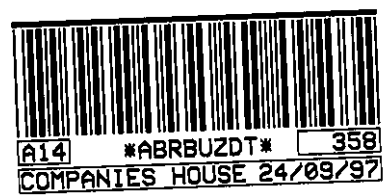


CAMTEX FABRICS LIMITED
(REGISTERED NUMBER 601019)

DIRECTORS' REPORT AND ACCOUNTS

31 December 1996



CAMTEX FABRICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996

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

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 improved significantly compared with 1995.

PROPOSED DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend the payment of a dividend (1995 - £nil).

The profit for the year retained in the company is £1,584,000 (1995 - £1,531,000), and this amount has been transferred to reserves.

DIRECTORS AND DIRECTORS' INTERESTS

P Mackey
AE Walker

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

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political contributions during the year. Donations to UK charities amounted to £1,900 (1995 - £2,800).

PAYMENT POLICY

The Company recognises the importance of the development of mutually beneficial relationships with its suppliers. It is Company policy to settle all debts with its suppliers on a timely basis taking account of the credit period given by each supplier.

CAMTEX FABRICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996 (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

A resolution concerning the re-appointment of Price Waterhouse as auditors of the company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



J LEIPER
Secretary

14/5/ 1997

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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

P. W. H.

**PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors**

14/5/ 1997

CAMTEX FABRICS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £'000	<u>1995</u> £'000
TURNOVER	2	16,331	14,454
Cost of sales		<u>(12,359)</u>	<u>(11,492)</u>
GROSS PROFIT		3,972	2,962
Distribution costs		(893)	(854)
Administrative expenses		<u>(1,114)</u>	<u>(762)</u>
OPERATING PROFIT		1,965	1,346
Interest receivable	6	174	143
Interest payable	7	<u>(67)</u>	<u>(213)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	2,072	1,276
Tax on profit on ordinary activities	8	<u>(488)</u>	<u>255</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	<u>1,584</u>	<u>1,531</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 1996

	Notes	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	9	3,306	3,610
CURRENT ASSETS			
Stocks	10	1,075	883
Debtors	11	2,707	1,915
Cash at bank and in hand		<u>3,405</u>	<u>2,799</u>
		7,187	5,597
CREDITORS (amounts falling due within one year)	12	<u>(2,857)</u>	<u>(1,288)</u>
NET CURRENT ASSETS		<u>4,330</u>	<u>4,309</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,636	7,919
CREDITORS (amounts falling due after one year)	12	-	(2,000)
Provisions for liabilities and charges		<u>(133)</u>	<u>-</u>
	13	<u>7,503</u>	<u>5,919</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,972	1,972
Profit and loss account	15	<u>5,531</u>	<u>3,947</u>
SHAREHOLDERS' FUNDS	15	<u>7,503</u>	<u>5,919</u>
Analysed between:			
Equity interests		7,273	5,689
Non-equity interests		<u>230</u>	<u>230</u>
		<u>7,503</u>	<u>5,919</u>

Approved by the Board on 14 May 1997

DIRECTOR

AE Walker



The notes on pages 6 to 13 form part of these accounts.

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996

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 1996 (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. Accordingly no cash flow statement is presented in these accounts.

(10) Related party transactions

As at 31 December 1996 the company was a wholly owned subsidiary of Conoco (U.K.) Limited, registered in England, which prepares publicly available consolidated statements. In accordance with FRS 8, no transactions or balances with other group companies are disclosed.

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>1996</u> <u>£'000</u>	<u>1995</u> <u>£'000</u>
United Kingdom	1,648	1,378
Europe	6,917	6,052
North America	3,572	3,272
Rest of World	<u>4,194</u>	<u>3,752</u>
	<u>16,331</u>	<u>14,454</u>

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after charging:

	<u>1996</u> £'000	<u>1995</u> £'000
Auditors' remuneration:		
Audit	9	9
Other services	2	1
Depreciation	399	375
Exchange losses/(gains)	361	(169)
	<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>1996</u> £'000	<u>1995</u> £'000
Remuneration as directors	73	66
Pension scheme contributions	<u>6</u>	<u>11</u>
	79	77
	<u> </u>	<u> </u>

Directors' emoluments excluding pension contributions:

	<u>1996</u> £'000	<u>1995</u> £'000
Chairman and highest paid director	73	66
	<u> </u>	<u> </u>

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

£65,001 - £70,000	-	1
£70,001 - £75,000	<u>1</u>	<u> </u>
	<u> </u>	<u> </u>

The other director performed his duties wholly outside the UK and therefore as permitted by the Companies Act 1985, the range into which his emoluments fall is not disclosed.

