

Vita International Limited
Annual report and financial statements
for the year ended 31 December 2011

Registered number 472253

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Vita International Limited

Annual report and financial statements

for the year ended 31 December 2011

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Vita International Limited

Directors and advisors for the year ended 31 December 2011

Directors

Mr G L Maundrell

Mr J H Menendez

Mr J D Meltham

Secretary

Vita Industrial (UK) Limited

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

Registered office

Times Place

45 Pall Mall

London

SW1Y 5JG

Registered number

472253

Vita International Limited

Directors' report for the year ended 31 December 2011

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2011

Principal activity

The principal activity of the Company during the year continued to be that of immediate parent of overseas investments of the Group (British Vita (Lux III) S à r l and its subsidiary companies) Principal investments are detailed in note 3 to the financial statements

Business review

Results for the year ended 31 December 2011 were in line with expectations and this is expected to continue The loss for the year was £2,829,871 (2010 profit of £20,018,217) and dividend income was £nil (2010 £1,076,110) At the year end the Company had net assets of £321,990,529 (2010 £324,820,400)

During the year the Company incurred exceptional operating costs of £4,079,565 (2010 £4,612,693), as a result of the impairment of Vitafoam Romania S R L Exceptional costs in 2010 were primarily as a result of the write off of an inter company loan with Royalite Plastics S R L

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by its activities The Company operates in accordance with Group policies

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks

Financial risk management

The Group, of which the Company is a member, through its central treasury activities seeks to reduce financial risk, ensure sufficient liquidity and manage surplus cash The treasury department operates within parameters approved and monitored by the Group Board and restricts transactions to banks that have a defined minimum credit rating

The treasury department does not take speculative financial positions and makes limited use of derivative financial instruments The treasury department advises operational management on all financial risks and executes all major transactions in financial instruments In the UK, the treasury department arranges all foreign currency forward contracts to hedge transactional exposures and ensures exposures are fully hedged as they arise and, where appropriate, hedges future exposures up to six months forward In addition, the treasury department manages borrowings centrally At the year end the Company had no foreign currency forward contracts in place

The Company seeks to reduce credit risk through the use of credit insurance and pro-active credit control procedures

Vita International Limited

Directors' report for the year ended 31 December 2011 (continued)

Key Performance Indicators ("KPIs")

The Group, of which the Company is a member, is managed on a divisional basis. As such the Company produces monthly reporting packs containing its financial results and these are consolidated into the total numbers for its division and submitted to Group for review. The Key Performance Indicators on which the Group focuses are

- EBITDA
- Working Capital
- Operating Cash Flow

The three KPIs are measured in absolute terms and, in addition, working capital is also measured on days sales outstanding, days purchases outstanding and days inventory in hand. The Group has confirmed through its reviews that the KPIs have been running at a level consistent with expectations and have satisfied the Group's relevant banking covenants.

Dividends

The directors do not propose a dividend in respect of the year ended 31 December 2011 (2010: £nil).

Directors and their interests

The directors who held office during the year and up to the date of signing the financial statements are as follows:

Mr J H Menendez
Mr G L Maundrell
Mr J D Meltham (appointed 12 April 2011)
Mr N J Burley (resigned 25 March 2011)

Political and charitable contributions

No political or charitable donations (2010: £nil) were made by the Company during the year.

Vita International Limited

Directors' report for the year ended 31 December 2011 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

Statement of disclosure of information to auditors

Each director in office at the date the Directors' report is approved confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

By order of the Board



Mr G L Maundrell
Director
30 April 2012

Vita International Limited

Independent auditors' report to the members of Vita International Limited

We have audited the financial statements of Vita International Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Simon White (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

