Vita International Limited

Annual report and financial statements

for the year ended 31 December 2012

Registered number 472253

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Vita International Limited

Annual report and financial statements

for the year ended 31 December 2012

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Vita International Limited

Directors and advisors for the year ended 31 December 2012

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 2012

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2012

Principal activities
The principal activity of the Company during the year continued to be that of immediate parent of overseas investments of the Group (Vita (Lux III) S àr 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 2012 were in line with expectations and this is expected to continue The loss for the year was £41,685,895 (2011 £2,829,871) and dividend income was £nil (2011 £nil) At the year end the Company had net assets of £280,304,634 (2011 £321,990,529)

During the year the Company incurred exceptional operating costs of £42,094,319, relating to the impairment of several of its investments (2011 £4,079,565, was a result of the impairment of Vitafoam Romania S R L) The Company also incurred a non-operating loss on disposal of £2,965,536 in respect of the automotive (Tramico Slovakia S R O) and Nonwoven (Libeltex BVBA) businesses

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 of Directors 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

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 2012 (2011 £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

Political and charitable contributions
No political or charitable donations (2011 £nil) were made by the Company during the year

Vita International Limited

Directors' report for the year ended 31 December 2012 (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,
- 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

On behalf of the Board

Mr G L Maundrell
Director
28 June 2013

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 2012 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 and financial statements 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 2012 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

Simon White (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
28 June 2013

Vita International Limited

Profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Administrative expense before exceptional items		**(395,736)**	(332,653)
Exceptional items - impairment	1	**(42,094,319)**	(4,079,565)
Administrative costs		**(42,490,055)**	(4,412,218)
Operating loss	1	**(42,490,055)**	(4,412,218)
Loss on disposal of investments		**(2,965,536)**	-
Interest receivable and similar income		**3,961,267**	3,999,538
Interest payable and similar charges		**(649,992)**	(922,506)
Loss on ordinary activities before taxation		**(42,144,316)**	(1,335,186)
Tax on loss on ordinary activities	2	**458,421**	(1,494,685)
Loss for the year	8	**(41,685,895)**	(2,829,871)

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 on ordinary activities before taxation and the loss for the years stated above and their historical cost equivalents

Vita International Limited

Balance Sheet as at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	3	**184,433,840**	262,372,675
Current assets			
Debtors (including £136,222,999 (2011 £105,339,511) falling due after more than one year)	4	**150,482,572**	119,642,942
Creditors: amounts falling due within one year	5	**(7,364,589)**	(5,878,654)
Net current assets		**143,117,983**	113,764,288
Total assets less current liabilities		**327,551,823**	376,136,963
Creditors: amounts falling due after more than one year	6	**(47,247,189)**	(54,146,434)
Net assets		**280,304,634**	321,990,529
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	**181,483,972**	223,169,867
Total shareholder's funds	9	**280,304,634**	321,990,529

The financial statements on pages 6 to 14 were approved by the board of directors on 28 June 2013 and were signed on its behalf by

Mr J D Meltham
Director
28 June 2013

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 Vita (Lux III) S ar 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

Impairment reviews
Where circumstances indicate that there may have been an impairment of the carrying value of an investment, intangible or tangible fixed asset, an impairment review is carried out using cash flows calculated from budgets and projections approved by the board which are discounted at the Group's risk-adjusted weighted average cost of capital calculated from equity market data and borrowing costs The impairment cost, if material, is booked as an exceptional item in arriving at operating profit/(loss)

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

Vita International Limited

Accounting policies (continued)

Cash flow statement
The Company is a wholly owned subsidiary of Vita (Lux III) S àr 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

Exceptional items
Items which are both material and non-recurring in nature are presented as exceptional items in arriving at operating profit 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

Notes to the financial statements

for the year ended 31 December 2012

1 Operating loss

The directors received emoluments for their services to the Company from another group undertaking in the year and the preceding year The Company has no employees

Auditors' remuneration of £3,000 (2011 £2,500) for statutory audit services was borne by Vita Industrial (UK) Limited a fellow group undertaking

Other expense is the exchange losses 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"

During the year the Company incurred exceptional operating costs of £42,094,319, relating to the impairment of several of its investments (2011 £4,079,565, was a result of the impairment of Vitafoam Romania S R L)

2 Tax on loss on ordinary activities

	2012 £	2011 £
Current tax		
United Kingdom corporation tax at 24 5% (2011 26 5%)	**480,345**	864,000
Withholding tax	**11,585**	-
Adjustments in respect of previous years	**(950,351)**	630,685
Tax on loss on ordinary activities	**(458,421)**	1,494,685

