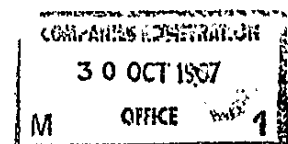


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MARFLEET REFINING COMPANY LIMITED

DIRECTORS' REPORT AND ACCOUNTS
30 SEPTEMBER 1986



MARFLEET REFINING COMPANY LIMITED

DIRECTORS' REPORT

ELEVEN MONTHS ENDED 30TH SEPTEMBER, 1986

The Directors present their report and accounts for the eleven months ended 30th September, 1986.

1. PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activities of the Company until the 30th June, 1986 were the provision of agency and management services to Imperial Foods (General Products) Limited, a fellow subsidiary of Hanson Trust plc.

On that date the trade, assets and liabilities of the Marfleet Division were purchased from Imperial Foods (General Products) Limited. The company's principal activities since that date have been the processing, manufacture and marketing of edible oils and fats and of vitamin supplements.

On the 27th September, 1986 the company's interests in the production and sale of Animal Feeding Fats were sold and on the 19th December, 1986 the Company withdrew from the processing of edible vegetable oils to concentrate on the manufacture and marketing of vitamin supplements and health care products. It is now anticipated that the company will continue to concentrate its activity on the manufacture and marketing of health care products.

2. RESULTS AND DIVIDEND

The turnover and profits of the Company are set out on page 7. The Directors do not recommend the payment of a dividend. The retained loss of £30,503,000 has been deducted from reserves (1985: Retained Profit £36,691,000).

3. DIRECTORS

The names of the directors of the Company as at the date of this report are set out below:-

M. Skipwith
C.O. Dixon
A.G. Clements
R. Grant
S.A. Reed
D.S. Sutton
K.T. Winkle

All the above named served as directors throughout the year with the exception of Mr. K.T. Winkle who resigned on 8th August, 1986 and was re-appointed on 18th August, 1986, and Mr. M. Skipwith who was appointed on 18th August, 1986.

3. DIRECTORS continued

Mr. G. Powell who was a Director on the 1st November, 1985, ceased to be a director on the 8th August, 1986, and was also a director of Imperial Foods Limited during the period he served as a director of the company.

Mr. D.S. Lindsay who was a director of the company on the 1st November, 1985 ceased to be a director on 31st January, 1987.

Mr. J.J.S. Marshall was appointed a director on 20th June, 1986 and ceased to be a director on 1st June, 1987, he was also a director of Imperial Foods Limited during the period he served as a director of the company.

Mr. S.A. Reed was made a non-executive director on 31st January, 1987.

No director had any interests in the shares or debentures of the company or any other subsidiaries of Hanson Trust plc as at 1st November, 1985 and 30th September, 1986.

The disclosable interests of the directors in the share capital of the ultimate holding company, Hanson Trust plc, according to the register kept by the Company for the purposes of the Companies Act 1985 are shown below:

Interests in the shares of Hanson Trust plc Ordinary Shares of 25p each

	Shares Issued		Share Options	
	30th September 1986	1st November 1985	(see Note below) 30th September 1986	1st November 1985
M. Skipwith	15,280	-	25,000	-
C.O. Dixon	-	-	10,000	-

Note: The share options are options granted to subscribe for ordinary shares of 25p each of Hanson Trust plc under the Hanson Trust plc Share Option Scheme, subject to the rules of the Scheme.

M. Skipwith also has a beneficial interest in £14,198 10% convertible loan stock (2007 - 2012).

4. EMPLOYMENT POLICIES

Non Discrimination

It is the policy of the Company that employees at all levels shall not discriminate against others, or be discriminated against on the grounds of colour, race, religion, sex or ethnic origins. This policy applies to all conditions of employment, recruitment and other aspects of work.

Disabled People

The Company seeks to abide by the Department of Employment's voluntary code of practice on the employment of disabled people. This requires companies to give full and fair consideration to disabled people when applying for jobs, and in offering disabled employees training, career development and promotion opportunities. We believe that if a positive attitude to the employment of disabled people is adopted, then many of the problems commonly considered to be associated with the employment of disabled people can be overcome.

