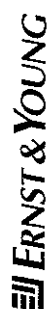


351663

Seven Seas Limited

Report and Accounts

30 September 1995

 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

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

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 September 1995.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The directors are satisfied with the results for the year.

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 for a consideration of £4,073,000.

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. The directors do not propose the payment of a final dividend. The surplus for the year of £10,813,000 (1994 - deficit £32,943,000) has been added to reserves.

POST BALANCE SHEET EVENTS

On 20 December 1995, the company received a dividend of £1,000,000 from Phillips Yeast Products Limited. On the same date, an interim dividend of £19,500,000 was paid.

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 C J Thomas who was a director of the company at the beginning of the year resigned on 11 November 1994.

Mr M K O'Shea who was a non executive director throughout the year resigned on 14 November 1995.

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 1994 and 30 September 1995.

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

	30 September 1995	1 October 1994
C O Dixon	20,000	20,000
A G Clements	15,197	15,000
R Grant	4,813	-

Mr R I Menzies-Gow is a director of Hanson Holdings (1) Limited, an intermediate holding company, and his interests in Hanson PLC, if any, are disclosed in the accounts of that company.

Seven Seas Limited

DIRECTORS' REPORT

DIRECTORS' INTERESTS (continued)

Options to subscribe for ordinary shares

	At 1 October 1994 (or date of appointment if later)	Granted	Exercised	At 30 September 1995
C O Dixon	131,000	14,000	-	145,000
A G Clements	64,000	11,000	-	75,000
M Douglas	27,000	16,000	-	43,000
R Grant	72,000	14,000	(21,000)	65,000
T Morrison	43,000	17,000	-	60,000

Options granted during the year were at a subscription price of 228.5p per share.

Options exercised during the year were at a price of 180.5p per share. The market price at the date of the option being exercised was 236.0p per share.

Details of options exercised and exercisable

	Number of ordinary shares	Weighted average price of outstanding options	Exercise dates
C O Dixon	45,000	180.5	1994 - 2001
C O Dixon*	100,000	231.0	1993 - 2004
A G Clements*	75,000	236.0	1995 - 2004
M Douglas*	43,000	239.8	1995 - 2004
R Grant*	65,000	235.6	1995 - 2004
T Morrison	11,000	180.5	1994 - 2001
T Morrison*	49,000	233.00	1993 - 2004

* In respect of options with exercise prices greater than the market price at 30 September 1995 of 202.5p per share.

The range of the middle market quotations for Hanson ordinary shares during the year was 198.5p to 242.0p per share.

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.

DIRECTORS' REPORT

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

8 January 1996

REPORT OF THE AUDITORS
to the members of Seven Seas Limited

We have audited the accounts on pages 6 to 15 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

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.

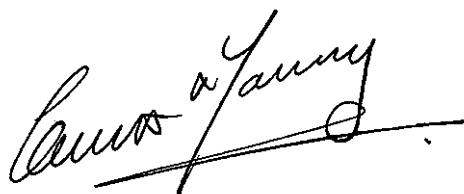
Basis of opinion

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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
Hull

8 January 1996

Seven Seas Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 September 1995

	Notes	1995 £000	1994 £000
TURNOVER	2	53,737	53,784
Operating costs:			
Recurring		42,859	44,411
Exceptional		-	4,250
	3	42,859	48,661
OPERATING PROFIT		10,878	5,123
Interest receivable		14	8
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10,892	5,131
Taxation charge	5	79	74
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		10,813	5,057
Dividend	6	-	38,000
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		10,813	(32,943)
Retained profit at 1 October 1994		5,288	38,231
Retained profit at 30 September 1995		16,101	5,288

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to ordinary shareholders of £10,813,000 in the year ended 30 September 1995 (1994 - £5,057,000).

