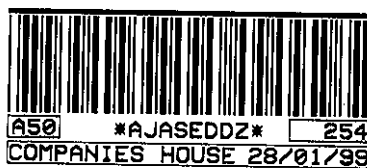


Company Number: 02750299

Paper Traders International Limited
Financial Statements
for the year ended 31st December 1997



Paper Traders International Limited

Company Information

Company No: 02750299

Registered Office

Rutland House
44 Masons Hill
London
BR2 9EQ

Directors

I Giles
B Aslanian

Secretary

I Giles

Auditors

Shelley Simmons Pinnick & Co.
66-68 Margaret Street
London
W1N 8PX

Page No.

1 to 2	Directors' Report
3	Auditors' Report
4	Profit and Loss Account
5	Balance Sheet
6 to 9	Notes to the Financial Statements

The following do not form part of the statutory financial statements

10	Profit and Loss Account
11	Schedules to the Profit and Loss Account

Paper Traders International Limited

Directors' Report

for the year ended 31st December 1997

The directors submit their report together with the audited financial statements for the year ended 31st December 1997.

Directors' Statement

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 loss for that year. 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;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 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.

Results and Dividends

The profit on the ordinary activities of the company before taxation amounted to £13,206. After deducting taxation and dividends, the loss of £412 has been transferred from reserves.

The directors recommend final dividends amounting to £10,700.

Principal Activity and Business Review

The principal activity of the company continued to be that of paper traders.

The directors are satisfied with the results under review and look forward to improved results in the forthcoming year.

Directors and their Interests

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	Ordinary	Shares
	31.12.1997	1.01.1997
	No.	No.
I Giles	2	2
B Aslanian	-	-

Paper Traders International Limited

Directors' Report

for the year ended 31st December 1997

Auditors

The Auditors, Shelley Simmons Pinnick & Co. Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:

I Giles, Secretary

A handwritten signature in dark ink, appearing to read 'I Giles', written over a horizontal line.

Dated : 25.1.99

Paper Traders International Limited
Auditors' Report to the Shareholders
on the Financial Statements for the year ended 31st December 1997

We have audited the financial statements on pages 4 to 9, which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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.

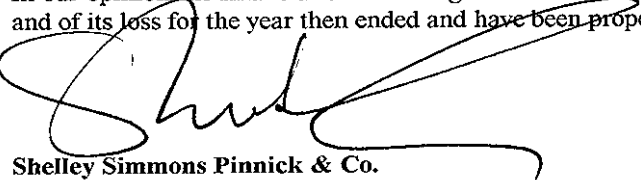
Basis of opinion

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 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 information and explanations which we consider 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 31st December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Shelley Simmons Pinnick & Co.
Chartered Accountants
and Registered Auditors

66-68 Margaret Street
London
WIN 8PX

Dated : 26.1.99

Paper Traders International Limited**Profit and Loss Account****for the year ended 31st December 1997**

	Notes	1997 £	1996 £
Turnover	2	550,441	408,238
Cost of sales		(511,438)	(354,947)
Gross profit		39,003	53,291
Administrative expenses		(26,778)	(30,164)
Operating profit	3	12,225	23,127
Interest receivable	4	1,014	373
Interest payable	5	(33)	(52)
Profit on ordinary activities before Taxation		13,206	23,448
Tax on profit on ordinary activities	7	(2,918)	(5,972)
Profit on ordinary activities after Taxation		10,288	17,476
Dividends	8	(10,700)	(17,000)
Retained (loss)/profit transferred (from)/to reserves		(412)	476
Retained profit brought forward		628	152
Retained profit carried forward		216	628

All amounts relate to continuing activities.

There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.

Paper Traders International Limited

Balance Sheet

as at 31st December 1997

	Notes	1997 £	1997 £	1996 £	1996 £
Fixed Assets					
Tangible fixed assets	9		3,349		749
Current Assets					
Debtors	10	49,886		29,666	
Cash at bank		13,254		15,247	
		63,140		44,913	
Creditors:					
Amounts falling due within one year	11	(66,271)		(45,032)	
Net Current (Liabilities)			(3,131)		(119)
Total Assets Less Current Liabilities			218		630
Capital and Reserves					
Share capital	12		2		2
Profit and loss account			216		628
Shareholders' funds	13		218		630

These accounts were approved by the board on . 25.12.99

I Giles

B Aslanian

Directors

The notes on pages 6 to 9 form part of these financial statements.