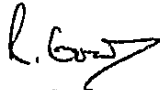
Employee Involvement

The Company continues to operate well established employee consultation arrangements. We remain firmly convinced that progress is most readily achieved by basing employees' involvement on their participation at the workplace - in the office, depot or factory. Management input to existing arrangements continues to be given high priority.

5. AUDITORS

The auditors of the Company, Deloitte Haskins & Sells, have signified their willingness to continue in office and a resolution is to be proposed at the forthcoming Annual General Meeting that they be re-appointed as auditors for the ensuing year.

BY ORDER OF THE BOARD



R. Grant
Secretary

Hedon Road
Marfleet
Hull
HU9 5NJ

AUDITORS' REPORT TO THE MEMBERS OF
MARFLEET REFINING COMPANY LIMITED

We have audited the accounts set out on pages 5 to 14 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 30th September, 1986 and of its loss and source and application of funds for the 11 months then ended and comply with the Companies Act 1985.

Deloitte Haskins & Sells

Deloitte Haskins & Sells

Chartered Accountants
Nottingham

17th June 1987

MARFLEET REFINING COMPANY LIMITED

STATEMENT OF ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts are prepared under the historical cost basis of accounting.

CONSOLIDATED ACCOUNTS

As the Company is a wholly owned subsidiary consolidated accounts have not been prepared.

TURNOVER

Turnover comprises the value of goods and services invoiced, excluding Value Added Tax.

VALUATION OF STOCKS

Stocks have been valued at cost or at estimated net realisable value if lower. Cost includes an appropriate proportion of overheads based on normal levels of activity.

DEPRECIATION

No depreciation is provided on freehold land; all other tangible assets are depreciated on a straight line basis, on original cost after deduction of government and EEC grants.

The rates used are calculated to write off the cost of each asset over its estimated total life as follows:

Freehold and leasehold buildings	2%
Plant and Equipment	5% - 25%
Computers	20%
Goods Vehicles	16.66% - 25%
Motor Cars	25%

DEFERRED TAXATION

Provision is made on the liability method for taxation which is deferred as a result of timing differences between profits as computed for taxation purposes and profits as stated in the accounts, only when it is considered that there is a reasonable probability that the timing differences will reverse in the foreseeable future.

Where any taxation deferred in accordance with the above policy represents an amount of tax recoverable, provision is made for it only where there is a reasonable certainty that recovery will be achieved in future periods.

TRANSLATION OF FOREIGN CURRENCIES

All transactions of a trading nature are translated into sterling at the rates of exchange ruling at the date of the transaction, exchange gains or losses being included in profit on ordinary activities before taxation.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at exchange rates ruling at the year end unless forward rates of exchange have been contracted in which case the contracted rate is used.

RESEARCH, DEVELOPMENT, ADVERTISING AND PROMOTIONAL EXPENDITURE

This expenditure is charged against revenue in the year in which it is incurred.

PENSIONS

The Company's obligations to provide pensions for its employees is covered by the Imperial Foods Group Pension Scheme which is a defined benefit scheme whose assets are independent of the Group and are managed by trustees. The scheme is funded at rates of contribution determined by an independent actuary in order to provide benefits as defined by the scheme. Full actuarial valuations are made at periodic intervals not exceeding three years and the profit and loss account bears the Company's share of contributions as defined by the independent actuary.

INVESTMENTS

Investments are stated at cost, less provision in respect of any permanent diminution in value.

MARFLEET REFINING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

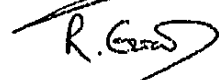
FOR THE ELEVEN MONTHS ENDED 30TH SEPTEMBER, 1986

