

TULLIS RUSSELL PAPERMAKERS LIMITED

**REPORT and ACCOUNTS
For the year ended 31 March 1998**

Registration Number : SC006195



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COMPANIES HOUSE 02/12/98

Directors

J.F.S. Daglish
T.G. Wishart
F.A.W. Bowden
D.C. Munro
C.A.G. Parr
W.A. Roxburgh
R.J. Traill

Secretary: G.D. Miller

Registered Office and Advisors

Registered Office: Rothesfield
Markinch
GLENROTHES
KY7 6PB

Auditors: Deloitte & Touche
EDINBURGH

Bankers: The Royal Bank of Scotland plc
National Westminster Bank PLC

Solicitors: Dundas & Wilson CS
EDINBURGH

Directors' Report

The directors present their report together with the accounts for the year ended 31 March 1998.

Results and Dividends

The profit on the ordinary activities before taxation was £3,608,000 (1997 : £5,669,000). The taxation charge was £1,114,000 (1997 : £1,542,000), leaving a profit after taxation attributable to the members of the company of £2,494,000 (1997 : £4,127,000). The directors recommend a final dividend of £322,000 which, together with an interim dividend paid of £896,000, gives a total dividend for the year of £1,218,000 (1997 : £2,057,000), leaving £1,276,000 (1997 : £2,070,000) to be added to reserves.

Principal Activities

The company's principal activity is the manufacture and coating of high quality printing grades of paper and board. It operates in the UK and through overseas branches in France and Germany.

Financial Review and Development of Business

A major feature during the year has been the strength of sterling and the resultant pressure on margins. Despite strong volumes and improvements in efficiencies, this pressure resulted in a fall in pre tax profits of 36% from £5,669,000 to £3,608,000.

Cash balances increased by £2,350,000 which, given the increased level of business, a strong pound and a £5,519,000 capital investment programme, was extremely satisfactory.

It appears that the strength of sterling is likely to continue for the majority of the coming year which, together with pulp price increases which seem to be inevitable, will exert ongoing pressure on margins. This pressure must continue to be managed within our ever changing market environment.

Employee Involvement

Employee involvement is central to the growth of the business. Systems exist to increase employee awareness of company performance and strategy through a monthly team briefing system, quarterly magazine and annual training sessions. Communication workshops and the development of a central information centre have assisted in the development of employee awareness and involvement.

Employees are encouraged to participate fully in performance at their place of work. A number of successful problem solving teams have been established dealing with operations, environment and health and safety issues. Teamworking is being developed in all areas of the company.

There is a commitment to Total Quality Management and continuous improvement.
The company is currently working towards the achievement of the Investors in People standard.

Disabled Employees

The company is an equal opportunities employer and actively works to ensure that no employee or potential employee is disadvantaged as a result of their sex, religion, age, race or personal circumstances. This policy is applied at all stages of the recruitment and selection process during employment.

The company complies with the requirements of the Disability Discrimination Act 1996 and ensures that, where possible, reasonable adjustments are made to accommodate employees or potential employees who may have or develop a disability within the definition of the Act.

Directors' Report (cont'd)

Health and Safety

The company has continued its initiatives to improve the standards of health and safety at work. A three year action plan will be developed in line with the Health and Safety Executive requirements to focus on the prevention of accidents and an improved awareness of health and safety issues.

The company will meet the requirements of the European Working Time Directive to be implemented in October 1998.

Education Links and Youth Training

The company recognises the importance of links between education and industry and actively pursues these. A number of initiatives have been developed, including: the Paper Federation Industry Schools Link Programme, awareness programmes, school visits and assistance with project work and the continuation of the Scholarship scheme.

Through the Government funded Skillseeker programme the company has recruited ten youngsters, 8 employed in Engineering and 2 in Administration. All trainees will receive a recognised SVQ level II or III. A commitment has also been made to the Government's 'New Deal' initiative and links have been established with local colleges to assist in setting employability standards.

Research and Development

The company is committed to research and development aimed at improving the quality of existing, and designing new products and processes.

Directors and their Interests

The directors who held office during the year have been:

J F S Daglish
T G Wishart
F A W Bowden
D C Munro
G R Rodger (died 13/7/97)
W A Roxburgh
J M Wigzell (resigned 30/4/97)
R J Traill
C A G Parr (appointed 2/6/97)

None of the directors have any interest in the shares of the company.

