

Vita International Limited  
Annual report and financial statements  
for the year ended 31 December 2013

Registered number 472253

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Vita International Limited  
Annual report and financial statements  
for the year ended 31 December 2013

Contents

Directors and advisors for the year ended 31 December 2013 .....	1
Strategic report for the year ended 31 December 2013 .....	2
Directors' report for the year ended 31 December 2013 .....	3
Independent auditors' report to the members of Vita International Limited .....	4
Profit and loss account for the year ended 31 December 2013 .....	5
Balance sheet as at 31 December 2013 .....	6
Accounting policies .....	7
Notes to the financial statements for the year ended 31 December 2013 .....	9

# **Vita International Limited**

## **Directors and advisors for the year ended 31 December 2013**

### **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**

Oldham Road

Middleton

Manchester

M24 2DB

### **Registered number**

472253

# Vita International Limited

## Strategic report for the year ended 31 December 2013

The directors present their Strategic report on the Company for the year ended 31 December 2013.

### 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.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 2013 were in line with expectations and this is expected to continue. The loss for the year was £33,008,508 (2012: £41,685,895) and at the year end the Company had net assets of £247,296,126 (2012: £280,304,634).

In 2013, the Company incurred exceptional operating costs of £25,329,264 (2012: £42,094,319), relating to the impairment of several of its investments in Vita Australia and Vita (Germany) GmbH ahead of the disposal of the RLA group of companies and Sheet Division in early January 2014, and a loss of £11,333,571 (2012: £2,965,536) relating to disposals of its subsidiaries in the UK, Italy and Denmark in the Sheet division and Vita Holdings Romania from the Foam Division.

### 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 Group 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.

### On behalf of the Board



Mr G L Maundrell

Director

12 June 2014

# Vita International Limited

## Directors' report for the year ended 31 December 2013 (continued)

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2013.

### Political and charitable contributions

No political or charitable donations (2012: £nil) were made by the Company during the year.

### Dividends

The directors do not propose a dividend in respect of the year ended 31 December 2013 (2012: £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

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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

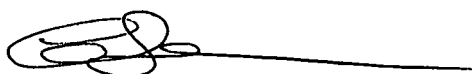
In the case of each of the persons who are directors at the time when the report is approved under section 418 of the Companies Act 2006 the following applies:

- 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.

### Independent auditors

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

### On behalf of the Board



Mr G L Maundrell  
Director  
12 June 2014

# Vita International Limited

## Independent auditors' report to the members of Vita International Limited

### Report on the financial statements

#### Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### What we have audited

The financial statements, which are prepared by Vita International Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on other matter prescribed by the Companies Act 2006

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

### Other matters on which we are required to report by exception

#### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

# Vita International Limited

## Independent auditors' report to the members of Vita International Limited (continued)

### Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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 ISAs (UK & 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.



Simon White (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
12 June 2014

# Vita International Limited

## Profit and loss account for the year ended 31 December 2013

	Note	2013 £	2012 £
Administrative expenses before exceptional items		(1,007,357)	(395,736)
Exceptional items - impairment	1	(25,329,264)	(42,094,319)
Administrative expenses		(26,336,621)	(42,490,055)
<b>Operating loss</b>	1	(26,336,621)	(42,490,055)
Loss on disposal of investments		(11,333,571)	(2,965,536)
Interest receivable		5,834,127	3,961,267
Interest payable		(1,038,051)	(649,992)
<b>Loss on ordinary activities before taxation</b>		(32,874,116)	(42,144,316)
Tax on loss on ordinary activities	2	(134,392)	458,421
<b>Loss for the financial year</b>	8	(33,008,508)	(41,685,895)

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 2013

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Investments	3	148,835,602	184,433,840
<b>Current assets</b>			
Debtors (including £254,404,576 (2012: £136,222,999) falling due after more than one year)	4	267,571,954	150,482,572
Creditors: amounts falling due within one year	5	(904,383)	(7,364,589)
<b>Net current assets</b>		266,667,571	143,117,983
<b>Total assets less current liabilities</b>		415,503,173	327,551,823
Creditors: amounts falling due after more than one year	6	(168,207,047)	(47,247,189)
<b>Net assets</b>		247,296,126	280,304,634
<b>Capital and reserves</b>			
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	148,475,464	181,483,972
<b>Total shareholder's funds</b>	9	247,296,126	280,304,634

The financial statements on pages 6 to 15 were approved by the board of directors on 12 June 2014 and were signed on its behalf by:



Mr J D Meltham  
Director  
12 June 2014

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 Vita (Group) Unlimited and is included in the consolidated financial statements of 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.

### 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 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.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.

### **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.

# Vita International Limited

## Notes to the financial statements

for the year ended 31 December 2013

### 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 £2,000 (2012: £3,000) 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 £25,329,264 relating to the impairment of several of its investments (2012: £42,094,319) and a loss of £11,333,571 relating to disposals of its subsidiaries (2012: £2,965,536). See note 3.

