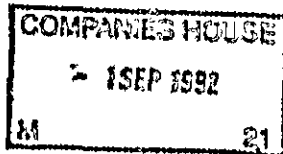


VITA INTERNATIONAL LIMITED

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ACCOUNTS -- 31 DECEMBER 1991

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS



472253

Registered Number : 472253

VITA INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1991

The directors present their annual report on the affairs of the Company together with the accounts and auditors' report for the year ended 31 December 1991.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is the holding of the overseas investments of British Vita PLC.

During the year, the Company formed a new subsidiary, Vitafoam Incorporated, based in the USA and engaged in cellular polymer production. Also during 1991, the Company's investment in Libeltex AB was transferred to Libeltex NV, a fellow group undertaking of British Vita PLC and incorporated in Belgium, at cost.

The Company disposed of its 50% investment in Vitafoam Barbados in January 1991.

The directors consider the activities of the Company to be satisfactory and anticipate continuance of similar levels for the foreseeable future.

RESULTS AND DIVIDENDS

Dividend income is recognised on a received rather than on a receivable basis.

Results and dividends paid and proposed are as follows -

Retained profit at 31 December 1990	£3,433,177
Profit for the financial year	1,168,331
Preference dividend paid	(3,447)
Ordinary interim dividend paid	(1,000,000)
Ordinary final dividend proposed	(3,500,000)

Retained profit at 31 December 1991	£ 98,061
	=====

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows -

R. McGee
F.A. Parker
R.H. Sellers
F.J. Eaton
L. Lawton
D.R. Hine
J.H. Ogden
K.R. Bhatt (Appointed 23 January 1992)
G.J. Szalmuk (Australia)
J.B. Aldridge

The interests of J.B. Aldridge and G.J. Szalmuk in the shares of the ultimate parent company, British Vita PLC, were as follows -

	Ordinary shares of 25p each			
	<u>1991</u>		<u>1990</u>	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
J.B. Aldridge	58,106	7,613	29,642	97,060
G.J. Szalmuk	-	-	-	-
	XXXXXX	XXXXXX	XXXXXX	XXXXXX

The interests of the other directors in the shares of the holding company are shown in the consolidated accounts of that company.

AUDITORS

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen (formerly Arthur Andersen & Co.) as auditors.

BY ORDER OF THE BOARD


A.R. Teague
Secretary

12 March 1992

AUDITORS' REPORT TO THE MEMBERS OF VITA INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 to 10 in accordance with Auditing Standards.

As explained in the accounting policies on page 6 the Company has recognised dividend income on a received rather than on a receivable basis as required by generally accepted accounting principles.

Except for the effects of accounting for dividend income in the manner described in the preceding paragraph, in our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 1991 and of its profit for the financial year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the above qualification is not material for the purpose of determining whether any distribution payable by reference to the accounts is permitted under the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditor

12 March 1992

VITA INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
DIVIDENDS RECEIVED		£ 1,191,799	£ 3,581,554
Other operating income		74,282	48,485
Administrative expenses		(32,780)	(48,285)
Interest receivable		35,391	257,001
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1	£ 1,268,692	£ 3,838,755
Tax on profit on ordinary activities	2	(100,361)	(299,775)
		-----	-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£ 1,168,331	£ 3,538,980
Extraordinary items	3	-	1,844,639
		-----	-----
PROFIT FOR THE FINANCIAL YEAR		£ 1,168,331	£ 5,383,619
RETAINED PROFIT, beginning of year		3,433,177	3,053,005
DIVIDENDS PAID AND PROPOSED	4	(4,503,447)	(5,003,447)
		-----	-----
RETAINED PROFIT, end of year		£ 98,061	£ 3,433,177
		=====	=====

The accompanying notes are an integral part of these accounts.

