**–**	–
	9	25	**–**	15
Amounts shown within non-current liabilities	**(3)**	(5)	**–**	–
Amounts shown within current liabilities	**6**	20	**–**	15

The fair values of these financial instruments are calculated by discounting the future cash flows to net present values using appropriate market interest and foreign currency rates prevailing at the year end.

26. Capital Notes

31 December	Group 2011 £m	Group 2010 £m
Election date within one year (including £39 million purchased by the Company on 15 March 2012)	**214**	–
Election date between one and two years	**–**	174
Election date between two and five years	**–**	38
	214	212

All the Capital Notes were issued by GPG Finance plc ("the Issuer"). The issue of Capital Notes with an election date of 15 November 2012 was made in 2006, raising NZ$350 million and bearing interest at a rate of 8.3% per annum ("2006 Notes"). The issue costs for the 2006 Notes amounted to NZ$6 million, and these costs are being charged to the income statement over the initial six year term of the debt. At 31 December 2011 the unamortised balance of these costs was NZ$1 million. Prior to the election date for the 2006 Notes the Issuer is due to provide terms and conditions on which noteholders may elect to roll over their 2006 Notes. Noteholders may then elect to retain some or all of their 2006 Notes for a further period on the new terms and conditions and/or to convert some or all of their 2006 Notes into GPG Ordinary Shares. Conversion of the 2006 Notes would be at a price of 97% of the weighted average sale price of an Ordinary Share on each of the five business days prior to the election date. These elections are subject to the Company's over-riding right (at its option) to purchase for cash some or all of the 2006 Notes for their principal amount, together with any accrued interest and unpaid interest. In addition, the Company has the right, prior to 15 November 2012, to purchase for cash some or all of the holder's 2006 Notes on terms as specified in the Trust Deed. However, the Company has indicated that it has no current intention to exercise its call option prior to 15 November 2012.

The other issue of Capital Notes outstanding at 31 December 2011 had a principal value of NZ$77 million and bore interest at 9% per annum ("2008 Notes"). The 2008 Notes had an initial election date of 15 December 2013. However, having given notice to this effect on 12 September 2011, on 15 March 2012 the Company purchased all of the 2008 Notes for their principal amount, together with accrued interest and unpaid interest. These Notes were then cancelled.

The Company continues to provide a subordinated and unsecured guarantee, contingent on liquidation of the Issuer or of the Company itself, in respect of the repayment of principal and the payment of interest and unpaid interest due on the 2006 Notes. In the event that the Issuer is in liquidation and the Company is not, this guarantee is only enforceable after the scheduled election date for the 2006 Notes which next follows the liquidation of the Issuer. This guarantee is subordinated to all other creditors. A similar guarantee was provided in respect of the 2008 Notes, but this expired on 15 March 2012.

27. Other Borrowings

31 December	Group 2011 £m	2010 £m
Bank overdrafts	**17**	26
Borrowings repayable within one year	**33**	95
Due within one year	**50**	121
Borrowings repayable between one and two years	**–**	84
Borrowings repayable between two and five years	**216**	146
Borrowings repayable after more than five years	**–**	1
Due after more than one year	**216**	231
	266	352
Bank overdrafts	**17**	26
Bank borrowings	**249**	313
Commercial bills	**–**	13
	266	352

At 31 December 2011, the Group's borrowings comprised £247 million of secured borrowings (2010: £331 million) and £19 million of unsecured borrowings (2010: £21 million). Security comprises a combination of fixed and floating charges over certain Group assets of borrowing entities, and the provision of guarantees by certain borrowing entities (see note 33).

28. Deferred Tax Liabilities

	Group 2011 £m	2010 £m
At 1 January	**29**	22
Currency translation differences	**–**	(1)
Acquisition of subsidiaries	**3**	–
Reclassified to liabilities re assets held for sale	**(9)**	–
Charged/(credited) to the income statement	**11**	(6)
(Credited)/charged to reserves	**(9)**	14
AT 31 DECEMBER	**25**	29

Notes to Financial Statements – continued

31 December	**2011 Provided £m**	**2011 Unprovided £m**	2010 Provided £m	2010 Unprovided £m
The Group's net deferred tax liabilities/(assets) are analysed as follows:				
Accelerated tax depreciation	**17**	**4**	19	4
Short-term timing differences	**(9)**	**(16)**	(12)	(13)
Revenue losses carried forward	**(47)**	**(205)**	(6)	(189)
Capital losses carried forward	**–**	**(66)**	–	(92)
Unremitted overseas earnings	**10**	**–**	10	–
Brands	**37**	**–**	–	–
Retirement benefit obligations	**5**	**(1)**	5	(1)
	13	**(284)**	16	(291)

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2011	2010
Deferred tax assets	**(12)**	(13)
Deferred tax liabilities	**25**	29
	13	16

At the year end, the Group has approximately £1.9 billion (2010: £1.0 billion) of unused tax losses available for offset against future profits. A deferred tax asset has been recognised in respect of £180 million (2010: £24 million) of such losses. No deferred tax asset has been recognised in respect of the remaining losses due to lack of certainty regarding the availability of future taxable income. Such losses are only recognised in the financial statements to the extent that it is considered more likely than not that sufficient future taxable profits will be available for offset.

At the period end, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is £Nil (2010: £Nil).

29. Provisions

31 December	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Provisions are included as follows:				
Current liabilities	**63**	72	**–**	–
Non-current liabilities	**21**	26	**1**	1
	84	98	**1**	1

GROUP

	£m
At 1 January 2011	**98**
Utilised in year	**(20)**
Charged to the income statement	**6**
AT 31 DECEMBER 2011	**84**

As previously reported, Coats has been the subject of legal action, which it is vigorously contesting, in respect of a European Commission investigation into European fasteners. The appeal against the fine imposed on the Coats plc Group of €110.3 million (equivalent to £92.1 million at 31 December 2011 exchange rates) plus interest of €24.7 million (equivalent to £20.6 million at 31 December 2011 exchange rates) was heard in July 2011 and a final determination is expected towards the end of 2012 or during the first half of 2013.

As was stated in previous years, the Group remains of the view that any anticipated eventual payment of this fine is adequately covered by existing provisions. The directors believe that disclosure of additional information regarding these provisions could be expected to prejudice seriously the Group's position, and consequently these provisions, together with onerous leases and certain other provisions, have been disclosed in aggregate as "provisions" in accordance with paragraph 92 of IAS 37. Subject to full resolution of the matters giving rise to this provision, a full analysis will be provided in the relevant future financial statements.

COMPANY	**Onerous leases £m**
At 1 January 2011 and 31 December 2011	**1**

30. Operating Lease Commitments

31 December	Group 2011 £m	Group 2010 £m	Company 2011 £m	Company 2010 £m
Outstanding commitments under non-cancellable operating leases:				
Payable within one year	**16**	21	**–**	–
Payable between one and five years	**29**	36	**2**	2
Payable after more than five years	**12**	14	**3**	3
	57	71	**5**	5

At the balance sheet date, the Group had contracted with tenants for receipt of the following minimum lease payments:

31 December	2011 £m	2010 £m
Receivable within one year	**2**	4
Receivable between one and five years	**5**	6
Receivable after more than five years	**3**	3
	10	13

Operating leases relate principally to land and buildings and vehicles.

Notes to Financial Statements – continued

31. Share Capital

Issued and fully paid**

Ordinary Shares of 5p each	**1,622,676,844**	**81**	1,818,561,824	91

**Pursuant to a special resolution of the Company passed at the 2011 AGM, the restrictions on the Company's authorised share capital contained in its Articles of Association were deleted.

The issued Ordinary Share capital of GPG decreased during the year to 31 December 2011 as follows:

Date of event	Stock event	No. of shares	£m
1 January 2011	Brought forward	1,818,561,824	90.9
Various dates	Exercises of options	13,233,938	0.7
5 July 2011	Return of capital	(227,858,884)	(11.4)
24 October 2011	Scrip dividend	18,739,966	0.9
31 December 2011	**Carried forward**	**1,622,676,844**	**81.1**

Options outstanding under the Group's 2002 share option scheme at 31 December 2011 were as set out below:

Share Option Scheme	Number	Date granted	Exercise price (p per share)	Exercise period
2002 SHARE OPTION SCHEME				
Ordinary	900,295	08.01.03	20.2932	08.01.06 to 08.01.13
Ordinary	1,525,328	21.03.03	22.8589	21.03.06 to 21.03.13
Ordinary	1,227,687	16.10.03	32.5855	16.10.06 to 16.10.13
Ordinary	15,336,292	23.04.04	39.4618	23.04.07 to 23.04.14
Ordinary	1,771,541	27.08.04	38.6665	27.08.07 to 27.08.14
Ordinary	8,503,471	09.03.05	47.4723	09.03.08 to 09.03.15
Ordinary	7,130,494	04.04.05	43.7467	04.04.08 to 04.04.15
Ordinary	13,475,798	24.10.05	50.2946	24.10.08 to 24.10.15
Ordinary	322,097	07.11.05	50.2946	07.11.08 to 07.11.15
Ordinary	40,258	14.12.05	50.2946	14.12.08 to 14.12.15
Ordinary	10,194,377	15.03.06	55.7587	15.03.09 to 15.03.16
Ordinary	322,092	05.05.06	55.8830	05.05.09 to 05.05.16
Ordinary	3,587,041	11.10.06	58.0561	11.10.09 to 11.10.16
Ordinary	12,744,982	09.03.07	55.6656	09.03.10 to 09.03.17
Ordinary	9,716,293	10.04.08	49.2112	10.04.11 to 10.04.18
Ordinary	4,586,999	30.06.09	25.5455	30.06.12 to 30.06.19

Options exercised during the year comprised 13,233,938 under the schemes operated by the Group and 35,366 options lapsed.

The Board intends to make adjustments to options outstanding under the 2002 scheme to take account of the 2011 capital return and has applied to H M Revenue & Customs ("HMRC") for confirmation that the proposed adjustments will not result in HMRC-approved options losing their tax-approved status.

32. Reserves and Non-Controlling Interests

GROUP	Share premium account £m	Translation reserve £m	Unrealised gains reserve £m	Capital reduction reserve £m	Other reserves £m	Retained earnings £m	Non-controlling interests £m
At 1 January 2011	**62**	**165**	**124**	**–**	**270**	**281**	**69**
Return of capital	**(63)**	**–**	**–**	**118**	**(161)**	**37**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**(18)**	**(4)**
Scrip dividend alternative	**(1)**	**–**	**–**	**–**	**–**	**6**	**–**
Other share issues	**2**	**–**	**–**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**1**	**–**	**–**
Currency translation differences	**–**	**(23)**	**–**	**–**	**–**	**–**	**(1)**
Decreases in fair value	**–**	**–**	**(17)**	**–**	**(5)**	**–**	**–**
Transfers to income statement	**–**	**(3)**	**(43)**	**–**	**4**	**–**	**–**
Actuarial losses on retirement benefit schemes	**–**	**–**	**–**	**–**	**–**	**(215)**	**–**
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**1**	**(4)**
Dilution of investment in subsidiaries	**–**	**–**	**–**	**–**	**–**	**(1)**	**4**
AT 31 DECEMBER 2011	**–**	**139**	**64**	**118**	**109**	**91**	**64**

COMPANY	Share premium account £m	Unrealised gains reserve £m	Capital reduction reserve £m	Share options reserve £m	Other reserves £m	Profit and loss account £m
At 1 January 2011	**62**	**27**	**–**	**8**	**163**	**4**
Return of capital	**(63)**	**–**	**118**	**–**	**(161)**	**37**
Dividend	**–**	**–**	**–**	**–**	**–**	**(18)**
Scrip dividend alternative	**(1)**	**–**	**–**	**–**	**–**	**6**
Other share issues	**2**	**–**	**–**	**–**	**–**	**–**
Decreases in fair value	**–**	**(4)**	**–**	**–**	**–**	**–**
Transfers to profit and loss account	**–**	**(21)**	**–**	**–**	**–**	**–**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(20)**
AT 31 DECEMBER 2011	**–**	**2**	**118**	**8**	**2**	**9**

33. Contingent Liabilities

The Company has guaranteed the repayment of principal, interest and unpaid interest due on the NZ$350 million 2006 Capital Notes and on the NZ$77 million 2008 Capital Notes in the event of a liquidation of the issuing subsidiary undertaking. The 2008 Capital Notes were purchased and cancelled subsequent to the year end.

The Group has guaranteed the banking facilities of Australian Country Spinners Ltd, on a joint and several basis with the other shareholder. The Group's liability under that guarantee, which is limited to fifty per cent of those facilities, amounts to A$1 million (2010: A$7 million). On 1 January 2012 this obligation was transferred from the Parent Group to Coats.

Coats' borrowings at the year end include £202 million (2010: £224 million) secured by guarantees issued by Coats and certain of its principal subsidiaries.

The Parent Group banking facility of £130 million, all of which was undrawn at the year end, is secured by guarantees issued by the Company and certain of its investment company subsidiaries. The 2010 facility of £180 million was secured by fixed and floating charges over certain Parent Group assets.

GPG has guaranteed certain amounts that may become payable in respect of a subsidiary in Australia. At 31 December 2011 GPG's liability under that guarantee amounted to A$2.0 million (2010: A$0.2 million).

Coats plc has provided the EC with payment bonds to cover the full extent of the fine of €110.3 million imposed in respect of the investigation into alleged market sharing agreements relating to the European haberdashery market: see note 29. GPG has provided a guarantee to the bond issuers in respect of this amount. This guarantee expires in June 2012.

