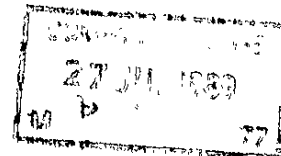


ARTHUR  
ANDERSEN  
& CO.

1018237



PEC (PLASTICS) LIMITED

ACCOUNTS -- 31 DECEMBER 1988

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

PEC (PLASTICS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1988

The directors present their annual report on the affairs of the Company, together with the accounts and auditors' report, for the year ended 31 December 1988.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

On 1 January 1988, the assets and liabilities of the Company were transferred to Vitamol Limited and the business continued as a division of Vitamol Limited.

RESULTS AND DIVIDENDS

Results and dividends are as follows :

Retained profit at 31 December 1987	£199,283
Dividends paid	(199,283)
Retained profit at 31 December 1988	£ -

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

R.H. Sellers (Appointed 29 April 1988)  
A.R. Teague (Appointed 29 April 1988)  
F.J. Eaton (Resigned 29 April 1988)  
J. Mercer (Resigned 29 April 1988)

The interests of the directors in the shares of the holding company, British Vita PLC, are as follows:

	Ordinary shares of 25p each			
	1988		1987	
	Shares	Options	Shares	Options
A.R. Teague	14,000	77,754	-	71,708

Prior year figures have been adjusted for the 1988 capitalisation issue.

The interests of R.H. Sellers in the shares of the holding company are shown in the consolidated accounts of that company.

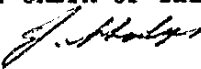
#### FIXED ASSETS

Information relating to changes in tangible fixed assets is given in the notes to the accounts.

#### AUDITORS

The directors intend to place a special resolution before the Annual General Meeting not to re-appoint auditors in accordance with the provisions of Section 252 of the Companies Act 1985.

BY ORDER OF THE BOARD

  
J. HOORES  
~~Mr. Teague~~  
Secretary

13 March 1989

ARTHUR ANDERSEN & Co

BANK HOUSE  
9 CHARLOTTE STREET  
MANCHESTER M1 4EU

To the Members of PEC (Plastics) Limited

We have audited the accounts set out on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the Company at 31 December 1988 and comply with the Companies Act 1985.

Arthur Andersen & Co.

13 March 1989

PEC (PLASTICS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1988

		<u>Year ended</u> <u>Notes 31 December 1988</u>	<u>Period ended</u> <u>31 December 1987</u>
TURNOVER		£ -	£5,216,306
Cost of sales		-	(4,355,439)
GROSS PROFIT		£ -	£ 860,927
Distribution costs		-	(190,346)
Administrative expenses		-	(293,578)
OPERATING PROFIT	2	£ -	£ 377,003
Interest payable and similar charges	4	-	(11,931)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		£ -	£ 365,072
Tax on profit on ordinary activities	5	-	(123,200)
PROFIT FOR THE FINANCIAL YEAR		£ -	£ 241,872
PROFIT AND LOSS ACCOUNT, beginning of year		199,283	497,611
Dividends paid and proposed	6	(199,283)	(540,200)
PROFIT AND LOSS ACCOUNT, end of year		£ - =====	£ 199,283 =====

The accompanying notes are an integral part of this account.

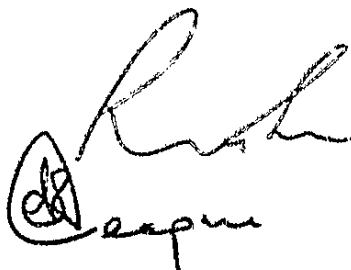
PEC (PLASTICS) LIMITED

BALANCE SHEET -- 31 DECEMBER 1988

	<u>Notes</u>	<u>1988</u>	<u>1987</u>
FIXED ASSETS			
Tangible assets	7	£ -	£ 235,110
CURRENT ASSETS			
Stocks	8	£ -	£ 95,941
Debtors	9	3,000	761,668
Cash at bank and in hand		-	34,463
		£ 3,000	£ 892,072
CREDITORS: Amounts falling due within one year	10	-	(886,899)
NET CURRENT ASSETS		£ 3,000	£ 5,173
TOTAL ASSETS LESS CURRENT LIABILITIES		£ 3,000	£ 240,283
PROVISION FOR LIABILITIES AND CHARGES	11	-	(38,000)
NET ASSETS		£ 3,000	£ 202,283
CAPITAL AND RESERVES			
Called-up share capital	12	£ 3,000	£ 3,000
Profit and loss account		-	199,283
TOTAL CAPITAL EMPLOYED		£ 3,000	£ 202,283

SIGNED ON BEHALF OF THE BOARD

R.H. Sellers )  
A.R. Teague ) Directors



13 March 1989

The accompanying notes are an integral part of this balance sheet.

