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MARFLEET REFINING COMPANY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30 SEPTEMBER 1987



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MARFLEET REFINING COMPANY LIMITED

DIRECTORS' REPORT

YEAR ENDED 30TH SEPTEMBER, 1987

The Directors present their report and accounts for the year ended 30th September, 1987.

1. PRINCIPAL ACTIVITY AND BUSINESS REVIEW

On the 19th December, 1986 the company withdrew from the processing of edible vegetable oils to concentrate on the manufacture and marketing of vitamin and health care products.

It is anticipated that the company will continue to concentrate its activity, for the foreseeable future, on the manufacture and marketing of vitamin supplements and health care products.

2. RESULTS AND DIVIDEND

The turnover and profits of the company are set out on Page 7. A dividend of £1,705,000 was paid during the year and a final dividend for the year of £2,500,000 is proposed. The retained profit for the year £1,067,000 (1986: Loss £30,503,000) has been added to reserves.

3. DIRECTORS

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

R.R.G. North
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. R.R.G. North who was appointed on 30th July, 1987, he is also a director of Imperial Foods Limited.

Mr. D.S. Lindsay who was a director of the company on the 1st October, 1986 ceased to be a director on 31st January, 1987.

Mr. J.J.S. Marshall who was a director on the 1st October, 1986 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. M. Skipwith who was a director on 1st October 1986, ceased to be a director on the 31st December, 1987.

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 plc as at 1st October, 1986 and 30th September, 1987.

REPORT (continued)

The disclosable interests of the directors in the share capital of the ultimate holding company, Hanson 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 plc Ordinary Shares of 25p each

	Shares Issued		Share Options	
	30th September 1987	1st October 1986	(see Note below) 30th September 1987	1st October 1986
C.O. Dixon	-	-	25,000	10,000
A.G. Clements	-	-	5,000	-
R. Grant	-	-	5,000	-
D.S. Sutton	-	-	5,000	-
K.T. Winkle	-	-	5,000	-

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.

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.

DIRECTORS' REPORT (continued)

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

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 16 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, 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

Deloitte Haskins & Sells

Deloitte Haskins & Sells

Chartered Accountants
Nottingham

28th April 1988

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.

MARFLEET REFINING COMPANY LIMITED
STATEMENT OF ACCOUNTING POLICIES (continued)

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 are 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.

MADELEET REFINING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER, 1987

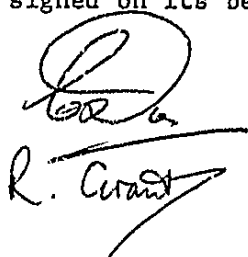
	Note	Year ended 30th September 1987 £'000s	11 months ended 30th September 1986 £'000s
TURNOVER	2	24,989	10,130
Cost of Sales	3	(20,261)	(8,608)
OPERATING PROFIT	3	4,728	1,522
Interest Receivable		63	-
Dividends Received		171	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,962	1,522
Taxation on profit on ordinary activities	5	96	-
Provision for Deferred Taxation	14	335	(307)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,393	1,215
EXTRAORDINARY ITEMS	6	(121)	(31,718)
PROFIT/(LOSS) FOR THE PERIOD		5,272	(30,503)
Dividends Paid and Proposed	7	(4,205)	-
RETAINED PROFIT/(LOSS) FOR THE PERIOD	16	1,067	(30,503)

MARLFUT REFINING COMPANY LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER, 1987

		30th September 1987	30th September 1986
	Note	£'000s	£'000s
FIXED ASSETS			
Tangible Assets	8	2,123	2,821
Investments	9	1,651	1,636
		<u>3,774</u>	<u>4,457</u>
CURRENT ASSETS			
Stocks	10	6,389	3,823
Debtors	11	4,029	5,357
Amount due from holding company		4,162	2,072
Cash at bank and in hand		1,538	664
		<u>16,118</u>	<u>11,916</u>
CREDITORS: DUE WITHIN ONE YEAR			
Creditors due within one year	12	(12,988)	(6,240)
NET CURRENT ASSETS		<u>3,130</u>	<u>5,676</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,904</u>	<u>10,133</u>
CREDITORS: DUE AFTER ONE YEAR	13	-	(1,448)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(551)	(1,749)
		<u>6,353</u>	<u>6,936</u>
CAPITAL AND RESERVES			
Called up Share Capital	15	50	50
Profit and Loss Account	16	6,303	6,886
		<u>6,353</u>	<u>6,936</u>

The accounts on pages 5 to 16 were approved by the Board of Directors on 23rd April, 1988 and signed on its behalf by:


) Director
)
) Director

MARFLEET REFINING COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH SEPTEMBER 1987