Notes to Financial Statements – continued

33. Contingent Liabilities – continued

As noted previously the US Environmental Protection Agency has notified Coats 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, in respect of former facilities which operated in that area prior to 1950. The Group considers this a contingent liability. Approximately 70 companies to date have formed a cooperating parties group to fund and conduct a remedial investigation and feasibility study of the area. Coats joined this group in 2011 and a further US$2.5 million (2010: US$2.5 million) has been charged in the year in respect of Coats' estimated share of the cost of this study and associated legal and consultancy expenses.

Coats believes that its former facilities which operated in the Lower Passaic River Study Area did not generate the contaminants which are driving the anticipated remedial actions and that this, and other mitigating factors, should result in a reduced share of any exposure for future remedial and other costs. At the present time, there can be no assurance as to the scope of these remedial and other costs nor can Coats predict what its ultimate share will be. Accordingly, no provision has been made for these costs.

34. Capital Commitments

As at 31 December 2011, the Group had commitments of £1 million in respect of contracts placed for future capital expenditure (2010: £4 million). Its share of the capital commitments reported by associated undertakings and joint ventures was £Nil (2010: £Nil). The Company did not have any capital commitments as at 31 December 2011 (2010: £Nil).

35. Notes to the Consolidated Statement of Cash Flows

a) Reconciliation of pre-tax profit to net cash inflow from operating activities

Year ended 31 December

	2011 £m	2010* £m
Profit before taxation from continuing operations	**53**	65
Share of loss/(profit) of associated undertakings	**18**	(4)
Share of profit of joint ventures	**(12)**	(8)
Finance costs (net)	**29**	30
Operating profit	**88**	83
Adjustments for:		
Depreciation	**32**	34
Amortisation of intangible assets	**5**	6
Share-based payments	**1**	1
Proceeds of sale of assets classified as held for resale	**–**	12
Profit on disposal of property, plant and equipment	**(2)**	(2)
Dividends received from associated undertakings (Parent Group)	**7**	5
Purchase of fixed asset investments (Parent Group)	**(8)**	(55)
Payments arising from the purchase of associated undertakings (Parent Group)	**–**	(38)
Payments arising from the purchase of joint ventures (Parent Group)	**(1)**	(1)
Amounts written off against fixed asset investments	**10**	1
Sale of fixed asset investments, at cost (net of impairments) (Parent Group)	**56**	28
Repayment of capital by investees (Parent Group)	**17**	–
Decrease/(increase) in trade and other receivables	**32**	(29)
Decrease/(increase) in land under development	**52**	(31)
Increase in inventories	**(24)**	(36)
Decrease in provisions	**(23)**	(9)
(Decrease)/increase in trade and other payables	**(13)**	19
Decrease in net derivative financial liabilities	**(12)**	–
Decrease in current asset investments	**4**	3
Discontinued operations	**4**	9
Currency and other adjustments	**(16)**	61
NET CASH INFLOW FROM OPERATING ACTIVITIES	**209**	61

*Restated to reflect Turners & Growers Ltd as a discontinued operation.

35. Notes to the Consolidated Statement of Cash Flows – continued

b) Taxation paid

Year ended 31 December	**2011 £m**	2010* £m
Overseas tax paid	**(25)**	(22)
UK tax paid	**(1)**	–
Discontinued operations	**(1)**	(3)
	(27)	(25)

c) Dividends received from joint ventures

Dividends received from joint ventures (operating subsidiaries)	**8**	9

d) Capital expenditure and financial investment

Payments to acquire property, plant and equipment	**(30)**	(24)
Receipts from the disposal of property, plant and equipment	**3**	6
Purchase of fixed asset investments (operating subsidiaries)	**(1)**	–
Payments to acquire non-current biological assets (operating subsidiaries)	**–**	(1)
Other intangible assets acquired	**(4)**	(2)
Discontinued operations	**(6)**	(8)
	(38)	(29)

e) Acquisitions and disposals

Net receipts from sale of business	**–**	4
Cash held by subsidiaries sold	**–**	(94)
Purchase of joint ventures (operating subsidiaries)	**(1)**	–
	(1)	(90)

f) Net (capital return)/issue of Ordinary Shares

Issue of Ordinary Shares by the Company	**2**	1
Capital return to holders of Ordinary Shares of the Company	**(80)**	–
	(78)	1

g) Equity dividends paid to the Company's shareholders

Dividends payable	**(18)**	(16)
Less: shares issued in lieu of cash dividend	**6**	10
	(12)	(6)

h) Net (decrease)/increase in borrowings

New loans taken out	**298**	90
Loans repaid	**(353)**	(80)
Discontinued operations	**10**	(2)
	(45)	8

*Restated to reflect Turners & Growers Ltd as a discontinued operation.

Notes to Financial Statements – continued

36. Purchase of Subsidiary Undertakings

On 15 March 2011 Turners & Growers Ltd acquired a controlling interest (100%) in the voting equity shares of Inglis Horticulture Ltd ("Inglis"), a former associated undertaking in New Zealand. The net assets acquired, and the related goodwill arising on this acquisition, using the purchase method of accounting, were as follows:

	Fair value £m
ACQUISITION SUMMARY	
Biological assets	12
Property, plant and equipment	12
Deferred tax assets	4
Trade and other payables	(6)
Borrowings – current	(14)
Deferred tax liabilities	(3)
Net assets at acquisition	**5**
Consideration reported above:	
Cash paid in prior years	4
Shares issued	2
Total consideration	**6**
Less losses previously recognised as an associate	(1)
Net assets at acquisition	**5**

Inglis contributed revenue of £4 million and a loss of £7 million to the Group results for the period. Had Inglis been consolidated from the beginning of the period, reported revenue would have increased by £1 million, with no impact on reported profit for the period.

Inglis contributed £Nil to the Group's net operating, investment and financing cash flows during the period.

There were no transaction costs associated with the Inglis purchase.

37. Discontinued operations

Disposal of business – Turners & Growers Ltd

Following the conditional sale of Turners & Growers Ltd, that investment has been treated as a discontinued operation in both the 2011 and the 2010 Income Statement. No opening statement of financial position has been presented for the prior year in these financial statements as it is unchanged from that previously reported.

The net assets were written down to market value as at 30 September 2011, as follows:

	Book value £m	**Impairment £m**	**Carrying value £m**
Intangible assets	10	(8)	2
Property, plant and equipment	99	–	99
Biological assets	13	–	13
Associated undertakings	7	–	7
Inventories	22	–	22
Deferred tax assets	1	–	1
Trade and other receivables	50	–	50
Cash and cash equivalents	9	–	9
Trade and other payables	(43)	–	(43)
Borrowings	(48)	–	(48)
Deferred tax liabilities	(9)	–	(9)
Net assets at reclassification	**111**	**(8)**	**103**
Assets classified as held for sale	211	(8)	203
Liabilities directly associated with assets classified as held for sale	(100)	–	(100)
	111	**(8)**	**103**

37. Discontinued operations – continued

The combined results of discontinued operations were as follows:

	Turners & Growers		Coats Group		Staveley Inc.		ClearView		Total	
31 December	**2011 £m**	2010 £m	**2011 £m**	2010 £m	**2011 £m**	2010 £m	**2011 £m**	2010 £m	**2011 £m**	2010** £m
Revenue	**320**	279	**–**	–	**–**	1	**–**	–	**320**	280
Cost of sales	**(237)**	(205)	**–**	–	**–**	–	**–**	–	**(237)**	(205)
Expenses	**(84)**	(63)	**(1)**	–	**–**	(1)	**–**	(2)	**(85)**	(66)
Other income	**2**	–	**–**	–	**–**	–	**–**	2	**2**	2
Finance costs	**(4)**	(3)	**–**	–	**–**	–	**–**	–	**(4)**	(3)
(Loss)/profit before tax	**(3)**	8	**(1)**	–	**–**	–	**–**	–	**(4)**	8
Attributable tax	**(4)**	(5)	**–**	–	**–**	–	**–**	–	**(4)**	(5)
(Loss)/profit after tax	**(7)**	3	**(1)**	–	**–**	–	**–**	–	**(8)**	3
Loss arising on measurement to fair value*	**(10)**	–	**–**	–	**–**	–	**–**	–	**(10)**	–
	(17)	3	**(1)**	–	**–**	–	**–**	–	**(18)**	3
Gain/(loss) on disposal of businesses*	**–**	–	**–**	–	**–**	2	**–**	(1)	**–**	1
(Loss)/gain on discontinued operations	**(17)**	3	**(1)**	–	**–**	2	**–**	(1)	**(18)**	4

The non-controlling interests' share of the loss (2010: gain) on discontinued operations is £8 million (2010: £2 million).

* Other than Turners & Growers Ltd there is no material tax impact arising from these discontinued activities nor from the gains on disposals of businesses.

** Restated to reflect the results of Turners & Growers Ltd as a discontinued operation.

Assets held for sale

The major classes of assets and liabilities comprising the operations classified as held for sale are as follows:

31 December	**2011 £m**	2010 £m
Property, plant and equipment	**102**	2
Biological assets	**16**	–
Inventories	**34**	–
Trade and other receivables	**48**	–
Investments	**8**	–
Cash and cash equivalents	**7**	–
Assets held for sale	**215**	2
Trade and other payables	**(41)**	–
Borrowings	**(45)**	–
Deferred tax	**(8)**	–
Liabilities directly associated with assets held for sale	**(94)**	–

Notes to Financial Statements – continued

38. Related Party Transactions

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 – Related Party Disclosures. Further information regarding the remuneration of individual directors is provided on pages 79 to 83 in the audited part of the Directors' Remuneration report.

Year ended 31 December	**2011 £m**	2010 £m
Short-term employee benefits	**2**	3
Termination benefits	**1**	1
	3	4

Trading transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its associated undertakings and joint ventures are disclosed below.

During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

	Sales of goods		**Purchases of goods**		**Other income**	
	2011	2010	**2011**	2010	**2011**	2010
Associated undertakings	**2**	24	**–**	4	**–**	6
Joint ventures	**3**	7	**27**	31	**5**	4

Transactions with associated undertakings and joint ventures are conducted on an arm's length basis.

Amounts owing by/(to) associated undertakings and joint ventures at the year end are disclosed in notes 21 and 24 respectively.

39. Post Balance Sheet Events

On 17 January 2012 CIC Australia ("CIC") completed a joint venture development agreement with Mirvac Group in respect of its Googong Project. CIC sold into this joint venture non-current assets held for sale of A$25 million (£17 million) and inventory included in the balance sheet at 31 December 2011 at A$25 million (£17 million). The sale proceeds were received partly in cash, which has been used to reduce borrowings, and the balance is due in 2013.

On 7 March 2012 the offer by BayWa for the purchase of Turners & Growers' shares was declared unconditional, and on 12 March 2012 that transaction completed with the payment of NZ$137 million to the Group.

On 15 March 2012 the Company completed the purchase of the 2008 Capital Notes, which were then cancelled.

40. Derivatives and Other Financial Instruments

GPG is a strategic investment holding company and it, together with certain of its subsidiaries, is principally involved in managing a portfolio of cash and investments. The profile of the Group's financial assets, and in particular the relative balance between cash and investments, varies during the year depending on the timing of purchases and sales of investments. The currency profile of the Group's financial assets is similarly affected by the timing of investment transactions, and tends to vary during the year.

However, given the Group's stated aim of value realisation it is to be expected that over time investments will be realised in cash and the bulk of that cash will be migrated to New Zealand dollars prior to its return to shareholders.

The Group's main financial instruments comprise:

Financial assets:

- cash and cash equivalents;
- trade and other receivables that arise directly from the Group's operations;
- investments in equity shares with both UK and international exposure. These investments are held as either current or non-current asset investments; and
- derivatives, including forward foreign currency contracts, cross-currency interest rate swaps, interest rate swaps, contracts for differences, equity swaps and equity options.

40. Derivatives and Other Financial Instruments – continued

Financial liabilities:

- trade, other payables and certain provisions that arise directly from the Group's operations;
- Capital Notes;
- bank borrowings and commercial bills; and
- derivatives, including forward foreign currency contracts, cross-currency interest rate swaps, interest rate swaps, contracts for differences, equity swaps and equity options.

FINANCIAL ASSETS

The Group's financial assets are summarised below:

31 December	2011 £m	2010 £m
Financial assets carried at amortised cost (loans and receivables):		
Cash and cash equivalents	**276**	313
Trade receivables (note 21)	**163**	205
Due from associated undertakings and joint ventures (note 21)	**11**	15
Other receivables (note 21)	**36**	57
	486	590
Financial assets carried at fair value through the income statement:		
Current asset investments (note 22)	**10**	14
Derivative financial instruments (note 23)	**2**	4
	12	18
Other financial assets carried at fair value through the statement of comprehensive income:		
Non-current asset investments (available-for-sale (note 17))	**203**	333
Derivative financial instruments (note 23)	**–**	1
	203	334
Total financial assets	**701**	942

FINANCIAL LIABILITIES

The Group's financial liabilities are summarised below:

31 December	2011 £m	2010 £m
Financial liabilities carried at amortised cost:		
Trade payables (note 24)	**154**	164
Due to associated undertakings and joint ventures (note 24)	**10**	10
Other financial liabilities	**81**	108
Provisions	**11**	13
Capital Notes (note 26)	**214**	212
Other borrowings (note 27)	**266**	352
	736	859
Financial liabilities carried at fair value through the income statement:		
Derivative financial instruments (note 25)	**3**	18
Derivatives designated as effective hedging instruments and carried at fair value through the statement of comprehensive income:		
Derivative financial instruments (note 25)	**6**	7
Total financial liabilities	**745**	884

Other financial liabilities include other payables, other than taxation and other statutory liabilities.

