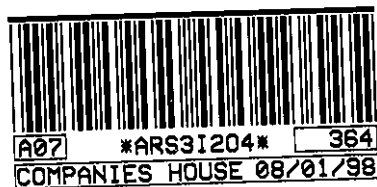


CPG (UK) Limited
Directors' Report and Financial Statements
29 March 1997

Registered Number : 2310242



CPG (UK) Limited

Directors' Report and Financial Statements

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CPG (UK) Limited

Directors' Report

The Directors present their annual report and the audited financial statements for the financial year ended 29 March 1997.

Principal activity

The principal activity of the company during the year was that of a holding company from which it derived interest on loans to fellow group undertakings.

Results

The net loss for the financial year after taxation was £359,000 (1995/96 £4,011,000 profit) which, after provision for a dividend of £Nil (1995/96 £Nil), leaves a profit carried forward on the profit and loss account of £3,030,000 (1994/95 £3,389,000).

The directors do not recommend payment of a dividend for the year.

Directors

The directors that held office during the year were as follows:-

GR Fairweather (resigned 1 February 1997)

P Forrest

P Munn (appointed 1 February 1997)

Directors Interests


The interest of the directors in Dawson International PLC are disclosed in the directors' report of that company.

None of the directors had any beneficial interest in the shares of CPG (UK) Limited.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


K A C Swinley
Secretary

Cashmere Works
Bradford
1 October 1997

Directors' Responsibilities for the Financial Statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to select suitable accounting policies and to apply them consistently, making judgements and estimates that are reasonable and prudent. They should state whether applicable 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.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

CPG (UK) Limited

Report of the Auditors

To the members of CPG (UK) Limited

We have audited the financial statements on pages 4 to 9

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 29 March 1997 and of its profit for the financial year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
Edinburgh

Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG
1 October 1997

CPG (UK) Limited

Profit and Loss Account

for the financial year ended 29th March 1997

	<i>Note</i>	<u>1996/97 £000s</u>	<u>1995/96 £000s</u>
Interest receivable and similar income	2	2,687	2,764
Exchange (loss)/ gain		(2,159)	2,159
Profit on Ordinary activities before taxation		<u>528</u>	<u>4,923</u>
Taxation	5	(887)	(912)
Retained (loss)/ profit for the financial year		<u>(359)</u>	<u>4,011</u>

Other than those disclosed in the profit and loss account, there were no recognised gains and losses in the current or prior year.

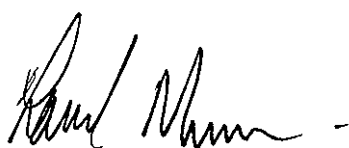
CPG (UK) Limited

Balance Sheet

at 29th March 1997

	<i>Note</i>	<u>1996/97</u> <u>£000</u>	<u>1995/96</u> <u>£000</u>
Fixed Assets			
Investments	6	33,032	35,191
Current Assets			
Debtors	7	1,325	486
Creditors - amounts due within one year	8	(870)	(1,848)
Net current liabilities		<u>455</u>	<u>(1,362)</u>
Total assets less current liabilities		33,487	33,829
Provisions for liabilities and charges	9	(297)	(280)
Net assets		<u>33,190</u>	<u>33,549</u>
Share capital and reserves			
Called up equity share capital	10	30,160	30,160
Profit and loss reserve	11	3,030	3,389
Equity shareholder's funds		<u>33,190</u>	<u>33,549</u>

These financial statements were approved by the Board of Directors on 1 October 1997 and were signed on its behalf by:



P Munn
Director

Reconciliation of Movements in Equity Shareholder's Funds
for the financial year ended 29th March 1997

	1996/97 £000s	1995/96 £000s
(Loss)/ profit for the financial year	(359)	4,011
Equity shareholders' funds at beginning of year	33,549	29,538
Equity shareholders' funds at end of year	<u>33,190</u>	<u>33,549</u>

Notes to the Financial Statements

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

1.1 Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and on the historical cost convention.

The Company does not operate to a calendar month end accounting timetable. These financial statements are drawn up for a period of 52 weeks ended 29 March 1997 and the comparative figures are in respect of a period of 52 weeks ended on 30 March 1996.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary.

Separate disclosures relating to transactions and balances with companies in the Dawson International Plc group in terms of Financial Reporting Standard 8 are not made since the Company has taken advantage of the exemption contained in paragraph 3 (c) of the standard.

1.2 Foreign currencies

Assets and liabilities in foreign currencies have been translated into sterling at the financial year end exchange rate, or, if hedged, at the related forward currency contract rate.

1.3 Deferred taxation

Provision is made for deferred taxation in respect of all timing differences likely to reverse in the foreseeable future at rates at which the liability is anticipated to crystallise.

2. Interest receivable and other income

This represents interest receivable from fellow group undertakings.

3. Directors' remuneration

The directors received no remuneration during this or the preceding financial year.

4. Auditors' Remuneration

Auditors' remuneration for this and the preceding financial year has been borne by a fellow subsidiary undertaking.

CPG (UK) Limited

Notes to the Financial Statements

5. Taxation	1996/97	1995/96
	£000	£000
Based on interest received in the year:		
UK corporation tax at 33%	870	928
Deferred taxation	17	(16)
	<u>887</u>	<u>912</u>
6. Fixed asset investment	1996/97	1995/96
	£000	£000
Loan	<u>33,032</u>	<u>35,191</u>
The above amount represents a US dollar loan to a fellow subsidiary undertaking. It bears interest at commercial rates and is repayable in full on 6 December 1998.		
7. Debtors	1996/97	1995/96
	£000	£000
Amounts owed by fellow subsidiary undertakings	436	486
Amounts owed by parent company	889	-
	<u>1,325</u>	<u>486</u>
8. Creditors: amounts falling due within one year	1996/97	1995/96
	£000	£000
Amounts owed to parent company	-	920
Corporation tax	870	928
	<u>870</u>	<u>1,848</u>

CPG (UK) Limited

Notes to the Financial Statements

9. Provision for liabilities and charges

<i>Deferred taxation:</i>	£000
At 30 March 1996	280
Released from the profit and loss account	17
At 29 March 1997	<u>297</u>

	1996/97 £000	1995/96 £000
Deferred taxation comprises:		
Timing differences on receipt of interest	<u>297</u>	<u>280</u>

Full provision has been made for deferred taxation on all timing differences.

10. Share capital

	1996/97 £000	1995/96 £000
Authorised share capital		
31,000,000 Ordinary shares of £1 each	<u>31,000</u>	<u>31,000</u>
Allotted, called up and fully paid		
30,160,002 Ordinary shares of £1 each	<u>30,160</u>	<u>30,160</u>

11. Reserves

	Profit and Loss reserve £000
At 30 March 1996	3,389
Retained loss for the year	(359)
At 29 March 1997	<u>3,030</u>

12. Ultimate parent company

The company's ultimate parent company is Dawson International PLC incorporated in Great Britain and registered in Scotland. The consolidated financial statements of Dawson International PLC are available to the public and may be obtained from Lochleven mills, Kinross, KY13 7GL.