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SEVEN SEAS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
30TH SEPTEMBER 1989

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23 JUN 1990
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SEVEN SEAS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH SEPTEMBER, 1989

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SEVEN SEAS LIMITED

REPORT OF THE DIRECTORS

YEAR ENDED 30TH SEPTEMBER, 1989

The Directors present their report and financial statements for the year ended 30th September, 1989.

1. PRINCIPAL ACTIVITY AND BUSINESS REVIEW

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 8. No dividend for the year is proposed. The retained profit for the year of £6,487,000 (1988 £6,217,000) 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:-

P.J. Harper
I. Stewart
C.O. Dixon
A.G. Clements
R. Grant
D.S. Sutton
K.T. Winkle

All the above named served as directors throughout the year with the exception of Mr. P.J. Harper and Mr. I. Stewart who were appointed on 2nd October, 1989.

Mr. A.R. Cotton and Mr. R. Jordan were appointed directors on 1st March, 1989 and resigned on 2nd October, 1989.

Mr. S.A. Read who was a director on the 1st October, 1988 ceased to be a director on 23rd February, 1989.

Mr. R.R.G. North who was a director on the 1st October, 1988 ceased to be a director on 28th February, 1989.

No director had any interests in the shares or debentures of the company or any other subsidiaries of Hanson PLC as at 1st October, 1988 and 30th September, 1989.

DIRECTORS' 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 (see Note below)	
	30th September 1989	1st October 1988	30th September 1989	1st October 1988
P.J. Harper	164,644	-	561,832	-
I. Stewart	96,466	-	301,297	-
C.O. Dixon	-	-	82,333	52,333
A.G. Clements	-	-	30,000	15,000
R. Grant	-	-	25,000	15,000
D.S. Sutton	-	-	20,000	10,000
K.T. Winkle	-	-	20,000	10,000

Note: The share options are options granted to subscribe for ordinary shares of 25p each of Hanson plc under the Hanson 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

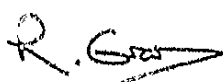
The Company continues to operate well established employee consultation arrangements. We remain firmly convinced that progress is most readily achieved by basing employees' involvement on their participation at the workplace - in the office, depot or factory. Management input to existing arrangements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

DIRECTORS' REPORT (continued)

5. AUDITORS

Our auditors Deloitte Haskins & Sells are in the process of merging their practice with Coopers & Lybrand. In the meantime they have adopted Coopers & Lybrand Deloitte as their business name and have signed their audit report in that name. A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD


R. Grant
Secretary

Hedon Road
Marfleet
Hull
HU9 5NJ

AUDITORS' REPORT TO THE MEMBERS OF
"SEVEN SEAS LIMITED"

We have audited the financial statements set out on pages 6 to 16 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 30th September, 1989 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

Coopers & Lybrand Deloitte

Chartered Accountants
Nottingham

30 April 1990

SEVEN SEAS 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 financial statements 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 tax 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.

SEVEN SEAS LIMITED
STATEMENT OF ACCOUNTING POLICIES (continued)

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 AND DEVELOPMENT/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.

SEVEN SEAS LIMITED

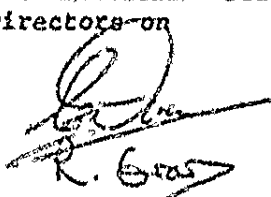
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER, 1989

	Note	1989 £'000s	1988 £'000s
TURNOVER	1	32,380	26,101
Cost of Sales	2	(25,918)	(20,639)
OPERATING PROFIT	2	6,462	5,462
Interest Receivable		20	28
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6,482	5,490
Taxation on profit on ordinary activities	4	1	739
Provision for Deferred Taxation	10	4	(12)
RETAINED PROFIT FOR THE PERIOD	12	6,487	6,217