	Note	11 months ended 30th September 1986 £'000s	12 months ended 31st October 1985 £'000s
TURNOVER	2	10,130	29,339
Cost of Sales	3	(8,608)	(27,534)
OPERATING PROFIT	3	1,522	1,805
Interest Payable		-	(2)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,522	1,803
Taxation on profit on ordinary activities	5	-	(749)
Provision for Deferred Taxation	13	(307)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,215	1,054
EXTRAORDINARY ITEMS	6	(31,718)	37,398
LOSS FOR THE PERIOD		(30,503)	38,452
Proposed dividends		-	(1,761)
RETAINED LOSS FOR THE PERIOD		(30,503)	36,691
Retained profit brought forward		37,571	880
Adjustments to Goodwill on previous acquisitions written off to reserves		(107)	-
Goodwill on assets acquired in the year written off		(75)	-
RETAINED PROFIT CARRIED FORWARD		6,886	37,571

MARFLEET REFINING COMPANY LIMITED
BALANCE SHEET AS AT 30TH SEPTEMBER, 1986

	Note	30th September 1986 £'000s	31st October 1985 £'000s
FIXED ASSETS			
Tangible Assets	7	2,821	-
Investments	8	1,636	1,616
		<u>4,457</u>	<u>1,616</u>
CURRENT ASSETS			
Stocks	9	3,823	-
Debtors	10	5,357	15
Amount due from holding company		2,072	39,669
Cash at bank and in hand		664	-
		<u>11,916</u>	<u>39,684</u>
CREDITORS: DUE WITHIN ONE YEAR			
Creditors due within one year	11	(6,240)	(3,679)
NET CURRENT ASSETS			
		<u>5,676</u>	<u>36,005</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>10,133</u>	<u>37,621</u>
CREDITORS: DUE AFTER ONE YEAR			
	12	(1,448)	-
PROVISIONS FOR LIABILITIES AND CHARGES			
	13	(1,749)	-
		<u>6,936</u>	<u>37,621</u>
CAPITAL AND RESERVES			
Called up Share Capital	14	50	50
Profit and Loss Account		6,886	37,571
		<u>6,936</u>	<u>37,621</u>

The accounts on pages 5 to 14 were approved by the Board of Directors on 17th June, 1987
and signed on its behalf by:

) Director
)
) Director

MARFLEET REFINING COMPANY LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE ELEVEN MONTHS ENDED 30TH SEPTEMBER 1986

	Note	11 months ended 30th September 1986 £'000s	12 months ended 31st October 1985 £'000s
SOURCE OF FUNDS			
Profit on Ordinary Activities before Taxation		1,522	1,803
Depreciation		114	220
Profit on Sale of Tangible Assets		-	(11)
Total arising from operations		1,636	2,012
Sale of business to holding company		-	39,400
Proceeds from the sale of tangible fixed assets		-	27
Increase in working capital	15	-	796
		<u>1,636</u>	<u>42,235</u>
APPLICATION OF FUNDS			
Purchase of assets from holding company		(33,844)	-
Investment in subsidiaries		(20)	(129)
Transfer of business from group company		-	(202)
Tangible assets from group companies		-	(4)
Purchase of tangible assets		(37)	(335)
Cost representing goodwill on assets required		(182)	-
Dividends paid		-	(650)
Tax paid		-	(3)
Decrease in Working Capital	15	(2,589)	-
		<u>(36,672)</u>	<u>(1,323)</u>
(Decrease)/Increase in net liquid funds	15	<u>(35,036)</u>	<u>40,912</u>

MARFLEET REFINING COMPANY LIMITED
NOTES TO THE ACCOUNTS

1 REORGANISATION

On the 30th June, 1986 the company purchased the trade and assets and liabilities of the Marfleet Division of Imperial Foods (General Products) Limited. On that date the company's principal activity became the processing, manufacturing and marketing of edible oils and fats and of vitamin supplements.

On the 27th September, 1986 the company's interests in the production and sale of Animal Feeding Fats were sold and on 19th December, 1986 the company withdrew from the processing of edible vegetable oils.

2 TURNOVER

The analysis of turnover by activity is as follows:

	11 months ended 30th September 1986 £'000s	12 months ended 31st October 1985 £'000s
Sale of Goods	8,201	28,520
Agency and Management Services	1,929	819
	<u>10,130</u> =====	<u>29,339</u> =====

Analysis of turnover by geographical market is not disclosed in these accounts.

