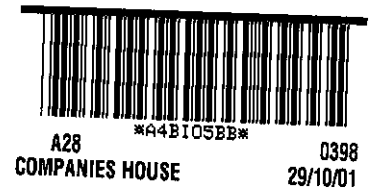


DIVA EUROPE LIMITED

**ABBREVIATED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2000**

REGISTERED NUMBER: 2499521



DIVA EUROPE LIMITED

**ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000**

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DIVA EUROPE LIMITED

**COMPANY INFORMATION
AT 31 DECEMBER 2000**

DIRECTOR

J E Selby

SECRETARY

ASB Law

REGISTERED OFFICE

Diva House
2 Felbridge Centre
East Grinstead
West Sussex RH19 1XP

AUDITORS

Hakim Fry
Registered Auditors
69-71 East Street
Epsom
Surrey KT17 1BP

SOLICITORS

ASB Law
8 Ifield Road
Crawley
West Sussex RH11 7YY

DIVA EUROPE LIMITED

DIRECTOR'S REPORT

The director presents his annual report with the financial statements of the company for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was the provision of management services. The principal activities of the subsidiary undertakings were the supply of speciality technology papers.

No significant change in the nature of these activities occurred during the year.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £292.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends.

FUTURE DEVELOPMENTS

The directors consider the group to be well placed to take advantage of any suitable opportunities which might arise for expansion.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The company's performance has not so far been adversely affected by the introduction of the single european currency. The directors are confident that this will continue to be the case.

DIRECTOR AND HIS INTERESTS

The following director held office throughout the year and his beneficial interest in the company at the balance sheet date and the beginning of the year were as follows:

		Number of Shares	
		2000	1999
J E Selby	Ordinary shares of £1 each	29,643	25,000

Directors retired during the year:

M T Lloyd (resigned 4 April 2000)

DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

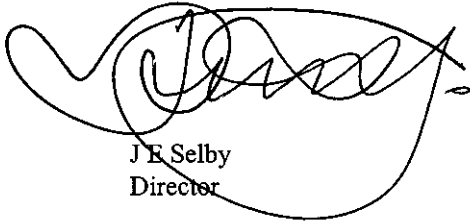
DIVA EUROPE LIMITED

DIRECTOR'S REPORT

AUDITORS

The auditors, Hakim Fry, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

Signed by:

A handwritten signature in black ink, appearing to be 'J E Selby', written over a large, loopy circular flourish.

J E Selby
Director

Date: 23 October 2001

DIVA EUROPE LIMITED

**AUDITORS' REPORT TO THE COMPANY
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 5 to 15 together with the full financial statements of the company prepared under section 226 of the Companies Act 1985 for the year ended 31 December 2000.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS

The director is responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts prepared in accordance with section 246 A(3) of the Companies Act 1985 and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion, the company is entitled to deliver abbreviated accounts prepared in accordance with section 246 A(3) of the Companies Act 1985 and the abbreviated accounts on pages 5 to 15 have been properly prepared in accordance with that provision.



**Hakim Fry
Registered Auditors**

**69-71 East Street
Epsom
Surrey KT17 1BP**

Date: 23 October 2001

DIVA EUROPE LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 £	1999 £
GROSS PROFIT		110,000	15,000
Administrative expenses		267,043	234,197
OPERATING LOSS	2	(157,043)	(219,197)
Income from shares in group undertakings		195,000	364,801
Other interest receivable and similar income		51	-
Interest payable and similar charges	3	(37,716)	(23,808)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		292	(243,005)
Tax on profit / (loss) on ordinary activities		-	-
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	12	292	(243,005)

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 9 to 15 form part of these financial statements.

DIVA EUROPE LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2000**

	2000	1999
	£	£
Profit for the year after taxation	292	121,796
Purchase of own shares	-	(304,307)
TOTAL RECOGNISED GAINS / (LOSSES) RELATING TO THE YEAR	292	(182,511)

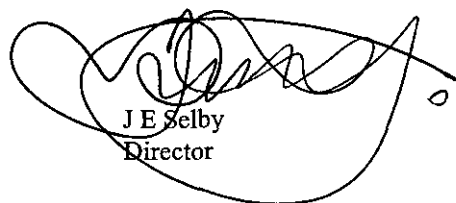
The notes on pages 9 to 15 form part of these financial statements.