	Note	Year ended 30th September 1987 £'000s	11 months ended 30th September 1986 £'000s
SOURCE OF FUNDS			
Profit on Ordinary Activities before Taxation		4,791	1,522
Depreciation		462	114
Total arising from operations		<u>5,253</u>	<u>1,636</u>
Dividend Received (net)		125	-
Increase in working capital	17	<u>1,798</u>	<u>-</u>
		<u>7,176</u>	<u>1,636</u>
APPLICATION OF FUNDS			
Purchase of assets from holding company		-	(32,844)
Investment in subsidiaries purchased		(136)	(20)
Transfer of business from group company		(574)	-
Payment of rationalisation costs		(377)	-
Purchase of tangible assets		(103)	(37)
Aquisition of Goodwill		(1,650)	(182)
Dividends paid (Net)		(1,245)	-
Tax paid		(254)	-
Decrease in Working Capital	17	<u>-</u>	<u>(2,589)</u>
		<u>(4,339)</u>	<u>(36,672)</u>
Increase/(Decrease) in net liquid funds	17	<u>2,837</u>	<u>(35,036)</u>

MARFLEET REFINING COMPANY LIMITED

NOTES TO THE ACCOUNTS

1 REORGANISATION

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.

2 TURNOVER

The analysis of turnover by activity is as follows:

	Year Ended 30th September 1987 £'000s	11 months ended 30th September 1986 £'000s
Sale of Goods	24,989	8,201
Agency and Management Services	-	1,929
	<u>24,989</u>	<u>10,130</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	4,728	1,503
Agency and Management Services	-	19
	<u>4,728</u>	<u>1,522</u>
	=====	=====

(b) Operating profit

is arrived at after charging/(crediting):

Change in Stocks	(1,178)	(2,505)
Raw materials consumed	12,300	7,448
Staff costs	2,830	2,469
Depreciation	462	114
Auditors' fees and expenses	23	5
Hire of plant and vehicles	25	3
Profit on sale of tangible assets	-	-
Other Expenses	5,799	1,074
	<u>20,261</u>	<u>8,608</u>
	=====	=====

MARFLEET REFINING COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)

4 DIRECTORS AND EMPLOYEES

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

	Year Ended 30th September 1987	11 months ended 30th September 1986
Production	152	221
Sales and Marketing	53	45
Distribution	4	5
Administration	39	41
	<u>248</u>	<u>312</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:-

	Year Ended 30th September 1987 £'000s	11 months ended 30th September 1986 £'000s
Wages and salaries	2,623	2,285
Social security costs	207	184
Other pension costs	-	-
	<u>2,830</u>	<u>2,469</u>
	=====	=====

- (c) No employees received emoluments exceeding £30,000 for the period. (1986:Nil).

- (d)

	Year Ended 30th September 1987 £'000s	11 months ended 30th September 1986 £'000s
--	--	---

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

210	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

54	15
=====	=====

REFINING COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)

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

	Number	Number
£0 - £5,000	-	-
£5,001 - £10,000	-	5
£10,001 - £15,000	1	1
£20,001 - £25,000	1	-
£25,001 - £30,000	1	-
£30,001 - £35,000	2	-
£35,001 - £40,000	1	-

5 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 30th September 1987 £'000s	11 months ended 30th September 1986 £'000s
In respect of the period:		
United Kingdom Corporation Tax at 35.00% (1986 37.27%)	1,588	-
<u>Less</u> Group relief available	(1,270)	-
	318	-
<u>Less</u> ACT recoverable on interim dividend	(414)	-
	(96)	-
	=====	=====

6 EXTRAORDINARY ITEMS

	Year Ended 30th September 1987 £'000s	11 months ended 30th September 1986 £'000s
Amount written off investment acquired during the year to reduce value to net book value of investment (See Note 9)	(121)	-
Goodwill written off on acquisition of assets from Imperial Foods (General Products) Ltd	-	(31,718)
	(121)	(31,718)
	=====	=====

7 DIVIDENDS

	Year Ended 30th September 1987 £'000s	11 months ended 30th September 1986 £'000s
Paid during period	1,705	-
Proposed	2,500	-
	4,205	-
	=====	=====

SEVEN SEAS REFINING COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)

8 TANGIBLE FIXED ASSETS

	Land and Buildings -		Plant and Machinery £'000s	Fixtures Fittings, Tools and Equipment £'000s	Total £'000s
	Short Leasehold £'000s	Freehold £'000s			
Cost					
At 30 September 1986	162	377	3,722	745	5,006
Additions	-	-	14	89	103
Disposals	(6)	-	(37)	(18)	(61)
Inter-company: Additions	-	116	179	41	336
At 30 September 1987	156	493	3,878	857	5,384
Depreciation					
At 30 September 1986	12	91	1,832	250	2,185
Charge for period	2	8	271	179	462
Disposals	(6)	-	(49)	(6)	(61)
Inter-company: Additions	-	19	95	19	133
Charged as Extraordinary items against the 1986 provision	-	-	512	30	542
At 30 September 1987	8	118	2,663	472	3,261
NET BOOK VALUE					
AT 30 September 1987	148	375	1,215	385	2,123
At 31 October 1986	150	286	1,890	495	2,821

9 INVESTMENTS

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

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

The whole of the Share Capital of New Era Laboratories Limited was acquired during the year from New Era Holdings Limited for £136,000. This was written down to the net book value of the company, £15,000 and the amount written off is charged as an Extraordinary item.