Seven Seas Limited

BALANCE SHEET

at 30 September 1995

	Notes	1995 £000	1994 £000
FIXED ASSETS			
Tangible assets	7	6,218	6,097
Investments	8	5,726	1,653
		<u>11,944</u>	<u>7,750</u>
CURRENT ASSETS			
Stocks	9	9,493	9,386
Debtors	10	58,487	51,917
Cash at bank and in hand		1,103	900
		<u>69,083</u>	<u>62,203</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	11	64,589	64,397
NET CURRENT ASSETS/(LIABILITIES)		<u>4,494</u>	<u>(2,194)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,438</u>	<u>5,556</u>
PROVISIONS FOR LIABILITIES AND CHARGES	12	287	218
		<u>16,151</u>	<u>5,338</u>
CAPITAL AND RESERVES			
Called up share capital	13	50	50
Profit and loss account		16,101	5,288
EQUITY SHAREHOLDERS' FUNDS	14	<u>16,151</u>	<u>5,338</u>

Approved by the Board of Directors on 8 January 1996



G O Dixon



R Grant

Directors

Seven Seas Limited

NOTES TO THE ACCOUNTS

At 30 September 1995

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 attributable 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.

NOTES TO THE ACCOUNTS

At 30 September 1995

1. ACCOUNTING POLICIES (continued)

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.

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

	1995 £000	1994 £000
Increase in finished goods and work in progress	(712)	(706)
Raw materials and consumables	19,973	20,481
Staff costs (note 4)	6,370	6,166
Depreciation	903	841
Auditors' fees - audit services	29	24
- non audit services	7	29
Hire of plant and vehicles	198	151
Profit on sale of tangible fixed assets	(10)	(103)
Other operating charges	16,101	21,778
	<u>42,859</u>	<u>48,661</u>

4. DIRECTORS AND EMPLOYEES

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

	1995	1994
Production	224	222
Sales and marketing	96	88
Distribution	25	24
Administration	37	39
	<u>382</u>	<u>373</u>

Seven Seas Limited

NOTES TO THE ACCOUNTS

At 30 September 1995

4. DIRECTORS AND EMPLOYEES (continued)

The costs incurred in respect of employees were:

	1995 £000	1994 £000
Wages and salaries	5,761	5,540
Social security costs	548	590
Other pension costs	61	36
	<u>6,370</u>	<u>6,166</u>

Directors' emoluments

	1995 £000	1994 £000
Directors' emoluments, including pension contributions, amounted to:	344	358
Chairman	-	-
Highest paid director	94	96

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

	1995 No.	1994 No.
£0 - £5,000	3	4
£50,001 - £55,000	2	1
£55,001 - £60,000	-	1
£60,001 - £65,000	1	-
£65,001 - £70,000	-	1
£70,001 - £75,000	1	-
£75,001 - £80,000	-	1
£90,001 - £95,000	1	-
£95,001 - £100,000	-	1

5. TAXATION CHARGE

	1995 £000	1994 £000
Corporation tax at 33% (1994 - 33%)	3,588	2,846
Group relief	(3,588)	(2,846)
Overseas tax	7	-
	<u>7</u>	<u>-</u>
Deferred tax (note 12)	72	74
	<u>79</u>	<u>74</u>

The tax charge has been reduced by group relief for which no payment is made.

Seven Seas Limited

NOTES TO THE ACCOUNTS at 30 September 1995

6. DIVIDEND

	1995 £000	1994 £000
Interim paid - £Nil per share (1994 - £760)	-	38,000

7. TANGIBLE FIXED ASSETS

	<i>Land and buildings</i>		<i>Plant and machinery</i>	<i>Fixtures, fittings, tools and equipment</i>	<i>Total</i>
	<i>Short leasehold</i>	<i>Freehold</i>			
	£000	£000	£000	£000	£000
Cost:					
At 30 September 1994	157	2,430	7,162	1,976	11,725
Additions	-	-	334	761	1,095
Disposals	-	-	(13)	(183)	(196)
At 30 September 1995	157	2,430	7,483	2,554	12,624
Depreciation:					
At 30 September 1994	29	341	4,358	900	5,628
Charge for the year	3	80	410	410	903
Disposals	-	-	(13)	(112)	(125)
At 30 September 1995	32	421	4,755	1,198	6,406
Net book amounts:					
At 30 September 1995	125	2,009	2,728	1,356	6,218
At 30 September 1994	128	2,089	2,804	1,076	6,097

Included in the cost of freehold land and buildings is £209,000 of land which is not depreciated (1994 - £209,000).