3 OPERATING PROFIT

(a) The analysis of operating profit is:-

Sale of Goods	1,503	1,797
Agency and Management Services	19	8
	<u>1,522</u> =====	<u>1,805</u> =====

(b) Operating profit is arrived at after charging/(crediting):

Change in Stocks	(2,505)	1,671
Raw materials consumed	7,448	20,648
Staff costs	2,469	2,283
Interest payable - bank overdraft	-	2
Depreciation	114	220
Auditors' fees and expenses	5	11
Hire of plant and vehicles	3	11
Profit on sale of tangible assets	-	(11)
Other Expenses	1,074	2,699
	<u>8,608</u> =====	<u>27,534</u> =====

DIRECTORS AND EMPLOYEES

- (a) The average number of persons (including Directors where appropriate) employed by the company was:-

	11 months ended 30th September 1986	12 months ended 31st October 1985
Production	221	178
Sales and Marketing	45	36
Distribution	5	4
Administration	41	34
	<u>312</u>	<u>252</u>
	=====	=====

Until 30th June 1986 the employees of Marfleet Refining Company Limited were employed in the above categories in the business of Imperial Foods (General Products) Limited.

- (b) The costs incurred in respect of employees were:-

	11 months ended 30th September 1986 £'000s	12 months ended 31st October 1985 £'000s
Wages and salaries	2,285	2,074
Social security costs	184	165
Other pension costs	-	44
	<u>2,469</u>	<u>2,283</u>
	=====	=====

- (c) No employees received emoluments exceeding £30,000 for the period. (1984:Nil).

- (d) Until the 30th June 1986 the directors of the company were employed by Imperial Foods Limited, a subsidiary of the ultimate holding company, and were remunerated by Imperial Foods Limited for their services to the Group. They did not receive any remuneration for their services as directors of the company up to that date.

	11 months ended 30th September 1986 £'000s	12 months ended 31st October 1985 £'000s
--	---	---

Directors emoluments included in the above employment costs amounted to:-

68	-
=====	=====

The Chairmen of the company were employed by Imperial Foods Limited a subsidiary of ultimate holding company, and were remunerated by Imperial Foods Limited for their services to the Group. They did not receive any remuneration for their services as directors of the company.

-	-
=====	=====

Highest Paid Director

15	-
=====	=====

The number of other directors who received emoluments in the following ranges were:-

	Number	Number
£0 - £5,000	-	6
£5,001 - £10,000	5	-
£10,001 - £15,000	1	-

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	11 months ended 30th September 1986 £'000s	12 months ended 31st October 1985 £'000s
(a) In respect of the period: United Kingdom Corporation Tax at 37.27% (1985 42.08%)	-	749
	-	749
	=====	=====

There is no corporation tax charge for the period because the taxable profits of the company will be group relieved for no consideration.

6 EXTRAORDINARY ITEMS

	11 months ended 30th September 1986 £'000s	12 months ended 31st October 1985 £'000s
Profit on sale of business to holding company	-	37,398
Goodwill written off on acquisition of assets from Imperial Foods (General Products) Ltd	(31,718)	-
	(31,718)	37,398
	=====	=====

7 TANGIBLE FIXED ASSETS

	Land and Buildings		Plant and Machinery	Fixtures Fittings, Tools and Equipment	Total
	Short Leasehold £'000s	Freehold £'000s	£'000s	£'000s	£'000s
Cost					
At 31 October 1985	-	-	-	-	-
Additions	-	-	27	10	37
Disposals				(7)	(7)
Inter-company: Additions	162	377	3,695	742	4,976
At 30 September 1986	162	377	3,722	745	5,006
	=====	=====	=====	=====	=====
Depreciation					
At 31 October 1985	-	-	-	-	-
Charge for period	1	2	76	35	114
Disposals	-	-	-	(7)	(7)
Inter-company: Additions	11	89	1,756	222	2,078
At 30 September 1986	12	91	1,832	250	2,185
	=====	=====	=====	=====	=====
NET BOOK VALUE					
AT 30 September 1986	150	286	1,890	495	2,821
	=====	=====	=====	=====	=====
At 31 October 1985	-	-	-	-	-
	=====	=====	=====	=====	=====

8 INVESTMENTS

The company owns the whole of the share capital of the following:-
 British Cod Liver Oils Limited
 Seven Seas Health Care Limited
 New Era Holdings Limited

These companies and their subsidiaries did not trade during the year.