Directors' interests in the shares of the parent company are disclosed at note 15 to the accounts.

Directors' Responsibilities for Preparation of the Accounts

Company law requires the directors to prepare accounts for each accounting period which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- ♦ state whether applicable accounting standards have been followed, 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.

Directors' Report (cont'd)

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.

Charitable Donations

Donations to charitable and public organisations amounted to £30,000 (1997 : £27,500).

Supplier Payment Policy

The company's policy is to pay suppliers within agreed payment terms. The policy is known to the staff who handle payments to suppliers.

The ratio, expressed in days, between the amounts invoiced to the company by its suppliers in the year ended 31 March 1998 and the amounts owed to its trade creditors at the end of the year was 113 days.

Auditors

The auditors are appointed by the shareholders at each Annual General Meeting, to act until the conclusion of the following Annual General Meeting. The auditors for 1998 were Deloitte & Touche and a resolution concerning their re-appointment and remuneration will be proposed at the Annual General Meeting.

Approval of Accounts

The accounts were approved by the Board of Directors on 12 June 1998 and were signed on behalf of the directors by F.A.W. Bowden and C.A.G. Parr on that date.

BY ORDER OF THE BOARD



G.D. MILLER

Secretary

12 June 1998

Auditors' Report to the Shareholders of Tullis Russell & Company Limited

We have audited the financial statements on pages 7 to 20 which have been prepared under the accounting policies set out on pages 9 and 10.

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.

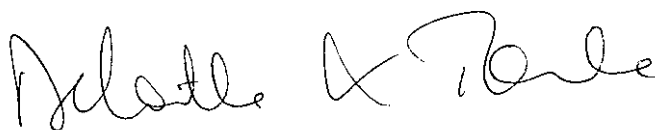
Basis of Opinion

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 mis-statement, 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 financial statements give a true and fair view of the state of the company's affairs as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants & Registered Auditors

39 George Street

EDINBURGH EH2 2HZ

12 June 1998

Profit and Loss Account Year ended 31 March 1998

		1998	1997
	Notes	Continuing Operations £'000	Continuing Operations £'000
TURNOVER			
Cost of sales	1	101,592 <u>(77,325)</u>	105,788 <u>(78,702)</u>
GROSS PROFIT		24,267	27,086
<i>Net Operating Expenses:</i>			
Distribution costs		(15,475)	(14,672)
Administrative costs		<u>(4,120)</u>	<u>(5,941)</u>
OPERATING PROFIT	3	4,672	6,473
Profit on disposal of properties		<u>-</u>	<u>40</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		4,672	6,513
Net interest payable	4	<u>(1,064)</u>	<u>(844)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		3,608	5,669
Tax on profit on ordinary activities	5	<u>(1,114)</u>	<u>(1,542)</u>
PROFIT FOR THE FINANCIAL YEAR		2,494	4,127
Dividends (including non-equity)	6	<u>(1,218)</u>	<u>(2,057)</u>
RETAINED PROFIT FOR THE YEAR	16	<u><u>1,276</u></u>	<u><u>2,070</u></u>

There are no recognised gains or losses for the current financial year and preceding financial year other than those disclosed in the profit and loss account. Accordingly, no statement of recognised gains and losses is given.

NOTE OF HISTORICAL COST PROFITS AND LOSSES Year ended 31 March 1998

Reported profit on ordinary activities before taxation		3,608	5,669
Realisation of property valuation gains of prior years	16	71	-
Difference between the historical depreciation charge (including gains/losses on disposals) and the actual charge calculated on the revalued amount.	16	<u>470</u>	<u>481</u>
Historical cost profit on ordinary activities before tax		<u>4,149</u>	<u>6,150</u>
Historical cost profit for the year retained after taxation and dividends		<u><u>1,817</u></u>	<u><u>2,551</u></u>