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

5 STAFF NUMBERS AND COSTS

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

	<u>Number of employees</u>	
	<u>1996</u>	<u>1995</u>
Production	56	58
Distribution	5	5
Administration	<u>15</u>	<u>14</u>
	76	77
	==	==

The aggregated payroll costs of these persons were as follows:

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Wages and salaries	1,855	1,886
Social security costs	139	153
Other pension costs (note 17)	<u>99</u>	<u>178</u>
	2,093	2,217
	==	==

6 INTEREST RECEIVABLE

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
Bank interest	174	143
	==	==

7 INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
	<u>£'000</u>	<u>£'000</u>
On bank loans, overdrafts and other loans wholly repayable within five years	-	28
Interest payable to group undertakings (note 12(b))	<u>67</u>	<u>185</u>
	67	213
	==	==

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

8 TAXATION

	<u>1996</u> £'000	<u>1995</u> £'000
Corporation tax charge/(credit) at 33% (1995 - 33%):		
On the profit for the year on ordinary activities	650	295
Prior year adjustment	(295)	(550)
Deferred taxation	<u>133</u>	<u>—</u>
	488	(255)
	<u> </u>	<u> </u>

The prior year adjustment represents group relief receivable in respect of the 1995 tax charge, for which no payment has been made.

9 TANGIBLE FIXED ASSETS

	<u>Freehold land and buildings</u> £'000	<u>Plant and machinery and vehicles</u> £'000	<u>Total</u> £'000
<u>Cost</u>			
At 31 December 1995	661	6,329	6,990
Additions	15	80	95
Disposals	<u>—</u>	<u>(10)</u>	<u>(10)</u>
At 31 December 1996	676	6,399	7,075
	<u> </u>	<u> </u>	<u> </u>
<u>Depreciation</u>			
At 31 December 1995	280	3,100	3,380
Charge for year	18	381	399
On disposals	<u>—</u>	<u>(10)</u>	<u>(10)</u>
At 31 December 1996	298	3,471	3,769
	<u> </u>	<u> </u>	<u> </u>
<u>Net book amount</u>			
At 31 December 1996	378	2,928	3,306
	<u> </u>	<u> </u>	<u> </u>
At 31 December 1995	381	3,229	3,610
	<u> </u>	<u> </u>	<u> </u>

Freehold land and buildings include land with a net book value of £21,000 (1995 - £21,000).

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)

10 STOCKS

	<u>1996</u> £'000	<u>1995</u> £'000
Raw materials and consumables	300	179
Work in progress	21	8
Finished goods and goods for resale	<u>754</u>	<u>696</u>
	1,075	883
	<u>=====</u>	<u>=====</u>

11 DEBTORS

	<u>1996</u> £'000	<u>1995</u> £'000
Trade debtors	2,598	1,819
Other debtors	75	70
Prepayments	<u>34</u>	<u>26</u>
	2,707	1,915
	<u>=====</u>	<u>=====</u>

12 CREDITORS

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

	<u>1996</u> £'000	<u>1995</u> £'000
Trade creditors	163	194
Amounts owed to parent undertaking	1,482	377
Corporation tax	650	295
Other taxes and social security	33	33
Other creditors	<u>529</u>	<u>389</u>
	2,857	1,288
	<u>=====</u>	<u>=====</u>

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

Loan	-	2,000
	<u>=====</u>	<u>=====</u>

The loan was provided by the company's immediate parent undertaking Du Pont (U.K.) Limited. Interest was payable at 7.5625% per annum during 1996. The loan was repaid in June 1996.

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (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:

	1996		1995	
	<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	144	468	-	427
Other timing differences	<u>(11)</u>	<u>(11)</u>	<u>-</u>	<u>(4)</u>
	133	457	-	423
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

14 CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</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 1996 (CONTINUED)

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £'000	Profit & Loss Account £'000	1996 Total £'000	1995 Total £'000
Profit for the financial year	—	1,584	1,584	1,531
Net additions to shareholders' funds	-	1,584	1,584	1,531
Opening shareholders' funds	1,972	3,947	5,919	4,388
Closing shareholders' funds	1,972	5,531	7,503	5,919

16 COMMITMENTS

- (i) Annual commitments under non-cancellable operating leases in respect of plant and equipment are set out below:

	1996 £'000	1995 £'000
Within one year	-	-
In the second to fifth years inclusive	11	3
Over five years	4	—
	15	3

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

	1996 £'000	1995 £'000
Contracted but not provided for	19	-

CAMTEX FABRICS LIMITED

NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (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, Du Pont (U.K.) Limited 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. Particulars of the actuarial valuation of this scheme are given in the financial statements of Du Pont (U.K.) Limited.

The latest actuarial valuation of that scheme was carried out as at 31 December 1994 and was completed during 1996. This showed that the scheme was in surplus, and hence contributions have been reduced. This has led to a decrease in pension costs in 1996 compared to the prior year, as shown in note 5.

18 ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party is E.I. du Pont de Nemours and Company which is incorporated and registered in the state of Delaware in the USA. Its immediate controlling party is Du Pont (U.K.) Limited, a company registered in England.

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.