30 April 2012

Vita International Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Administrative (expense)/income before exceptional items		(332,653)	2,018,174
Exceptional items	1	(4,079,565)	(4,612,693)
Administrative costs		(4,412,218)	(2,594,519)
Operating loss	1	(4,412,218)	(2,594,519)
Profit on disposal of subsidiary undertakings	3	-	18,362,230
Income from fixed asset investment		-	1,076,110
Interest receivable from group undertakings		3,999,538	5,657,635
Interest payable to group undertakings		(922,506)	(559,319)
(Loss)/profit on ordinary activities before taxation		(1,335,186)	21,942,137
Tax on (loss)/profit on ordinary activities	2	(1,494,685)	(1,923,920)
(Loss)/profit for the financial year	8	(2,829,871)	20,018,217

All results are generated from continuing operations

The Company has no recognised gains and losses in either year other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

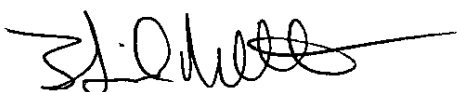
There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the years stated above and their historical cost equivalents

Vita International Limited

Balance Sheet as at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Investments	3	262,372,675	253,910,097
Current assets			
Debtors (including £105,339,511 (2010 £113,973,704) due after one year)	4	119,642,942	126,967,812
Creditors: amounts falling due within one year	5	(5,878,654)	(5,042,606)
Net current assets		113,764,288	121,925,206
Total assets less current liabilities		376,136,963	375,835,303
Creditors: amounts falling due after more than one year	6	(54,146,434)	(51,014,903)
Net assets		321,990,529	324,820,400
Capital and reserves			
Called up share capital	7	875,939	875,939
Share premium account	8	97,932,698	97,932,698
Capital redemption reserve	8	12,025	12,025
Profit and loss account	8	223,169,867	225,999,738
Total shareholder's funds	9	321,990,529	324,820,400

The financial statements on pages 6 to 14 were approved by the board of directors on 27 April 2012 and were signed on its behalf by



Mr J D Meltham
Director
30 April 2012

Vita International Limited
Registered number
472253

Vita International Limited

Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies have been applied consistently in the current year and the prior year. A summary of the policies is set out below.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention. The company is a wholly-owned subsidiary of British Vita Unlimited and is included in the consolidated financial statements of British Vita (Lux III) S à r l, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Investments

Investments in subsidiary undertakings are initially stated at cost. Foreign equity investments that are wholly or partially hedged using foreign currency borrowings are regarded as currency assets to the extent that they are so hedged. Differences on the retranslation of foreign currency investments are taken to reserves. Provision is made for any impairment.

Dividend income

Dividend income is accounted for on a receivable basis.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions denominated in foreign currencies are recorded in the local currency at actual exchange rates as of the date of the transaction (or where appropriate, at the rate of exchange in a related foreign currency forward contract). Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rate of exchange prevailing at the year end (or, where appropriate, at the rate of exchange in a related foreign currency forward contract). Differences arising on translation of foreign currency borrowings used to finance foreign currency investments are taken to reserves and matched against the translation differences of the related foreign currency investment. Any other gain or loss arising from a change in exchange rates subsequent to the date of transaction is included as an exchange gain or loss in the profit and loss account.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Cash flow statement

The Company is a wholly owned subsidiary of British Vita (Lux III) S à r l, which produces consolidated financial statements that are publicly available. Consequently, the Company is exempt from the requirement of Financial Reporting Standard (FRS) 1 "Cash flow statements" (Revised 1996) to prepare a cash flow statement.

Vita International Limited

Accounting policies (continued)

Exceptional items

Items which are both material and non-recurring in nature are presented as exceptional items so as to provide a better indication of the Company's underlying business performance and are shown separately on the face of the profit and loss account

Vita International Limited

Notes to the financial statements

for the year ended 31 December 2011

1 Operating loss

No directors' emoluments were paid during this or the previous year. The Company has no employees. Auditors' remuneration of £2,500 (2010: £3,000) was borne by Vita Industrial (UK) Limited, a fellow group undertaking.

