

Company Registration No. 2499521 (England and Wales)

DIVA EUROPE LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2003



DIVA EUROPE LIMITED

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DIVA EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activities and review of the business

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.

Results and dividends

The results for the year are set out on page 4.

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.

Directors

The following directors have held office since 1 January 2003:

J E Selby
N C Atkins

Directors' interests

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

	Ordinary shares of £ 1 each	
	31 December 2003	1 January 2003
J E Selby	29,643	29,643
N C Atkins	-	-

	Non voting ordinary shares of £ 1 each	
	31 December 2003	1 January 2003
J E Selby	2,500	2,500
N C Atkins	-	-

	Redeemable preference shares of £ 1 each	
	31 December 2003	1 January 2003
J E Selby	-	-
N C Atkins	-	-

Auditors

glm Ghest Lloyd were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

DIVA EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2003

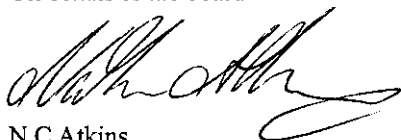
Directors' responsibilities

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 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 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.

On behalf of the board



N C Atkins

Director

27 October 2004

DIVA EUROPE LIMITED

**INDEPENDENT AUDITORS' REPORT TO DIVA EUROPE LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 4 to 13, together with the financial statements of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

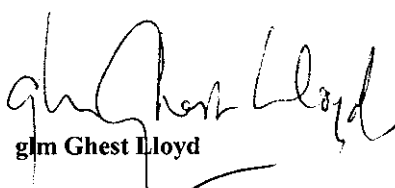
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 13 are properly prepared in accordance with that provision.



ghm Ghest Lloyd

Chartered Accountants
Registered Auditor

27 October 2004

103/105 Brighton Road
Coulsdon
Surrey
CR5 2NG

DIVA EUROPE LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

		2003	2002
	Notes	£	£
Gross profit		1,998	10,001
Administrative expenses		(113,053)	(83,121)
Operating loss	2	(111,055)	(73,120)
Investment income	3	19,447	80,000
Other interest receivable and similar income		7	3,745
Interest payable and similar charges	4	(18,999)	(4,536)
(Loss)/profit on ordinary activities before taxation		(110,600)	6,089
Tax on (loss)/profit on ordinary activities	5	-	-
(Loss)/profit on ordinary activities after taxation	11	(110,600)	6,089

DIVA EUROPE LIMITED

**ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2003**

	Notes	2003 £	£	2002 £	£
Fixed assets					
Investments	6		1,980,826		1,980,827
Current assets					
Debtors	7	23,614		4,658	
Cash at bank and in hand		82		82	
		<u>23,696</u>		<u>4,740</u>	
Creditors: amounts falling due within one year	8	<u>(1,680,945)</u>		<u>(1,658,791)</u>	
Net current liabilities			<u>(1,657,249)</u>		<u>(1,654,051)</u>
Total assets less current liabilities			323,577		326,776
Creditors: amounts falling due after more than one year	9		<u>(589,371)</u>		<u>(481,970)</u>
			<u>(265,794)</u>		<u>(155,194)</u>
Capital and reserves					
Called up share capital	10		42,858		42,858
Share premium account	11		3,000		3,000
Other reserves	11		9,642		9,642
Profit and loss account	11		<u>(321,294)</u>		<u>(210,694)</u>
Shareholders' funds - equity interests	12		<u>(265,794)</u>		<u>(155,194)</u>

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

The financial statements were approved by the Board on 27 October 2004



N C Atkins
Director

DIVA EUROPE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2003

	2003		2002	
	£	£	£	£
Net cash outflow from operating activities		(96,657)		(75,961)
Returns on investments and servicing of finance				
Interest received	7		3,745	
Interest paid	(18,999)		(4,536)	
Dividends received	-		80,000	
	<u> </u>		<u> </u>	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(18,992)		79,209
Taxation		-		32,833
Financial investment				
Receipts from sales of investments	19,447		-	
	<u> </u>		<u> </u>	
Net cash inflow/(outflow) for capital expenditure		19,447		-
Acquisitions and disposals				
Purchase of subsidiary undertakings (net of cash acquired)	-		(5,949)	
	<u> </u>		<u> </u>	
Net cash outflow for acquisitions and disposals		-		(5,949)
		<u> </u>		<u> </u>
Net cash (outflow)/inflow before management of liquid resources and financing		(96,202)		30,132
Financing				
Other new long term loans	251,500		-	
Repayment of other long term loans	(144,098)		(46,183)	
	<u> </u>		<u> </u>	
Net cash inflow/(outflow) from financing		107,402		(46,183)
Increase/(decrease) in cash in the year		<u>11,200</u>		<u>(16,051)</u>

DIVA EUROPE LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

1	Reconciliation of operating loss to net cash outflow from operating activities	2003	2002
		£	£
	Operating loss	(111,055)	(73,120)
	(Increase)/decrease in debtors	(18,956)	95,106
	Increase/(decrease) in creditors within one year	33,354	(97,947)
	Net cash outflow from operating activities	(96,657)	(75,961)
2	Analysis of net debt	1 January 2003	Cash flowOther non-cash changes
		£	£
	Net cash:		
	Cash at bank and in hand	82	-
	Bank overdrafts	(13,417)	-
		(13,335)	-
	Debt:		
	Debts falling due after one year	(481,970)	-
	Net debt	(495,305)	-
3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	Increase/(decrease) in cash in the year	11,200	(16,051)
	Cash (inflow)/outflow from (increase)/decrease in debt	(107,401)	46,183
	Movement in net debt in the year	(96,201)	30,132
	Opening net debt	(495,305)	(525,437)
	Closing net debt	(591,506)	(495,305)

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

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

The financial statements have been prepared on a going concern basis on the footing that the company will continue to receive financial support from its director and subsidiary undertakings.

