

SC961

CRODA (CPI) LIMITED

DIRECTORS

Mr G E Bates
Mr J R Ainger

SECRETARY and REGISTERED OFFICE

Mr G E Bates
55/57 Queen Street
Edinburgh
EH2 3PA

REGISTERED NUMBER

961

REPORT OF THE DIRECTORS

The directors submit their annual report and the audited accounts for the year ended 31 December 1996 to be presented at the Annual General Meeting of the Company to be held at Berkshire House, 168/173 High Holborn, London WC1V 7AF on Wednesday 7 May 1997.

The result for the period is set out in the profit and loss account on page 3.

No director was interested in the shares of the company. The ultimate parent company is Croda International Plc, a company registered in England.

The statement below shows the beneficial interest in the capital of Croda International Plc (including holdings of his family) of a person who was a director of the company on 31 December 1996.

ORDINARY SHARES
OF 10P EACH

31.12.96 31.12.95

J R Ainger	48,665	45,992
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The interest of the remaining director in the capital of Croda International Plc is disclosed in that company's Annual Report.

Price Waterhouse have indicated their willingness to continue in office and a resolution regarding their reappointment will be presented to the Annual General Meeting.

By Order of the Board


G E Bates Secretary

24 March 1997



CRODA (CPI) LIMITED

DIRECTORS' RESPONSIBILITIES

In respect of the preparation of the financial statements

The directors are required by UK company law to present financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit of the company for the financial year. In preparing the financial statements suitable accounting policies have been consistently applied, supported by reasonable and prudent judgements. All applicable accounting standards have been followed.

The directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS

To the members of Croda (CPI) Limited

We have audited the financial statements on pages 3 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described above, 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

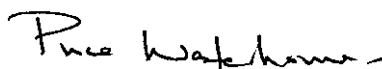
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors



Southwark Towers
32 London Bridge Street
London
SE1 9SY

24 March 1997

CRODA (CPI) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1996

	NOTES	1996 £	1995 £
Income from Fixed Assets	2	47,645	37,519
Profit on ordinary activities before taxation		47,645	37,519
Tax on profit on ordinary activities	3	(10,741)	(6,994)
Profit/(loss) on ordinary activities after taxation transferred to reserves		36,904	30,525

There were no recognised gains or losses except for those included above in the profit and loss account.

Movements in shareholders' funds are shown in note 6 to the accounts on page 6.

CRODA (CPI) LIMITED
BALANCE SHEET AT 31 DECEMBER 1996

	NOTES	31 December 1996 £	31 December 1995 £
FIXED ASSETS			
Investments			
Shares in subsidiary undertakings	4	210,174	362,812
DEBTORS			
Amounts owed by Croda International Plc		2,751,215	2,556,273
CREDITORS - amounts falling due within one year			
Corporate taxation		(5,400)	-
NET CURRENT ASSETS		2,745,815	2,556,273
CAPITAL AND RESERVES		2,955,989	2,919,085
Called up share capital	5	2,000,000	2,000,000
Profit and loss account	6	955,989	919,085
Shareholders' funds		2,955,989	2,919,085

Signed on behalf of the Board
who approved the accounts on 24 March 1997



G E Bates
Director

CRODA (CPI) LIMITED
NOTES TO THE ACCOUNTS

1. Accounting Policies

Basis of accounting

The accounts are prepared under the historical cost convention in compliance with the provisions of the Companies Act 1985 and applicable United Kingdom Accounting Standards.

Consolidated accounts are not required by virtue of S.228 of the Companies Act 1985.

Investments

Investments are stated in the balance sheet at cost less amounts written off.

2. Income from fixed assets

	1996 £	1995 £
Dividends receivable from subsidiary undertakings	47,645	37,519

3. Tax on profit on ordinary activities

	1996 £	1995 £
United Kingdom corporation tax	5,400	-
Current year underprovision	2,958	5,118
Withholding tax on overseas dividends	2,383	1,876
	10,741	6,994

United Kingdom corporation tax has been provided at a rate of 33% (1995 - 33%).

4. Shares in subsidiary undertakings

	Total
At 31 December 1995	362,812
Disposal of dormant subsidiary undertakings	(152,638)
At 31 December 1996	210,174

In the opinion of the directors the aggregate value of investments in subsidiary undertakings is not less than the amounts at which they are stated in the balance sheet.

5. Share Capital

	Authorised		Allotted, called up and fully paid	
	1996 £	1995 £	1996 £	1995 £
Ordinary Shares of £1 each	3,000,000	3,000,000	2,000,000	2,000,000

6. Shareholders' funds

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 1 January 1996	2,000,000	919,085	2,919,085
Retained profit	-	36,904	36,904
	<hr/>	<hr/>	<hr/>
At 31 December 1996	2,000,000	955,989	2,955,989
	<hr/>	<hr/>	<hr/>

7. Subsidiaries

- (i) None of the UK subsidiaries have traded during the year.
- (ii) Of the two foreign subsidiaries Croda Chemicals (SA) Pty, and Croda Zimbabwe Pvt Ltd have traded during the year.
- (iii) A full list of subsidiary undertakings is attached to the company's latest annual return as required by S.231 Companies Act 1985.

8. Directors' Emoluments

None of the directors received any emoluments in respect of his services to the company.

9. Ultimate Parent Company

The ultimate parent company is Croda International Plc, a company registered in England. Croda International Plc Group is the largest and smallest group of which the company is a member and for which Group accounts are prepared. Copies of the Group Accounts can be obtained from the Company Secretary at the registered office of the company.