Balance Sheet as at 31 March 1998

	Notes	1998	1997
		£'000	£'000
FIXED ASSETS			
Tangible assets	7	46,567	44,483
CURRENT ASSETS			
Stocks	8	13,778	12,867
Debtors - amounts falling due after more than one year	9	1,379	1,296
Debtors - amounts falling due within one year	10	25,450	28,762
Cash at bank and on hand		3,833	1,483
		<u>44,440</u>	<u>44,408</u>
CREDITORS: Amounts falling due within one year	11	<u>(25,856)</u>	<u>(25,515)</u>
NET CURRENT ASSETS		<u>18,584</u>	<u>18,893</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		65,151	63,376
CREDITORS: Amounts falling due after more than one year			
Obligations under finance leases	12	(1,613)	(2,329)
Pension commitments	13	<u>(4,447)</u>	<u>(3,926)</u>
		(6,060)	(6,255)
ACCRUALS AND DEFERRED INCOME			
Deferred government grants		<u>(972)</u>	<u>(278)</u>
NET ASSETS		<u>58,119</u>	<u>56,843</u>
CAPITAL AND RESERVES			
Called up share capital	14	5,449	5,449
Share premium account	16	876	876
Profit & loss account	16	42,945	41,128
Revaluation reserve	16	<u>8,849</u>	<u>9,390</u>
SHAREHOLDERS' FUNDS (includes non-equity interests)	17	<u>58,119</u>	<u>56,843</u>



F.A.W. BOWDEN

DIRECTOR

12 June 1998

DIRECTOR


C.A.G. PARR

Notes to the Accounts as at 31 March 1998

STATEMENT OF ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention, modified to include the revaluation of fixed assets, and in accordance with applicable Accounting Standards.

CASH FLOW STATEMENT

A cash flow statement is not included because the company is a wholly owned subsidiary undertaking of a parent undertaking which produces group accounts including a consolidated cash flow statement.

TURNOVER

Turnover comprises sales and is stated net of value added tax.

GOVERNMENT GRANTS

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

LEASED ASSETS

Assets held under finance leases and hire purchase agreements are capitalised as tangible fixed assets at fair value and are depreciated on the same basis as owned assets. The obligation for lease and capital payments less finance charges allocated to future periods is included in creditors. Finance charges for each contract are charged to profit and loss account on a basis which reflects the owner's estimated net cash investment in the contract.

Rentals paid under operating leases are charged to profit and loss account in accordance with the terms of the relevant lease agreements.

DEPRECIATION

Depreciation is provided on all tangible fixed assets other than land and assets in the course of construction, at rates calculated to write off the cost or valuation, less estimated realisable value, of each asset over its expected useful life.

The range of anticipated lives of the assets is:

Freehold buildings	-	50 years
Plant, equipment and vehicles	-	4 to 20 years

Notes to the Accounts (cont'd)

STOCKS

Stocks (including work in progress) are valued at the lower of cost and estimated net realisable value on a first-in, first-out basis.

The cost of stocks comprises direct materials and related costs of conversion being direct labour and production overheads.

Provision for losses is made, where relevant, by reference to the contracted or selling price of the contract or item concerned.

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to profit and loss account in the year in which it is incurred.

DEFERRED TAXATION

Provision is made on the liability method for taxation which is foreseen with reasonable probability to be payable in future. The rates used to compute the tax are those which will apply to the financial years in which the tax is expected to be payable. Advance Corporation Tax is carried forward only insofar as it is considered to be recoverable in future periods. A deferred taxation asset is recognised in respect of the creditor for pensions accrued in accordance with SSAP24.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date or at the rate used to hedge the balances if different.

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction.

All differences are taken to the profit and loss account.

PENSION COSTS

The principal group pension scheme is a defined benefit scheme which is valued every three years by a professionally qualified independent actuary. The regular cost of providing pension benefits and any variations from regular cost arising from the actuarial valuations are charged to the profit and loss account over the expected remaining service lives of current employees, following consultations with the actuary. Any difference between the charge to the profit and loss account and the actual contributions paid to the scheme is included as an asset or liability in the balance sheet.

Notes to the Accounts (cont'd)

1. TURNOVER AND SEGMENTAL INFORMATION

(a) CLASSES OF BUSINESS

SALES	1998			1997		
	Paper-making £'000	Other £'000	Total £'000	Paper-making £'000	Other £'000	Total £'000
Continuing Operations	101,426	166	101,592	105,655	133	105,788

(b) GEOGRAPHICAL SEGMENTS

TURNOVER	1998 £'000	1997 £'000
Turnover by destination		
United Kingdom	64,557	69,316
Europe	24,497	25,306
North America	3,144	2,702
Asia	3,536	3,854
Other	5,858	4,610
	<u>101,592</u>	<u>105,788</u>

Turnover all originates from manufacturing in the U.K.