The exceptional costs in 2011 arose as a result of the impairment of the Company's investment in Vitafoam Romania S R L. The exceptional costs in 2010 arose primarily as a result of the write off of an inter company loan with Royalite Plastics S R L.

Other (expense)/income is the exchange (losses)/gains on foreign currency balances not included in the Euro denominated investments treated in accordance with Statement of Standard Accounting Practice (SSAP) 20 "foreign currency translation".

2 Tax on (loss)/profit on ordinary activities

	2011 £	2010 £
Current tax		
United Kingdom corporation tax at 26.5% (2010: 28%)	864,000	1,207,400
Adjustments in respect of previous years	630,685	716,520
Tax on (loss)/profit on ordinary activities	1,494,685	1,923,920

The tax assessed for the year differs (2010: differs) from the effective rate of Corporation tax in the UK. The differences are explained as follows:

	2011 £	2010 £
(Loss)/profit on ordinary activities before taxation	(1,335,186)	21,942,137
Tax on (loss)/profit on ordinary activities at effective UK Corporation Tax rate of 26.5% (2010: 28%)	(353,824)	6,143,798
Net expense/(income) not subject to tax	136,551	(896,978)
Net expenses not deductible for tax purposes	1,081,085	1,101,971
Adjustments in respect of previous years	630,685	716,520
Gains on disposals not taxable	-	(5,141,975)
Tax losses not utilised	188	584
Current tax charge for the year	1,494,685	1,923,920

Potential deferred tax assets of £0.3m (2010: £0.3m) have not been recognised in respect of losses carried forward, as it is considered the degree of certainty around the level of future taxable profits is not sufficient to recognise these assets.

On 23 March 2011 the Chancellor announced the reduction in the main rate of UK corporation tax to 26% with effect from 1 April 2011 and a further reduction to 25% with effect from 1 April 2012. These changes became substantively enacted on 29 March 2011 and 5 July 2011 respectively. The effect of these rate reductions has been included in the relevant figures above.

Vita International Limited

Notes to the financial statements (continued)

for the year ended 31 December 2011

2 Tax on (loss)/profit on ordinary activities (continued)

In his budget of 21 March 2012, the Chancellor of the Exchequer announced certain tax changes. The proposals included phased reductions in the corporation tax rate. The rate reduced to 24% from 1 April 2012 and further reductions were proposed to 23% effective from 1 April 2013 and to 22% effective from 1 April 2014. As at 31 December 2011 these changes had not been substantively enacted and therefore are not recognised in the financial statements. The overall effect of the further reductions from 25% to 22%, if these applied to the deferred tax balance not recognised at 31 December 2011, would not be significant.

3 Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 January 2011	288,718,854
Additions	14,581,150
Inter group transfers	308,296
Revaluation	(2,347,303)
At 31 December 2011	301,260,997
Impairments	
At 1 January 2011	34,808,757
Impairments	4,079,565
At 31 December 2011	38,888,322
Net book value	
At 31 December 2011	262,372,675
At 31 December 2010	253,910,097

The Company has revalued certain Euro denominated investments to match against foreign currency exchange movements in accordance with SSAP 20.

Additions in 2011 included recapitalisations in Royalite Plastics S R L, Vita Polymers Denmark A/S and Vitafoam Bulgaria EOOD, as well as the recapitalisation and subsequent impairment of Vitafoam Romania S R L and the transfer of Vita Holding Limited S R L, in Romania, from Vita Polymers Poland Sp Z o o.

The directors consider the value of the investments to be supported by their underlying assets.

On 13 January 2010 Vita Investments North America Limited, a subsidiary of the Company, sold its shareholding in Crest Foam Industries Inc to Inoac USA, Inc for net proceeds of £28.1m and a profit of £25.6m.

On 31 March 2010 the Company sold its shareholdings in VTC Elastoteknik AB to Hexpol AB for net proceeds of £22.5m and a profit of £18.4m.