LEET REFINING COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)

	1987 £'000s	1986 £'000s
10 STOCKS		
Raw materials	-	
Work in progress	2,603	1,318
Finished goods	1,747	367
	2,039	1,638
	6,389	3,823
	=====	=====
11 DEBTORS: DUE WITHIN ONE YEAR		
Trade debtors	3,704	4,648
Amounts owed by fellow subsidiaries	31	294
Other debtors	214	352
Prepayments and accrued income	80	63
	4,029	5,357
	=====	=====
12 CREDITORS: DUE WITHIN ONE YEAR		
Trade creditors	5,891	3,795
Amounts owed to fellow subsidiaries	2,307	1,764
Other taxation and social security	136	212
Accruals and deferred income	618	433
Other creditors	-	36
Proposed dividend	2,500	-
Corporation Tax	1,536	-
	12,988	6,240
	=====	=====
13 CREDITORS: DUE IN MORE THAN ONE YEAR		
Corporation Tax	-	1,448
	=====	=====
14 PROVISION FOR LIABILITIES AND CHARGES		
	1987 £'000s	1986 £'000s
Rationalisation of business	270	1,200
Deferred Taxation	281	549
	551	1,749
	=====	=====

The movement in provisions during the year are detailed below:

	Rationalisation £'000s	Deferred Tax £'000s
Provision as at 1st October, 1986	1,200	549
Transfer from subsidiary		56
Released to profit and loss account		(335)
Transfer between provisions	(11)	11
Applied to fixed assets (Note 8)	(542)	
Expensed in year	(377)	
Provision as at 30th September, 1987	270	281
	=====	=====

TRAINING COMPANY LIMITED
10 THE ACCOUNTS (continued)

Deferred Taxation is provided for in full at 35% (1986: 35%) and is in respect of timing differences because of:-

Excess of tax allowances over depreciation	381	580
Short term differences	(100)	(31)
	<u>281</u>	<u>549</u>
	===	===

- 15 CALLED UP SHARE CAPITAL
Authorised, allotted, called up and
fully paid
50,000 ordinary shares at £1 each

1987 £'000s	1986 £'000s
----------------	----------------

50	50
=====	=====

16 RESERVES

1987 £'000s	1986 £'000s
----------------	----------------

Profit and Loss Account

Retained profit brought forward	6,886	37,571
Adjustments to Goodwill on previous acquisitions written off to reserves	-	(107)
Goodwill written off - during the year the company purchased various trademarks and the goodwill arising has been written off direct to reserves	(1,650)	(75)
Retained Profit/(Loss) for the year	<u>1,067</u>	<u>(30,503)</u>
Retained Profit at 30th September, 1987	<u>6,303</u>	<u>6,886</u>
	=====	=====

17 STATEMENT OF FUNDS

Year Ended 30th September 1987 £'000s	11 months ended 30th September 1986 £'000s
--	---

(a) Increase/(Decrease) in working capital

Stocks	(2,388)	(87)
Debtors	1,540	(1,138)
Cr diters	2,646	(1,364)
	<u>1,798</u>	<u>(2,589)</u>
	=====	=====

(b) Increase/(Decrease) in net liquid funds

Amount due from holding company	1,932	(33,413)
Balance at bank	905	(1,623)
	<u>2,837</u>	<u>(35,036)</u>
	=====	=====

MARFLEET REFINING COMPANY LIMITED
NOTES TO THE ACCOUNTS (continued)

- (c) The assets and liabilities on acquisitions 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:-

	1987	1986
Fixed Assets		
Stocks	203	2,898
Debtors	178	3,736
Amount due to holding company	212	4,204
Creditors	158	(4,184)
Cash at Bank and in Hand	(66)	(5,373)
Corporation Tax	(31)	2,287
Deferred tax provision	(24)	-
Rationalisation provision	(56)	(242)
	-	(1,200)
	<u>574</u>	<u>2,126</u>
	=====	=====

On 1st October, 1986 the company acquired the assets and trade of Höfels Pure Foods Limited, a fellow subsidiary.

18 PENSION OBLIGATIONS

The latest actuarial valuation of the Imperial Foods Group Pension Fund made in the year ended 5th April 1987 on a discontinuance basis showed no actuarial deficit.

19 ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Hanson plc, a company incorporated in Great Britain.