Notes to the Accounts (cont'd)

2. STAFF COSTS

	1998 £'000	1997 £'000
Wages and salaries	16,946	15,891
Social security costs	1,336	1,285
Other pension costs	826	725
	19,108	17,901

The average monthly number of employees during the year was made up as follows:

	1998 Number	1997 Number
Management and administration	70	71
Manufacturing and production	613	628
Distribution	129	127
	812	826

3. OPERATING PROFIT

	1998 £'000	1997 £'000
This is stated after charging or (crediting):		
Directors' remuneration (see below)	641	530
Auditor's remuneration [incl. non-audit work £42,650 (1997 : £6,000)]	73	30
Operating lease rentals - Land & Buildings	437	402
- Plant & Machinery	559	541
Loss on foreign currency exchange	184	254
Depreciation:		
- Owned Assets	3,052	2,679
- Assets held under finance lease	154	154
Government grant release	(81)	(26)
	641	530

Directors' remuneration in total:	1998 £'000	1997 £'000
Remuneration	565	467
Pension Contributions	76	63
	641	530

All directors participated in the Group Pension Scheme during the year.

Remuneration of highest paid director:	1998 £'000	1997 £'000
Remuneration	137	127
Pension Contributions	22	16
	159	143

Notes to the Accounts (cont'd)

4. NET INTEREST PAYABLE

	1998 £'000	1997 £'000
Bank interest payable	326	214
Finance charges payable under finance leases	191	246
Interest on loan from parent undertaking	730	600
Bank interest receivable	(183)	(216)
	<u>1,064</u>	<u>844</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £'000	1997 £'000
Corporation tax at 31%	170	718
Group relief at 31%	1,005	958
Deferred tax	(83)	(161)
	<u>1,092</u>	<u>1,515</u>
Corporation tax under provided in previous years	22	27
	<u>1,114</u>	<u>1,542</u>

The tax charge is disproportionate to the profit for the year because no deferred tax provision has been made for liabilities which are not expected to be payable in the future and due to the effect of expenditure permanently disallowed for taxation purposes.

6. DIVIDEND

	1998 £'000	1997 £'000
Equity		
- Paid ordinary	896	-
- Proposed ordinary	322	2,038
Non-equity:		
- Preference	-	19
	<u>1,218</u>	<u>2,057</u>

Notes to the Accounts (cont'd)

7. TANGIBLE FIXED ASSETS

	Land & Bldgs.	Plant and Equipment		Assets in Course of Constr.	Total
	£'000	Owned £'000	Leased £'000	£'000	£'000
Cost or Valuation					
At 1 April 1997	16,114	30,004	2,864	2,778	51,760
Additions	298	1,830	-	3,391	5,519
Commissioned	3	4,288	-	(4,291)	-
Disposals	(196)	(57)	-	-	(253)
At 31 March 1998	<u>16,219</u>	<u>36,065</u>	<u>2,864</u>	<u>1,878</u>	<u>57,026</u>
Depreciation:					
At 1 April 1997	(1,064)	(5,789)	(424)	-	(7,277)
Charge for year	(397)	(2,655)	(154)	-	(3,206)
Disposals	5	19	-	-	24
At 31 March 1998	<u>(1,456)</u>	<u>(8,425)</u>	<u>(578)</u>	<u>-</u>	<u>(10,459)</u>
Net book value at 31 March 1998	<u>14,763</u>	<u>27,640</u>	<u>2,286</u>	<u>1,878</u>	<u>46,567</u>
Net book value at 31 March 1997	<u>15,050</u>	<u>24,215</u>	<u>2,440</u>	<u>2,778</u>	<u>44,483</u>
Depreciable value at 31 March 1998	<u>14,155</u>				

The company's tangible fixed assets were revalued as at 30 June 1994 on the basis of open market value for existing use and the values incorporated in the books at that date. Assets acquired subsequently have been included at original historical cost.