Notes to Financial Statements – continued

40. Derivatives and Other Financial Instruments – continued

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Group's financial assets and liabilities is summarised below:

31 December	2011 Book value £m	2011 Fair value £m	2010 Book value £m	2010 Fair value £m
Primary financial instruments:				
Cash and cash equivalents	**276**	**276**	313	313
Trade receivables	**163**	**163**	205	205
Due from associated undertakings and joint ventures	**11**	**11**	15	15
Other receivables	**36**	**36**	57	57
Investments:				
Current	**10**	**10**	14	14
Non-current	**203**	**203**	333	333
Trade payables	**(154)**	**(154)**	(164)	(164)
Due to associated undertakings and joint ventures	**(10)**	**(10)**	(10)	(10)
Other financial liabilities and provisions	**(92)**	**(92)**	(121)	(121)
Capital Notes	**(214)**	**(214)**	(212)	(211)
Other borrowings	**(266)**	**(266)**	(352)	(352)
Derivative financial instruments:				
Contracts for differences	**–**	**–**	1	1
Forward foreign currency contracts	**(1)**	**(1)**	2	2
Other net derivative financial instruments	**(6)**	**(6)**	(23)	(23)
Net financial (liabilities)/assets	**(44)**	**(44)**	58	59

Investments are held for strategic growth or trading purposes. Market values have been used as proxies for the fair value of all listed investments and the Capital Notes. Unlisted investments are stated at fair value. For floating rate financial assets and liabilities, and for fixed rate financial assets and liabilities with a maturity of less than twelve months, it has been assumed that fair values are approximately the same as book values. Fair values for forward foreign currency contracts have been estimated using applicable forward exchange rates at the year end. The fair values of the equity options, equity swaps and the forward foreign currency contracts have been determined by third party institutions, based on market rates. All other fair values have been calculated by discounting expected cash flows at prevailing interest rates.

Effective-hedge gains and losses on forward foreign currency contracts used for hedging future transactions are not recognised in the income statement until the exposure to which they relate is itself recognised. Such gains and losses are incorporated in the value of the transaction being hedged.

FAIR VALUE MEASUREMENTS RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following tables provide an analysis of financial intruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not observable market data (unobservable inputs).

40. Derivatives and Other Financial Instruments – continued

FINANCIAL ASSETS MEASURED AT FAIR VALUE

31 December	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
2011				
Financial assets measured at fair value through the income statement:				
Trading securities	**10**	**9**	**1**	**–**
Trading derivatives	**2**	**–**	**2**	**–**
Financial assets measured at fair value through the statement of comprehensive income:				
Equity investments	**203**	**187**	**16**	**–**
Total	**215**	**196**	**19**	**–**
2010				
Financial assets measured at fair value through the income statement:				
Trading securities	14	14	–	–
Trading derivatives	4	–	4	–
Financial assets measured at fair value through the statement of comprehensive income:				
Equity investments	333	321	12	–
Derivatives designated as effective hedging instruments	1	–	1	–
Total	352	335	17	–

FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

31 December	Total £m	Level 1 £m	Level 2 £m	Level 3 £m
2011				
Financial liabilities measured at fair value through the income statement:				
Trading derivatives	**(3)**	**–**	**(3)**	**–**
Financial liabilities measured at fair value through the statement of comprehensive income:				
Derivatives designated as effective hedging instruments	**(6)**	**–**	**(6)**	**–**
Total	**(9)**	**–**	**(9)**	**–**
2010				
Financial liabilities measured at fair value through the income statement:				
Trading derivatives	(18)	–	(18)	–
Financial liabilities measured at fair value through the statement of comprehensive income:				
Derivatives designated as effective hedging instruments	(7)	–	(7)	–
Total	(25)	–	(25)	–

Notes to Financial Statements – continued

40. Derivatives and Other Financial Instruments – continued

The main risks arising from the Group's financial instruments are as follows:

- currency risk;
- interest rate risk;
- capital risk;
- market price risk;
- liquidity risk; and
- credit risk.

The Group's policies for managing those risks are described below and, except as noted, have remained unchanged since the beginning of the year to which these financial statements relate.

CURRENCY RISK

The income and capital value of the Group's financial instruments can be affected by exchange rate movements as a significant portion of its financial assets (principally cash and investments) and financial liabilities is denominated in currencies other than Sterling, which is the Group's presentation currency. The accounting impact of these exposures will vary according to whether or not the Group company holding such financial assets and liabilities reports in the currency in which they are denominated.

The Board recognises that the Group's Sterling statement of financial position will be affected by short term movements in exchange rates, particularly the value of the Australian, New Zealand and United States dollars. The Board takes the view that the major currencies in which the Group is invested move within a relatively stable range and that currency fluctuations should even out over the long term. However, as reported at the half year, the Board recognises the importance of managing currency risk differently in light of the strategy to return value to shareholders. Excluding Coats, which the Board considers to be a long term hold, the Parent Group balance sheet is heavily weighted towards assets denominated in Australian dollars whilst capital note liabilities and future capital returns to the shareholder base are predominantly New Zealand dollar items. The Board has therefore adopted a policy of migrating cash generated from disposals of Australian dollar and UK Sterling assets to New Zealand dollars to balance the exposure.

At certain times, the Board will make limited use of forward foreign currency contracts and swaps to maintain the Group's relative exposure to the Australian, United States and New Zealand dollars. These contracts tend to have a maturity of less than three months.

Coats uses forward foreign currency contracts to mitigate the currency exposure that arises on business transacted in currencies other than their own functional currencies. These companies only enter into such foreign currency contracts when there is a firm commitment to the underlying transaction. The contracts used to hedge future transactions typically have a maturity of between 6 months and 2 years.

INTEREST RATE RISK

In 2011, the Group financed its operations through shareholders' funds, bank borrowings, commercial bills, and the Capital Notes. The Capital Notes carry fixed interest rates. The Group's trading subsidiaries use a mixture of fixed and floating rate debt. The Group also has access to bank facilities amounting to some £590 million, of which £266 million had been drawn down at year-end. This includes facilities negotiated by certain trading subsidiaries to meet their local needs.

Interest rate risk is managed by maintaining an appropriate mix between fixed and floating rate borrowings using interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and risk appetite.

The Group's interest income does not vary significantly from the returns it would generate through investing surplus cash at floating rates of interest since the interest rates are re-set on a regular basis.

A reasonably possible change of one per cent in market interest rates would change profit before tax by approximately £1 million (2010: £1 million), and would change shareholders' funds by approximately £5 million (2010: £6 million).

Trade and other receivables and trade and other payables are excluded from the following disclosure (other than the currency disclosures) as there is limited interest rate risk.

40. Derivatives and Other Financial Instruments – continued

CAPITAL RISK MANAGEMENT

The Group manages its capital so as to ensure that the Company and the Group will be able to continue as a going concern, whilst being able to take advantage of opportunities that arise and which are expected to provide profitable returns for shareholders and, following the Board's announcement to undertake an orderly value realisation as set out on page 2, to meet its commitment to return capital to shareholders.

The Group's capital structure comprises cash and cash equivalents and borrowings (see Summary of net debt on page 20), and share capital and reserves attributable to the equity shareholders of the Company.

CURRENCY EXPOSURE

The table below shows the extent to which Group companies have financial assets and liabilities, excluding forward foreign currency contracts and cross-currency interest rate swaps held as hedges, in currencies other than their functional currency. Foreign exchange differences arising on retranslation of these assets and liabilities are taken to the Group income statement. The table excludes loans between Group companies that form part of the net investment in overseas subsidiaries on which the exchange differences are dealt with through reserves, but includes other Group balances that eliminate on consolidation. It also excludes investments held in equity shares, which are included in the Currency and Interest Rate Profile of Financial Assets table on page 68.

	Net foreign currency financial assets/(liabilities)					
Functional currency 2011	**Sterling £m**	**Australian dollars £m**	**New Zealand dollars £m**	**US dollars £m**	**Other £m**	**Total £m**
Sterling	**–**	**137**	**(118)**	**–**	**(1)**	**18**
US dollars	**10**	**1**	**–**	**–**	**(20)**	**(9)**
Other currencies	**–**	**–**	**–**	**(23)**	**2**	**(21)**
	10	**138**	**(118)**	**(23)**	**(19)**	**(12)**

	Net foreign currency financial assets/(liabilities)					
Functional currency 2010	Sterling £m	Australian dollars £m	New Zealand dollars £m	US dollars £m	Other £m	Total £m
Sterling	–	161	(219)	45	(10)	(23)
Australian dollars	–	–	–	1	–	1
New Zealand dollars	1	2	–	2	–	5
US dollars	25	–	–	–	(29)	(4)
Other currencies	–	1	–	(13)	3	(9)
	26	164	(219)	35	(36)	(30)

The following table shows the impact on pre-tax profit and shareholders' funds of reasonably possible changes in exchange rates against each of the major foreign currencies in which the Group transacts:

	US dollars		**Australian dollars**		**New Zealand dollars**	
	2011 £m	2010 £m	**2011 £m**	2010 £m	**2011 £m**	2010 £m
Increase in £ Sterling exchange rate:	**9%**	9%	**7%**	7%	**7%**	7%
Increase/(decrease) in profit before tax	**1**	(1)	**(9)**	(11)	**7**	14
(Decrease)/increase in shareholders' funds	**(12)**	(4)	**(14)**	(20)	**7**	14

Notes to Financial Statements – continued

40. Derivatives and Other Financial Instruments – continued

CURRENCY AND INTEREST RATE PROFILE OF FINANCIAL ASSETS

The currency and interest rate profile of the Group's financial assets was as follows:

31 December					2011					2010
Currency	**Investments £m**	**Cash and cash equivalents £m**	**Trade and other receivables £m**	**Derivative financial instruments £m**	**Total £m**	Investments £m	Cash and cash equivalents £m	Trade and other receivables £m	Derivative financial instruments £m	Total £m
Sterling	**79**	**73**	**5**	**5**	**162**	121	106	8	9	244
Australian dollars	**132**	**21**	**21**	**1**	**175**	209	53	47	–	309
New Zealand dollars	**–**	**109**	**–**	**–**	**109**	5	5	21	–	31
United States dollars	**–**	**19**	**65**	**11**	**95**	1	65	70	(22)	114
Euros	**1**	**4**	**32**	**(6)**	**31**	1	15	36	2	54
Other currencies	**1**	**50**	**87**	**(9)**	**129**	10	69	95	16	190
Total financial assets	**213**	**276**	**210**	**2**	**701**	347	313	277	5	942
Fixed rate		**18**			**18**		–			–
Floating rate		**253**			**253**		305			305
No rate		**5**			**5**		8			8
		276			**276**		313			313

The investments included above comprise listed and unlisted investments in shares.

Cash of £18 million (2010: £Nil) have been placed on deposit with banks for a weighted average period of 5.5 months, and earn a weighted average interest rate of 1.77%.

Cash balances of £253 million (2010: £305 million) which have been placed on deposit with banks for a variety of fixed periods, not exceeding three months, earn available market rates based on LIBID equivalents and are for these purposes classified as floating rate cash balances. The Group's investment portfolio principally comprises equity shares. All such investments have been excluded from the interest rate analysis because the investments do not generate a fixed entitlement to interest.

CURRENCY AND INTEREST RATE PROFILE OF FINANCIAL LIABILITIES

The currency and interest rate profile of the Group's financial liabilities was as follows:

31 December					2011					2010
Currency	**Floating rate £m**	**Fixed rate £m**	**Interest free £m**	**Derivative financial instruments £m**	**Total £m**	Floating rate £m	Fixed rate £m	Interest free £m	Derivative financial instruments £m	Total £m
Sterling	**3**	**–**	**20**	**(13)**	**10**	4	13	20	(22)	15
Australian dollars	**40**	**–**	**28**	**–**	**68**	76	–	25	17	118
New Zealand dollars	**–**	**214**	**–**	**–**	**214**	8	235	21	–	264
United States dollars	**83**	**122**	**94**	**64**	**363**	79	134	99	28	340
Euros	**5**	**–**	**27**	**(17)**	**15**	4	–	27	21	52
Other currencies	**15**	**–**	**85**	**(25)**	**75**	15	–	99	(19)	95
Total financial liabilities	**146**	**336**	**254**	**9**	**745**	186	382	291	25	884

The benchmark for determining floating rate liabilities in the UK is LIBOR for both sterling and US$ loans. In New Zealand, floating rates are determined by reference to the New Zealand 90 Day Bank Bill rate, and in Australia such rates are based on discounted commercial loan rates.