DIVA EUROPE LIMITED**ABBREVIATED BALANCE SHEET
AT 31 DECEMBER 2000**

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Investments	5		1,398,139		1,398,139
CURRENT ASSETS					
Debtors	6	37,431		34,779	
Cash at bank and in hand		181		180	
			37,612		34,959
CREDITORS: amounts falling due within one year	7	(1,130,221)		(1,182,860)	
NET CURRENT LIABILITIES			(1,092,609)		(1,147,901)
TOTAL ASSETS LESS CURRENT LIABILITIES			305,530		250,238
CREDITORS: amounts falling due after more than one year	8		(285,020)		(230,020)
NET ASSETS			20,510		20,218
CAPITAL AND RESERVES					
Called up share capital	9		42,858		42,858
Share premium account	10		3,000		3,000
Other reserves	11		9,642		9,642
Profit and loss account	12		(34,990)		(35,282)
TOTAL SHAREHOLDERS' FUNDS	13		20,510		20,218

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

Approved on 23 October 2001 and signed by:



J E Selby
Director

The notes on pages 9 to 15 form part of these financial statements.

DIVA EUROPE LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 £	1999 £
Net cash (outflow) / inflow from operating activities	2	(199,413)	50,194
Returns on investments and servicing of finance	14	157,335	340,993
Taxation	14	1,307	(34,000)
Capital expenditure	14	-	1,000,058
Acquisitions and disposals	14	-	(1,000,058)
Cash (outflow) / inflow before use of liquid resources and financing		(40,771)	357,187
Financing	14	55,000	(334,055)
INCREASE IN CASH IN THE YEAR		14,229	23,132

**RECONCILIATION OF NET CASH FLOW TO
MOVEMENT IN NET DEBT**

15

INCREASE IN CASH IN THE YEAR	14,229	23,132
Cash inflow / (outflow) from movement in debt and lease financing	(55,000)	29,748
Change in net debt resulting from cash flows	(40,771)	52,880
Movement in debt in the year	(40,771)	52,880
Net debt at 1 January 2000	(249,381)	(302,261)
Net debt at 31 December 2000	(290,152)	(249,381)

The notes on pages 9 to 15 form part of these financial statements.

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000****1. STATEMENT OF ACCOUNTING POLICIES**

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

Consolidation

The company and its subsidiaries comprise a medium sized group and the company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts. These financial statements therefore reflect the results of the company only.

Turnover

Turnover represents the total invoice value, excluding value added tax, of services rendered during the year.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Pension costs

Discretionary pension contributions to employee personal pension plans are charged to the profit and loss account in the period to which they relate. The company does not operate a pension scheme.

2. OPERATING LOSS

Operating loss	2000	1999
	£	£
After charging:		
Auditors' remuneration	1,000	1,000

**Reconciliation of operating loss to
net cash(outflow) / inflow from operating activities**

	2000	1999
	£	£
Operating loss	(157,043)	(219,196)
Increase in debtors	(3,959)	-
(Decrease) / increase in creditors	(38,411)	269,390
Net cash(outflow) / inflow from operating activities	(199,413)	50,194

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
On bank loans and overdrafts	109	323
On other loans repayable in full within five years	-	23,485
On other loans repayable after five years	36,778	-
On overdue tax	829	-
	938	23,808

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000****4. INFORMATION ON DIRECTOR AND EMPLOYEES**

	2000	1999
	£	£
Staff costs		
Wages and salaries	202,195	155,209
Social security costs	22,830	17,072
Other pension costs	24,000	30,941
	<u>249,025</u>	<u>203,222</u>

	2000	1999
	No.	No.
The average number of employees during the year was made up as follows:		
Administration (including executive directors)	<u>4</u>	<u>3</u>

	2000	1999
	£	£
Director's emoluments		
Emoluments	33,985	120,936
Pension contributions to money purchase (defined contribution) schemes	6,000	30,941
	<u>39,985</u>	<u>151,877</u>

5. INVESTMENTS

Cost or valuation:	Beginning and end of year
	£
Loans to group undertakings	53,726
Other investments	<u>1,344,413</u>
Book value	<u>1,398,139</u>
Other investments other than loans	

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000****5. INVESTMENTS - (continued)**

Shares in related undertakings:

Cost or valuation:**Beginning and
end of year
£**

Shares in group undertakings

1,344,413

Net book value1,344,413

Financial information summary:

The aggregate amount of capital and reserves and the results of these undertakings for the last financial year were as follows:-

	Capital and reserves	Loss after taxation (before dividends)
	£	£
Aries Paper Limited	111,168	-
Europilot Limited	3	-
Papergraphics Limited	1,154,757	(123,160)
Papergraphics Svenska AB	(220,837)	(123,140)
	<u>1,045,091</u>	<u>(246,300)</u>

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000****5. INVESTMENTS - (continued)**

Graphic Resources (UK) Limited had capital and reserves of £nil (1999 - £nil), and a result of £nil (1999 - £nil).