Had the assets not been valued, the amounts at 31 March 1998 would have been:

Historical cost	11,487	65,973	7,861	1,878	87,199
Accumulated historical depreciation	(2,746)	(42,577)	(4,158)	-	(49,481)
Historical cost net book value	<u>8,741</u>	<u>23,396</u>	<u>3,703</u>	<u>1,878</u>	<u>37,718</u>
Historical cost depreciation charge for the year	<u>249</u>	<u>2,255</u>	<u>232</u>	<u>-</u>	<u>2,736</u>

Notes to the Accounts (cont'd)

8. STOCKS

	1998 £'000	1997 £'000
Raw materials	6,088	5,071
Work in progress	1,428	1,772
Finished goods	6,262	6,024
	<u>13,778</u>	<u>12,867</u>

9. DEBTORS - amounts falling due after more than one year

DEFERRED TAXATION	1998		1997	
Tax deferred by:	Provided £'000	Not Provided £'000	Provided £'000	Not Provided £'000
Capital allowances	-	(6,205)	-	(6,305)
Finance leases	-	13	-	182
Pension creditor	1,379	-	1,296	-
Other timing differences	-	318	-	111
	<u>1,379</u>	<u>(5,874)</u>	<u>1,296</u>	<u>(6,012)</u>

The movements during the year on deferred tax provided were:

	1998 £'000	1997 £'000
Profit and loss account	83	161
	<u>83</u>	<u>161</u>

10. DEBTORS - amounts falling due within one year

	1998 £'000	1997 £'000
Trade debtors	17,990	19,991
Amounts owed by group undertakings	7,080	8,526
Other debtors	9	56
Prepayments and accrued income	371	189
	<u>25,450</u>	<u>28,762</u>

Notes to the Accounts (cont'd)

11. CREDITORS - amounts falling due within one year

	1998 £'000	1997 £'000
Trade creditors	18,649	16,405
Amounts owed to group undertakings	2,539	1,902
Corporation tax payable	170	739
Other creditors including taxation and social security costs	861	828
Other creditors	1,815	2,376
Accruals and deferred income	784	556
Obligations under finance leases (Note 12)	716	662
Dividend payable	322	2,047
	25,856	25,515

12. OBLIGATIONS UNDER LEASE CONTRACTS

Amounts payable:	1998 £'000	1997 £'000
(a) Finance leases		
Within one year	907	907
In the second to fifth years inclusive	1,813	2,721
Over five years	-	-
	2,720	3,628
	(391)	(637)
Less: Finance charges allocated to future periods	2,329	2,991
 Finance lease contracts shown as:		
Current obligations (note 11)	716	662
Non-current obligations	1,613	2,329
	2,329	2,991

(b) Operating leases

The annual commitments under non-cancellable operating leases are as follows:

	1998		1997	
	Land and Buildings £'000	Other £'000	Land and Buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	32	-	42
In the second to fifth years inclusive	-	417	-	440
Over five years	437	-	407	-

Notes to the Accounts (cont'd)

13. PENSION COMMITMENTS

Eligible employees of the company are members of the Tullis Russell Pension Scheme, and particulars of the actuarial valuation of the scheme are contained in Tullis Russell Group Limited's accounts.

The scheme is a funded defined benefits scheme, the assets of which are held separately from those of the company and group and invested by trustees in various forms of investment, mainly in pooled managed funds. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations, the most recent valuation being at 6 April 1996. Contributions to the scheme are charged to the Profit and Loss Account so as to spread the cost of pensions over the employees' working lives with the company.

A provision of £4,447,000 (1997 : £3,926,000) is included in long term creditors, this being the excess of the company's pension cost charged to the profit and loss account over the amounts paid in company contributions.

The pension charge for the year is £826,000 (1997 : £725,000).

14. CALLED UP SHARE CAPITAL

	Authorised				Allotted Called Up & Fully Paid	
	1998		1997		1998	1997
	No. '000	Value £'000	No. '000	Value £'000	£'000	£'000
Ordinary shares of 10p. each	54,691	5,469	14,500	1,450	5,449	1,450
'A' Ordinary shares of 10p. each	-	-	35,191	3,519	-	3,519
4.0% Preference shares of £1 each	-	-	480	480	-	480
Unclassified shares of £1 each	-	-	20	20	-	-
	<u>54,691</u>	<u>5,469</u>	<u>50,191</u>	<u>5,469</u>	<u>5,449</u>	<u>5,449</u>

CHANGE IN SHARE CAPITAL

On 1st April 1997 a resolution was passed as a written resolution of the company that the share capital of the company of £5,469,088 comprising 14,500,000 Ordinary Shares of 10p each, 35,190,879 'A' Ordinary Shares of 10p each, 480,000 4% Preference Shares of £1 each and 20,000 Unclassified Shares of £1 each be reclassified as 54,690,879 Ordinary Shares of 10p each.