40. Derivatives and Other Financial Instruments – continued

Details of fixed rate and non interest-bearing liabilities (excluding derivatives) are provided below:

31 December			**2011**			2010
	Fixed rate financial liabilities		**Financial liabilities on which no interest is paid**	Fixed rate financial liabilities		Financial liabilities on which no interest is paid
Currency	**Weighted average interest rate %**	**Weighted average period for which rate is fixed (months)**	**Weighted average period until maturity (months)**	Weighted average interest rate %	Weighted average period for which rate is fixed (months)	Weighted average period until maturity (months)
Sterling	**–**	**–**	**29**	6.00%	3	32
Australian dollars	**–**	**–**	**–**	7.19%	11	–
New Zealand dollars	**8.43%**	**9**	**–**	8.06%	23	–
United States dollars	**5.40%**	**15**	**–**	4.90%	25	–
Weighted average	**7.33%**	**11**	**29**	6.88%	23	32

CURRENCY PROFILE OF FOREIGN EXCHANGE DERIVATIVES

The currency profile of the Group's foreign exchange derivatives (on a gross basis), all of which mature in less than one year, was as follows:

		Assets		**Liabilities**
31 December	**2011 £m**	2010 £m	**2011 £m**	2010 £m
Currency				
Sterling	**18**	30	**–**	–
Australian dollars	**1**	1	**–**	–
United States dollars	**40**	38	**(87)**	(83)
Euros	**40**	21	**(30)**	(40)
Other currencies	**32**	47	**(15)**	(12)
	131	137	**(132)**	(135)

The £1 million net liability (2010: £2 million net asset) in relation to foreign exchange financial instruments in the table above is split £2 million (2010: £3 million) within assets (note 23) and £3 million (2010: £1 million) within liabilities (note 25).

MARKET PRICE RISK

The Group can be affected by market price movements on its equity investments. Notwithstanding the strategy to undertake an orderly value realisation as discussed on page 2, the Board continues to believe it is not economic to hedge market price risk. Existing investments are continually monitored and managed in the light of new information or market movements.

Equity swaps, equity options and contracts for differences have been purchased from time to time as part of the Group's investment portfolio. These derivatives no longer form a significant proportion of the portfolio.

Notes to Financial Statements – continued

40. Derivatives and Other Financial Instruments – continued

The sensitivity analyses below have been determined based on the exposure to reasonably possible price changes for the investments held at the year end.

Equities (excluding pension schemes):

Impact of a 10% increase in prices:	**2011 £m**	2010 £m
Increase in pre-tax profit for the year	**1**	3
Increase in equity shareholders' funds	**21**	37

The impact of equivalent decreases in prices on pre-tax profit and equity shareholders' funds would be the reverse of the increases shown above.

LIQUIDITY RISK

Following the Board's announcement of the strategy to undertake an orderly value realisation, as described on page 2 in the Chairman's statement, the Group's liquidity risk has evolved from the necessity to have access to funds to take advantage of attractive investment opportunities arising, to having sufficient funds to realise maximum value from its existing investments and to meet its commitments to return capital to shareholders. Cash proceeds from the orderly realisation of investments are to be used to return capital to shareholders. Such return of capital is to be executed having regard to the actual and contingent liabilities of the Group and, hence, require liquidity risk to be effectively managed. Further, the Group typically holds cash balances in deposits with a short maturity, and additional resources can be drawn through committed borrowing facilities. During the year the Group has complied with all externally imposed capital requirements.

The Group had the following undrawn committed borrowing facilities, in respect of which all conditions precedent had been met at the year-end.

31 December	**2011 £m**	2010 £m
Expiring within one year	**–**	188
Expiring between one and two years	**–**	37
Expiring between two and five years	**324**	46
	324	271

MATURITY OF UNDISCOUNTED FINANCIAL LIABILITIES (EXCLUDING DERIVATIVES)

The maturity of the Group's financial liabilities, using undiscounted cash flows, was as follows:

31 December	**2011 £m**	2010 £m
In one year or less, or on demand	**312**	434
In more than one year but not more than two years	**181**	281
In more than two years but not more than five years	**257**	192
In more than five years	**5**	6
	755	913

The above table comprises the gross amounts payable in respect of borrowings (including interest thereon), trade and other non-statutory payables and certain provisions, over the period to the maturity of those liabilities.

MATURITY OF UNDISCOUNTED FINANCIAL DERIVATIVES

The maturity of the Group's financial derivatives (on a gross basis), which include interest rate and foreign exchange swaps, using undiscounted cash flows was as follows:

		Assets		**Liabilities**
31 December	**2011 £m**	2010 £m	**2011 £m**	2010 £m
In one year or less, or on demand	**131**	156	**(135)**	(178)
In more than one year but not more than two years	**–**	–	**(2)**	(4)
In more than two years but not more than five years	**–**	1	**(2)**	(1)
	131	157	**(139)**	(183)

40. Derivatives and Other Financial Instruments – continued

CREDIT RISK

31 December	2011 £m	2010 £m
The Group considers its maximum exposure to credit risk to be as follows:		
Cash and cash equivalents	**276**	313
Derivative financial instruments	**2**	5
Trade receivables (net of bad debt provision)	**163**	205
Due from associated undertakings and joint ventures	**11**	15
Other receivables	**36**	57
	488	595
Financial assets considered not to have exposure to credit risk:		
Current asset investments	**10**	14
Non-current asset investments	**203**	333
Total financial assets	**701**	942
Analysis of trade receivables over permitted credit period:		
Trade receivables up to 1 month over permitted credit period	**18**	20
Trade receivables between 1 and 2 months over permitted credit period	**5**	5
Trade receivables between 2 and 3 months over permitted credit period	**2**	3
Trade receivables between 3 and 6 months over permitted credit period	**2**	1
Trade receivables in excess of 6 months over permitted credit period	**–**	1
Total gross trade receivables in excess of permitted credit period	**27**	30
Trade receivables within permitted credit period	**136**	175
Total net trade receivables	**163**	205

Trade receivables consist of a large number of customers, spread across diverse geographical areas and industries.

Customers requesting credit facilities are subject to a credit quality assessment, which may include a review of their financial strength, previous credit history with the Group, payment record with other suppliers, bank references and credit rating agency reports. All active customers are subject to an annual, or more frequent if appropriate, review of their credit limits and credit periods.

The Group does not have a significant credit risk exposure to any single customer.

Amounts due from associated undertakings and joint ventures include £8 million (2010: £10 million) in respect of CIC's joint venture Crace Developments Pty Ltd ("Crace"). CIC is actively involved in the financial management of Crace and management is satisfied that the amount owed is recoverable based on their intimate knowledge of the project.

HEDGES

During 2011, the Group has hedged the following exposures:

– interest rate risk – using interest rate swaps

– currency risk – using forward foreign currency contracts and cross-currency interest rate swaps.

At 31 December 2011, the fair value of such hedging instruments was a net liability of £7 million (2010: £5 million).

Cash flow hedges outstanding at 31 December 2011 are expected to impact the Income Statement in the following periods:

	2011 £m Loss	2010 £m (Loss)/gain
Within one year	**(3)**	(4)
Within one to two years	**(2)**	(2)
Within two to five years	**(2)**	–
After more than five years	**–**	1
	(7)	**(5)**

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' LIBOR.

Notes to Financial Statements – continued

40. Derivatives and Other Financial Instruments – continued

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

GAINS/(LOSSES) ON FINANCIAL ASSETS/LIABILITIES

The net gain from buying and selling financial assets and financial liabilities shown in the income statement is analysed as follows:

Year ended 31 December	**2011 £m**	2010 £m
Gains on disposal of investments (excluding derivatives) (note 4)	**28**	18
Losses on disposal of equity options and equity swaps (note 4)	**(8)**	(7)
Net investment impairment (provision)/write-back (note 4)	**(10)**	4
Net gain on other financial assets/liabilities (note 4)	**1**	–
	11	15

41. Share-based payments

GPG's share option schemes provide for a grant price equal to the average quoted market price of GPG shares for 1 to 5 days prior to the date of the grant. The vesting period is 3 years, and any options that remain unexercised after 10 years from the date of grant automatically lapse. Option forfeiture where an employee leaves the Group can occur in certain circumstances.

Only options granted after 7 November 2002 are required to be analysed in this note.

	2011		2010	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at beginning of year	**93,336,262**	**46.30p**	85,157,529	50.83p
Impact of Capitalisation Issue	**–**	**n/a**	8,485,032	n/a
Exercised during the year	**(1,951,217)**	**22.18p**	(306,299)	25.14p
Outstanding at end of year	**91,385,045**	**46.81p**	93,336,262	46.30p
Exercisable at end of year	**86,798,046**	**47.94p**	79,010,970	47.15p

The options outstanding at 31 December 2011 had a weighted average remaining contractual life of 4.1 years (2010: 5.0 years).

These fair values were calculated using a stochastic valuation model based on the methodology underlying the Black-Scholes model, projecting forward the Company share price using the Black-Scholes model and calculating the value earned when the options are exercised and discounting this back to the calculation date.

The assumptions in the model are as follows:

Volatility	20% per annum
Risk free interest rate	2.6% per annum
Dividend at grant	1p per share

The Directors have set the volatility assumption after analysing the historical volatility of the Group share price and taking account
of the current levels of equity market volatility. To allow for the effects of early exercise it was assumed that in each simulation the options were exercised as soon as they were "in the money" and these values were averaged to get the overall price.

The Group recognised total expenses of £1 million related to equity-settled share-based payments in the year ended 31 December 2011 (2010: £1 million).

Corporate Governance

GPG is a publicly traded company established in England and Wales. It is a premium listed issuer on the London Stock Exchange and its shares are quoted on the Australian Securities Exchange and, as an Overseas Listed Issuer, on the New Zealand Stock Exchange. As a UK company with a premium listing the Company is required to comply with or explain deviations from the UK Corporate Governance Code referred to in the Listing Rules of the UK Financial Services Authority ("the Code") when describing the Company's Corporate Governance arrangements.

BOARD COMPOSITION

2011 was a year of continuing change at GPG, not least in the composition of, and demands upon, the Board. At the beginning of the year the Board consisted of four independent non-executive directors, being Mark Johnson as Chairman, Mike Allen, Rob Campbell and Gavin Walker, together with Sir Ron Brierley as a further non-executive director, and two executive directors, Blake Nixon and Gary Weiss.

On 11 February 2011 the Company announced its strategy to realise value. Implementation of this strategy resulted in further changes to the composition of the Board to facilitate this next stage.

GPG regards itself as a small company for the purposes of the Code and as such, has at all times during 2011 had two independent non-executive directors as prescribed by the Code. Mark Johnson ceased to be a director and chairman on 6 April 2011, Gary Weiss ceased to be a director on 30 April 2011 and Gavin Walker ceased to be a director on 29 July 2011. Blake Nixon ceased to be an executive director on 30 June 2011 and became a non-executive director on 1 July 2011. Scott Malcolm was appointed as an independent non-executive director on 19 January 2012. Following that appointment the Board now consists of five non-executive directors being the Chairman, Rob Campbell, Mike Allen and Scott Malcolm (all of whom are regarded as independent) together with Sir Ron Brierley and Blake Nixon.

Scott Malcolm was appointed following careful consideration by all members of the Board. Scott is a partner with Greenstone Partners, and directors and senior management were familiar with his knowledge and skills and considered that he would bring wide ranging experience to the GPG Board during the implementation of its strategy to realise value. As a result the use of external search consultants or open advertising as recommended by the Code was considered unnecessary.

Accordingly, until the appointment of Scott Malcolm, the Board did not always comprise of a majority of independent non-executive directors for the purposes of the Australian equivalent of the Code.

None of the non-executive directors have been appointed for a specified term but, in accordance with the Company's Articles of Association, each will retire in due course by rotation and be required to offer himself up for re-election at the relevant annual general meeting of the Company.

As a result of the evolving valuation realisation process it has not been possible to specify the time commitment required from directors to fulfil this process, nor the commitment which will be required to implement the strategy to realise value going forward. Therefore the letters of appointment of the non-executive directors do not set out their expected time commitment, although all directors have undertaken to provide sufficient time to engage effectively in the process of value realisation.

With regard to the appointment and replacement of directors, the Company is governed by reference to its Articles of Association, the UK Companies Act 2006 and related legislation. Short biographies of each of the directors appear on page 11 and details of the directors' remuneration arrangements are set out on pages 79 to 83.

COMPLIANCE

The Board has put in place corporate governance arrangements which it believes are appropriate for the operation of an international strategic investment holding company. These cover not only the Company but also its subsidiary companies. The Board operates an Audit, Finance and Risk Committee and a Remuneration and Nominations Committee each consisting of two non-executive directors one of whom is independent. In the case of the Audit, Finance and Risk Committee, there is an additional independent non-Board member. In addition the Board operates two further committees dealing with operational matters requiring Board direction, being an Investment Committee and a General Purposes Committee. Other than as noted below GPG substantially complied with the Code or with its equivalent in Australia throughout 2011. It should be noted that the Code may materially differ from the New Zealand Stock Exchange's corporate governance rules and the principles of the Corporate Governance Best Practice Code of the New Zealand Stock Exchange, however, GPG is not obliged to comply with these. More information about the Code may be obtained at the UK Financial Reporting Council website at http://www.frc.org.uk. The Group's compliance or otherwise will continue to be monitored by the Board.

Corporate Governance – continued

BOARD RESPONSIBILITIES

The Board is responsible for the management of the Group's assets and operations. The directors are situated in the UK, Australia and New Zealand. They have put in place suitable communication and reporting systems which enable them to monitor, on a timely basis, the Group's activities.

In addition to the monitoring of the Group's activities by the directors, regular meetings of the Board and the Investment Committee are scheduled to discuss investment matters. In this way strategies in respect of the Group's assets are carefully evaluated and monitored. Furthermore, there is a formal schedule of matters specifically reserved for the approval of the Board and its Committees. These matters include the Group's strategy, changes to the Group's capital structure, treasury policies and stock exchange listing matters. Details of the frequency of meetings and attendance at the Company's Board and Committee meetings during 2011 are set out on page 76.

