

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 December 1996.

Review of the Business

During the year the company has not traded and has not incurred any liabilities. Consequently, it made neither profit nor loss.

Dividends and Reserves

The directors do not recommend the payment of a dividend (1995 £nil). There was no movement in reserves.

Directors and Directors' Interests

The directors of the company during the year were:-

K L Briddock	
J M C Clifford	(resigned 31.07.96)
J G Edis-Bates	(appointed 31.07.96)
S A Jenkins	(appointed 01.10.96)

The beneficial interests of the directors in office at 31 December 1996 and of their families, in the share and loan capital of Courtaulds Textiles plc and its subsidiaries were as follows:-

Courtaulds Textiles plc 25p Ordinary shares

	31.12.96		31.12.95	
	<u>Shares</u>	<u>Options (a)</u>	<u>Shares</u>	<u>Options (a)</u>
K L Briddock	-	761	-	302
J G Edis-Bates	1,500	-	-	-
S A Jenkins	-	1,311	-	-

- a) The number of shares over which executive directors had options under the Courtaulds Textiles Savings-Related Share Option Scheme (subscription prices 480p and 229p)

No change occurred in these interests before 20 March 1997.

Other information

During the year the company maintained liability insurance for its officers.

The company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Auditor

A special resolution has been passed at a General Meeting under Section 252 of the Companies Act 1985 exempting the company from the obligation to appoint an auditor.

On behalf of the board

K L Briddock

K L BRIDDOCK
Secretary



20 March 1997

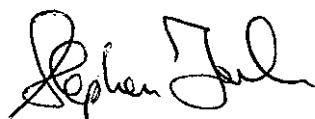
LACES AND TEXTILES LIMITED

Balance Sheet as at 31 December 1996

	Note	31.12.96 £'000	31.12.95 £'000
Current Assets			
Amounts owed by fellow subsidiary company		<u>1,978</u>	<u>1,978</u>
Capital and Reserves			
Called up share capital	2	14	14
Share premium		52	52
Capital redemption reserve		45	45
Profit and Loss account		<u>1,867</u>	<u>1,867</u>
		<u>1,978</u>	<u>1,978</u>

The Company was dormant (within the meaning of Section 252 of the Companies Act 1985) throughout the year ended 31 December 1996.

Approved by the Board on 20 March 1997



Director

LACES AND TEXTILES LIMITED

STATEMENT OF ACCOUNTING POLICIES

Basis of accounting

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

NOTES TO THE ACCOUNTS

1 None of the directors received any emoluments in respect of their services to the Company (1995 £nil).

2	Share Capital	1996 £'000	1995 £'000
	Authorised		
	48,000 ordinary shares of £1 each	48	48
	50,000 5.25% cumulative redeemable preference shares of £1 each	50	50
	2,000 deferred shares of £1 each	2	2
		<u>100</u>	<u>100</u>
		===	===
	Allotted and fully paid		
	12,000 ordinary shares of £1 each	12	12
	2,000 deferred shares of £1 each	2	2
		<u>14</u>	<u>14</u>
		===	===

3 **Ultimate Parent Undertaking**

The largest and the smallest group in which the results of the company are consolidated is Courtaulds Textiles plc, a company registered in England and Wales. Copies of the Courtaulds Textiles plc group accounts can be obtained from:-

13/14 Margaret Street
London
W1A 3DA