Paper Traders International Limited

Notes to the Financial Statements

for the year ended 31st December 1997

1 Principal Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets, other than freehold land, over their expected useful lives. The rates generally applicable are:

Office Equipment	15% on written down value
------------------	---------------------------

Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rates of exchange current at the dates of the transactions or at the contracted rate if the transaction is covered by a forward exchange contract.

Assets and liabilities denominated in a foreign currency are translated at the balance sheet date at the exchange rate ruling on that day or if appropriate at the forward contract rate. Resulting exchange gains and losses are taken to the profit and loss account.

2 Turnover

The turnover and operating profit for the year was derived from the company's principal activity as was carried out in the Middle East.

3 Operating Profit

The operating profit is stated after charging or crediting:

	1997	1996
	£	£
Amounts payable to the auditors in respect of audit services	2,540	3,796
Depreciation - owned assets	592	132
Loss on foreign exchange	178	1,520

4 Interest Receivable

	1997	1996
	£	£
Other interest receivable	-	373
Deposit interest receivable	1,014	-

Paper Traders International Limited

Notes to the Financial Statements

for the year ended 31st December 1997

5	Interest Payable	1997	1996
		£	£
	Bank loans and overdrafts	33	52
6	Directors and Employees		
	Staff costs during the year were as follows:		
		1997	1996
		£	£
	Wages and salaries	7,723	6,072
	Social security costs	144	160
		7,867	6,232
	The average monthly number of employees, including directors, during the year was as follows:		
		1997	1996
		Number	Number
	Administration	3	2
	Remuneration in respect of directors was as follows:		
		1997	1996
		£	£
	Aggregate amount of emoluments paid in respect of qualifying services	4,800	4,800
7	Tax on Profit on Ordinary Activities	1997	1996
		£	£
	Based on the profit for the year:		
	U.K. Corporation tax at 21% (1996 24%)	2,918	5,972
8	Dividends	1997	1996
		£	£
	Equity		
	Ordinary shares - final paid of £5,350.00 per share (1996 £8,500.00)	10,700	17,000

Paper Traders International Limited

Notes to the Financial Statements

for the year ended 31st December 1997

9 Tangible Fixed Assets

	Office Equipment £
Cost	
At 1st January 1997	1,206
Additions	3,192
	<u>4,398</u>
At 31st December 1997	
Depreciation	
At 1st January 1997	457
Charged for the year	592
	<u>1,049</u>
At 31st December 1997	
Net Book Value	
At 31st December 1997	<u>3,349</u>
At 31st December 1996	<u>749</u>

10 Debtors

	1997 £	1996 £
Trade debtors	48,687	26,946
Other debtors	1,199	2,720
	<u>49,886</u>	<u>29,666</u>

11 Creditors: Amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	127	570
Trade creditors	56,597	33,318
Corporation tax	7,168	5,998
Other taxes and social security	210	456
Directors' loan account	89	-
Accruals and deferred income	2,080	4,690
	<u>66,271</u>	<u>45,032</u>

Paper Traders International Limited

Notes to the Financial Statements

for the year ended 31st December 1997

12 Share Capital

Authorised	1997	1996
	£	£
2 Ordinary Shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
 Allotted, called up and fully paid	 1997	 1996
	£	£
2 Ordinary Shares of £1 each	2	2
	<u>2</u>	<u>2</u>

13 Reconciliation of the Movement in Shareholders' Funds

	1997	1996
	£	£
Profit for the financial year	10,288	17,476
Dividends	(10,700)	(17,000)
	<u>(412)</u>	<u>476</u>
(Decrease)/Increase in shareholders' funds	(412)	476
Opening shareholders' funds	630	154
Closing shareholders' funds	<u>218</u>	<u>630</u>

14 Control

The company was controlled throughout the current and previous period by Mr Ian Giles by virtue of his 100 per cent holding of the ordinary shares in the company.