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Company Registration No. 2499521 (England and Wales)

DIVA EUROPE LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005



DIVA EUROPE LIMITED

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DIVA EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

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 2005:

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 2005	1 January 2005
J E Selby	33,635	33,635
N C Atkins	-	-

	Non voting ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
J E Selby	2,500	2,500
N C Atkins	-	-

	Redeemable preference shares of £ 1 each	
	31 December 2005	1 January 2005
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 2005

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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

30 October 2006

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 12, together with the financial statements of Diva Europe Limited for the year ended 31 December 2005 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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, 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 abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider 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.

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 have been properly prepared in accordance with that provision.



glm Ghest Lloyd Limited

30 October 2006

Chartered Accountants
Registered Auditor

103/105 Brighton Road
Coulston
Surrey
CR5 2NG

DIVA EUROPE LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

		2005	2004
	Notes	£	£
Gross profit		122,499	5,001
Administrative expenses		(166,484)	(149,274)
Operating loss	2	(43,985)	(144,273)
Investment income	3	60,000	150,000
Other interest receivable and similar income		656	115
Interest payable and similar charges	4	(13,483)	(1,105)
Profit on ordinary activities before taxation		3,188	4,737
Tax on profit on ordinary activities	5	-	-
Profit for the year	12	3,188	4,737

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

DIVA EUROPE LIMITED

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2005

		2005		2004	
	Notes	£	£	£	£
Fixed assets					
Investments	6		1,980,826		1,980,826
Current assets					
Debtors	7	7,000		3,817	
Cash at bank and in hand		1		38,204	
		<u>7,001</u>		<u>42,021</u>	
Creditors: amounts falling due within one year	8	<u>(2,081,299)</u>		<u>(1,893,660)</u>	
Net current liabilities			<u>(2,074,298)</u>		<u>(1,851,639)</u>
Total assets less current liabilities			<u>(93,472)</u>		<u>129,187</u>
Creditors: amounts falling due after more than one year	9		<u>(164,394)</u>		<u>(390,242)</u>
			<u>(257,866)</u>		<u>(261,055)</u>
Capital and reserves					
Called up share capital	11		42,858		42,858
Share premium account	12		3,000		3,000
Other reserves	12		9,642		9,642
Profit and loss account	12		<u>(313,366)</u>		<u>(316,555)</u>
Shareholders' funds	13		<u>(257,866)</u>		<u>(261,055)</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.

Approved by the Board and authorised for issue on 30 October 2006



N C Atkins
Director

DIVA EUROPE LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2005

	2005		2004	
	£	£	£	£
Net cash inflow from operating activities		140,470		90,458
Returns on investments and servicing of finance				
Interest received	656		115	
Interest paid	(13,483)		(1,105)	
Dividends received	60,000		150,000	
Net cash inflow for returns on investments and servicing of finance		47,173		149,010
Capital expenditure				
Payments to acquire intangible assets	1		-	
Net cash inflow/(outflow) for capital expenditure		1		-
Net cash inflow before management of liquid resources and financing		187,644		239,468
Financing				
Repayment of other long term loans	(225,848)		(199,129)	
Net cash outflow from financing		(225,848)		(199,129)
(Decrease)/increase in cash in the year		(38,204)		40,339

DIVA EUROPE LIMITED

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

1	Reconciliation of operating loss to net cash inflow from operating activities		2005	2004
			£	£

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2005

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 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.5 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	2005	2004
	£	£
Operating loss is stated after charging:		
Auditors' remuneration	2,500	2,500
	<u> </u>	<u> </u>
3 Investment income	2005	2004
	£	£
Income from shares in group undertakings	60,000	150,000
Bank interest	656	115
	<u> </u>	<u> </u>
	60,656	150,115
	<u> </u>	<u> </u>
4 Interest payable	2005	2004
	£	£
On bank loans and overdrafts	14	-
On overdue tax	-	1,105
Other interest	13,469	-
	<u> </u>	<u> </u>
	13,483	1,105
	<u> </u>	<u> </u>

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

5	Taxation	2005	2004
	Current tax charge	-	-
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	3,188	4,737
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004 - 19.00%)	606	900
	Effects of:		
	Non deductible expenses	-	216
	Tax losses utilised	10,919	27,384
	Dividends and distributions received	(11,400)	(28,500)
	Other tax adjustments	(125)	-
		(606)	(900)
	Current tax charge	-	-

6 Fixed asset investments

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 January 2005 & at 31 December 2005	1,927,100	53,726	1,980,826
Net book value			
At 31 December 2005	1,927,100	53,726	1,980,826
At 31 December 2004	1,927,100	53,726	1,980,826

7	Debtors	2005 £	2004 £
	Amounts owed by subsidiary undertakings	3,817	3,817
	Other debtors	3,183	-
		7,000	3,817

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

8	Creditors: amounts falling due within one year	2005	2004
		£	£
	Bank loans and overdrafts (secured)	1	-
	Trade creditors	18,245	7,945
	Amounts owed to subsidiary undertakings	1,983,182	1,790,906
	Taxes and social security costs	15,626	19,968
	Other creditors	30,686	34,962
	Accruals and deferred income	33,559	39,879
		<u>2,081,299</u>	<u>1,893,660</u>
		<u><u>2,081,299</u></u>	<u><u>1,893,660</u></u>
9	Creditors: amounts falling due after more than one year	2005	2004
		£	£
	Director's loans	164,394	390,242
		<u>164,394</u>	<u>390,242</u>
	Analysis of loans		
	Wholly repayable within five years	164,394	390,242
		<u>164,394</u>	<u>390,242</u>
		<u><u>164,394</u></u>	<u><u>390,242</u></u>
	Loan maturity analysis		
	In more than one year but not more than two years	164,394	390,242
		<u>164,394</u>	<u>390,242</u>
		<u><u>164,394</u></u>	<u><u>390,242</u></u>
10	Pension costs		
	Defined contribution		
		2005	2004
		£	£
	Contributions payable by the company for the year	1,200	-
		<u>1,200</u>	<u>-</u>
		<u><u>1,200</u></u>	<u><u>-</u></u>

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

11 Share capital	2005	2004
	£	£
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>

12 Statement of movements on reserves

	Share premium account	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 January 2005	3,000	9,642	(316,554)
Profit for the year	-	-	3,188
	<u>3,000</u>	<u>9,642</u>	<u>(313,366)</u>
Balance at 31 December 2005	3,000	9,642	(313,366)

Other reserves

Capital redemption reserve

Balance at 1 January 2005 & at 31 December 2005

9,642

13 Reconciliation of movements in shareholders' funds

	2005	2004
	£	£
Profit for the financial year	3,188	4,737
Opening shareholders' funds	(261,055)	(265,792)
	<u>(257,866)</u>	<u>(261,055)</u>
Closing shareholders' funds	(257,866)	(261,055)

14 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 2005 amounting to £2,177,331 (2004-£2,034,086). Primary charges exist in Papergraphics Limited and Craftec Paper Limited in respect of these borrowings.

DIVA EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2005

15 Directors' emoluments	2005	2004
	£	£
Emoluments for qualifying services	61,676	19,520
Company pension contributions to money purchase schemes	1,200	-
	<u>62,876</u>	<u>19,520</u>

16 Employees

Number of employees

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

	2005	2004
	Number	Number
Administration (including executive director)	<u>4</u>	<u>4</u>

Employment costs

	2005	2004
	£	£
Wages and salaries	111,921	66,958
Social security costs	10,801	6,467
Other pension costs	1,200	-
	<u>123,922</u>	<u>73,425</u>