

Company Registration No. 2499521 (England and Wales)

DIVA EUROPE LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004



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DIVA EUROPE LIMITED

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DIVA EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

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 2004:

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 2004	1 January 2004
J E Selby	32,143	29,643
N C Atkins	-	-

	Non voting ordinary shares of £ 1 each	
	31 December 2004	1 January 2004
J E Selby	2,500	2,500
N C Atkins	-	-

	Redeemable preference shares of £ 1 each	
	31 December 2004	1 January 2004
J E Selby	-	-
N C Atkins	-	-

Auditors

The auditors, glm Ghest Lloyd Limited, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

DIVA EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

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

26 October 2005

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 2004 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.



glm Ghest Lloyd Limited

26 October 2005

Chartered Accountants
Registered Auditor

103/105 Brighton Road
Coulsdon
Surrey
CR5 2NG

DIVA EUROPE LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004**

		2004	2003
	Notes	£	£
Gross profit		5,001	1,999
Administrative expenses		(149,274)	(113,054)
Operating loss	2	(144,273)	(111,055)
Investment income	3	150,000	19,447
Other interest receivable and similar income		115	7
Interest payable and similar charges	4	(1,105)	(18,999)
Profit/(loss) on ordinary activities before taxation		4,737	(110,600)
Tax on profit/(loss) on ordinary activities	5	-	-
Profit/(loss) on ordinary activities after taxation	11	4,737	(110,600)

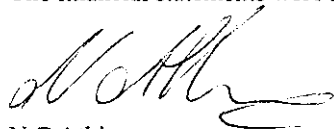
DIVA EUROPE LIMITED

**ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2004**

	Notes	2004 £	£	2003 £	£
Fixed assets					
Investments	6	1,980,826		1,980,826	
Current assets					
Debtors	7	3,817		23,614	
Cash at bank and in hand		38,204		82	
		<u>42,021</u>		<u>23,696</u>	
Creditors: amounts falling due within one year	8	<u>(1,893,660)</u>		<u>(1,680,945)</u>	
Net current liabilities			<u>(1,851,639)</u>		<u>(1,657,249)</u>
Total assets less current liabilities			129,187		323,577
Creditors: amounts falling due after more than one year	9		<u>(390,242)</u>		<u>(589,371)</u>
			<u>(261,055)</u>		<u>(265,794)</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>(316,555)</u>		<u>(321,294)</u>	
Shareholders' funds - equity interests	12		<u>(261,055)</u>		<u>(265,794)</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 26 October 2005



N C Atkins
Director

DIVA EUROPE LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

	2004		2003	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		90,458		(96,657)
Returns on investments and servicing of finance				
Interest received	115		7	
Interest paid	(1,105)		(18,999)	
Dividends received	150,000		-	
	<u> </u>		<u> </u>	
Net cash inflow/(outflow) for returns on investments and servicing of finance		149,010		(18,992)
Financial investment				
Receipts from sales of investments	-		19,447	
	<u> </u>		<u> </u>	
Net cash (outflow)/inflow for capital expenditure		-		19,447
		<u> </u>		<u> </u>
Net cash inflow/(outflow) before management of liquid resources and financing		239,468		(96,202)
Financing				
Other new long term loans	-		251,500	
Repayment of other long term loans	(199,129)		(144,098)	
	<u> </u>		<u> </u>	
Net cash (outflow)/inflow from financing		(199,129)		107,402
Increase in cash in the year		<u>40,339</u>		<u>11,200</u>

DIVA EUROPE LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004**

1	Reconciliation of operating loss to net cash inflow/(outflow) from operating activities	2004		2003	
		£		£	
	Operating loss	(144,273)		(111,055)	
	Decrease/(increase) in debtors	19,797		(18,956)	
	Increase in creditors within one year	214,934		33,354	
	Net cash inflow/(outflow) from operating activities	90,458		(96,657)	
2	Analysis of net debt	1 January 2004		31 December 2004	
		£		£	
	Net cash:				
	Cash at bank and in hand	82	38,122	-	38,204
	Bank overdrafts	(2,217)	2,217	-	-
		(2,135)	40,339	-	38,204
	Debt:				
	Debts falling due after one year	(589,371)	199,129	-	(390,242)
	Net debt	(591,506)	239,468	-	(352,038)
3	Reconciliation of net cash flow to movement in net debt	2004		2003	
		£		£	
	Increase in cash in the year	40,339		11,200	
	Cash outflow/(inflow) from decrease/(increase) in debt	199,129		(107,401)	
	Movement in net debt in the year	239,468		(96,201)	
	Opening net debt	(591,506)		(495,305)	
	Closing net debt	(352,038)		(591,506)	

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2004****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.