SEVEN SEAS LIMITEDBALANCE SHEET AS AT 30TH SEPTEMBER, 1989

	Note	1989 £'000s	1988 £'000s
FIXED ASSETS			
Tangible Assets	5	2,232	2,164
Investments	6	1,653	1,652
		<u>3,885</u>	<u>3,816</u>
CURRENT ASSETS			
Stocks	7	7,760	6,409
Debtors	8	6,826	5,456
Amount due from holding company		10,419	4,764
Cash at bank and in hand		1,206	1,820
		<u>26,211</u>	<u>18,449</u>
CREDITORS: DUE WITHIN ONE YEAR			
Creditors due within one year	9	(10,619)	(9,249)
NET CURRENT ASSETS			
		<u>15,592</u>	<u>9,200</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		19,477	13,016
PROVISIONS FOR LIABILITIES AND CHARGES			
	10	(420)	(446)
		<u>19,057</u>	<u>12,570</u>
CAPITAL AND RESERVES			
Called up Share Capital	11	50	50
Profit and Loss Account	12	19,007	12,520
		<u>19,057</u>	<u>12,570</u>

The financial statements on pages 6 to 16 were approved by the Board of Directors on 30th April, 1990 and signed on its behalf by:


R. Gray
) Director
)
) Director

SEVEN SEAS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 30TH SEPTEMBER, 1989

	Note	1989 £'000s	1988 £'000s
<u>SOURCE OF FUNDS</u>			
Profit on Ordinary Activities before Taxation		6,482	5,490
Depreciation		411	373
Net Book Value of Fixed Asset Disposals		22	66
Total arising from operations		6,915	5,929
Dividend Received (net)		-	-
		6,915	5,929
<u>APPLICATION OF FUNDS</u>			
Investment in subsidiaries purchased		(1)	(1)
Payment of rationalisation costs		(22)	(117)
Purchase of tangible assets		(501)	(480)
Dividends paid (Net)		-	(2,500)
Tax paid		(317)	(479)
Increase in working capital	13	(1,033)	(1,468)
		(1,874)	(5,045)
Increase/(Decrease) in net liquid funds	13	5,041	884

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. TURNOVER

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

2. OPERATING PROFIT

	1989	1988
Operating profit is arrived at after charging/(crediting):		
Change in finished goods and work in progress	(1,626)	(232)
Raw materials consumed	13,406	10,491
Staff costs	3,482	2,911
Depreciation	411	373
Auditors' fees and expenses	29	26
Hire of plant and vehicles	46	31
Profit on sale of tangible assets	(23)	(39)
Other expenses	10,193	7,078
	<u>25,918</u>	<u>20,639</u>

3. DIRECTORS AND EMPLOYEES

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

	1989	1988
Production	185	164
Sales and Marketing	62	56
Distribution	4	3
Administration	46	47
	<u>297</u>	<u>270</u>

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. DIRECTORS AND EMPLOYEES (continued)

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

	1989 £'000s	1988 £'000s
Wages and salaries	3,219	2,764
Social security costs	252	147
Other pension costs	11	-
	<u>3,482</u>	<u>2,911</u>

(c) The number of employees who received emoluments exceeding £30,000 for the year was as follows:-

	1989 £'000s	1988 £'000s
£30,000 - £35,000	-	1
£35,001 - £40,000	2	-
£40,001 - £45,000	1	-

(d)

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

	1989 £'000s	1988 £'000s
	<u>267</u>	<u>231</u>

The Chairman of the company was employed by Lindustries Limited, a subsidiary of the ultimate holding company, and was remunerated by Lindustries Limited for his services to the Group. He did not receive any remuneration for his services as a director of the company.

Highest Paid Director

	1989 £'000s	1988 £'000s
	<u>73</u>	<u>58</u>

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

	Number	Number
£ 0 - £ 5,000	3	-
£ 5,001 - £10,000	1	-
£15,001 - £20,000	-	1
£30,001 - £35,000	-	1
£35,001 - £40,000	-	2
£40,001 - £45,000	2	1
£45,001 - £50,000	1	-
£50,001 - £55,000	1	-

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1989	1988
	£'000s	£'000s
In respect of the period:		
United Kingdom Corporation Tax at 35.00% (1988 35.00%)	2,289	1,897
<u>Less</u> Group relief available	(2,289)	(1,897)
	-	-
Prior year adjustment in respect of Group relief now available	-	(739)
Prior year adjustment in respect of provision no longer required	(1)	-
	(1)	(739)