### 2 Tax on loss on ordinary activities

	2013 £	2012 £
<b>Current tax</b>		
United Kingdom corporation tax at 23.25% (2012: 24.5%)	(481,111)	480,345
Withholding tax	401,118	11,585
Adjustments in respect of previous years	214,385	(950,351)
<b>Tax charge/(credit) on loss on ordinary activities</b>	<b>134,392</b>	<b>(458,421)</b>

The tax assessed for the year differs (2012: differs) from the effective rate of Corporation tax in the UK. The differences are explained as follows:

	2013 £	2012 £
Loss on ordinary activities before taxation	(32,874,116)	(42,144,316)
Tax on loss on ordinary activities at effective UK Corporation Tax rate of 23.25% (2012: 24.5%)	(7,643,232)	(10,325,357)
Non-taxable disposals	1,679,130	-
Net expenses not deductible for tax purposes	5,482,991	10,805,702
Adjustments in respect of previous years	214,385	(950,351)
Withholding tax	401,118	11,585
Tax losses not utilised	-	-
<b>Tax charge/(credit) for the year</b>	<b>134,392</b>	<b>(458,421)</b>

The Company has no unrecognised deferred tax assets (2012: £nil).

On 20 March 2013 the Chancellor announced further reductions in the main rate of UK corporation tax from 23% to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. These changes became substantively enacted on 2 July 2013. 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 2013

### 3 Fixed asset investments

	Subsidiary undertakings £
<b>Cost</b>	
At 1 January 2013	265,416,481
Additions	8,550,663
Transfers	128,028
Share Capital Reduction	(9,480,734)
Disposals	(9,347,931)
Revaluation	(119,000)
<b>At 31 December 2013</b>	<b>255,147,507</b>
<b>Impairments</b>	
At 1 January 2013	80,982,641
Charge for the year	25,329,264
<b>At 31 December 2013</b>	<b>106,311,905</b>
<b>Net book value</b>	
<b>At 31 December 2013</b>	<b>148,835,602</b>
<b>At 31 December 2012</b>	<b>184,433,840</b>

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

The share capital reduction relates to Australia Vita Pty Limited, ahead of its disposal on the 6 January 2014.

The disposals in the year relate to Vita Thermoplastic Sheet Limited, Royalite Plastics S.R.L. and Vita Polymers Denmark A/S in the Sheet division and Vita Holdings Romania from the Foam Division.

Impairments included the write down of investments in Australia Vita Pty Limited and Vita (Germany) GmbH ahead of the disposal of the RLA group of companies and Sheet Division, respectively, on 6 January 2014 and 3 January 2013.

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 2013

### 3 Fixed asset investments (continued)

The principal investments at the end of 2013 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
Vita (Germany) GmbH	Germany	100%	Parent company
Metzeler Schaum GmbH	Germany	*94.9%	Cellular foam products
Metzeler Plastics GmbH	Germany	*94.9%	Thermoplastic sheet
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
Vitafoam Inc	USA	*100%	Nonwoven products
Vitafoam Bulgaria EOOD	Bulgaria	100%	Cellular foam products
Vitafoam Romania S.R.L	Romania	37.26%	Cellular foam products

### 4 Debtors

	2013 £	2012 £
Amounts owed by group undertakings (including £254,404,576 (2012 £136,222,999) falling due after more than one year)	267,090,843	150,246,793
Corporation tax	481,111	-
Prepayments and accrued income	-	235,779
	267,571,954	150,482,572

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 2013

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

	2013 £	2012 £
Bank overdraft	135,452	33,547
Amounts owed to group undertakings	370,409	6,581,017
Corporation tax	-	480,345
Accruals and deferred income	398,522	269,680
	<b>904,383</b>	<b>7,364,589</b>

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

	2013 £	2012 £
Amounts owed to group undertakings	168,207,047	47,247,189

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

	2013 £	2012 £
<b>Allotted, called up and fully paid</b>		
875,939 (2012: 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 2013

### 8 Reserves

	Share premium account	Capital redemption reserve	Profit and loss account
	£	£	£
At 1 January 2013	97,932,698	12,025	181,483,972
Loss for the financial year	-	-	(33,008,508)
<b>At 31 December 2013</b>	<b>97,932,698</b>	<b>12,025</b>	<b>148,475,464</b>

### 9 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Loss for the financial year	(33,008,508)	(41,685,895)
Opening shareholders' funds	280,304,634	321,990,529
<b>Closing shareholders' funds</b>	<b>247,296,126</b>	<b>280,304,634</b>

### 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.à.r.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.

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 2013. 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.



# **Vita International Limited**

## **Notes to the financial statements (continued)**

**for the year ended 31 December 2013**

### **12 Post balance sheet event**

On 3 January 2014, its investment in Metzeler Plastics GmbH was transferred to another group undertaking, Drachenfelssee 99. V V GmbH, ahead of its disposal on 3 January 2014 to Dubag Plastics Holding GmbH for gross proceeds of €1 before disposal costs.

On 6 January 2014, the Company disposed of its investment in the compounding businesses Australia Vita Pty Limited, RLA Polymers Pty Limited in Australia and RLA Polymers (M) SDN BHD based in Malaysia, to Nan Pao Australia Pty for gross proceeds of A\$ 9,000,000 before disposal costs.