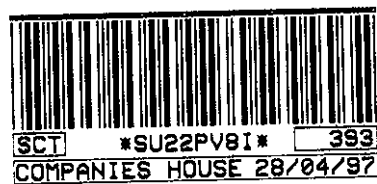


ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1996
FOR
PAPER INNOVATION LIMITED



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PAPER INNOVATION LIMITED

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FOR THE YEAR ENDED 30 JUNE 1996**

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PAPER INNOVATION LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 1996

DIRECTORS:

S P Johnston
E Rigby
D J Gregory

SECRETARY:

Eric Rigby

REGISTERED OFFICE:

14 Melford Road
Righead Industrial Estate
Bellshill
ML4 3LR

REGISTERED NUMBER:

150034 (Scotland)

ACCOUNTANTS:

McDaid & Partners
Chartered Accountants
Stanley House
69/71 Hamilton Road
Motherwell
ML1 3DG

PAPER INNOVATION LIMITED

REPORT OF THE ACCOUNTANTS TO THE SHAREHOLDERS
ON THE UNAUDITED FINANCIAL STATEMENTS OF
PAPER INNOVATION LIMITED

The following reproduces the text of the report prepared for the purposes of Section 249A(2) of the Companies Act 1985 in respect of the company's annual financial statements, from which the abbreviated financial statements (set out on pages three to six) have been prepared.

We report on the financial statements for the year ended 30 June 1996 set out on pages four to twelve.

Respective responsibilities of directors and reporting accountants

As described on page three the company's directors are responsible for the preparation of the financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).

McDaid & Partners

McDaid & Partners
Chartered Accountants
Stanley House
69/71 Hamilton Road
Motherwell
ML1 3DG

Dated: *22 April 1997*

PAPER INNOVATION LIMITED

ABBREVIATED BALANCE SHEET
30 JUNE 1996

		30.6.96		30.6.95	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	2		83,382		104,748
CURRENT ASSETS:					
Stocks		39,722		6,500	
Debtors		121,560		46,010	
Cash in hand		3,183		1,542	
		<u>164,465</u>		<u>54,052</u>	
CREDITORS: Amounts falling due within one year	3	<u>241,921</u>		<u>89,448</u>	
NET CURRENT LIABILITIES:			<u>(77,456)</u>		<u>(35,396)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			5,926		69,352
CREDITORS: Amounts falling due after more than one year	3		<u>67,883</u>		<u>97,486</u>
			<u>£(61,957)</u>		<u>£(28,134)</u>
CAPITAL AND RESERVES:					
Called up share capital	4		20,000		20,000
Profit and loss account			<u>(81,957)</u>		<u>(48,134)</u>
Shareholders' funds			<u>£(61,957)</u>		<u>£(28,134)</u>

The company is entitled to exemption from audit under Section 249A(2) of the Companies Act 1985 for the year ending 30 June 1996.

No notice has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its financial statements for the financial year.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

Advantage has been taken of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the grounds that, in the opinion of the directors, the company is entitled to the benefit of those exemptions as a small company.

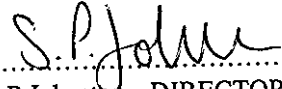
The notes form part of these financial statements

PAPER INNOVATION LIMITED

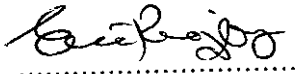
ABBREVIATED BALANCE SHEET
30 JUNE 1996

In preparing the full financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



S P Johnston - DIRECTOR



E Rigby - DIRECTOR

Approved by the Board on 18th April 1997

PAPER INNOVATION LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1996

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Leasehold improvements	- 15 % on reducing balance
Plant & equipment	- 25 % on reducing balance
Fixtures & fittings	- 15 % on reducing balance
Motor vehicles	- 25 % on reducing balance
Office equipment	- 15 % on reducing balance

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

PAPER INNOVATION LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1996

2. TANGIBLE FIXED ASSETS

	Total
	£
COST:	
At 1 July 1995	120,563
Additions	8,420
Disposals	(4,000)
	<u>124,983</u>
At 30 June 1996	
DEPRECIATION:	
At 1 July 1995	15,815
Charge for year	26,536
Eliminated on disposals	(750)
	<u>41,601</u>
At 30 June 1996	
NET BOOK VALUE:	
At 30 June 1996	<u>83,382</u>
At 30 June 1995	<u>104,748</u>

3. CREDITORS

The following secured debts are included within creditors:

	30.6.96	30.6.95
	£	£
Bank overdrafts	81,399	17,313
Bank loans	50,000	50,000
	<u>131,399</u>	<u>67,313</u>

Creditors include the following debts falling due in more than five years:

	30.6.96	30.6.95
	£	£
Repayable by instalments	2,503	12,503
Bank loans	<u>2,503</u>	<u>12,503</u>

4. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:			
Number:	Class:	Nominal value:	
		£	£
20,000	Ordinary shares	20,000	20,000
		<u>20,000</u>	<u>20,000</u>