

Vita International Limited  
Annual report and financial statements  
for the year ended 31 December 2010

**Registered number 472253**

TUESDAY



\*AGL87U0K\*

A28

10/05/2011

23

COMPANIES HOUSE

---

# Vita International Limited

## Annual report and financial statements

### for the year ended 31 December 2010

## Contents

Directors and advisors for the year ended 31 December 2010	.	.	1
Directors' report for the year ended 31 December 2010	.	.	2
Independent auditors' report to the members of Vita International Limited			5
Profit and loss account for the year ended 31 December 2010	.	.	6
Balance sheet as at 31 December 2010	.	.	7
Accounting policies	.	.	8
Notes to the financial statements for the year ended 31 December 2010			10

---

# **Vita International Limited**

## **Directors and advisors for the year ended 31 December 2010**

### **Directors**

Mr N J Burley  
Mr G L Maundrell  
Mr J H Menendez

### **Secretary**

Vita Industrial (UK) Limited

### **Independent auditors**

PricewaterhouseCoopers LLP  
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 2010

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2010

### Principal activity

The principal activity of the Company during the year continued to be that of immediate parent of overseas investments of the Vita Group. Principal investments are detailed in note 3 to the accounts.

### Business review

Results for the year ended 31 December 2010 were in line with expectations. The profit for the year after taxation and exceptional items was £20,018,217 (2009: loss of £2,487,808) and dividend income was £1,076,110 (2009: £5,173,187). At the year end the Company had net assets of £324,820,400 (2009: £304,711,629).

During the year the Company incurred exceptional operating costs of £4,612,693 (2009: £14,657,632) primarily as a result of the write off of an inter company loan with Royalite Italy srl.

### Environment

The Group, of which the Company is a member, 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.

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 forward exchange 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 department manages borrowings centrally. At the year end the Company had no forward exchange 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 2010 (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 Group has confirmed through its reviews that the KPIs have been running at a level consistent with expectations and have satisfied the underlying banking covenants.

### **Dividends**

The directors do not propose a dividend in respect of the year ended 31 December 2010 (2009: £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 N J Burley (resigned 25 March 2011)  
Mr G L Maundrell  
Mr J D Meltham (appointed 12 April 2011)

The directors have no interests in the shares of Group companies that are required to be disclosed in this report.

# Vita International Limited

## Directors' report for the year ended 31 December 2010 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 elected to prepare 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 to auditors

In accordance with Section 418, Companies Act 2006, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved:

- 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.

### Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

### By order of the Board



Vita Industrial (UK) Limited  
6 May 2011

# 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 2010 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 Directors' Responsibilities Statement 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.

### 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 2010 and of its profit 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.



Bowker Andrews (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
6 May 2011

## Vita International Limited

### Profit and loss account for the year ended 31 December 2010

	Notes	2010 £	2009 £
Administrative costs before exceptional items		(107,843)	(102,426)
Exceptional items	1	(4,612,693)	(14,657,632)
Administrative costs		(4,720,536)	(14,760,058)
Other income	1	2,126,017	2,470,614
<b>Operating loss</b>	1	<b>(2,594,519)</b>	<b>(12,289,444)</b>
Profit on disposal of subsidiary undertakings	3	18,362,230	-
Dividend income		1,076,110	5,173,187
Interest receivable from group undertakings		5,657,635	6,403,296
Interest payable to group undertakings		(559,319)	(2,592,989)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>21,942,137</b>	<b>(3,305,950)</b>
Tax on profit/(loss) on ordinary activities	2	(1,923,920)	818,142
<b>Profit/(loss) for the financial year</b>	8	<b>20,018,217</b>	<b>(2,487,808)</b>

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

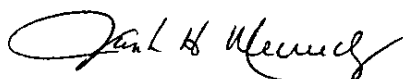


# Vita International Limited

## Balance Sheet as at 31 December 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Investments	3	253,910,097	253,523,498
<b>Current assets</b>			
Debtors (including £113,973,704 (2009 £115,146,358) due after one year)	4	126,967,812	130,241,019
Cash at bank and in hand		-	13,794
		126,967,812	130,254,813
<b>Creditors' amounts falling due within one year</b>	5	(5,042,606)	(4,341,465)
<b>Net current assets</b>		121,925,206	125,913,348
<b>Total assets less current liabilities</b>		375,835,303	379,436,846
<b>Creditors' amounts falling due after more than one year</b>	6	(51,014,903)	(74,725,217)
<b>Net assets</b>		324,820,400	304,711,629
<b>Capital and reserves</b>			
Called up share capital	7	875,939	785,385
Share premium account	8	97,932,698	97,932,698
Capital redemption reserve	8	12,025	12,025
Profit and loss account	8	225,999,738	205,981,521
<b>Total shareholder's funds</b>	9	324,820,400	304,711,629

The financial statements on pages 6 to 15 were approved by the board of directors on 6 May 2011 and were signed on its behalf by



Mr J H Menendez  
Director  
6 May 2011

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 accounting

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 forward exchange 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 forward exchange 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 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 2010

### 1 Operating loss

No directors' emoluments were paid during this or the previous year. The Company has no employees. Auditors' remuneration for audit services was £3,000 (2009: £2,500).

The exceptional costs in 2009 and 2010 were primarily as a result of the write off of an inter company loan with Royalite Italy srl.