VITA INTERNATIONAL LIMITED

BALANCE SHEET -- 31 DECEMBER 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
FIXED ASSETS			
Investments	5	£32,702,246	£30,537,191
		-----	-----
CURRENT ASSETS			
Debtors	6	£ 87,682	£ 250,690
Cash at bank and in hand		185,964	161,334
		-----	-----
		£ 273,646	£ 412,024
CREDITORS: Amounts falling due within one year	7	(4,057,169)	(945,376)
		-----	-----
NET CURRENT LIABILITIES		£(3,783,523)	£ (533,352)
		-----	-----
NET ASSETS		£28,918,723	£30,003,839
		=====	=====
CAPITAL AND RESERVES			
Called-up share capital	8	£ 825,939	£ 816,939
Share premium account	8	27,982,698	25,741,698
Capital redemption reserve		12,025	12,025
Profit and loss account		98,061	3,433,177
		-----	-----
TOTAL CAPITAL EMPLOYED		£28,918,723	£30,003,839
		=====	=====

SIGNED ON BEHALF OF THE BOARD

R. McGee)
) Directors
R.H. Sellers)

12 March 1992

The accompanying notes are an integral part of these balance sheets.

VITA INTERNATIONAL LIMITED

ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and with the preceding year, is set out below.

a) BASIS OF ACCOUNTS

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards except for the fact that, as noted below, dividend income is accounted for on a received rather than a receivable basis. The directors consider this policy to be prudent. The impact of this policy is to understate retained earnings by £235,000 at 31 December 1991.

As permitted by Section 230 of the Companies Act 1985 the Company has not presented consolidated accounts.

b) FOREIGN CURRENCY

Foreign currency transactions during the year and balances at the year end are translated at the appropriate contract rate or the prevailing rate of exchange at the year end. Gains and losses are dealt with in the profit and loss account.

c) INVESTMENTS

Investments in subsidiary undertakings are stated at cost as adjusted for distributable reserves capitalised by certain subsidiaries and pre-acquisition dividends received.

Investments in associated undertakings are stated at cost less appropriate provisions.

d) DIVIDEND INCOME

Dividend income is accounted for on a received basis.

e) TAXATION

Corporation tax payable is provided on taxable profits at the current rate after adjusting for double taxation relief in respect of overseas taxation.

VITA INTERNATIONAL LIMITED

NOTES TO THE ACCOUNTS -- 31 DECEMBER 1991

1. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging auditors' remuneration of £9,500 (1990 - £9,500). No directors' emoluments were paid during the year (1990 - £Nil). The Company has no employees.

2. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and comprises -

	<u>1991</u>	<u>1990</u>
UK corporation tax at 33.25% (1990-35%)	£ 12,500	£ 99,542
Overseas taxation	87,861	200,233
	-----	-----
	£ 100,361	£ 299,775
	=====	=====

3. EXTRAORDINARY ITEMS

	<u>1991</u>	<u>1990</u>
Profit arising on disposal of investment in Rubber Latex (Australia) Pty Limited	£ -	£1,583,416
Profit arising on disposal of investment in Vitafoam Kenya Limited	-	261,223
	-----	-----
	£ -	£1,844,639
	=====	=====

4. DIVIDENDS PAID AND PROPOSED

	<u>1991</u>	<u>1990</u>
6% Preference dividend	£ 3,447	£ 3,447
Interim ordinary dividend paid of £1.36 per share (1990-£6.88 per share)	1,000,000	5,000,000
Final ordinary dividend proposed of £4.76 per share (1990 - £Nil per share)	3,500,000	-
	-----	-----
	£4,503,447	£5,003,447
	=====	=====

5. INVESTMENTS

a) Investments comprise -

	<u>Subsidiary undertakings</u>	<u>Associated undertakings</u>		<u>Total</u>
		<u>Listed</u>	<u>Unlisted</u>	
SHARES AT COST				
Beginning of year	£14,073,758	£15,593,265	£ 853,443	£30,520,466
Additions	2,309,736	-	-	2,309,736
Disposals	-	-	(5,000)	(5,000)
Transfers to other group undertakings	(139,681)	-	-	(139,681)
End of year	£16,243,813	£15,593,265	£ 848,443	£32,685,521
CAPITALISED RESERVES				
Beginning and end of year	16,725	-	-	16,725
Net book value end of year	£16,260,538	£15,593,265	£ 848,443	£32,702,246
Market value of listed associated undertakings and directors' valuation of unlisted associated undertakings				
		£ 5,837,000	£ 700,000	£ 6,537,000

