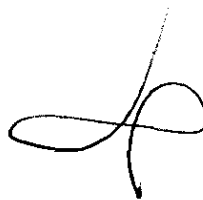


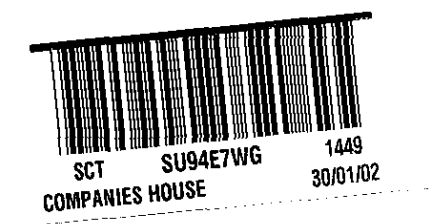
TULLIS RUSSELL ASIA PACIFIC LIMITED

Report and Financial Statements

31 March 2001



**Deloitte & Touche
39 George Street
Edinburgh
EH2 2HZ**



TULLIS RUSSELL ASIA PACIFIC LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

CONTENTS	Page
Officers and professional advisors	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Balance sheet	5
Notes to the accounts	6

TULLIS RUSSELL ASIA PACIFIC LIMITED

REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

F A W Bowden
V H Dean
R B Downes

SECRETARY

G D Miller

REGISTERED OFFICE

c/o Tullis Russell Group Limited
Rothesfield
Markinch
Glenrothes
Fife
KY7 6PB

SOLICITORS

Dundas & Wilson CS
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN

AUDITORS

Deloitte & Touche
Chartered Accountants
39 George Street
Edinburgh
EH2 2HZ

TULLIS RUSSELL ASIA PACIFIC LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2001.

ACTIVITIES

The principal activity of the company is an investment holding company.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

The company did not trade during the year under review. Accordingly, the company made neither a profit or a loss and no profit and loss account has been presented as part of these financial statements. The directors do not envisage any trading in the foreseeable future.

DIRECTORS

The present membership of the Board is set out on page 1. J F S Daglish retired on 21 December 2000 and F A W Bowden was appointed on that date. T G Wishart resigned on 30 June 2001.

The directors hold no beneficial interests in the company.

F A W Bowden is a director of Tullis Russell Group Limited and information concerning his shareholding is given in the accounts of that company.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



Secretary

20 December 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

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 financial statements 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.

AUDITORS' REPORT TO THE MEMBERS OF

TULLIS RUSSELL ASIA PACIFIC LIMITED

We have audited the financial statements on pages 5 to 7 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

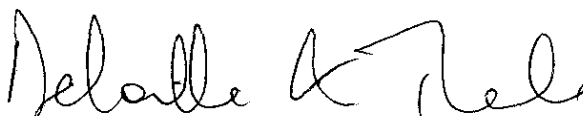
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

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 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

28 January 2002

TULLIS RUSSELL ASIA PACIFIC LIMITED

BALANCE SHEET As at 31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Investments	3	<u>2,585,678</u>	<u>2,585,678</u>
CURRENT ASSETS			
Cash at bank		<u>-</u>	<u>2,182</u>
		<u>-</u>	<u>2,182</u>
CREDITORS: amounts falling due within one year			
Other taxes and social security		<u>-</u>	<u>(2,182)</u>
		<u>-</u>	<u>(2,182)</u>
NET CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,585,678</u>	<u>2,585,678</u>
CREDITORS: amounts falling due after more than one year	4	<u>(2,585,677)</u>	<u>(2,585,677)</u>
		<u>1</u>	<u>1</u>
CAPITAL AND RESERVES			
Called up share capital	5	<u>1</u>	<u>1</u>
EQUITY SHAREHOLDERS' FUNDS		<u>1</u>	<u>1</u>

These financial statements were approved by the Board of Directors on 20 December 2001.

Signed on behalf of the Board of Directors



Director

NOTES TO THE ACCOUNTS
Year ended 31 March 2001

1. ACCOUNTING POLICIES

The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

Investments are stated at the lower of cost and estimated market value.

Basis of consolidation

Advantage has been taken of Section 228 of the Companies Act 1985 not to produce consolidated financial statements as the company is a wholly owned subsidiary of Tullis Russell Group Limited.

2. PROFIT AND LOSS ACCOUNT

The company has not traded during the period. Accordingly the company has made neither a profit nor a loss and no profit and loss account is presented as part of these financial statements.

There have been no employees other than the directors. The directors have received no remuneration from the company.

The remuneration of the auditors was charged to another Group company.

3. INVESTMENTS

	2001 £	2000 £
Shares in group undertakings		
At 1 April 2000	2,585,678	2,554,394
Additions	-	31,284
	<hr/>	<hr/>
At 31 March 2001	<u>2,585,678</u>	<u>2,585,678</u>

Asia Pacific Speciality Coaters Limited is 100% subsidiary registered in the Republic of Korea. Its principal activities are paper coating and conversion.

4. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Loan from parent company	<u>2,585,677</u>	<u>2,585,677</u>

The loan is non interest-bearing and repayable outwith 5 years. There are no further fixed repayment terms.

TULLIS RUSSELL ASIA PACIFIC LIMITED

NOTES TO THE ACCOUNTS Year ended 31 March 2001

5. SHARE CAPITAL

	2001 £	2000 £
Authorised: Ordinary shares of £1	<u>5,000,000</u>	<u>5,000,000</u>
Issued and fully paid: 1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	2001 £	2000 £
Opening shareholders funds	<u>1</u>	<u>1</u>
Closing shareholders funds	<u>1</u>	<u>1</u>

7. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions available to wholly owned subsidiaries under Financial Reporting Standard 8. Accordingly, disclosure is not made of related party transactions with the company's parent company or fellow subsidiaries.

8. PARENT UNDERTAKING

The ultimate parent undertaking is Tullis Russell Group Limited. Copies of the financial statements of Tullis Russell Group Limited may be obtained from Companies House, 27 Castle Terrace, Edinburgh, EH7 2EB.