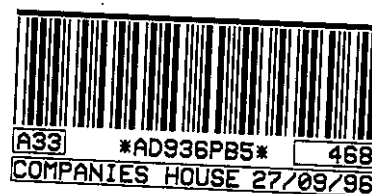


CAMTEX FABRICS LIMITED
(REGISTERED NUMBER 601019)

DIRECTORS' REPORT AND ACCOUNTS

31 December 1995



CAMTEX FABRICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The directors present their annual report and financial statements for the year ended 31 December 1995.

PRINCIPAL ACTIVITIES

The principal activity of the company is the manufacture and sale of non-woven fabrics.

BUSINESS REVIEW

The company continued its core business of the manufacture and sale of non-woven fabrics throughout the year. Trading conditions deteriorated sharply in the second half due to destocking in all key markets.

PROPOSED DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend the payment of a dividend (1994 - £nil).

The profit for the year retained in the company is £1,531,000 (1994 - £1,741,000), and this amount has been transferred to reserves.

DIRECTORS AND DIRECTORS' INTERESTS

L Stattmann (Resigned 18 October 1995)
P Mackey
AE Walker

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or group companies.

SIGNIFICANT CHANGES IN FIXED ASSETS

Movements in tangible fixed assets are set out in note 9 to the financial statements.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political contributions during the year. Donations to UK charities amounted to £2,800.

CAMTEX FABRICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

AUDITORS

Price Waterhouse were appointed as auditors during the year, and a resolution concerning their re-appointment will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



J LEIPER
Secretary

26/6/1996

Registered office:

Wedgwood Way
Stevenage
Hertfordshire
SG1 4QN

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF CAMTEX FABRICS LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

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 mis-statement, 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 1995 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

26/6/1996

CAMTEX FABRICS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
TURNOVER	2	14,454	17,243
Cost of sales		<u>(11,492)</u>	<u>(13,131)</u>
GROSS PROFIT		2,962	4,112
Distribution costs		(854)	(1,069)
Administrative expenses		<u>(762)</u>	<u>(723)</u>
OPERATING PROFIT		1,346	2,320
Interest receivable	6	143	133
Interest payable	7	<u>(213)</u>	<u>(162)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,276	2,291
Tax on profit on ordinary activities	8	<u>255</u>	<u>(550)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>1,531</u>	<u>1,741</u>

The result for the year is derived wholly from the continuing activities of the company. All recognised gains and losses are included in the profit and loss account.

A reconciliation of movements in shareholders' funds is given in note 15 to the financial statements.

CAMTEX FABRICS LIMITED

BALANCE SHEET - 31 DECEMBER 1995

	Notes	1995 £'000	1994 £'000
FIXED ASSETS			
Tangible assets	9	3,610	3,772
CURRENT ASSETS			
Stocks	10	883	1,344
Debtors	11	1,915	3,354
Cash at bank and in hand		<u>2,799</u>	<u>852</u>
		5,597	5,550
CREDITORS (amounts falling due within one year)	12	<u>(1,288)</u>	<u>(2,334)</u>
NET CURRENT ASSETS		<u>4,309</u>	<u>3,216</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,919	6,988
CREDITORS (amounts falling due after one year)	12	<u>(2,000)</u>	<u>(2,600)</u>
		5,919	4,388
CAPITAL AND RESERVES			
Called up share capital	14	1,972	1,972
Profit and loss account	15	<u>3,947</u>	<u>2,416</u>
SHAREHOLDERS' FUNDS	15	5,919	4,388
Equity interests		5,689	4,158
Non-equity interests		<u>230</u>	<u>230</u>
		5,919	4,388

Approved by the Board on 26th June 1996

DIRECTOR

AE Walker

AE Walker

The notes on pages 6 to 14 form part of these accounts.

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(1) Basis of preparation

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

(2) Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	25 years
Plant and machinery and vehicles	-	4 to 20 years

No depreciation is provided on freehold land or assets in the course of construction which are not in use at the year end.

(3) Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

(4) Pension costs

The company is a member of a group operated defined pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held in an independently administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives.

(5) Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred.

(6) Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale the FIFO method is used. For work in progress and finished goods manufactured by the company, cost includes an appropriate proportion of attributable production overheads.

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(7) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

(8) Turnover

Turnover represents the amounts (excluding VAT) derived from the provision of goods and services to customers during the year.