Vita International Limited

Notes to the financial statements (continued) for the year ended 31 December 2011

3 Fixed asset investments (continued)

The principal investments are as follows (* indicates held indirectly)

Subsidiary undertakings	Country of incorporation and operation	% shares held by Company	Principal activity
Australia Vita Pty Limited	Australia	100%	Parent company
British Vita (Germany) GmbH	Germany	100%	Parent company
Metzeler Schaum GmbH	Germany	*94 9%	Cellular foam products
Metzeler Plastics GmbH	Germany	*94 9%	Thermoplastic sheet
Libeltex BVBA	Belgium	100%	Nonwoven products
Pathway Polymers Inc	USA	*100%	Cellular foam products
Tramico Slovakia S R O	Slovakia	100%	Cellular foam products
UAB Vita Baltic International	Lithuania	*100%	Cellular foam products
Vita Investments North America Limited	England	100%	Parent company
Vita Polymers Poland Sp Zo o	Poland	100%	Cellular foam products
Vita Thermoplastic Compounds (Malaysia) SDN BHD	Malaysia	*100%	Thermoplastic compounds
Royalite Plastics S R L	Italy	94%	Polymeric products
Vitafoam Inc	USA	*100%	Nonwoven products
Vitafoam Bulgaria EOOD	Bulgaria	100%	Cellular foam products
Vita Polymers Denmark A/S	Denmark	100%	Thermoplastic sheet
Vitafoam Romania S R L	Romania	37 26%	Cellular foam products
Vita Holding Limited S R L	Romania	100%	Cellular foam products

4 Debtors

	2011 £	2010 £
Amounts owed by group undertakings (including £105,339,511 (2010 £113,973,704) due after one year)	119,642,942	126,967,812

Amounts owed by group undertakings are unsecured and interest is charged on a floating rate basis. The rates are linked to the libor (or equivalent) for the currency of each loan, and an appropriate margin is added.

Vita International Limited

Notes to the financial statements (continued)

for the year ended 31 December 2011

5 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank overdraft	43	172,815
Amounts owed to group undertakings	4,974,118	3,099,378
Corporation tax	864,000	1,207,400
Accruals and deferred income	40,493	563,013
	5,878,654	5,042,606

Amounts owed by group undertakings are interest free and repayable 45 days after the end of the month in which they arose

6 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Amounts owed to group undertakings	54,146,434	51,014,903

Amounts owed to group undertakings are unsecured and interest is charged on a floating rate basis. The rates are linked to the libor (or equivalent) for the currency of each loan, and an appropriate margin is added. They have no fixed date of repayment.

7 Called up share capital

	2011 £	2010 £
Allotted, called up and fully paid		
875,939 (2010: 875,939) ordinary shares of £1 each	875,939	875,939

Vita International Limited

Notes to the financial statements (continued)

for the year ended 31 December 2011

8 Reserves

	Share premium account	Capital redemption reserve	Profit and loss account
	£	£	£
At 1 January 2011	97,932,698	12,025	225,999,738
Loss for the year	-	-	(2,829,871)
At 31 December 2011	97,932,698	12,025	223,169,867

9 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
(Loss)/profit for the financial year	(2,829,871)	20,018,217
Re-designation of preference shares to Ordinary shares	-	90,554
Opening shareholders' funds	324,820,400	304,711,629
Closing shareholders' funds	321,990,529	324,820,400

10 Related party transactions

The Company has taken advantage of the exemption under paragraph 3(C) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that throughout the year it was a wholly owned subsidiary of a group headed by the British Vita (Lux III) S à r l, whose financial accounts are publicly available

11 Ultimate parent undertaking

The Company's immediate parent undertaking is British Vita Unlimited

British Vita (Lux III) S à r l is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2011. The consolidated financial statements may be obtained from 5, Rue Guillaume Kroll, L-1882, Luxembourg

The Company's ultimate controlling party is TPG Partners IV-AIV, LP, a partnership located in the Cayman Islands. The ultimate parent company is Vita Cayman Limited