The Code provides that a company should identify a senior independent non-executive director. GPG does not and there are currently no plans to have such a designated director. The independent non-executive directors collectively fulfil the role set out in the Code in respect of a senior independent director. In particular, in respect of shareholder communications with the Board, if a shareholder finds that contact through the normal channels of the Chairman has failed to address their particular concerns, then these may be conveyed to any of the other independent non-executive directors whose wide experience enables them to deal appropriately with any such enquiries.

The Company has a procedure in place by which directors can seek independent professional advice at the Company's expense if the need arises. As recommended by the Code, GPG provides certain protections for directors and officers of companies within the Group against personal financial exposure that they may incur in the course of their duties. In addition, GPG has provided an indemnity for its directors to the extent permitted by law in respect of the liabilities incurred as a result of their office.

The interests of the directors, including their connected persons, in the share capital of the Company and its subsidiaries are set out in the Report on Remuneration and Related Matters below. No director, either during or at the end of the year under review, was interested in any material contract (not being a contract of employment) with the Company or any of its subsidiaries nor has become so interested since the year end.

BOARD COMMITTEES

The Board has in place to assist in the execution of its duties an Audit, Finance and Risk Committee, a Remuneration and Nominations Committee, an Investment Committee and a General Purposes Committee. Each of the Committees is authorised, at GPG's expense, to obtain external legal or other professional advice to assist it in carrying out its duties.

Audit, Finance and Risk Committee

This Committee consists of Blake Nixon (who replaced Gavin Walker when he resigned as a director in July 2011), as chairman of the Committee, and Mike Allen, an independent non-executive director. David Wadsworth FCA, who is not a director of the Company, is an independent member of the Committee. He was appointed to ensure that, in accordance with the Code, the Committee included a member with recent and relevant financial expertise. Mr Wadsworth was formerly a partner of Deloitte LLP. These members provide the required competence and experience in accounting and auditing matters. The composition of the Audit, Finance and Risk Committee does not comply with the Code in that it does not consist of two independent non-executive directors. However, given that the Committee consists of an independent non-Board member and an independent non-executive director, the Board considers the composition of the Committee to be sufficiently independent and equipped with sufficient expertise for the purposes of the Code (or its equivalent in Australia).

The Committee is responsible for monitoring, amongst other things: the financial reporting process, the integrity of the financial statements of the Company, and any other formal announcements relating to its financial performance; the effectiveness of the internal controls and risk management systems of the Company and its subsidiary companies; and compliance with statutory obligations and corporate governance requirements. It meets as required in advance of and during the annual audit process and to consider the final output, as well as to consider the half-yearly review.

The Committee is also responsible for making recommendations on the engagement and independence of the Company's auditor, Deloitte LLP. This firm was appointed the Company's auditor in 2003 following an evaluation process including the Company's predecessor audit firm. The Committee continues to review the position annually. The review includes a comparison of the audit and non-audit fees paid to Deloitte LLP. There are currently no contractual obligations that restrict the Group's choice of external audit firm. The Audit, Finance and Risk Committee has a policy in place for ensuring the independence of its auditor. The policy categorises non-audit services into 3 types: (i) Permitted services are those that fall outside the scope of an audit and these are managed by reference to the fee levels whereby services with fees exceeding certain amounts, either individually or cumulatively, cannot be provided by the auditor without the prior approval of the Audit, Finance and

Risk Committee. During 2011, these permitted non-audit services included tax planning, compliance and advice, in particular, tax advice in relation to the Company's £80 million return of capital in July 2011, and strategic corporate finance services; (ii) Other advisory services are deemed not to compromise the independence of the auditor but are reviewed on a case by case basis; (iii) Certain services, such as services remunerated on a success fee or participation in activities normally undertaken by management, are prohibited from being provided by the auditor because of the potential to compromise audit independence. The Board confirms that no such services have been provided. The Committee is satisfied that its policy on the supply of non-audit services by the Company's auditor, Deloitte LLP, ensures that audit objectivity and independence are safeguarded. Following consideration of the performance and independence of the external auditors, the Audit, Finance and Risk Committee has recommended the continued appointment of Deloitte LLP for the 2012 financial year.

"Whistleblowing" procedures exist within the Company and within its major subsidiaries.

The written terms of reference of this Committee are available for inspection at the Company's offices in London and Sydney.

Remuneration and Nominations Committee

At the beginning of the year the Remuneration and Nominations Committee comprised of two independent non-executive directors being Rob Campbell and Mike Allen. In April 2011, the Committee was reconfigured. Between April 2011 and July 2011, the Committee comprised of two independent non-executive directors, Mike Allen and Gavin Walker, together with Sir Ron Brierley. Until the resignation of Gavin Walker in July 2011, the composition of the Remuneration and Nominations committee was compliant with the Code. The Committee now consists of only one independent non-executive director being Scott Malcolm (who replaced Mike Allen in February 2012) who chairs the Committee and Sir Ron Brierley. Given that the Board consists only of non-executive directors, that the Company is in the process of value realisation and that there is representation by one independent non-executive director, the Board is satisfied that the composition of the Committee is sufficiently independent and of the appropriate size for the purposes of the Code (or its equivalent in Australia).

Remuneration: the Committee monitors, reviews and sets GPG's remuneration policy as set out in the Report on Remuneration and Related Matters on pages 79 to 83.

Nominations: the Committee establishes and agrees with the Board the policy for appointments to the Board.

The written terms of reference of this Committee are available for inspection at the Company's offices in London and Sydney.

Investment Committee

This Committee consists of Scott Malcolm as chairman, Mike Allen, Rob Campbell, Sir Ron Brierley and Blake Nixon together with the Chief Financial Officer ("CFO") and the Chief Investment Officer ("CIO"). Its purpose is to review all disinvestment/investment proposals under the Company's value realisation strategy and to make recommendations to the Board where required.

General Purposes Committee

This Committee consists of Mike Allen as chairman and Blake Nixon together with the CFO and the CIO. Its purpose is to deal with certain administrative matters requiring consideration between scheduled Board meetings as necessary.

BOARD EVALUATION

Due to the Board being substantially reconstructed during 2011, no performance evaluation of the Board, its members or Committees was conducted during that period as required by the Code. Since the year end the Board has implemented a formal annual evaluation of its members. Each director was invited to submit an evaluation of his performance in relation to the strategy to realise value as well as his contributions and commitments to the Board and its Committees. The remainder of the Board was invited to comment on each evaluation. The Chairman's evaluation was considered by the remainder of the Board and other senior executives. The outcome of these evaluations allowed the Board to conclude that it was satisfied with the effectiveness and appropriateness of the composition of the Board and its Committees.

Corporate Governance – continued

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2011

In accordance with the Code requirement that attendance by directors at Board, the Audit, Finance and Risk Committee and the Remuneration and Nominations Committee meetings be disclosed, the following table provides the number of meetings attended out of the number of meetings taking place during 2011 whilst the director was a member:

Director	Board	Audit, Finance and Risk	Remuneration and Nominations
MN Allen	8/8	3/4	7/7
Sir Ron Brierley****	6/8	–	3/5
RJ Campbell****	8/8	–	2/2
MRG Johnson*	2/3	–	–
BA Nixon	8/8	2/2	–
GR Walker***	5/5	2/2	3/3
Dr GH Weiss**	3/3	–	–

* Ceased to be a director 6 April 2011
** Ceased to be a director 30 April 2011
*** Ceased to be a director 29 July 2011
**** RJ Campbell ceased to be a member of the Remuneration and Nominations Committee on 4 April 2011 and was replaced by Sir Ron Brierley

INTERNAL CONTROLS

The Board has overall responsibility for GPG's system of internal control and for reviewing its effectiveness. The internal controls are designed to address material risks which may affect the achievement of the Group's objectives and include business, operational, financial and compliance risks. These controls have been in place throughout the year for GPG and its principal subsidiaries and have continued in force up to the date of Board approval of the Annual Report. The internal controls are designed to identify, evaluate and manage, rather than eliminate, risk of failure to meet business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. During the year the system was reviewed by the Board. The system accords in all material respects with the 2005 guidance of the Turnbull Committee issued to companies listed on the London Stock Exchange (the "Turnbull Guidance"). The internal control process distinguishes between the Parent Group (being the long term structural entities within the Group which hold GPG's investments), the major operating subsidiaries ("Operating Subsidiaries") and the Associated Undertakings and Joint Ventures. The reporting process ensures that all significant business units within the Group report to the Board as a whole in relation to financial information, risk management and internal control. The systems operated both at Parent Group and Operating Subsidiary levels are reviewed annually by GPG and the results of these reviews are reported to the Audit, Finance and Risk Committee and to the Board.

The Board is satisfied that these systems operate effectively in all material respects in relation to financial reporting risks. Furthermore, the Board is satisfied that this process provides appropriate assurance regarding the Company's financial condition, operational results, risk management and internal compliance and control systems.

The Board considers that its system of risk management and internal control is operating effectively in all material respects in relation to financial reporting risks. However the Company has not received the declaration referred to in section 295A of the Australian Corporations Act (as recommended by Recommendation 7.3 of the ASX Governance Principles), since the Australian Corporations Act does not apply to the Company.

GPG has not established a formal code of conduct regarding ethical and responsible decision making nor does it have a formal policy on diversity, as the Board is satisfied with the internal controls and compliance principles as set out above. Accordingly, there is no information to disclose regarding diversity and equality goals as described under Principle 3 of the ASX Governance Principles.

Parent Group

The identification and consequent management of risk for the Parent Group is an inherent feature in the investment evaluation process. The principal risk identified is market price risk. The investment evaluation process and its relationship to market risk is described in note 40 to the financial statements, in particular on page 69. For GPG's investments, information systems are in place to provide directors with a weekly report on cash movements, transactions, portfolio holdings and market values. This provides the Board with up to date information enabling them to monitor and review the progress of investment strategies.

In addition to the control procedures referred to above, certain other key control procedures are in force at the Parent Group level, such as ensuring that investments are managed at a local level under an appropriate level of supervision, that documents of title are held either within the Parent Group or by a reputable custodian, and ensuring that the settlement of all transactions is centralised at the London office.

Investments

The Operating Subsidiaries, being discrete entities acquired by the Parent Group as investments, have their own boards of directors who operate and control these businesses independently. All Operating Subsidiaries are involved in activities other than strategic investment. In aggregate, the Group's share of the consolidated net assets (including goodwill but excluding Group loans) of the Operating Subsidiaries ("Group Share") represents some 46% of GPG's shareholders' funds of £602 million.

As at 31 December 2011, the Group had three major Operating Subsidiaries of which Coats was wholly owned and CIC Australia ("CIC") and Turner & Growers ("T&G") were partly owned. Since the year end the Company's investment in T&G has been sold. At least one GPG director or senior executive is appointed to the board of each of the Operating Subsidiaries. He is charged with ensuring that the appropriate resources are committed by such Operating Subsidiary to respond to the requirements of the Code on a basis which in each case is commensurate with GPG's Group Share, and that material risks to the value of that investment are managed. Each Operating Subsidiary's board has been notified of its responsibilities for identifying key business risks appropriate to its own business sector and establishing appropriate and relevant control and compliance procedures. They are also required to acknowledge that they are responsible for their internal control systems.

Coats is the Company's largest Operating Subsidiary (Group Share £150 million). Mike Allen, who with effect from 30 April 2012 will replace Gary Weiss as chairman together with Rob Campbell and Blake Nixon are members of the Coats Board. Its internal controls are therefore carefully monitored. A fine of €110.3 million was imposed on Coats by the European Commission in 2007. This ruling is being vigorously contested and further information dealing with this matter appears in note 29 to the financial statements.

CIC (Group Share £43 million) is listed on the Australian Securities Exchange, and T&G (Group Share £66 million) is listed on the New Zealand Stock Exchange: hence these companies have prime reporting responsibilities to a recognised exchange, whose rules are similar to, but not the same as, those of The London Stock Exchange. However, it may be that certain of these companies' control procedures, whilst deemed sufficient by the GPG Board to identify, manage and control the principal risks to its investments, differ from the more strictly defined requirements of the Turnbull Guidance or its local equivalents.

The Board has reviewed and accepted a report on the internal controls operated in 2011 by Coats, CIC and T&G.

The Board also reviews the internal control procedures of its Associated Undertakings and Joint Ventures. At least one GPG director or senior executive is appointed to the board of each of its significant Associated Undertakings and Joint Ventures. This enables him to review the investee company's procedures for dealing with major risks. The Associated Undertakings and Joint Ventures are encouraged to review the effectiveness of their own internal controls, but the Group is not able to enforce this and as such Associated Undertakings and Joint Ventures are not normally requested to complete an annual internal control review.

The Code obliges audit committees to consider the need for internal audit and to make a recommendation to the Board. The Audit, Finance and Risk Committee reviews the position annually and currently it recommends to the Board that the Parent Group is not sufficiently large or complex to justify a centralised internal audit function. Coats considers its operations to be sufficiently widespread to justify its own internal audit function, and the internal audit function reports it produces are made available to and reviewed by the Board of GPG.

BUSINESS REVIEW

Commentary on GPG's Key Performance indicators ("KPIs") is included in the Directors' Report on page 12. Due to the diverse nature of the businesses making up the Company's Operating Subsidiaries, GPG does not compile composite KPIs dealing with Health and Safety or Environmental Matters, but does monitor these areas in relation to its major subsidiaries.

