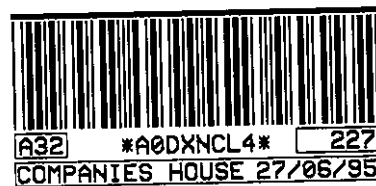


Seven Seas Limited

Report and Accounts

30 September 1994

 ERNST & YOUNG



Seven Seas Limited

Registered No. 351663

DIRECTORS

R I Menzies-Gow - Chairman
C O Dixon
A G Clements
M Douglas
R Grant
T Morrison
M K O'Shea (non executive)

SECRETARY

R Grant

AUDITORS

Ernst & Young
PO Box 3
Lowgate House
Lowgate
Hull HU1 1JJ

BANKERS

National Westminster Bank plc
64 Knightsbridge
London SW1X 7LG

REGISTERED OFFICE

Hedon Road
Marfleet
Hull HU9 5NJ

Seven Seas Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 September 1994.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The directors are satisfied with the results for the year.

During the year the company acquired several brands and trademarks including 'Haliborange' in both the UK and overseas markets.

In December 1994 the company acquired the whole of the share capital of Phillips Yeast Products Limited primarily to enhance its business in the petcare sector.

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 healthcare products for both human and animal consumption.

RESULTS AND DIVIDENDS

The turnover and profits of the company are set out on page 6. An interim dividend of £38,000,000 was paid in the year (1993 - £Nil). The directors do not propose the payment of a final dividend. The deficit for the year of £32,943,000 (1993 - surplus £8,858,000) has been deducted from reserves.

DIRECTORS

The directors of the company are those stated on page 1.

All directors served throughout the year except for Mr T Morrison and Mrs M Douglas who were appointed on 4 October 1994 and Mr R I Menzies-Gow who was appointed a director on 11 November 1994.

Mr D S Sutton and Mr K T Winkle were directors at the beginning of the year but resigned on the 2 October 1993. Mr L E T Ashford was a director of the company until he resigned on 23 December 1993.

Mr P J Harper and Mr C J Thomas were directors of the company throughout the year. They resigned on 30 September 1994 and 11 November 1994 respectively.

DIRECTORS' INTERESTS

No director had any interests in the shares or debentures of the company or any other subsidiary undertaking of Hanson PLC as at 1 October 1993 and 30 September 1994.

The disclosable interests of the directors in the share capital of the ultimate parent undertaking, Hanson PLC, according to the register kept by the company for the purposes of the Companies Act 1985 are shown below:

Ordinary shares of 25p each

	<i>30 September 1994</i>	<i>1 October 1993</i>
C O Dixon	20,000	20,000
A G Clements	15,000	-

DIRECTORS' INTERESTS (continued)

Options to subscribe for ordinary shares

	<i>At 1 October 1993</i>	<i>Granted</i>	<i>Exercised</i>	<i>At 30 September 1994</i>
C O Dixon	82,000	-	-	82,000
C O Dixon*	40,000	9,000	-	49,000
A G Clements	75,000	-	53,000	22,000
A G Clements*	22,000	20,000	-	42,000
M Douglas	5,000	-	-	5,000
M Douglas*	9,000	13,000	-	22,000
R Grant	38,000	-	-	38,000
R Grant*	18,000	16,000	-	34,000
T Morrison	24,000	-	-	24,000
T Morrison*	10,000	9,000	-	19,000

Options granted during the year were at a subscription price of 267.5p per share.

* In respect of options with exercise prices greater than the market price at 30 September 1994.

Details of options exercised and exercisable

	<i>Number of ordinary shares</i>	<i>Exercise price</i>	<i>Market price</i>	<i>Weighted average price of outstanding options</i>	<i>Exercise dates</i>
C O Dixon	-	-	-	197.5	1993-2002
C O Dixon*	-	-	-	241.3	1996-2004
A G Clements	53,000	181.5	284.0	211.5	1995-2002
A G Clements*	-	-	-	239.5	1996-2004
M Douglas	-	-	-	211.5	1995-2002
M Douglas*	-	-	-	254.4	1996-2004
R Grant	-	-	-	194.4	1994-2002
R Grant*	-	-	-	250.5	1996-2004
T Morrison	-	-	-	198.2	1993-2002
T Morrison*	-	-	-	250.6	1996-2004

No options lapsed during the year. The market price of the shares at 30 September 1994 was 228.0p and the range during the financial year was 228.0p to 299.5p.