The tax assessed for the year differs (2011 differs) from the effective rate of Corporation tax in the UK The differences are explained as follows

	2012 £	2011 £
Loss on ordinary activities before taxation	**(42,144,316)**	(1,335,186)
Tax on loss on ordinary activities at effective UK Corporation Tax rate of 24 5% (2011 26 5%)	**(10,325,357)**	(353,824)
Net expense not subject to tax	-	136,551
Net expenses not deductible for tax purposes	**10,805,702**	1,081,085
Adjustments in respect of previous years	**(950,351)**	630,685
Withholding tax	**11,585**	-
Tax losses not utilised	-	188
Current tax (credit)/charge for the year	**(458,421)**	1,494,685

Potential deferred tax assets of £nil (2011 £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

Vita International Limited

Notes to the financial statements (continued)
for the year ended 31 December 2012

2 Tax on loss on ordinary activities (continued)

On 21 March 2012 the Chancellor announced the reduction in the main rate of UK corporation tax to 24% with effect from 1 April 2012 and a further reduction to 23% with effect from 1 April 2013 These changes became substantively enacted on 26 March 2012 and 3 July 2012 respectively The effect of these rate reductions has been included in the relevant figures above

On 20 March 2013, the Chancellor proposed a further reduction to the main rate of UK corporation tax to 20% with effect from 1 April 2015 This change was not substantively enacted at the balance sheet date and therefore is not recognised in the financial statements The overall effect of the further reductions from 23% to 20% would be £nil

3 Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 January 2012	301 260,997
Additions	835,007
Disposals	(34,083 589)
Revaluation	(2,595 934)
At 31 December 2012	**265,416,481**
Impairments	
At 1 January 2012	38,888,322
Impairments	42,094,319
At 31 December 2012	**80,982,641**
Net book value	
At 31 December 2012	**184,433,840**
At 31 December 2011	262 372,675

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

Additions in 2012 included a recapitalisation in Vita Polymers Denmark A/S and the incorporation of Metzeler Slovakia S R O Disposals included the automotive business in Tramico Slovakia S R O and the Nonwovens business in Libeltex BVBA Impairments included the write down of the remaining investment in Tramico Slovakia S R O and impairments of Royalite Plastics S R L , Vita Polymers Denmark A/S, British Vita (Germany) GmbH and Vitafoam Bulgaria, EOOD

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

Notes to the financial statements (continued)
for the year ended 31 December 2012

3 Fixed asset investments (continued)

The principal investments at the end of 2012 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
Pathway Polymers Inc	USA	*100%	Cellular foam products
Metzeler Slovakia S R O	Slovakia	99 97%	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

	2012	2011
	£	£
Amounts owed by group undertakings (including £136,222,999 (2011 £105,339,511) falling due after more than one year)	**150,246,793**	119,409,269
Prepayments and accrued income	**235,779**	233,673
	150,482,572	119,642,942

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

Notes to the financial statements (continued)
for the year ended 31 December 2012

5 Creditors: amounts falling due within one year

	2012 £	2011 £
Bank overdraft	**33,547**	43
Amounts owed to group undertakings	**6,581,017**	4,974,118
Corporation tax	**480,345**	864,000
Accruals and deferred income	**269,680**	40,493
	7,364,589	5,878,654

Amounts owed to 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

	2012 £	2011 £
Amounts owed to group undertakings	**47,247,189**	54,146,434

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

	2012 £	2011 £
Allotted, called up and fully paid		
875,939 (2011 875,939) ordinary shares of £1 each	**875,939**	875,939

Notes to the financial statements (continued)

for the year ended 31 December 2012

8 Reserves

	Share premium account	Capital redemption reserve	Profit and loss account
	£	£	£
At 1 January 2012	97,932,698	12,025	223,169,867
Loss for the year	-	-	(41,685,895)
At 31 December 2012	**97,932,698**	**12,025**	**181,483,972**

9 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Loss for the financial year	**(41,685,895)**	(2,829,871)
Opening shareholders' funds	**321,990,529**	324,820,400
Closing shareholders' funds	**280,304,634**	321,990,529

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', from disclosing related party transactions with fellow Group companies on the grounds that throughout the year it was a wholly owned subsidiary of a group headed by the Vita (Lux III) S àr l, whose financial statements are publicly available There were no other related party transactions

11 Ultimate parent undertaking

The Company's immediate parent undertaking is Vita (Group) Unlimited (formerly British Vita Unlimited)

Vita (Lux III) S àr l is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2012 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