The company had the following interests in subsidiary undertakings at 31st December 2000:

Name	Share type	Proportion
Aries Paper Limited	Ordinary shares of £1 each	100%
	Cumulative redeemable preference shares of £1 each	100%
Europilot Limited	Ordinary shares of £1 each	100%
Graphic Resources (UK) Limited	Ordinary shares of £1 each	100%
Papergraphics Limited	Ordinary shares of £1 each	100%
Papergraphics Svenska AB	Ordinary shares of SEK 10 each	100%

Papergraphics Svenska AB is registered in Sweden, the other subsidiary undertakings are registered in England and Wales.

6. DEBTORS

	2000 £	1999 £
Amounts owed by group undertakings	639	639
Other debtors	36,792	34,140
	<u>37,431</u>	<u>34,779</u>

7. CREDITORS: amounts falling due within one year

	2000 £	1999 £
Bank overdraft (secured)	5,313	19,541
Other creditors	14,871	9,659
Amounts owed to other group undertakings	977,448	971,369
Other taxes and social security costs	14,776	9,834
Director's loan	31,613	168,457
Accruals and deferred income	86,200	4,000
	<u>1,130,221</u>	<u>1,182,860</u>

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000****8. CREDITORS: amounts falling due after more than one year**

	2000	1999
	£	£
Director's loans	285,020	230,020

9. SHARE CAPITAL

	2000	1999
	£	£
Authorised:		
Equity interests:		
995,000 Ordinary shares of £1 each	995,000	995,000
5,000 Non voting ordinary shares of £1 each	5,000	5,000
500,000 Redeemable preference shares of £1 each	500,000	500,000
	1,500,000	1,500,000
Allotted, called up and fully paid:		
Equity interests:		
40,358 Ordinary shares of £1 each	40,358	40,358
2,500 Non voting ordinary shares of £1 each	2,500	2,500
	42,858	42,858

10. SHARE PREMIUM ACCOUNT

	2000	1999
	£	£
Equity interests:		
Balance at beginning of year	3,000	3,000
Movements during the year	-	-
Balance at year end	3,000	3,000

11. OTHER RESERVES

	2000	1999
	£	£
Capital redemption reserve		
Balance at 1 January 2000	9,642	-
Capital redemption reserve increase	-	9,642
Balance at 31 December 2000	9,642	9,642
Total other reserves	9,642	9,642

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000****12. PROFIT AND LOSS ACCOUNT**

	2000	1999
	£	£
(Accumulated loss) / Retained profit as at 1 January 2000	(35,282)	147,229
Profit for the year	292	121,796
Purchase of own shares	-	(304,307)
Accumulated loss as at 31 December 2000	<u>(34,990)</u>	<u>(35,282)</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the year	292	121,796
Purchase of own shares	-	(304,307)
Net addition / (reduction) to shareholders' funds	<u>292</u>	<u>(182,511)</u>
Opening shareholders' funds	20,218	202,729
Closing shareholders' funds	<u>20,510</u>	<u>20,218</u>
Represented by:-		
Equity interests	<u>20,510</u>	<u>20,218</u>

14. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000	1999
	£	£
Returns on investments and servicing of finance		
Interest received	51	-
Group dividends received	195,000	364,801
Interest paid	(37,716)	(23,808)
Net cash inflow from returns on investments and servicing of finance	<u>157,335</u>	<u>340,993</u>
Taxation		
Corporation tax paid	-	(34,000)
Corporation tax received	1,307	-
Net cash inflow / (outflow) from taxation	<u>1,307</u>	<u>(34,000)</u>

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000****14. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - (continued)**

	2000 £	1999 £
Acquisitions and disposals		
Purchase of subsidiary undertakings	-	(1,000,058)
Net cash outflow from acquisitions and disposals	-	(1,000,058)
Financing		
Purchase of own shares	-	(304,307)
New long-term loans	55,000	-
Repayments of long term loans	-	(29,748)
Net cash inflow / (outflow) from financing	55,000	(334,055)

15. ANALYSIS OF CHANGES IN NET DEBT

	1999 £	Cash flow £	2000 £
Cash at bank and in hand	180	1	181
Bank overdraft	(19,541)	14,228	(5,313)
(Decrease)/Increase in cash in the year		14,229	
Debt due after one year	(230,020)	(55,000)	(285,020)
	(249,381)	(40,771)	(290,152)

16. CONTINGENT LIABILITIES

The Company has given guarantees in respect of finance facilities extended to a subsidiary company, Papergraphics Limited. The commitment in connection with these facilities comprises guarantees in respect of borrowings as at 31st December 2000 totalling £1,244,909 (1999 - £1,399,107). A primary charge exists in Papergraphics in respect of these borrowings.

17. RELATED PARTY DISCLOSURES

The company supplied services to Papergraphics Limited, a subsidiary undertaking, amounting to £110,000 (1999 - £15,000). The balance due to Papergraphics Limited at 31st December 2000 was £977,448 (1999 - £971,369).

18. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is J E Selby.