(9) Cash flow statement

A consolidated cash flow statement prepared in accordance with Financial Reporting Standard No 1 is included in the accounts of Conoco (U.K.) Limited.

2 ANALYSIS OF TURNOVER

All turnover is derived from the manufacture and sale of non-woven fabrics.

The analysis of turnover by geographical market is as follows:

	<u>1995</u>	<u>1994</u>
	£'000	£'000
United Kingdom	1,378	1,766
Europe	6,052	6,437
North America	3,272	4,650
Rest of World	<u>3,752</u>	<u>4,390</u>
	14,454	17,243
	<u> </u>	<u> </u>

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after charging:

	<u>1995</u> £'000	<u>1994</u> £'000
Auditors' remuneration:		
Audit	9	8
Other services	1	3
Depreciation	375	124
Amounts payable under operating leases on land and buildings	-	25
	<u> </u>	<u> </u>

4 REMUNERATION OF DIRECTORS

The directors were employed as managers of the company by Du Pont (U.K.) Limited and were remunerated by this or other group companies in respect of their services to the company. No charge to the company has been made by Du Pont (U.K.) Limited in respect of management and other services.

However total emoluments received by the directors from Du Pont (U.K.) Limited were as follows:

	<u>1995</u> £'000	<u>1994</u> £'000
Remuneration as directors	66	44
Pension scheme contributions	<u>11</u>	<u>5</u>
	77	49
	<u> </u>	<u> </u>

Directors' emoluments excluding pension contributions:

	<u>1995</u> £'000	<u>1994</u> £'000
Chairman and highest paid director	66	44
	<u> </u>	<u> </u>

The emoluments of directors, excluding pension contributions, fell within the following bands:

£40,001 - £45,000	-	1
£65,001 - £70,000	1	-
	<u> </u>	<u> </u>

Two directors performed their duties wholly outside the UK and therefore as permitted by the Companies Act 1985, the ranges into which their emoluments fall are not disclosed.

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

5 STAFF NUMBERS AND COSTS

The average number of persons employed by the company (including directors) during the year was as follows:

	<u>1995</u>	<u>1994</u>
Production	58	68
Distribution	5	5
Administration	<u>14</u>	<u>14</u>
	77	87
	<u>==</u>	<u>==</u>

The aggregated payroll costs of these persons were as follows:

	<u>1995</u> £'000	<u>1994</u> £'000
Wages and salaries	1,886	2,013
Social security costs	153	156
Other pension costs	<u>178</u>	<u>186</u>
	2,217	2,355
	<u>==</u>	<u>==</u>

6 INTEREST RECEIVABLE

	<u>1995</u> £'000	<u>1994</u> £'000
Bank interest	143	133
	<u>==</u>	<u>==</u>

7 INTEREST PAYABLE

	<u>1995</u> £'000	<u>1994</u> £'000
On bank loans, overdrafts and other loans wholly repayable within five years	28	33
Interest payable to group undertakings (note 12(b))	<u>185</u>	<u>129</u>
	213	162
	<u>==</u>	<u>==</u>

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

8 TAXATION

	1995 £'000	1994 £'000
Corporation tax charge/(credit) at 33% (1994 - 33%):		
On the profit for the year on ordinary activities	295	550
Prior year adjustment	(550)	-
	(255)	550
	<u> </u>	<u> </u>

The prior year adjustment represents group relief receivable in respect of the 1994 tax charge, for which no payment has been made.

9 TANGIBLE FIXED ASSETS

	Freehold land and buildings £'000	Plant and machinery and vehicles £'000	Total £'000
<u>Cost</u>			
At 31 December 1994	661	6,212	6,873
Additions	-	213	213
Disposals	-	(96)	(96)
At 31 December 1995	661	6,329	6,990
<u>Depreciation</u>			
At 31 December 1994	254	2,847	3,101
Charge for year	26	349	375
On disposals	-	(96)	(96)
At 31 December 1995	280	3,100	3,380
<u>Net book amount</u>			
At 31 December 1995	381	3,229	3,610
At 31 December 1994	407	3,365	3,772

The net book amount of plant and machinery includes £nil (1994 - £2,666,000) in respect of assets in the course of construction.

Freehold land and buildings include land with a net book value of £21,000 (1994 - £21,000).