b) The principal investments are as follows -

	<u>Company interest</u>	<u>Country of incorporation</u>	<u>Principal activity</u>
SUBSIDIARY UNDERTAKINGS			
Australia Vita Pty Limited	100%	Australia	Holding company
Vita Polymers Europe BV	100%	Netherlands	Holding company
Vita Holdings Inc	100%	Canada	Holding company
Vita Polymers Denmark AS	100%	Denmark	Polymeric products
ICOA SA	100%*	Spain	Cellular foam products
Metzeler Laminados Iberia SA	94%**	Spain	Polymeric products
SMD Industries SA	100%	France	Holding company
Vitafoam Inc	100%	USA	Cellular foam products

* 31% held directly by a subsidiary undertaking.

** 50% held directly by a subsidiary undertaking.

ASSOCIATED UNDERTAKINGS

Spartech Corporation	29%	USA	Manufacture and processing of polymer products
Taki-Vita SAE	40%	Egypt	Cellular foam products
Vitafoam Nigeria Limited	20%	Nigeria	Cellular foam products

During the year, the Company formed a new subsidiary, Vitafoam Incorporated, based in the USA and engaged in cellular polymer production. Also during 1991, the Company's investment in Libeltex AB was transferred to Libeltex NV, a fellow group undertaking of British Vita PLC and incorporated in Belgium, at cost.

The Company's 50% investment in Vitafoam Barbados was disposed of at book cost in January 1991.

6. DEBTORS

The following amounts are included in the net book value of debtors -

	<u>1991</u>	<u>1990</u>
Amounts owed by other group undertakings	£ 71,180	£ 208,697
Amounts owed by associated undertakings	12,681	23,364
VAT	560	-
Other debtors	2,954	18,629
Prepayments and deferred income	307	-
	-----	-----
	£ 87,682	£ 250,690
	=====	=====

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

The following amounts are included in creditors falling due within one year -

	<u>1991</u>	<u>1990</u>
Amounts owed to other group undertakings	£ 348,804	£ 341,723
Amounts owed to associated undertakings	14,687	15,715
U.K. corporation tax payable	149,681	137,181
Other creditors	26,649	398,276
Proposed dividend	3,503,447	-
Accruals	13,901	52,481
	-----	-----
	£4,057,169	£ 945,376
	=====	=====

8. CALLED-UP SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, called-up and fully-paid</u>
6% cumulative preference shares of £1 each	£ 60,000	£ 57,450
6% redeemable cumulative preference shares of £1 each	100,000	33,104
Ordinary shares of £1 each	740,000	735,385
	-----	-----
	£ 900,000	£ 825,939
	=====	=====

The 6% redeemable cumulative preference shares, which were due to be redeemed by 1970, are owned by the holding company, British Vita PLC; no further redemption of these shares is contemplated.

During the year the Company allotted 9,000 ordinary shares with a nominal value of £1 each and at a premium of £2,241,000 in total for cash consideration. The purpose of the issue was to fund acquisitions during the year.

9. DEFERRED TAXATION

There are no amounts of unprovided deferred taxation.

10. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The Company has jointly guaranteed the bank overdrafts of the ultimate parent company. The directors are of the opinion that no liability is likely to arise.

11. ULTIMATE PARENT COMPANY

The Company is a wholly-owned subsidiary undertaking of British Vita PLC, a company registered in England and Wales.

Under the provisions of Financial Reporting Standard No. 1 the accounts of the Company do not include a cash flow statement as the information is contained in the consolidated accounts of British Vita PLC.

The largest and smallest group in which the results of the Company are consolidated is that headed by British Vita PLC, whose principal place of business is at Soudan Street, Middleton, Manchester, England. The consolidated accounts of this group are available to the public.