5. 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 30 September 1988	157	493	3,969	952	5,571
Additions	-	-	334	167	501
Disposals	-	-	(49)	(126)	(175)
At 30 September 1989	157	493	4,254	993	5,897
Depreciation					
At 30 September 1988	12	126	2,818	451	3,407
Charge for period	3	8	233	167	411
Disposals	-	-	(47)	(106)	(153)
At 30 September 1989	15	134	3,004	512	3,665
NET BOOK VALUE					
At 30 September 1989	142	359	1,250	481	2,232
At 30 September 1988	145	367	1,151	501	2,164

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVESTMENTS

The company owns the whole of the share capital of the following:-

British Cod Liver Oils Limited
Seven Seas Health Care Limited
Marfleet Refining Company Limited
New Era Laboratories Limited
Vitrite Health Care Limited
Seven Seas (Ireland) Limited

These companies and their subsidiaries did not trade during the year. All are companies incorporated in the UK except Seven Seas (Ireland) Limited which is incorporated in Eire.

The whole of the issued Share Capital of Irish £100 of Seven Seas (Ireland) Limited was purchased on 1st July, 1989.

	1989 £'000s	1988 £'000s
7. STOCKS		
Raw materials	2,116	2,391
Work in progress	2,677	2,141
Finished goods	2,967	1,877
	<u>7,760</u>	<u>6,409</u>
8. DEBTORS: DUE WITHIN ONE YEAR		
Trade debtors	6,698	5,327
Amounts owed by fellow subsidiaries	5	5
Other debtors	41	90
Prepayments and accrued income	82	34
	<u>6,826</u>	<u>5,456</u>
9. CREDITORS: DUE WITHIN ONE YEAR		
Trade creditors	6,852	5,752
Amounts owed to fellow subsidiaries	2,309	2,308
Other taxation and social security	294	382
Accruals and deferred income	1,163	476
Other creditors	1	13
Corporation Tax	-	318
	<u>10,619</u>	<u>9,249</u>

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. PROVISION FOR LIABILITIES AND CHARGES

	1989 £'000s	1988 £'000s
Rationalisation of business	131	153
Deferred Taxation	289	293
	<u>420</u>	<u>446</u>

The movement in provisions during the year are detailed below:

	Rationalisation £'000s	Deferred Tax £'000s
Provision as at 1st October, 1988	153	293
Expensed in year	(22)	-
Release of Provision	-	(4)
Provision as at 30th September, 1989	<u>131</u>	<u>289</u>

Deferred Taxation is provided for in full at 35% (1988: 35%) and is in respect of timing differences because of:-

	1989 £'000s	1988 £'000s
Excess of tax allowances over depreciation	335	347
Short term differences	(46)	(54)
	<u>289</u>	<u>293</u>

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

1989 £'000s	1988 £'000s
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50	50
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12. RESERVES

Profit and Loss Account

	1989 £'000s	1988 £'000s
Retained profit at 1 October 1988	12,520	6,303
Retained Profit for the year	6,487	6,217
Retained Profit at 30th September, 1989	<u>19,007</u>	<u>12,520</u>

SEVEN SEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. STATEMENT OF FUNDS

	1989 £'000s	1988 £'000s
(a) (Increase)/Decrease in working capital		
Stocks	(1,351)	(20)
Debtors	(1,370)	(1,427)
Creditors	1,688	(21)
	<u>(1,033)</u>	<u>(1,468)</u>
(b) Increase/(Decrease) in net liquid funds		
Amount due from holding company	5,455	602
Balance at bank	(614)	282
	<u>5,041</u>	<u>884</u>

14. PENSION OBLIGATIONS

The latest actuarial valuation of the Imperial Retirement Benefits Scheme made as at the 5th April 1986 on a discontinuance basis showed no actuarial deficit. Details of the actuarial valuation are shown in the accounts of Imperial Tobacco Limited.

15. ULTIMATE HOLDING COMPANY

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