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

10 STOCKS

	<u>1995</u> £'000	<u>1994</u> £'000
Raw materials and consumables	179	271
Work in progress	8	19
Finished goods and goods for resale	<u>696</u>	<u>1,054</u>
	883	1,344
	<u> </u>	<u> </u>

11 DEBTORS

	<u>1995</u> £'000	<u>1994</u> £'000
Trade debtors	1,819	3,180
Other debtors	70	145
Prepayments	<u>26</u>	<u>29</u>
	1,915	3,354
	<u> </u>	<u> </u>

12 CREDITORS

(a) (Amounts falling due within one year):

	<u>1995</u> £'000	<u>1994</u> £'000
Trade creditors	194	238
Amounts owed to parent undertaking	377	639
Corporation tax	295	550
Other taxes and social security	33	46
Other creditors	<u>389</u>	<u>861</u>
	1,288	2,334
	<u> </u>	<u> </u>

(b) (Amounts falling due after one year):

	<u>1995</u> £'000	<u>1994</u> £'000
Loan	2,000	2,600
	<u> </u>	<u> </u>

The loan was provided by the company's immediate parent undertaking Du Pont (U.K.) Limited. Its maturity date is 17 February 1999 and interest was payable at 7.5625% per annum in 1995.

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

13 PROVISION FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation and the amounts not provided (at a rate of 33%) are set out below:

	<u>1995</u>		<u>1994</u>	
	<u>Provided</u>	<u>Unprovided</u>	<u>Provided</u>	<u>Unprovided</u>
	£'000	£'000	£'000	£'000
Difference between accumulated depreciation and amortisation and capital allowances	-	427	-	324
Other timing differences	-	(4)	-	(35)
	-	423	-	289
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 CALLED UP SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	£	£
Authorised, allotted, called up and fully paid:		
Equity Ordinary shares of £1 each	1,742,500	1,742,500
Non-Equity 6% Cumulative redeemable preference shares of £1 each	125,000	125,000
Non-Equity 5% Non-Cumulative preference share of £1 each	<u>104,500</u>	<u>104,500</u>
	1,972,000	1,972,000
	<u> </u>	<u> </u>

The right to cumulative preference share dividends to date has been waived by the shareholders.

The company may give notice to the registered holders of the cumulative redeemable preference shares of £1 each at any time of its intention to redeem the whole or any part thereof at par. No date has been set for redemption.

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £'000	Profit & Loss Account £'000	1995 Total £'000	1994 Total £'000
Profit for the financial year	-	1,531	1,531	1,741
Net additions to shareholders' funds	-	1,531	1,531	1,741
Opening shareholders' funds	1,972	2,416	4,388	2,647
Closing shareholders' funds	1,972	3,947	5,919	4,388

During 1994 £1,742,000 of distributable reserves were capitalised and distributed in the form of fully paid up £1 Ordinary shares.

16 COMMITMENTS

- (i) Annual commitments under non-cancellable operating leases are set out below:

	1995 £'000	1994 £'000
Within one year	-	25
In the second to fifth years inclusive	3	75
	3	100

- (ii) Capital commitments at the end of the financial year for which no provision has been made.

	1995 £'000	1994 £'000
Contracted	-	40
Authorised but not contracted	-	-

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

17 PENSION SCHEME

The Du Pont (U.K.) Limited Pensions Fund provides benefits based on pensionable pay.

During 1994 the employees of the company transferred out of the Camtex and Lontex Pension Scheme to the Du Pont (U.K.) Limited Pension Fund. This move followed the purchase of the company by Du Pont (U.K.) Limited from Imperial Chemical Industries PLC on 1 July 1993. The fund to be apportioned on their behalf was determined and has been transferred to the Du Pont (U.K.) Limited Pensions Fund in 1995.

As explained in the accounting policies set out on page 6, the company operates a pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

18 ULTIMATE HOLDING COMPANY

The company's ultimate parent company is E.I. du Pont de Nemours and Company which is incorporated and registered in the state of Delaware in the USA.

Conoco (U.K.) Limited, a company registered in England and Wales is the parent undertaking of the smallest group to consolidate the accounts of the company. E.I. du Pont de Nemours and Company is the parent undertaking of the largest group to consolidate the accounts of the company.

The consolidated accounts of both groups may be obtained from the Company Secretary of Du Pont (U.K.) Limited, Wedgwood Way, Stevenage, Hertfordshire, England.