In respect of Health and Safety, Coats monitors its performance by reference to a USA standard measure (OSHA): the global rate of reportable incidents was below 0.62 in 2011 (compared to 0.72 in 2010), which compared to 3.3 for the OSHA rate for textile mills in the USA for 2010 (latest figure available). Coats continues to operate an environmental management programme focusing on the prevention of environmental incidents, ensuring compliance with the Restricted Substances List and reducing waste and power consumption. Coats aims for environmental management systems consistent with S I 014000. The US Environmental Protection Agency has notified Coats 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, in respect of former facilities which operated in that area prior to 1950. Full details are set out in note 33 to the financial statements.

CIC 's principal activities relate to the acquisition, sub-division, development, construction and sale of real estate in Australia. As a result it operates to very strict local regulation in respect of environmental and sustainability matters, commentary on which can be found on its website and in its latest Annual Financial Report which is also available on its website.

Corporate Governance – continued

PRINCIPAL RISKS AND UNCERTAINTIES

During the year the Audit, Finance & Risk Committee reviewed with management the Group's risk assessment and appropriate controls. It further considered these matters following the year end. In addition to the matters dealt with above in this Corporate Governance report the following risks and the processes in place to control or mitigate these risks were considered:

- Coats EU Fine:
  As mentioned on page 55 Coats is contesting the €110.3 million fine imposed by the European Commission in 2007.

- Human Resources:
  The Company is aware of its level of dependency on its staff and key individuals, and regularly reviews the appropriateness of its incentivisation/reward arrangements. During the year the Board recognised the risk to the strategy for value realisation from key staff leaving during the process. Accordingly, retention and/or incentive plans have been established both for investment staff and senior administrative staff.

- Pensions:
  The Group operates three significant defined benefit pension schemes in the UK and one in the US. Further and better particulars can be found in note 10 to the financial statements. The principal risks associated with such schemes relate to investment returns and mortality leading to the risk of inadequate funding. Should such a scheme's funding reduce significantly then the scheme's employer may become liable to increase contributions accordingly. The Group mitigates this risk by liaising with the scheme Trustees and agreeing appropriate funding arrangements from time to time. Coats has agreed to make good contributions to the Coats Plan of £7 million per annum over a period of four years. As highlighted in the Chairman's statement, the Group may also be required to retain funds of some £130 million to support the ongoing covenant of certain of these schemes.

  The Group regularly monitors its exposure to these schemes and has direct and regular contact with each set of scheme trustees.

- Regulatory Compliance:
  A key risk area for GPG is compliance with the regulatory regimes in the territories in which it operates including the UK, Australia and New Zealand. Non-compliance could result in GPG not being able to continue its business with resultant damage to reputation and potential for costs and losses. GPG mitigates this risk by relying on qualified external advisors to be able to provide information and advice on each country's regulatory and reporting requirements.

- Treasury:
  The requirement to manage short term currency risk in the context of the value realisation strategy has resulted in the Board adopting a new policy for Treasury management. Spare liquid resources denominated in sterling or Australian dollars are being migrated into New Zealand dollars to match the profile of GPG's shareholder registers. Liquidity risk has been mitigated by securing a £130 million three year committed bank facility.

- Other Risks and Uncertainties:
  A description of the other principal risks and uncertainties that the Group faces, including market price risk, interest rate risk, liquidity risk and notes in respect of financial instruments, can be found in note 40 to the financial statements.

RELATIONS WITH SHAREHOLDERS

The Board considers the AGM to be a useful forum to develop an understanding of the views of its major shareholders. In addition, members of the Board together with senior management do from time to time conduct analysts briefings on aspects of its business. Texts of these presentations are released to the markets contemporaneously.

In June 2011, GPG held an Annual General Meeting ("AGM") and a court convened Scheme Meeting, which considered a scheme of arrangement to implement a capital return and to create distributable reserves, in Auckland, New Zealand. The results of both meetings and the level of proxies lodged for each resolution was announced following the meeting. The text of the Chairman's presentation at the AGM and a presentation made by the CEO of Coats were also released to the markets.

In its annual and interim reports and other corporate announcements, GPG endeavours to present an accurate, objective and balanced picture in a style and format which is appropriate for the intended audience.

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement together with a Simplified Balance Sheet for the Group. In addition, note 40 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Parent

Group holds significant financial resources across different geographic areas and industries. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully.

At the year end the Parent Group had net debt, after taking account of the Capital Notes, totalling £14 million (2010: £9 million). The Parent Group also has various other actual and contingent liabilities including the commitments described in the Chairman's statement to support the Brunel and SIRBS pension schemes. The Board expects to be able to meet these obligations from existing resources. Further information on the net debt position of the Group is provided in the table at the foot of the Consolidated Statement of Cash Flows.

Giving due consideration to the nature of the Group's business and underlying investments, including the ability of the Parent Group to realise its liquid investments, the uncertainty inherent in the capital markets in which it operates and foreign currency risk and also taking into consideration the cash flow forecasts prepared by the Group and the sensitivity analysis associated therewith, the directors consider that the Company and the Group are going concerns and this financial information is prepared on that basis.

REPORT ON REMUNERATION AND RELATED MATTERS

This report covers the remuneration of all directors during the year and also related matters such as directors' interests in shares. It therefore covers issues which are the concern of the Board as a whole, in addition to those dealt with by the Remuneration and Nominations Committee.

Remuneration and Nominations Policy

The Remuneration and Nominations Committee's current policy is that remuneration and benefit levels should be sufficiently competitive, having regard to remuneration practice in the industry and the countries in which the Group invests, to attract, incentivise, reward and retain the non-executive directors and senior executives.

Under their respective non-executive director appointment letters, each of Rob Campbell, Mike Allen, Scott Malcolm and Blake Nixon is entitled to receive an annual fee. In addition, Rob Campbell is paid a fee for his responsibilities as Chairman of the Company, Mike Allen is entitled to receive a fee for his responsibilities in respect of the Investment and General Purposes Committees, Blake Nixon is entitled to a fee in respect of his specific pensions roles and Scott Malcolm is entitled to receive a fee for his responsibilities as chairman of the Investment Committee and Remuneration and Nominations Committee. Rob Campbell, Mike Allen and Blake Nixon are also entitled to receive remuneration for their respective directorships in subsidiary companies. None of these appointment letters contain a notice period and the termination provisions are governed by the Articles of Association of the Company.

Sir Ron Brierley is entitled under his non-executive director appointment letter to receive an annual fee and to participate in the Company's share option scheme and staff bonus scheme, although there is no current or future intention to grant any options or award any bonus under these schemes. The appointment is terminable by the Company on giving 18 months' written notice or by Sir Ron Brierley giving 12 months' written notice. In case of earlier termination by the Company or if Sir Ron Brierley is removed as a director within 2 years of a change in the control of the Company he is entitled to compensation equal to two times the bonus received in the preceding two financial years and the unexpired portion of his notice period.

In the light of the realisation of value strategy currently in place the Remuneration and Nominations Committee has approved amendments to the contracts of employment of certain senior employees to ensure that their services are retained and that they remain motivated until the conclusion of this exercise. These amendments have resulted in the implementation of long term incentive schemes. The charge for staff incentives and future redundancy costs arising in the year was £6 million (of which £2 million is dependent on the outcome of the asset realisation exercise). The costs associated with these schemes are being spread over the period the related services are provided.

In addition, Coats implemented a Capital Incentive Plan ("CIP") during the year. This plan is intended to reward the Coats senior executive team for delivering growth in the value of GPG's investment. This scheme is being accounted for by GPG as a cash-settled share-based compensation scheme. The charge to the Income Statement since inception to 31 December 2011 was £1.7 million.

No formal performance evaluation process for senior executives was undertaken in 2011.

Corporate Governance – continued

Details of individual director's emoluments (audited figures)

The emoluments of the directors of GPG who served during the year are set out below. These amounts comprise emoluments payable to the directors by GPG and its subsidiaries for the years ended 31 December 2011 and 31 December 2010.

	Sir Ron Brierley £	B A Nixon (Note i) £	Dr G H Weiss (to 30 April 2011) £
Remuneration package	**–**	**277,574**	**325,527**
Directors' fees	**82,459**	**74,980**	**–**
Compensation for early termination of service contract	**–**	**555,149**	**976,581**
Pension contributions	**–**	**(9,900)**	**(9,455)**
TOTAL PAYMENTS IN 2011	**82,459**	**897,803**	**1,292,653**
Remuneration package	–	555,149	969,228
Pension contributions	–	(19,800)	(22,915)
TOTAL PAYMENTS IN 2010	–	535,349	946,313
Leave Accrual in 2011	**–**	**12,025**	**–**
Leave Accrual in 2010	–	13,506	71,857
Gains on Options 2011	**148,833**	**393,753**	**297,666**
Gains on Options 2010	–	–	–
Pension Contributions 2011	**–**	**9,900**	**9,455**
Pension Contributions 2010	–	19,800	22,915
TOTAL REMUNERATION IN 2011	**231,292**	**1,313,481**	**1,599,774**
TOTAL REMUNERATION IN 2010	–	568,655	1,041,085

During 2011, whilst he was a director of the Company, Dr G H Weiss was a director of certain other companies. He was permitted to retain his earnings from these directorships as follows:

Company	**2011 (to 30 April 2011) Fees A$ Unaudited**	2010 Fees A$ Unaudited
Ariadne Australia Ltd	**20,000**	60,000
Premier Investments Ltd	**24,465**	73,395
Tag Pacific Ltd	**6,666**	20,000
Total	**51,131**	**153,395**

Holiday and Long Service Leave (audited figures)

The executive directors were contractually entitled to Long Service Leave in accordance with the Long Service Leave Act 1955 of New South Wales, Australia, and to holiday accruals where they took less holiday than their contractual entitlements. The following table shows the amounts accrued for the year ended 31 December 2011 and for prior periods. The amounts shown as "Total utilised in 2011" represents payments made to directors as part of their settlement packages during the year.

	Prior years £	Total accrued in 2011 £	Effect of foreign exchange revaluation £	Total utilised in 2011 £	Closing balance 31 December 2011 £
B A Nixon (Note i)	**837,982**	**12,025**	**–**	**(850,007)**	**–**
Dr G H Weiss (to 30 April 2011)	**1,422,346**	**–**	**10,735**	**(1,433,081)**	**–**
	2,260,328	**12,025**	**10,735**	**(2,283,088)**	**–**

	R J Campbell	M N Allen	M R G Johnson (to 5 April 2011)	G R Walker (to 29 July 2011)
	£	£	£	£
Directors' fees	**330,946**	**282,666**	**88,406**	**117,367**
TOTAL REMUNERATION IN 2011	**330,946**	**282,666**	**88,406**	**117,367**
Directors' fee	78,383	62,015	55,468	55,468
TOTAL REMUNERATION IN 2010	78,383	62,015	55,468	55,468

Notes

i) B A Nixon ceased to be an executive director on 30 June 2011, becoming a non-executive director on 1 July 2011.

ii) Where directors' emoluments are denominated in foreign currencies these amounts have been translated at the relevant year-end exchange rate.

iii) Share options were previously awarded to directors in accordance with the terms of the Group's share option schemes, the terms of which have been approved by shareholders. The Company does not operate any other long term incentive schemes for directors.

iv) All pension contributions are in respect of defined contribution arrangements.

v) Of their total salary, as determined by the Remuneration and Nominations Committee each year, executive directors were entitled to direct that a variable amount be paid in a form other than cash.

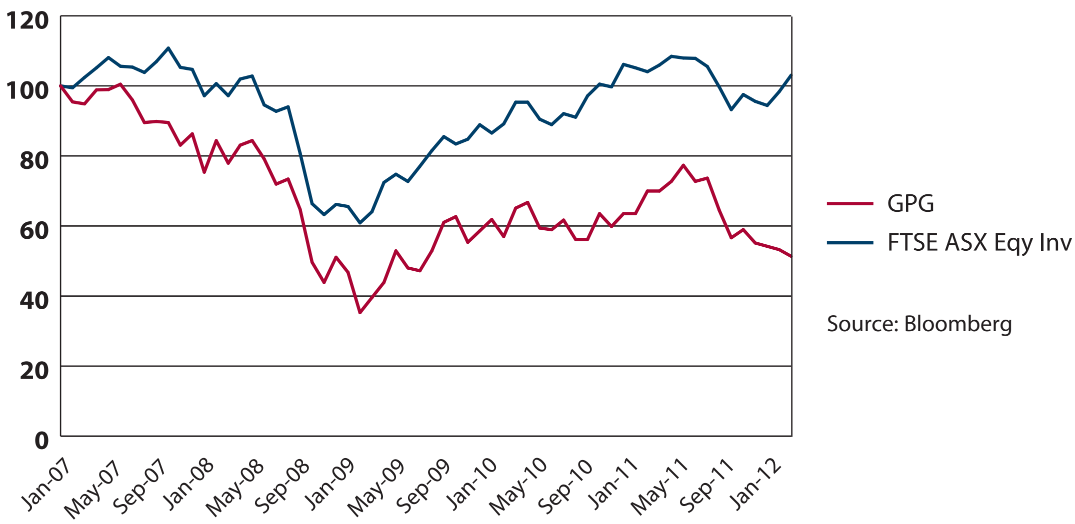
vi) Where executive directors were required by GPG to act as a director of an investee company outside the Parent Group, it was the Group's policy that director's fees from such entities were paid directly to the Group.

vii) No amount was paid by the Company to HM Revenue & Customs during the year in respect of historical tax liabilities of overseas directors to UK income tax on share options (2010: £4,955).

viii) Included within directors' fees are £113,479 (2010: £22,915) for R J Campbell, £67,827 (2010: £6,547) for M N Allen and £33,750 (2010: £Nil) for B A Nixon in respect of services provided to other group companies.

ix) The tables set out above, and these notes, comprise the auditable part of the directors' remuneration report, being the disclosures required by Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008.