These companies and their subsidiaries did not trade during the year.			
	30th September 1986 £'000s	31st October 1985 £'000s	
9 STOCKS			
Raw materials	1,318	-	
Work in progress	867	-	
Finished goods	1,638	-	
	<u>3,823</u>	<u>-</u>	
	=====	=====	
10 DEBTORS: DUE WITHIN ONE YEAR			
Trade debtors	4,648	-	
Amounts owed by fellow subsidiaries	294	-	
Other debtors	352	-	
Prepayments and accrued income	63	15	
	<u>5,357</u>	<u>15</u>	
	=====	=====	
11 CREDITORS: DUE WITHIN ONE YEAR			
Trade creditors	3,795	-	
Amounts owed to fellow subsidiaries	1,764	1,640	
Other taxation and social security	212	151	
Accruals and deferred income	433	-	
Other creditors	36	127	
Proposed dividend	-	1,761	
	<u>6,240</u>	<u>3,679</u>	
	=====	=====	
12 CREDITORS: DUE IN MORE THAN ONE YEAR			
Corporation Tax	1,448	-	
	=====	=====	
13 PROVISIONS FOR LIABILITIES AND CHARGES	Deferred £'000s	Rationalisation £'000s	Total £'000s
Balance at 1st November 1985	-	-	-
Transferred from Imperial Foods (General Products) Limited	242	1,200	1,442
Provided during period	307	-	307
	<u>549</u>	<u>1,200</u>	<u>1,749</u>
	=====	=====	=====
Balance at 30th September, 1986			

During the period Imperial Group plc was taken over by Hanson Trust plc. The company's forecasts of future capital expenditure have consequently been revised and deferred taxation timing differences are now expected to reverse. Full provision for deferred taxation is therefore considered necessary and the effect is reflected above.

The provision at 30th September 1986 is in respect of timing differences because of:-

Excess of tax allowances over depreciation	580
Other	(31)
	<u>549</u>
	=====

	30th September 1986 £'000s	31st October 1985 £'000s
14 CALLED UP SHARE CAPITAL		
Authorised, allotted, called up and fully paid		
50,000 ordinary shares at £1 each	50	50
	=====	=====
15 STATEMENT OF FUNDS		
	11 months ended 30th September 1986 £'000s	12 months ended 31st October 1985 £'000s
(a) Increase/(Decrease) in working capital		
Stocks	(87)	(669)
Debtors	(1,138)	2,043
Creditors	(1,364)	(578)
	=====	=====
	(2,589)	796
	=====	=====
(b) Increase/(Decrease) in net liquid funds		
Amount due from holding company	(33,413)	40,903
Balance at bank	(1,623)	9
	=====	=====
	(35,036)	40,912
	=====	=====
(c) The assets and liabilities on acquisition (1985: disposal) have been eliminated from the movements and the purchase costs have been substituted. A summary of the underlying net assets at the date of acquisition is as follows:-		
Fixed Assets	2,898	2,424
Stocks	3,736	4,443
Debtors	4,204	4,795
Amount due to holding company	(4,184)	(1,466)
Creditors	(5,373)	(5,508)
Cash at Bank and in Hand	2,287	247
Obligations under finance leases	-	(41)
Amount due to ultimate holding company	-	(2,700)
Deferred tax provision	(242)	(192)
Rationalisation provision	(1,200)	-
	=====	=====
	2,126	2,002
	=====	=====

16 PENSION OBLIGATIONS

The latest actuarial valuation of the Imperial Foods Group Pension Fund made in the year ended 5th April 1986 on a discontinuance basis showed no actuarial deficit.

17 ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Imperial Foods Limited. On the 18th April, 1986 an offer for the share capital of Imperial Group plc became unconditional and from that date the ultimate holding company became Hanson Trust plc, a company incorporated in Great Britain.