Full details of directors' shareholdings and options to subscribe for shares are given in the company's Register of Directors' Interests which is open to inspection.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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 accounts 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.

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 origin. 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.

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.

AUDITORS

The auditors of the company, Ernst & Young, have signified their willingness to continue in office and a resolution to re-appoint them will be put to the members at the Annual General Meeting.

By order of the board



R Grant
Secretary

15 May 1995

REPORT OF THE AUDITORS
to the members of Seven Seas Limited

We have audited the accounts on pages 6 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts are free from material misstatement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 September 1994 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Hull

15 May 1995

Seven Seas Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 September 1994

	Notes	1994 £000	1993 £000
TURNOVER	2	53,784	46,630
Operating costs:			
Recurring		44,411	37,857
Exceptional		4,250	-
	3	48,661	37,857
OPERATING PROFIT		5,123	8,773
Interest receivable		8	6
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,131	8,779
Taxation charge/(credit)	5	74	(79)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,057	8,858
Dividend	6	38,000	-
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		(32,943)	8,858
Retained profit at 1 October 1993		38,231	29,373
Retained profit at 30 September 1994		5,288	38,231

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to ordinary shareholders of £5,057,000 in the year ended 30 September 1994 (1993 - profit £8,858,000).

Seven Seas Limited

BALANCE SHEET at 30 September 1994

	Notes	1994 £000	1993 £000
FIXED ASSETS			
Tangible assets	7	6,097	5,483
Investments	8	1,653	1,653
		<u>7,750</u>	<u>7,136</u>
CURRENT ASSETS			
Stocks	9	9,386	8,006
Debtors	10	51,917	46,106
Cash at bank and in hand		900	1,460
		<u>62,203</u>	<u>55,572</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	11	64,397	24,276
NET CURRENT (LIABILITIES)/ASSETS		<u>(2,194)</u>	<u>31,296</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,556</u>	<u>38,432</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	218	151
		<u>5,338</u>	<u>38,281</u>
CAPITAL AND RESERVES			
Called up share capital	13	50	50
Profit and loss account		5,288	38,231
EQUITY SHAREHOLDERS' FUNDS	14	<u>5,338</u>	<u>38,281</u>

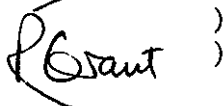
Approved by the Board of Directors on 15 May 1995

C O Dixon



Directors

R Grant



1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidated accounts

As the company is a wholly owned undertaking of a company which is itself incorporated in the United Kingdom, consolidated financial statements have not been prepared.

Turnover

Turnover comprises the value of goods and services invoiced, excluding value added tax.

It is the opinion of the directors that the company operates in one class of business.

Valuation of stock

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.

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% - 4%
Plant and equipment	10% - 15%
Computers	25% - 33%
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 certainty that the timing differences will reverse in the foreseeable future.

Translation of foreign currencies

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.

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 are included in profit on ordinary activities before taxation.

Pensions

The company's obligations to provide pensions for its employees are covered by the IT Pension Fund which is a defined benefit scheme whose assets are independent of Hanson PLC 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 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

NOTES TO THE ACCOUNTS

at 30 September 1994

2. TURNOVER

Analysis of turnover by geographical market supplied is not disclosed in these accounts because the directors consider that disclosure would be prejudicial to the business. Turnover is attributable to the principal continuing activity of the company.

3. OPERATING COSTS

	<i>1994</i> <i>£000</i>	<i>1993</i> <i>£000</i>
Increase in finished goods and work in progress	(706)	(440)
Raw materials and consumables	20,481	16,689
Staff costs (note 4)	6,166	5,284
Depreciation	841	701
Auditors' fees - audit services	24	23
Non audit services	29	13
Hire of plant and vehicles	151	144
Profit on sale of tangible fixed assets	(103)	(37)
Other operating charges	21,778	15,480
	<u>48,661</u>	<u>37,857</u>

Other operating charges includes £4,250,000 in respect of the exceptional write-off of brands and trademarks acquired in the year.