Performance Graph (unaudited) – Total Shareholder Return
5-year Comparison of GPG shares against FTSE All-Share Equity Investment Instruments Index



The graph above shows the total shareholder return performance for the Company since January 2007 in comparison to the FTSE All-Share Equity Investment Instruments Index. This comparator has been selected as it is considered by the Board to be a relevant benchmark by which to judge the performance of the directors in delivering value to shareholders.

Corporate Governance – continued

DIRECTORS' INTERESTS
The interests (unaudited unless stated otherwise) of the directors who held office at the end of the year, and their connected persons (if any), in the shares, options, and listed securities of GPG and its subsidiaries as at 31 December 2011 and 2010, are set out below.

i) Guinness Peat Group plc (audited figures)

Ordinary 5p shares

	31 December 2011 (or on ceasing to hold office*)	31 December 2010
M N Allen	**–**	–
Sir Ron Brierley	**51,882,765**	56,458,897
R J Campbell	**95,643**	105,000
M R G Johnson (* to 6 April 2011)	**–**	–
B A Nixon	**17,811,406**	16,982,572
G R Walker (* to 29 July 2011)	–	–
Dr G H Weiss (* to 30 April 2011)	**20,354,121**	20,354,121

On 8 March 2012 Scott Malcolm acquired 200,000 shares in the Company.

There have been no other transactions since the year end.

Options under the Group's share option schemes (audited figures)

	31 December 2011 (or on ceasing to hold office*) Number	31 December 2010 Number	Effective exercise price (pence per share)	Exercise period
Sir Ron Brierley				
Ordinary	**779,483**	779,483	39.4618	23.04.07 to 23.04.14
Ordinary	**708,620**	708,620	47.4723	09.03.08 to 09.03.15
Ordinary	**402,623**	402,623	50.2946	24.10.08 to 24.10.15
Ordinary	**241,572**	241,572	55.7587	15.03.09 to 15.03.16
Ordinary	**366,025**	366,025	55.6656	09.03.10 to 09.03.17
Ordinary	**199,650**	199,650	49.2112	10.04.11 to 10.04.18
B A Nixon				
Ordinary	**2,338,452**	2,338,452	39.4618	23.04.07 to 23.04.14
Ordinary	**2,214,447**	2,214,447	47.4723	09.03.08 to 09.03.15
Ordinary	**2,013,133**	2,013,133	50.2946	24.10.08 to 24.10.15
Ordinary	**966,301**	966,301	55.7587	15.03.09 to 15.03.16
Ordinary	**1,464,100**	1,484,100	55.6656	09.03.10 to 09.03.17
Ordinary	**1,331,000**	1,331,000	49.2112	10.04.11 to 10.04.18
Dr G H Weiss (to 30 April 2011*)				
Ordinary	**2,338,455**	2,338,455	39.4618	23.04.07 to 23.04.14
Ordinary	**2,214,447**	2,214,447	47.4723	09.03.08 to 09.03.15
Ordinary	**2,013,133**	2,013,133	50.2946	24.10.08 to 24.10.15
Ordinary	**966,301**	966,301	55.7587	15.03.09 to 15.03.16
Ordinary	**1,464,100**	1,464,100	55.6656	09.03.10 to 09.03.17
Ordinary	**1,331,000**	1,331,000	49.2112	10.04.11 to 10.04.18

During the year Sir Ron Brierley exercised options over 1,178,969 shares granted on 17 October 2001 and Blake Nixon exercised options over 2,357,941 shares also granted on 17 October 2001. No options with that grant date lapsed or remain outstanding. No other options granted to directors were exercised or lapsed during the year. No such options have been exercised or have lapsed since the year end. Since the year end, no further options have been granted.

As part of the reverse acquisition of Brunel Holdings plc in 2002, Blake Nixon "rolled over" his options into replacement options over the Ordinary Shares of GPG. The other directors' existing options granted before 13 December 2002 are over ordinary shares of 10p each in what is now GPG (UK) Holdings plc ("GPGUKH"). Under the Step-Up rights in that company's Articles of Association, any shares issued by GPGUKH in respect of options are acquired automatically by GPG in exchange for Ordinary Shares in GPG, currently on a one-for-one basis.

The middle market price of GPG's shares at 31 December 2011 was 28.5p and the range during the year was 28.5p to 43p.

By order of the Board

Chris Healy
Company Secretary
Guinness Peat Group plc
Incorporated and Registered in England No. 103548

27 March 2012

Supplementary Information – (unaudited)

SUPPLEMENTARY INFORMATION REQUIRED BY THE AUSTRALIAN SECURITIES STOCK EXCHANGE LISTING RULES FOR THE YEAR ENDED 31 DECEMBER 2011

a) The top 20 registered holdings of the issued Ordinary Shares of 5p each ("Ordinary Shares")* at 29 February 2012 were as follows:

Registered Holder	Holding	% Issued shares
J P Morgan Chase Bank NA <NZCSD>**	165,469,677	10.20
Accident Compensation Corporation <NZCSD>	99,430,619	6.13
HSBC Nominees (New Zealand) Limited <NZCSD>	87,576,148	5.40
HSBC Nominees (New Zealand) Limited A/C State Street <NZCSD>	74,463,252	4.59
National Nominees New Zealand Limited <NZCSD>	67,902,018	4.18
Sir Ronald Alfred Brierley	51,882,765	3.20
HSBC Custody Nominees (Australia) Limited	38,331,536	2.36
Premier Nominees Ltd – Onepath Wholesale Australasian Share Fund <NZCSD>	36,440,121	2.25
Citibank Nominees (New Zealand) Limited <NZCSD>	30,973,683	1.91
JP Morgan Nominees Australia Limited	30,876,116	1.90
Westpac NZ Shares 2002 Wholesale Trust A/C <NZCSD>	29,799,984	1.84
New Zealand Superannuation Fund Nominees Limited <NZCSD>	29,007,797	1.79
AMP Investments Strategic Equity Growth Fund A/C <NZCSD>	27,892,880	1.72
Custody and Investment Nominees Limited A/C <NZCSD>	26,911,360	1.66
Cogent Nominees Pty Limited	26,885,902	1.66
National Nominees Limited	24,074,066	1.48
RBC Dexia Investor Services Australia Nominees Pty Limited	21,732,648	1.34
Cogent Nominees (NZ) Limited <NZCSD>	20,463,261	1.26
Citicorp Nominees Pty Limited	18,856,891	1.16
Blake Andrew Nixon	17,811,406	1.10

b) The spread of holdings in the issued Ordinary Shares at 29 February 2012 was as follows:

Holding	No. Holders	%	No. Shares	%
1 to 1,000	3,826	14.13	1,142,152	0.07
1,001 to 5,000	7,908	29.21	21,664,578	1.34
5,001 to 10,000	4,829	17.84	34,940,104	2.15
10,001 to 100,000	9,596	35.45	274,311,364	16.90
Over 100,001	912	3.37	1,290,618,646	79.54
Total	**27,071**	**100.00**	**1,622,676,844**	**100.00**

The number of holders holding less than a marketable parcel of GPG Ordinary Shares as at 29 February 2012 was 3,999.

GPG is incorporated in England and Wales, and is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act dealing with the acquisition of shares. Under the UK Takeover Code, which applies to GPG, limits acquisition of interest in 30% or more of the Ordinary Shares in GPG.

* In Australia, this includes CHESS Depository Interests.
** NZCSD means New Zealand Central Securities Depository.

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the persons who is a director at the date of approval of this Annual Report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Responsibility statement

We confirm that to the best of our knowledge:

1. the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

2. the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board

B A Nixon
Director
27 March 2012

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GUINNESS PEAT GROUP PLC

We have audited the Group and parent company financial statements (the "financial statements") of Guinness Peat Group plc for the year ended 31 December 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the Company balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes 1 to 41. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2011 and of the Group's net results for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Emphasis of matter – uncertainty relating to the amount of a potential liability arising from a European Commission investigation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 29 to the financial statements concerning the European Commission competition investigation into alleged market-sharing agreements relating to the European haberdashery market. In September 2007, the European Commission imposed a fine of €110.3 million (equivalent to £92.1 million at 31 December 2011 exchange rates) against the Coats plc group in relation to these allegations, against which Coats plc has lodged an appeal. Significant uncertainty surrounds the ultimate outcome of this matter. The directors are of the view that any anticipated eventual payment of the remaining fine is adequately covered by the existing provision.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement contained within the Corporate Governance report in relation to going concern; and
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Sharon Fraser (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
27 March 2012

Notice of Annual General Meeting

Notice is hereby given that the 2012 Annual General Meeting of Guinness Peat Group plc ("the Company") will be held on 24 May 2012 at North Lounge, Level 5, Gate B, North Stand, Eden Park, Walters Road, Mt. Eden, Auckland, New Zealand at 9.30 a.m. to consider and, if thought fit, to pass the following Resolutions of which Resolutions 1-8 will be proposed as ordinary resolutions and Resolutions 9-11 will be proposed as special resolutions:

1 To receive the directors' report, auditor's report and the financial statements as set out in the 2011 annual report and accounts for the year ended 31 December 2011 ("2011 Annual Report").

2 To receive and approve the directors' remuneration report, as set out in the 2011 Annual Report, for the year ended 31 December 2011.

3 To re-elect Sir Ron Brierley as a director of the Company.

4 To elect Scott Malcolm as a director of the Company.

5 To re-appoint Deloitte LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

6 To authorise the directors to fix the remuneration of the auditor.

7 That the directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £27,044,614 provided that this authority shall expire (unless previously varied as to duration, revoked or renewed by the Company in general meeting) on the fifth anniversary of the passing of this Resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot shares and grant Rights be and are hereby revoked.

8 That:

(i) pursuant to Article 123 of the Articles of Association of the Company, the directors be and they are hereby authorised to offer those shareholders entitled to any dividend declared or payable prior to the beginning of the fifth annual general meeting next following the date on which this Resolution is passed, the right to elect in lieu of the cash dividend to receive additional ordinary shares, credited as fully paid on the terms and subject to any conditions that the directors consider to be in the best interests of the Company and provided that any earlier power of the directors to offer shares in lieu of a cash dividend as aforesaid be and is hereby revoked; and

(ii) pursuant to Article 123(f) of the Articles of Association of the Company, the directors be and are hereby authorised to capitalise out of the amount for the time being standing to the credit of any reserve or fund whether or not the same is available for distribution, or any profits which could otherwise have been applied in paying dividends in cash, as the directors may determine, a sum equal to the aggregate nominal amount of the additional ordinary shares to be allotted pursuant to elections made as aforesaid, and to apply such sum in paying up in full the appropriate number of unissued ordinary shares in the Company and to allot such ordinary shares to the members of the Company who have validly so elected; and

(iii) in the event that the middle market quotation of an ordinary share of the Company on the London Stock Exchange Daily Official List as at the latest reasonably practicable date prior to the issue of the shares described in (i) above as determined by the directors in their absolute discretion is below the middle market quotation of an ordinary share on the date on which the proposed scrip dividend issue is publicly announced, the directors be and they are hereby entitled to withdraw the offer to shareholders who have elected in lieu of the relevant cash dividend to receive additional ordinary shares, and they will receive the relevant cash dividend instead.

9 That the directors be and they are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority conferred by Resolution 7 above, and/or to sell equity securities held as treasury shares for cash pursuant to section 727 of the Companies Act 2006, in each case as if section 561 of that Act did not apply to any such allotment or sale, provided that this power shall be limited to:

(i) the allotment and/or sale of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date as the directors of the Company may determine and other persons entitled to participate therein, in any or all jurisdictions where equity securities are listed on any recognised stock exchange, where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on the record date of such allotment but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with any treasury shares, fractional entitlements or the legal or practical matters in respect of overseas holders or of any regulatory body or stock exchange or otherwise; and

(ii) the allotment and/or sale (otherwise than pursuant to sub-paragraph (i) above) to any person or persons of equity securities for cash up to an aggregate nominal value not exceeding £4,056,692;

and such power, unless renewed or otherwise varied by the Company in general meeting, shall expire upon the expiry of the general authority conferred by Resolution 7 above, save that the Company may make an offer or agreement before this power has expired, which would or might require equity securities to be allotted or equity securities held as treasury shares to be sold after such expiry and the directors may allot equity securities and/or sell equity securities held as treasury shares pursuant to any such offer or agreement as if the authority conferred hereby had not expired. Any earlier power of the directors to allot equity securities as aforesaid be and is hereby revoked.

10 That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares in the capital of the Company on such terms and in such manner as the directors may from time to time determine provided that:

(i) the maximum number of ordinary shares hereby authorised to be acquired is 243,401,526; and

(ii) the minimum price which may be paid for any such share is 5p; and

(iii) the maximum price which may be paid for any such share is the amount equal to 105% of the average of the middle market quotations for an ordinary share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased (exclusive of associated expenses); and

(iv) the authority hereby conferred shall expire on 23 November 2013 or the date of the next annual general meeting of the Company, whichever is earlier, unless previously renewed, varied or revoked by the Company in general meeting; and

(v) the Company may contract to purchase its ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or might be executed wholly or partly after the expiration of such authority, and may purchase its ordinary shares in pursuance of any such contract.