PEC (PLASTICS) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1988

	Year ended 31 December 1988	Period ended 31 December 1987
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	£ -	£ 365,072
Add (deduct) items not involving the movement of funds:		
Depreciation	-	90,712
Profit on sale of tangible fixed assets	-	(6,524)
Total funds from operations	£ -	£ 449,260
Transfer of net assets to Vitamol Limited	199,283	-
Proceeds from sale of tangible fixed assets	-	40,049
Proceeds from sale of investments	-	126,510
Transfers of tangible fixed assets to group companies	-	124,705
	£ 199,283	£ 740,524
<b>APPLICATION OF FUNDS</b>		
Dividends paid	£ 199,283	£ 492,000
Decrease in creditors due after more than one year	-	21,050
Purchase of tangible fixed assets	-	127,810
Increase in net current assets, as shown below	-	99,664
	£ 199,283	£ 740,524
<b>INCREASE (DECREASE) IN NET CURRENT ASSETS</b>		
Stocks	£ -	£ (6,637)
Debtors	-	(12,925)
Creditors falling due within one year	-	102,394
	£ -	£ 82,832
Movement in net liquid funds:		
Cash at bank and in hand	-	(23,348)
Bank loans and overdrafts	-	40,180
	£ -	£ 99,664

The accompanying notes are an integral part of this statement.

PEC (PLASTICS) LIMITED

NOTES TO THE ACCOUNTS -- 31 DECEMBER 1988

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention.

2. OPERATING PROFIT

Operating profit is stated after charging (crediting):

	Year ended 31 December 1988	Period ended 31 December 1987
Depreciation	£ -	£ 90,712
on plant and equipment	-	9,599
on operating leases	-	(6,524)
on sale of fixed assets	-	4,000
Directors' remuneration	-	1,344,995
Staff costs (Note 3)	-	-
	=====	=====

3. STAFF COSTS

Particulars of employees (including executive directors) are shown below.

	Year ended 31 December 1988	Period ended 31 December 1987
Employee costs during the year amounted to:		
Wages and salaries	£ -	£1,207,515
Social security costs	-	124,787
Other pension costs	-	12,693
	=====	=====
	£ -	£1,344,995
	=====	=====

The average weekly number of persons employed by the Company during the year was Nil (1987 - 72).



4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 December 1988	Period ended 31 December 1987
On bank loans and overdrafts repayable within five years, not by instalments	£ - =====	£ 11,931 =====

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises:

	Year ended 31 December 1988	Period ended 31 December 1987
Corporation tax at 35%	£ -	£ 137,800
Deferred taxation arising from capital allowances	-	(14,600)
	£ - =====	£ 123,200 =====

6. DIVIDENDS PAID AND PROPOSED

	Year ended 31 December 1988	Period ended 31 December 1987
Ordinary		
- interim paid	£ 199,283	£ 492,000
- final proposed	-	48,200
	£ 199,283 =====	£ 540,200 =====

7. TANGIBLE FIXED ASSETS

	<u>Plant and equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
COST			
Beginning of year	£541,296	£ 72,206	£613,502
Group transfers	(541,296)	(72,206)	(613,502)
End of year	£ -	£ -	£ -
DEPRECIATION			
Beginning of year	£341,468	£ 36,924	£378,392
Group transfers	(341,468)	(36,924)	(378,392)
End of year	£ -	£ -	£ -
NET BOOK VALUE			
End of year	£ -	£ -	£ -
	=====	=====	=====

8. STOCKS

	<u>1988</u>	<u>1987</u>
Raw materials and consumables	£ -	£ 61,643
Work-in-progress	-	8,100
Finished goods and goods for resale	-	26,198
	£ -	£ 95,941
	=====	=====

9. DEBTORS

Amounts falling due within one year:

	<u>1988</u>	<u>1987</u>
Trade debtors	£ -	£ 737,250
Amounts owed by parent company	3,000	-
Other debtors	-	1,322
Prepayments and accrued income	-	23,096
	£ 3,000	£ 761,668
	=====	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1988</u>	<u>1987</u>
Trade creditors	£ -	£ 259,789
Amounts owed to other group companies	-	294,688
Other creditors:		
- UK corporation tax payable	-	137,800
- Proposed dividends	-	48,200
- VAT	-	53,335
- Social security and PAYE	-	44,080
Accruals and deferred income	-	39,007
	<u>£ -</u>	<u>£ 886,899</u>

11. PROVISION FOR LIABILITIES AND CHARGES

Provision for liabilities and charges comprises provision for deferred taxation as follows :

	<u>1988</u>	<u>1987</u>
Excess of tax allowances over book depreciation of fixed assets	£ -	£ 38,000

12. CALLED-UP SHARE CAPITAL

	<u>1988</u>	<u>1987</u>
Authorised:		
5,000 ordinary shares of £1 each	£ 5,000	£ 5,000
Allotted, called-up and fully paid:		
3,000 ordinary shares of £1 each	£ 3,000	£ 3,000

13. ULTIMATE HOLDING COMPANY

The Company is a subsidiary of British Vita PLC, a company incorporated in England.