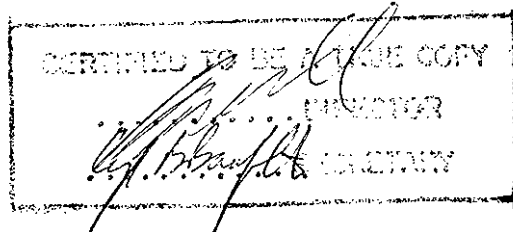


Report of the Directors and
Financial Statements for the Period 1 November 1996 to 30 September 1997
for
Data Shred Limited.



Data Shred Limited.

Index to the Financial Statements
for the Period 1 November 1996 to 30 September 1997

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7

Data Shred Limited.

**Company Information
for the Period 1 November 1996 to 30 September 1997**

DIRECTORS: K J Turnell
P K Turnell

SECRETARY: C B Bamforth

REGISTERED OFFICE: Unit B, Corporation Wharf
Bradfield Road
Silvertown
London
E16 2AX

REGISTERED NUMBER: 01593737 (England and Wales)

AUDITORS: D J Barwick & Co
Chartered Accountants
609 Romford Road
Manor Park
London
E12 5AD
Registered Auditors

Data Shred Limited.

**Report of the Directors
for the Period 1 November 1996 to 30 September 1997**

The directors present their report with the financial statements of the company for the period 1 November 1996 to 30 September 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of security shredders of confidential data and the sale of scrap paper.

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements.

The company has returned to profit and has changed its financial accounting date to coincide with that of the parent company. The directors have ensured the improvement in the result by concentrating on the strength of the disposal of security and confidential data.

DIRECTORS

The directors during the period under review were:

K J Turnell
P K Turnell

The directors holding office at 30 September 1997 did not hold any beneficial interest in the issued share capital of the company at 1 November 1996 or 30 September 1997.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that 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

The auditors, D J Barwick & Co, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

Data Shred Limited.

Report of the Directors
for the Period 1 November 1996 to 30 September 1997

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

.....
- DIRECTOR

Dated: 17TH JUNE 1998

Data Shred Limited.

**Report of the Auditors to the Shareholders of
Data Shred Limited.**

We have audited the financial statements on pages five to nine which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page seven.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

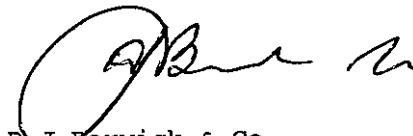
Basis of opinion

We conducted our audit in accordance with 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 judgments 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 30 September 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



D.J. Barwick & Co
Chartered Accountants
609 Romford Road
Manor Park
London
E12 5AD
Registered Auditors

Dated: 1.7.98

Data Shred Limited.

Profit and Loss Account
for the Period 1 November 1996 to 30 September 1997

		Period 1.11.96 to 30.9.97	Year Ended 31.10.96
	Notes	£	£
TURNOVER	2	165,088	208,249
Cost of sales		74,790	139,445
GROSS PROFIT		90,298	68,804
Administrative expenses		61,069	101,938
OPERATING PROFIT/(LOSS)	3	29,229	(33,134)
Interest receivable and similar income	4	-	92
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		29,229	(33,042)
(Deficit)/Retained profit brought forward		(26,762)	6,280
RETAINED PROFIT/(DEFICIT) CARRIED FORWARD		£2,467	£(26,762)

The notes form part of these financial statements

Data Shred Limited.

Balance Sheet
30 September 1997

		30.9.97		31.10.96	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	5		29,753		19,102
CURRENT ASSETS:					
Debtors	6	36,470		13,620	
Cash at bank and in hand		1,552		1,336	
		38,022		14,956	
CREDITORS: Amounts falling due within one year	7	65,208		60,720	
NET CURRENT LIABILITIES:			(27,186)		(45,764)
TOTAL ASSETS LESS CURRENT LIABILITIES:			£2,567		£(26,662)
CAPITAL AND RESERVES:					
Called up share capital	8		100		100
Profit and loss account			2,467		(26,762)
Shareholders' funds			£2,567		£(26,662)

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

ON BEHALF OF THE BOARD:

.....
- DIRECTOR

Approved by the Board on 17TH JUNE 1998.

The notes form part of these financial statements

Data Shred Limited.

**Notes to the Financial Statements
for the Period 1 November 1996 to 30 September 1997**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

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.

Plant and machinery- 12.5% on cost
Motor vehicles - 25% on cost

2. TURNOVER

The turnover and profit (1996 - loss) before taxation are attributable to the one principal activity of the company.

3. OPERATING PROFIT/(LOSS)

The operating profit (1996 - operating loss) is stated after charging:

	Period 1.11.96 to 30.9.97 £	Year Ended 31.10.96 £
Depreciation - owned assets	9,054	5,484
Loss on disposal of fixed assets	-	5,600
Auditors' remuneration	1,500	2,250
Pension costs	-	4,624
	<u> </u>	<u> </u>
Directors' emoluments	-	18,401
	<u> </u>	<u> </u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period 1.11.96 to 30.9.97 £	Year Ended 31.10.96 £
Deposit account interest	-	92
	<u> </u>	<u> </u>

Data Shred Limited.

**Notes to the Financial Statements
for the Period 1 November 1996 to 30 September 1997**

5. TANGIBLE FIXED ASSETS

	Plant and machinery	Motor vehicles	Totals
	£	£	£
COST:			
At 1 November 1996	57,854	21,668	79,522
Additions	4,266	15,439	19,705
Disposals	-	(5,218)	(5,218)
At 30 September 1997	62,120	31,889	94,009
DEPRECIATION:			
At 1 November 1996	49,215	11,205	60,420
Charge for period	1,746	7,308	9,054
Eliminated on disposals	-	(5,218)	(5,218)
At 30 September 1997	50,961	13,295	64,256
NET BOOK VALUE:			
At 30 September 1997	11,159	18,594	29,753
At 31 October 1996	8,639	10,463	19,102

**6. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.9.97 £	31.10.96 £
Debtors	36,470	12,034
ACT recoverable	-	1,586
	36,470	13,620

**7. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.9.97 £	31.10.96 £
Bank loans and overdrafts	-	14,951
Creditors & accruals	6,244	1,955
Other creditors	-	940
Amount due to holding company	51,326	29,908
V.A.T.	4,610	4,222
Social security & other taxes	1,528	3,708
Accrued expenses	1,500	5,036
	65,208	60,720

Data Shred Limited.

**Notes to the Financial Statements
for the Period 1 November 1996 to 30 September 1997**

8. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	30.9.97 £	31.10.96 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

9. ULTIMATE PARENT COMPANY

On 20 June 1996, the company became a wholly owned subsidiary of Bow Waste Paper Mills Limited.