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

	2004	2003
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	2,500	2,500

3 Investment income

	2004	2003
	£	£
Income from shares in group undertakings	150,000	-
Income from other fixed asset investments	-	19,447
	150,000	19,447

4 Interest payable

	2004	2003
	£	£
On bank loans and overdrafts	-	70
On overdue tax	1,105	-
Other interest	-	18,929
	1,105	18,999

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2004**5 Taxation****Current tax charge**--**Factors affecting the tax charge for the year**

Profit/(loss) on ordinary activities before taxation

4,737(110,600)Profit/(loss) on ordinary activities before taxation multiplied by standard rate of
UK corporation tax of 19.00% (2003: 19.00%)900(21,014)

Effects of:

Non deductible expenses

216

321

Tax losses utilised

27,384

21,850

Dividends and distributions received

(28,500)

-

Other tax adjustments

-

(1,157)

(900)21,014**Current tax charge**--

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

6 Fixed asset investments

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 January 2004 & at 31 December 2004	<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	Shares held Class	%
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 2004 £	Profit for the year 2004 £
Aries Paper Limited	111,168	-
Aries Paper Limited	-	-
Europlot Limited	3	-
Graphic Resources (UK) Limited	-	-
Papergraphics Limited	1,240,761	159,309
Papergraphics Svenska AB	(199,837)	11,000
Craftec Paper Limited	<u>250,197</u>	<u>6,160</u>

7 Debtors

	2004 £	2003 £
Amounts owed by subsidiary undertakings	3,817	3,817
Other debtors	-	19,797
	<u>3,817</u>	<u>23,614</u>

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

8	Creditors: amounts falling due within one year	2004	2003
		£	£
	Bank loans and overdrafts (secured)	-	2,217
	Trade creditors	7,945	14,393
	Amounts owed to subsidiary undertakings	1,790,906	1,574,300
	Taxes and social security costs	19,968	16,269
	Other creditors	34,962	35,844
	Accruals and deferred income	39,879	37,922
		<u>1,893,660</u>	<u>1,680,945</u>
9	Creditors: amounts falling due after more than one year	2004	2003
		£	£
	Director's loans	<u>390,242</u>	<u>589,371</u>
	Analysis of loans		
	Wholly repayable within five years	<u>390,242</u>	<u>589,371</u>
		<u>390,242</u>	<u>589,371</u>
	Loan maturity analysis		
	In more than one year but not more than two years	<u>390,242</u>	<u>589,371</u>
10	Share capital	2004	2003
		£	£
	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 2004

11 Statement of movements on reserves

	Share premium account	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 January 2004	3,000	9,642	(321,292)
Retained profit for the year	-	-	4,737
Balance at 31 December 2004	<u>3,000</u>	<u>9,642</u>	<u>(316,555)</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2004 & at 31 December 2004

9,642

12 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Profit/(Loss) for the financial year	4,737	(110,600)
Opening shareholders' funds	(265,794)	(155,194)
Closing shareholders' funds	<u>(261,055)</u>	<u>(265,794)</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 2004 amounting to £2,034,086 (2003-£2,062,383). Primary charges exist in Papergraphics Limited and Craftec Paper Limited in respect of these borrowings.

14 Directors' emoluments

	2004	2003
	£	£
Emoluments for qualifying services	<u>19,520</u>	<u>23,980</u>

DIVA EUROPE LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2004**15 Employees****Number of employees**

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

	2004	2003
	Number	Number
Administration (including executive director)	<u>4</u>	<u>2</u>

Employment costs

	£	£
Wages and salaries	66,958	63,440
Social security costs	<u>6,467</u>	<u>6,147</u>
	<u>73,425</u>	<u>69,587</u>