Other income is the exchange gains on foreign currency balances not included in the Euro denominated investments treated in accordance with Statement of Standard Accounting Practice 20.

### 2 Taxation

	2010 £	2009 £
<b>Current tax</b>		
United Kingdom corporation tax at 28% (2009: 28%)	1,207,400	1,020,000
Adjustments in respect of previous years	716,520	(1,838,142)
<b>Tax on profit/(loss) on ordinary activities</b>	<b>1,923,920</b>	<b>(818,142)</b>

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

	2010 £	2009 £
Profit/(loss) on ordinary activities before taxation	21,942,137	(3,305,950)
Tax on profit/(loss) on ordinary activities at effective UK Corporation Tax rate of 28% (2009: 28%)	6,143,798	(925,666)
Net income not subject to tax	(896,978)	(1,893,489)
Net expenses not deductible for tax purposes	1,101,971	4,530,927
Adjustments in respect of previous years	716,520	(1,838,142)
Gains on disposals not taxable	(5,141,975)	-
Tax losses not utilised/(utilised)	584	(691,772)
<b>Current tax charge/(credit) for the year</b>	<b>1,923,920</b>	<b>(818,142)</b>

Potential deferred tax assets of £0.3m (2009: £0.3m) have not been recognised in respect of losses carried forward and fixed asset timing differences, as it is considered the degree of certainty around the future is not sufficient to prudently recognise these assets.

A change in the UK main corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011.

Further reductions to the UK corporation tax rate were announced in the June 2010 Budget. The changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% per annum to 24% by 1 April 2014.

## Vita International Limited

### Notes to the financial statements (continued) for the year ended 31 December 2010

#### 3 Fixed asset investments

	Subsidiary undertakings £
<b>Cost or Valuation</b>	
At 1 January 2010	288,332,255
Additions	12,275,692
Disposals (see below)	(10,090,525)
Revaluation	(1,798,568)
<b>At 31 December 2010</b>	<b>288,718,854</b>
<b>Impairments</b>	
<b>At 1 January and 31 December 2010</b>	<b>34,808,757</b>
<b>Net book value</b>	
<b>At 31 December 2010</b>	<b>253,910,097</b>
At 31 December 2009	253,523,498

The Company has revalued certain Euro denominated investments to match against foreign currency exchange movements in accordance with Statement of Standard Accounting Practice 20

Additions in the year included recapitalisations in British Vita (Germany) GmbH and Tramico Slovakia S R O and the forming of a new subsidiary company, Vitafoam Bulgaria EOOD Disposals relate to the sale of VTC Elastoteknik AB and the liquidation of Libeltex Romania

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

## Vita International Limited

### Notes to the financial statements (continued)

for the year ended 31 December 2010

#### 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 srl	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

#### 4 Debtors

	2010 £	2009 £
Amounts owed by group undertakings (including £113,973,704 (2009 £115,146,358) due after one year)	126,967,812	130,241,019

Amounts owed by group undertakings are unsecured and interest 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 2010

#### 5 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank overdraft	172,815	-
Amounts owed to group undertakings	3,099,378	3,114,807
Corporation tax	1,207,400	1,020,000
Accruals and deferred income	563,013	206,658
	<b>5,042,606</b>	<b>4,341,465</b>

#### 6 Creditors: amounts falling due after one year

	2010 £	2009 £
Amounts owed to group undertakings	51,014,903	74,634,663
6% Redeemable cumulative preference shares	-	33,104
6% Cumulative preference shares	-	57,450
	<b>51,014,903</b>	<b>74,725,217</b>

The 33,104 6% redeemable cumulative preference shares of £1 each, which were due to be redeemed by 1970, and the 57,450 6% redeemable cumulative preference shares of £1 each were non-voting. The dividends in respect of both share classes have been waived.

On 9 August 2010, the 6% redeemable cumulative preference shares and 6% cumulative preference were re-designated into Ordinary shares, carrying the rights as set out in the Articles of Association.

Amounts owed to group undertakings are unsecured and interest 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.

# Vita International Limited

## Notes to the financial statements (continued) for the year ended 31 December 2010

### 7 Called up share capital

	2010 £	2009 £
<b>Allotted, called up and fully paid</b>		
875,939 (2009 785,385) ordinary shares of £1 each	<b>875,939</b>	<b>785,385</b>

On 9 August 2010, the 6% redeemable cumulative preference shares and 6% cumulative preference were re-designated into Ordinary shares

### 8 Reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2010	97,932,698	12,025	205,981,521
Profit for the year	-	-	20,018,217
<b>At 31 December 2010</b>	<b>97,932,698</b>	<b>12,025</b>	<b>225,999,738</b>

### 9 Reconciliation of movements in shareholder's funds

	2010 £	2009 £
Profit/(loss) for the financial year	<b>20,018,217</b>	(2,487,808)
Re-designation of preference shares to Ordinary shares	<b>90,554</b>	-
Opening shareholder's funds	<b>304,711,629</b>	307,199,437
<b>Closing shareholder's funds</b>	<b>324,820,400</b>	<b>304,711,629</b>

### 10 Related party transactions

The Company has taken advantage of the exemption under paragraph 3(C) from the provisions of FRS8, '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 accounts are publicly available



# **Vita International Limited**

## **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 2010. 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.