1.2 Turnover

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

1.3 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

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.

1.4 Deferred taxation

The accounting policy reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Operating loss

	2003	2002
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	2,500	2,000

3 Investment income

	2003	2002
	£	£
Income from shares in group undertakings	-	80,000
Income from other fixed asset investments	19,447	-
	19,447	80,000

4 Interest payable

	2003	2002
	£	£
On bank loans and overdrafts	70	97
Other interest	18,929	4,439
	18,999	4,536

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

5 Taxation

Current tax charge

-	-

Factors affecting the tax charge for the year

(Loss)/profit on ordinary activities before taxation

(110,600)	6,089

(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002: 19.25%)

(21,014)	1,172

Effects of:

Tax losses utilised

3,565	14,949
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Dividends and distributions received

-	(15,400)
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Other tax adjustments

17,449	(721)
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21,014	(1,172)

Current tax charge

-	-

The company has estimated losses of £ 368,743 (2002: £ 355,238) available for carry forward against future trading profits.

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

6 Fixed asset investments

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 January 2003 & at 31 December 2003	<u>1,927,100</u>	<u>53,726</u>	<u>1,980,826</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Aries Paper Limited	England and Wales	Ord shares of £1	100
Aries Paper Limited		Pref shares of £1	100
Europlot Limited	England and Wales	Ord shares of £1	100
Graphic Resources (UK) Limited	England and Wales	Ord shares of £1	100
Papergraphics Limited	England and Wales	Ord shares of £1	100
Papergraphics Svenska AB	Sweden	Ord shares of SEK 10	100
Craftec Paper Limited	England and Wales	Ord shares of £1	100

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

	Capital and reserves 2003 £	Profit for the year 2003 £
Aries Paper Limited	111,168	-
Aries Paper Limited	-	-
Europlot Limited	3	-
Graphic Resources (UK) Limited	-	-
Papergraphics Limited	1,231,452	21,253
Papergraphics Svenska AB	(210,837)	10,000
Craftec Paper Limited	<u>244,038</u>	<u>58,845</u>

7 Debtors

	2003 £	2002 £
Amounts owed by subsidiary undertakings	3,817	2,242
Other debtors	<u>19,797</u>	<u>2,416</u>
	<u>23,614</u>	<u>4,658</u>

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

8	Creditors: amounts falling due within one year	2003	2002
		£	£
	Bank loans and overdrafts	2,217	13,417
	Trade creditors	14,393	35,673
	Amounts owed to subsidiary undertakings	1,574,300	1,449,912
	Taxes and social security costs	16,269	10,496
	Other creditors	35,844	113,871
	Accruals and deferred income	37,922	35,422
		<u>1,680,945</u>	<u>1,658,791</u>
9	Creditors: amounts falling due after more than one year	2003	2002
		£	£
	Other loans	<u>589,371</u>	<u>481,970</u>
	Analysis of loans		
	Wholly repayable within five years	<u>589,371</u>	<u>481,970</u>
		<u>589,371</u>	<u>481,970</u>
	Loan maturity analysis		
	In more than one year but not more than two years	<u>572,871</u>	<u>481,970</u>
10	Share capital	2003	2002
		£	£
	Authorised		
	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
		<u>1,500,000</u>	<u>1,500,000</u>
	Allotted, called up and fully paid		
	40,358 Ordinary shares of £1 each	40,358	40,358
	2,500 Non voting ordinary shares of £1 each	2,500	2,500
		<u>42,858</u>	<u>42,858</u>

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

11 Statement of movements on reserves

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2003	3,000	9,642	(210,694)
Retained loss for the year	-	-	(110,600)
Balance at 31 December 2003	<u>3,000</u>	<u>9,642</u>	<u>(321,294)</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2003 & at 31 December 2003

9,642

12 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
(Loss)/Profit for the financial year	(110,600)	6,089
Opening shareholders' funds	<u>(155,194)</u>	<u>(161,283)</u>
Closing shareholders' funds	<u>(265,794)</u>	<u>(155,194)</u>

13 Contingent liabilities

The company has given guarantees in respect of finance facilities extended to its subsidiary companies, Papergraphics Limited and Craftec Paper Limited. The commitment in connection with these facilities comprises guarantees in respect of borrowings as at 31 December 2003 amounting to £2,062,383 (2002 - £1,988,187). Primary charges exists in Papergraphics Limited and Craftec Paper Limited respectively in respect of these borrowings.

14 Directors' emoluments

	2003 £	2002 £
Emoluments for qualifying services	<u>23,980</u>	<u>4,800</u>

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2003**15 Employees****Number of employees**

The average monthly number of employees (including directors) during the year was:

	2003	2002
	Number	Number
Administration (including executive director)	<u>3</u>	<u>3</u>

Employment costs

	£	£
Wages and salaries	63,440	41,152
Social security costs	<u>6,147</u>	<u>3,336</u>
	<u>69,587</u>	<u>44,488</u>

16 Ultimate parent company

The ultimate controlling party during the year was J E Selby.

17 Related party transactions

The company provided services to Papergraphics Limited and Craftec Paper Limited, subsidiary undertakings, amounting to £2,000 (2001-£10,000). The balance due to Papergraphics Limited at 31 December 2003 was £1,308,042 (2002 - £1,273,238) and the balance due to Craftec Paper Limited at 31 December 2003 was £266,258 (2002 - £176,674)). During the year Mr M T Lloyd provided consultancy services to the company to the value of £nil (2002 - £9,450).