4. DIRECTORS AND EMPLOYEES

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

	<i>1994</i>	<i>1993</i>
Production	222	210
Sales and marketing	88	72
Distribution	24	25
Administration	39	46
	<u>373</u>	<u>353</u>

Seven Seas Limited

NOTES TO THE ACCOUNTS

at 30 September 1994

4. DIRECTORS AND EMPLOYEES (continued)

The costs incurred in respect of employees were:

	1994 £000	1993 £000
Wages and salaries	5,540	4,877
Social security costs	590	389
Other pension costs	36	18
	<u>6,166</u>	<u>5,284</u>

Directors' emoluments

	1994 £000	1993 £000
Directors' emoluments included in the above employment costs amounted to:	<u>358</u>	<u>331</u>
Chairman	-	-
Highest paid director	<u>96</u>	<u>93</u>

The emoluments (excluding pension contributions) of the directors fell within the following ranges:

	1994 No.	1993 No.
£0 - £5,000	4	4
£45,001 - £50,000	-	1
£50,001 - £55,000	1	1
£55,001 - £60,000	1	-
£60,001 - £65,000	-	1
£65,001 - £70,000	1	1
£75,001 - £80,000	1	-
£80,001 - £85,000	-	1
£95,001 - £100,000	1	-

5. TAXATION CHARGE/(CREDIT)

	1994 £000	1993 £000
Corporation tax at 33% (1993 - 33%)	2,846	2,735
Group relief	<u>(2,846)</u>	<u>(2,735)</u>
	-	-
Deferred tax (note 12)	<u>74</u>	<u>(79)</u>
	<u>74</u>	<u>(79)</u>

The tax charge has been reduced by group relief for which no payment is made. The corporation tax for the year is higher than expected as a result of there being no relief for the write-off of £4,250,000 of brands and trademarks in the year (note 3).

Seven Seas Limited

NOTES TO THE ACCOUNTS

at 30 September 1994

6. DIVIDEND

	1994 £000	1993 £000
Interim paid - £760 per share (1993 -£nil)	38,000	-

7. TANGIBLE FIXED ASSETS

	<i>Land and buildings Short leasehold £000</i>	<i>Freehold £000</i>	<i>Plant and machinery £000</i>	<i>Fixtures, fittings, Tools and equipment £000</i>	<i>Total £000</i>
Cost:					
At 30 September 1993	157	2,546	6,347	1,515	10,565
Additions	-	-	820	756	1,576
Disposals	-	(116)	(5)	(295)	(416)
At 30 September 1994	157	2,430	7,162	1,976	11,725
Depreciation:					
At 30 September 1993	27	288	3,976	791	5,082
Charge for the year	2	81	387	371	841
Disposals	-	(28)	(5)	(262)	(295)
At 30 September 1994	29	341	4,358	900	5,628
Net book amounts:					
At 30 September 1994	128	2,089	2,804	1,076	6,097
At 30 September 1993	130	2,258	2,371	724	5,483

Included in the cost of freehold land and buildings is £209,000 of land which is not depreciated (1993 - £209,000).

8. INVESTMENTS

	1994 £000	1993 £000
Shares in subsidiary undertakings		
Cost at 30 September	1,653	1,653

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 subsidiary undertakings did not trade during the year. All the companies are registered in England and Wales except Seven Seas (Ireland) Limited which is incorporated in the Republic of Ireland.

In the opinion of the directors the value of these investments is not less than that shown in these accounts.

Seven Seas Limited

NOTES TO THE ACCOUNTS

at 30 September 1994

9. STOCKS

	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>
Raw materials	2,539	1,865
Work in progress	2,802	3,296
Finished goods	4,045	2,845
	<u>9,386</u>	<u>8,006</u>

There is no significant difference between the balance sheet value of stock and its replacement cost.