Seven Seas Limited

NOTES TO THE ACCOUNTS at 30 September 1995

8. INVESTMENTS

	<i>£000</i>
Shares in subsidiary undertakings at cost:	
At 30 September 1994	1,653
Additions	4,073
At 30 September 1995	5,726

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.

During the year the company acquired the whole of the share capital of Phillips Yeast Products Limited, a company registered in England, from Hanson PLC. Phillips Yeast Products Limited continued to trade during the year.

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

9. STOCKS

	<i>1995</i> <i>£000</i>	<i>1994</i> <i>£000</i>
Raw materials	1,934	2,539
Work in progress	3,433	2,802
Finished goods	4,126	4,045
	9,493	9,386

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

Seven Seas Limited

NOTES TO THE ACCOUNTS

at 30 September 1995

10. DEBTORS

	1995 £000	1994 £000
Trade debtors	11,747	11,793
Amounts owed by ultimate parent undertaking	18	-
Amounts owed by fellow subsidiary undertakings	46,568	39,984
Amounts owed by subsidiary undertakings	5	5
Other debtors	70	59
Prepayments and accrued income	79	76
	<u>58,487</u>	<u>51,917</u>

11. CREDITORS: amounts falling due within one year

	1995 £000	1994 £000
Trade creditors	9,669	10,673
Amounts owed to immediate parent undertaking	49,000	49,000
Amounts owed to fellow subsidiary undertakings	657	655
Amounts owed to subsidiary undertakings	3,154	1,658
Corporation tax	7	-
Other taxation and social security	1,058	1,386
Accruals and deferred income	1,044	965
Other creditors	-	60
	<u>64,589</u>	<u>64,397</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	1995 £000	1994 £000
Rationalisation of business	27	30
Deferred taxation	260	188
	<u>287</u>	<u>218</u>

The movements in provisions during the year are detailed below:

	Rationalisation £000	Deferred tax £000
Provision at 1 October 1994	30	188
Utilised	(3)	-
Charged in the year	-	72
	<u>27</u>	<u>260</u>
Provision at 30 September 1995		

Seven Seas Limited

NOTES TO THE ACCOUNTS

at 30 September 1995

12. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Deferred taxation is in respect of timing differences arising from:

	1995 £000	1994 £000
Excess of capital allowances over depreciation	385	274
Short term timing differences	(125)	(86)
	<u>260</u>	<u>188</u>

There are no further potential liabilities.

13. CALLED UP SHARE CAPITAL

	1995 £000	1994 £000
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

	1995 £000	1994 £000
Profit for the year	10,813	5,057
Dividend paid	-	(38,000)
	<u>10,813</u>	<u>(32,943)</u>
Opening equity shareholders' funds	5,338	38,281
Closing equity shareholders' funds	<u>16,151</u>	<u>5,338</u>

15. CAPITAL COMMITMENTS

	1995 £000	1994 £000
Expenditure contracted for	<u>190</u>	<u>265</u>
Expenditure authorised but not contracted for	<u>213</u>	<u>143</u>

Seven Seas Limited

NOTES TO THE ACCOUNTS

at 30 September 1995

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 1995. 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. POST BALANCE SHEET EVENTS

On 20 December 1995, the company received a dividend of £1,000,000 from Phillips Yeast Products Limited. On the same date, an interim dividend of £19,500,000 was paid.

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.