11 That a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

REGISTERED OFFICE:
First Floor
Times Place
45 Pall Mall
London SW1Y 5GP
Registered Number 103548

By order of the Board
Chris Healy
Company Secretary
27 March 2012

For further information, see the Notes to the Notice of Meeting on page 92.

Notice of Annual General Meeting – continued

Explanatory Note in respect of Resolutions 1 to 11

a) Resolution 1
The directors are required by the Companies Act 2006 to present to the shareholders of the Company at a general meeting the reports of the directors and auditors, and the audited financial statements of the Company, for the year ended 31 December 2011. The report of the directors and the audited financial statements have been approved by the directors, and the report of the auditors has been approved by the auditors, and a copy of each of these documents may be found in the 2011 Annual Report, starting at page 85.

b) Resolution 2
The Companies Act 2006 requires the Company to seek shareholder approval for the directors' remuneration report at the general meeting before which the Company's annual accounts are laid. The directors' remuneration report is included in the 2011 Annual Report, starting at page 79. If shareholders vote against the report the directors will still be paid, but the Remuneration and Nominations Committee will consider matters raised in future years.

c) Resolutions 3 and 4
The Company's Articles of Association require that any director who was not appointed or reappointed at either of the last two annual general meetings before this meeting must retire, although they may offer themselves for reappointment. Accordingly, Sir Ron Brierley is retiring and seeking re-election. The Chairman confirms that following a formal performance evaluation Sir Ron Brierley continues to be effective and to demonstrate commitment to the role. In addition, the Company's Articles of Association require that any person appointed as a director by the directors must retire and seek reappointment at the next annual general meeting. Accordingly, Scott Malcolm is retiring and seeking election. Biographical details for Sir Ron Brierley and Scott Malcolm are contained in the 2011 Annual Report on page 11.

d) Resolution 5
The Companies Act 2006 requires that auditors be appointed at each general meeting at which accounts are laid, to hold office until the next such meeting. This Resolution seeks shareholder approval for the reappointment of Deloitte LLP.

The Audit, Finance and Risk Committee keeps under review the independence and objectivity of the external auditors, further information on which can be found in the 2011 Annual Report on page 74. After considering relevant information, the Audit, Finance and Risk Committee recommended to the board of directors that Deloitte LLP be reappointed.

e) Resolution 6
This Resolution gives the directors the authority to determine the remuneration of the auditors for the audit work to be carried out by them in the next financial year. The amount of the remuneration paid to the auditors for the next financial year will be disclosed in the next audited accounts of the Company.

f) Resolution 7
The Companies Act 2006 provides that the directors are not permitted to allot shares (or other relevant securities such as rights to subscribe for, or convert securities into, ordinary shares) unless they are authorised to do so by the Company's shareholders in general meeting. This Resolution will, if passed, renew the directors' authority (given by shareholders at the 2011 AGM) to allot shares and other relevant securities up to the maximum amount set out in the Resolution, and is consistent with the level commonly proposed by other UK listed companies. The figure of £27,044,614 is equivalent to one-third of the current issued share capital (excluding treasury shares) as at 23 March 2012. As at that date, the Company did not hold any treasury shares.

The authority will expire on the fifth anniversary of the passing of the Resolution.

Passing this Resolution will ensure that the directors continue to have the flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares. There are no current plans to issue new shares except in connection with existing employee share option schemes.

g) Resolution 8
In accordance with the provisions of the Company's Articles of Association, this Resolution, if passed, enables the directors for up to 5 years to offer a Scrip Dividend Alternative ("SDA") without the need to seek shareholders' approval on each occasion an SDA is proposed. It extends by approximately one year the 5 year authority granted by shareholders in 2011.

h) Resolution 9
This Resolution is to enable the directors to allot shares either for a rights issue or other offer of securities to existing shareholders or (up to the specified amount) for cash without first offering them to existing shareholders exactly in proportion to their existing shareholdings (which would otherwise be required under UK statutory pre-emption rights contained in section 561 of the Companies Act 2006). This Resolution, if passed, renews the directors' authority (given by shareholders at the 2011 AGM) to allot shares and other equity securities for cash, in appropriate circumstances, subject to the maximum amount set out in the Resolution, and is consistent with the level commonly proposed by other UK listed companies. The maximum amount is 5% of the current issued share capital. If passed, this authority will expire at the same time as the authority to allot shares given pursuant to Resolution 7.

i) Resolution 10
Resolution 10 gives the Company authority to buy back its own ordinary shares in the market as permitted by the Companies Act 2006. The authority limits the number of shares that could be purchased to a maximum of 243,401,526 (representing just under 15% of the Company's issued ordinary share capital as at 23 March 2012 (the latest practicable date prior to publication of this document)) and sets minimum and maximum prices. As at that date, the Company did not hold any treasury shares. This authority will expire on 23 November 2013 or at the conclusion of the AGM of the Company in 2013, whichever is the earlier.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. If Resolution 10 is passed at the AGM, and the Company buys back its own ordinary shares, it is the Company's current intention to cancel all of the shares it may purchase pursuant to the authority granted to it.

The Board has agreed on a strategy which will involve capital management initiatives as the Group's cash flows and liabilities permit. This may result in an exercise of the authority to purchase the Company's ordinary shares if the Board considers this to be in the best interests of the shareholders as a whole and would increase the asset value per remaining share.

The total number of options that are outstanding under the GPG Group share option schemes are 91,385,045 as at the close of business on 23 March 2012 (being the latest practicable date prior to the publication of this document). These options equate to 5.63% of the issued share capital of the Company. If the full authority to purchase on market 14.99% of the Company's issued ordinary shares were to be exercised by the Company, these options would then represent 6.63% of the issued share capital of the Company.

j) Resolution 11
Under the EU Shareholder Rights Directive, the Company must give at least 21 clear days' notice of any general meeting, but is permitted to call meetings other than the annual general meeting on at least 14 clear days' notice if it obtains annual shareholder approval and it offers a facility for shareholders to vote by electronic means. The board is therefore proposing Resolution 11 as a special resolution to approve 14 clear days as the minimum period of notice for all general meetings of the Company other than AGMs. The approval will be effective until the Company's next AGM, when it is proposed that the approval be renewed.

Notice of Annual General Meeting – continued

Notes to Notice of Annual General Meeting

1 The venue for the 2012 AGM is North Lounge, Level 5, Gate B, North Stand, Eden Park, Walters Road, Mt. Eden, Auckland, New Zealand.

2 A member who is an individual is entitled to attend, speak and vote at the meeting or to appoint another person (who need not be a member of the Company) as his proxy to exercise all or any of his rights to attend, speak and vote at the meeting on his behalf. Further details of how to appoint a proxy, and the rights of proxies, are given in the paragraphs below. A member that is a company can appoint one or more corporate representatives (such as a director or employee of the company) whose attendance at the meeting is treated as if the company were attending in person. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the company) the same powers as the company could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative. A member that is a company may also appoint one or more persons as its proxy to exercise all or any of its rights on its behalf. In each case, a person attending the meeting will need to provide the Company or its registrars, Computershare Investor Services PLC (for UK registered members), Computershare Investor Services Limited (for New Zealand registered members) and Computershare Investor Services Pty Limited (for Australian registered members) with evidence of their identity and, if applicable, their appointment as a proxy or corporate representative with authority to vote on behalf of a member.

3 A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. Your proxy could be the Chairman, another director of the Company or another person who has agreed to represent you. Your proxy must vote as you instruct and must attend the meeting for your vote to be counted. To appoint a proxy or proxies shareholders must complete: (a) a form of proxy, sign it and return it, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ (for UK registered members), Computershare Investor Services Limited, Private Bag 92119, Auckland 1142 (for New Zealand registered members) and Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 2001 (for Australian registered members); or (b) a CREST Proxy Instruction (for UK registered members)(as set out in paragraph 19 below), in each case so that it is received no later than 9.30 a.m. Auckland time on 22 May 2012 (10.30 p.m. on 21 May 2012 London time). To appoint more than one proxy, you will need to complete a separate form of proxy in relation to each appointment. Forms of proxy for use in connection with the Annual General Meeting are enclosed with this document. If you do not have a form of proxy and believe that you should, please contact the Company's registrars, Computershare Investor Services PLC on 0870 707 1022 (for UK registered members), Computershare Investor Services Limited on 09 488 8777 (for New Zealand registered members) and Computershare Investor Services Pty Limited on 03 9415 4083 (for Australian registered members) or at any of the registrar addresses stated above.

4 The Chairman intends to vote any undirected proxies given to him in favour of all the Resolutions set out in this Notice and will vote such undirected proxies as he thinks fit on any matters or motions before the meeting.

5 You will need to state clearly on each form of proxy the number of shares in relation to which the proxy is appointed. A failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member will result in the proxy appointment being invalid.

6 The return of a completed form of proxy or any CREST Proxy Instruction (for UK registered members) (as described in paragraph 19 below) will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so.

7 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

8 Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

9 The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2, 3 and 5 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

10 Copies of the engagement letters and directors' indemnities in favour of each of the directors of the Company will be available for inspection at the offices of the Company at First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP during normal business hours any week day (Saturdays and public holidays excepted) from the date of this document until 24 May 2012 being the date of the 2012 AGM and at the venue of the 2012 AGM from 15 minutes before the start of the meeting until the end of the meeting.

Notes to Notice of Annual General Meeting – continued

11 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and the Companies Act 2006, the Company gives notice that only those shareholders included in the register of members of the Company at 6.00 p.m. (London time) on 22 May 2012 or, if the meeting is adjourned, in the register of members at 6.00 p.m. (London time) on the day which is two days before the day of any adjourned meeting, will be entitled to attend and to vote at the AGM in respect of the number of shares registered in their names at that time. Changes to entries on the share register after 6.00 p.m. (London time) on 22 May 2012, or, if the meeting is adjourned, in the register of members at 6.00 p.m. (London time) on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

12 As at 9.00 a.m. on 23 March 2012 being the latest practicable date prior to the publication of this Notice, the Company had 1,622,676,844 ordinary shares in issue, carrying one vote each. Therefore the total voting rights in the Company are 1,622,676,844. The Company does not hold any shares as treasury shares as at close of business on 23 March 2012 (being the latest practicable date prior to publication of this document).

13 Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

14 Any member attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

15 Under section 338 and section 338A of the Companies Act 2006, members meeting the threshold requirements in those sections have the right to require the Company (i) to give, to members of the Company entitled to receive notice of the meeting, notice of a resolution which may properly be moved and is intended to be moved at the meeting and/or (ii) to include in the business to be dealt with at the meeting any matter (other than a proposed resolution) which may be properly included in the business. A resolution may properly be moved or a matter may properly be included in the business unless (a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Company's constitution or otherwise), (b) it is defamatory of any person, or (c) it is frivolous or vexatious. Such a request may be in hard copy form or in electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authorised by the person or persons making it, must be received by the Company not later than six clear weeks before the meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

16 You may not use any electronic address provided in this Notice, or any related documents including the proxy form to communicate with the Company for any purposes other than those expressly stated.

17 The contents of this Notice, details of the total number of shares in respect of which members are entitled to exercise voting rights at the meeting, details of the totals of the voting rights that members are entitled to exercise at the meeting and, if applicable, any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website: at www.gpgplc.com.

18 Voting on all resolutions will be conducted by way of a poll using an electronic voting system rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. As soon as practicable following the AGM, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website: www.gpgplc.com.

Notice of Annual General Meeting – continued

For UK registered members only

19 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) of the meeting by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

20 In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual.The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID: 3RA50) by the latest time for receipt of proxy appointments set out in paragraph 3 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

21 CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings

Company & Registrars' Addresses

UNITED KINGDOM

First Floor, Times Place, 45 Pall Mall, London SW1Y 5GP
Tel: 020 7484 3370 Facsimile: 020 7925 0700
www.gpgplc.com

AUSTRALIA

c/o PKF Chartered Accountants and Business Advisers
Level 10, 1 Margaret Street, Sydney NSW 2000
Tel: 02 9251 4100 Facsimile: 02 9240 9821

NEW ZEALAND

c/o Computershare Investor Services Limited
Private Bag 92119, Auckland 1142
Tel: 09 488 8700 Facsimile: 09 488 8787

Incorporated and registered in England No. 103548

LOCATION OF SHARE REGISTERS

The Company's register of members is maintained in the UK with branch registers in Australia and New Zealand. Register enquiries may be addressed direct to the Company's share registrars named below:

Registrar	Telephone and postal enquiries	Inspection of Register
UK Main Register: Computershare Investor Services PLC	The Pavilions, Bridgwater Road, Bristol BS99 6ZZ Tel: 0870 707 1022 Facsimile: 0870 703 6143	The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
Australian Branch Register: Computershare Investor Services Pty Limited	GPO Box 3329, Melbourne VIC 3001 Freephone: 1 800 501 366 (within Australia) Tel: 03 9415 4083 Facsimile: 03 9473 2506	Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067
New Zealand Branch Register: Computershare Investor Services Limited	Private Bag 92119, Auckland 1142 Tel: 09 488 8777 Facsimile: 09 488 8787	Level 2, 159 Hurstmere Road, Takapuna, North Shore City 0622

MANAGING YOUR SHAREHOLDING ONLINE

UK Registered Members

To manage your shareholding online, please visit:

www.investorcentre.co.uk

Australia and New Zealand Registered Members

To change your address, update your payment instructions and to view your investment portfolio including transactions, please visit:

www.computershare.co.nz/investorcentre

General enquiries can be directed to:

enquiry@computershare.co.nz

Please assist our registrar by quoting your CSN or shareholder number.