10. DEBTORS

	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	11,793	9,679
Amounts owed by fellow subsidiary undertakings	39,984	36,204
Amounts owed by subsidiary undertakings	5	5
Other debtors	59	118
Prepayments and accrued income	76	100
	<u>51,917</u>	<u>46,106</u>

11. CREDITORS: amounts falling due within one year

	<i>1994</i>	<i>1993</i>
	<i>£000</i>	<i>£000</i>
Trade creditors	10,673	9,380
Amounts owed to immediate parent undertaking	49,000	11,000
Amounts owed to fellow subsidiary undertakings	655	654
Amounts owed to subsidiary undertakings	1,658	1,658
Other taxation and social security	1,386	461
Accruals and deferred income	965	745
Other creditors	60	378
	<u>64,397</u>	<u>24,276</u>

Seven Seas Limited

NOTES TO THE ACCOUNTS at 30 September 1994

12. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>1994</i> <i>£000</i>	<i>1993</i> <i>£000</i>
Rationalisation of business	30	37
Deferred taxation	188	114
	<u>218</u>	<u>151</u>

The movements in provisions during the year are detailed below:

	<i>Rationalisation</i> <i>£000</i>	<i>Deferred tax</i> <i>£000</i>
Provision at 1 October 1993	37	114
Utilised	(7)	-
Charged in the year	-	74
Provision at 30 September 1994	<u>30</u>	<u>188</u>

Deferred taxation is in respect of timing differences arising from:

	<i>1994</i> <i>£000</i>	<i>1993</i> <i>£000</i>
Excess of capital allowances over depreciation	274	126
Short term timing differences	(86)	(12)
	<u>188</u>	<u>114</u>

There are no further potential liabilities.

13. CALLED UP SHARE CAPITAL

	<i>1994</i> <i>£000</i>	<i>1993</i> <i>£000</i>
Authorised, allotted, called up and fully paid 50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

14. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<i>1994</i> <i>£000</i>	<i>1993</i> <i>£000</i>
Profit for the year	5,057	8,858
Dividend paid	(38,000)	-
	<u>(32,943)</u>	<u>8,858</u>
Opening equity shareholders' funds	38,281	29,423
Closing equity shareholders' funds	<u>5,338</u>	<u>38,281</u>

Seven Seas Limited

NOTES TO THE ACCOUNTS

at 30 September 1994

15. CAPITAL COMMITMENTS

	1994 £000	1993 £000
Expenditure contracted for	265	735
Expenditure authorised but not contracted for	143	336

16. PENSION OBLIGATIONS

Within the UK the Company participates in the IT Pension Fund which is a defined benefit scheme, the assets of which are held in trustee administered funds.

There is no pension cost to disclose in respect of the IT Pension Fund for the year ended 30 September 1994. This has been assessed in accordance with the advice of R Watson & Sons, consulting actuaries, using the projected unit method.

The latest actuarial valuation of the IT Pension Fund which now incorporates the Imperial Retirement Benefit Scheme was made as at 5 April 1992. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the future investment returns would be 9½% per annum, that dividends and rents from existing equity and property holdings would increase at 5% per annum in the long term, that pay increases would average 7% per annum and pension increases would be at least equal to those specified in the rules of the Scheme.

At the date of the latest actuarial valuation of the Fund, the market value of the assets of the Fund was £1,468 million. The total assets were sufficient to cover 116% of the benefits that had accrued to members, after allowing for expected future increases in earnings and for benefits improvements which have subsequently been implemented. Company contributions to the Fund remain suspended, having regard to the surplus disclosed at this valuation.

There are no outstanding or prepaid contributions at the balance sheet date.

17. SUBSEQUENT EVENTS

The company acquired the whole of the share capital of Phillips Yeast Products Limited on 22 December 1994.

18. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Hanson PLC, a company registered in England and Wales. The results of Seven Seas Limited are incorporated in the group accounts published by Hanson PLC. The accounts of Hanson PLC are available from 1 Grosvenor Place, London, SW1X 7JH.