Notes to the Accounts (cont'd)

15. INTERESTS IN SHARE CAPITAL

Directors' interests in the share capital of the parent undertaking were as follows:

	At 31 March 1998 Ord. Shares of 10p. each	At 31 March 1997 Ord. Shares of 10p. each
C.A.G. Parr (1997 at 2/6/97)	7,888	6,002
R.J. Traill	-	-
D.C. Munro	24,940	4,592
W.A. Roxburgh	11,842	8,741
	44,670	19,335

J.F.S. Daglish, T.G. Wishart and F.A.W. Bowden are directors of Tullis Russell Group Ltd. and information concerning their shareholdings is given in the accounts of that company.

Share options over Ordinary shares

1 S.A.Y.E.	D.C. Munro	C.A.G. Parr	R.J. Traill	W.A. Roxburgh
At 1 April 1997:				
First SAYE scheme	-	-	-	13,708
Second SAYE Scheme	8,243	-	-	8,243
Executive Scheme	188,406	43,478	-	188,406
	196,649	43,478	-	210,357
 Granted during the year (23.12.97)	-	-	28,571	-
 Exercised during the year	(62,802)	(14,493)	-	-
 At 31 March 1998				
First SAYE Scheme	-	-	-	13,708
Second SAYE Scheme	8,243	-	-	8,243
Executive Scheme	125,604	28,985	28,571	188,406
	133,847	28,985	28,571	210,357

In normal circumstances options are exercisable as follows:

	Option Price per Share	Earliest Exercise Date	Latest Exercise Date
First SAYE Scheme	45.3p.	8. 9.96	8 .3.99
Second SAYE Scheme	83.7p.	2. 9.99	2 .3.01
Executive: Pre 31.3.97	69.0p.	30. 8.97	30 .8.04
Post 31.3.97	105.0p.	23.12.00	23.12.07

The market price of the company's shares at 31 March 1998 was 105p. and the range during the year ended 31 March 1998 was 93p. to 105p.

Notes to the Accounts (cont'd)

16. RESERVES

	Share Premium Account £'000	Profit and Loss Account £'000	Revaluation Reserve £'000
At 1 April 1997	876	41,128	9,390
Transfer of amount equivalent to additional depreciation on revalued assets	-	470	(470)
Transfer of realised revaluation reserve	-	71	(71)
Retained profit for year	-	1,276	-
At 31 March 1998	876	42,945	8,849

17. MOVEMENT IN SHAREHOLDERS' FUNDS

	1998 £'000	1997 £'000
Total recognised gains and losses	2,494	4,127
Dividends	(1,218)	(2,057)
Shareholders' funds at 1 April 1997	1,276	2,070
	56,843	54,773
Shareholders' funds at 31 March 1998	58,119	56,843
Equity	58,119	56,363
Non-equity	-	480
	58,119	56,843

18. CAPITAL COMMITMENTS

	1998 £'000	1997 £'000
Contracted	2,370	3,862

Notes to the Accounts (cont'd)

19. CONTINGENT LIABILITIES AND GUARANTEES

Contingent liabilities and guarantees not provided.

	1998 £'000	1997 £'000
Guarantees and indemnities		
Bank borrowings - extent utilised at 31 March		
- group undertakings	<u>1,801</u>	<u>491</u>

The maximum amount guaranteed is £19,500,000 (1997 : £19,500,000)

20. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Tullis Russell Group Limited and has therefore taken advantage of the exemption permitted by FRS 8 "Related Party Disclosures", with regard to the disclosure of Related Party transactions with other group companies.

An interest-free loan of £185,000 was made to R.J. Traill, a director of the company, on 1 May 1997. The loan was repaid during the year and no amounts are outstanding at the year end.

21. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Tullis Russell Group Limited. This is the only group of undertakings of which the company is a member. Copies of the accounts of Tullis Russell Group Limited may be obtained from Companies House, 37 Castle Terrace, Edinburgh.