

Vita International Limited
Annual report
for the year ended 31 December 2003

Registered Number 472253



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Vita International Limited
Annual report
for the year ended 31 December 2003

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Vita International Limited

Directors and Advisors for the year ended 31 December 2003

Directors

Mr C J O'Connor
Mr F Libeert
Mr J Mercer
Mr D A Campbell
Mr J K Maiden
Mr H J J van Beijeren

Secretary

Mr M R Stirzaker

Auditors

PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Registered Office

Oldham Road
Middleton
Manchester
M24 2DB

Registered Number

472253

Vita International Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2003.

Principal activities and business review

The principal activity of the Company during the year continued to be that of immediate parent of the overseas investments of British Vita PLC. Principal investments and changes in the year are detailed in notes 5 and 6 to the accounts.

The directors believe the result to be satisfactory and sustainable.

Results and dividends

The profit for the year after taxation was £46,074,696 (2002: £61,227,438).

An interim dividend was not paid (2002: £40,000,000). The directors propose a final ordinary dividend of £39,996,553 (2002: £6,233,503) and a preference dividend of £3,447 (2002: £3,447) in respect of the year ended 31 December 2003.

Directors and their interests

The directors who held office during the year are given below:

Mr C J O'Connor

Mr F Libeert (resigned 29 February 2004)

Mr J Mercer (resigned 1 January 2004)

Mr D A Campbell

Mr H J J van Beijeren

Mr J K Maiden

The directors have no interests in the shares of the Company.

All directors are directors of the parent undertaking, British Vita PLC. Their interest in the shares and share options of British Vita PLC are disclosed in the consolidated accounts of that Company.

No director had any other interests required to be shown under Schedule 7 of the Companies Act 1985.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

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Directors' report for the year ended 31 December 2003 (continued)

Auditors

The directors will propose a resolution at the annual General Meeting re-appointing PricewaterhouseCoopers LLP as auditors to the Company.

By order of the Board

A handwritten signature in dark ink, appearing to read 'M R Stirzaker', written in a cursive style.

M R Stirzaker

Secretary

1 March 2004

Vita International Limited

Independent auditors' report to the members of Vita International Limited

We have audited the financial statements which comprise the balance sheet, the profit and loss account, the related notes and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.


Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
1 March 2004

Vita International Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Income from shares in subsidiary undertakings		46,042,246	61,120,331
Administrative costs		(87,776)	(81,230)
Other operating income		63,955	75,480
Operating profit	1	46,018,425	61,114,581
Interest receivable		448,720	551,742
Interest payable and similar charges	2	-	(88,931)
Profit on ordinary activities before taxation		46,467,145	61,577,392
Tax on profit on ordinary activities	3	(392,449)	(349,954)
Profit on ordinary activities after taxation		46,074,696	61,227,438
Dividends	4	(40,000,000)	(46,236,950)
Retained profit for the financial year	11	6,074,696	14,990,488
Retained profit brought forward		23,127,342	8,136,854
Retained profit carried forward		29,202,038	23,127,342

Operating profit is generated from continuing operations.

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

Vita International Limited

Balance sheet as at 31 December 2003

	Note	2003 £	2002 £
Fixed assets			
Investments	5	134,472,911	131,935,767
Current assets			
Debtors	7	7,365,221	1,211,199
Cash at bank and in hand		11,766,018	4,597,620
		19,131,239	5,808,819
Creditors: amounts falling due within one year	8	(63,812,848)	(53,974,540)
Net current liabilities		(44,681,609)	(48,165,721)
Total assets less current liabilities		89,791,302	83,770,046
Creditors: amounts falling due after more than one year	9	(1,768,602)	(1,822,042)
Net assets		88,022,700	81,948,004
Capital and reserves (including non-equity interests)			
Called up share capital	10	835,939	835,939
Share premium account	11	57,972,698	57,972,698
Capital redemption reserve	11	12,025	12,025
Profit and loss account	11	29,202,038	23,127,342
Shareholders' funds (including non-equity interests)	12	88,022,700	81,948,004

The financial statements on pages 5 to 12 were approved by the board of directors on 1 March 2004 and were signed on its behalf by:



Mr J K Maiden
Director

Vita International Limited

Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

As permitted by Section 228 of the Companies Act 1985, the Company has not presented consolidated accounts.

Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment, as adjusted for pre-acquisition dividends received.

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.

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). Any 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.

Cash flow statement

The Company is a wholly owned subsidiary of British Vita PLC, and its cash flows are included in the consolidated cash flow statement of British Vita PLC. Consequently, the Company is exempt from the requirement of Financial Reporting Standard 1 (revised) to prepare a cash flow statement.

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Notes to the financial statements for the year ended 31 December 2003

1 Operating profit

No directors' emoluments were paid during this or the previous year. The Company has no employees.

Auditors' remuneration for audit services was borne by British Vita PLC.

2 Interest payable and similar charges

	2003 £	2002 £
Bank overdraft and loans	-	88,931

3 Taxation

	2003 £	2002 £
Current year		
United Kingdom corporation tax at 30% (2002: 30%)	128,160	137,200
Overseas tax	264,289	212,754
Tax on profit on ordinary activities	392,449	349,954

The tax assessed for the year is lower than the standard rate of Corporation Tax in the UK (30%). The differences are explained as follows:

	2003 £	2002 £
Profit on ordinary activities before taxation	46,467,145	61,577,392
Tax on profit on ordinary activities at standard UK Corporation Tax rate of 30% (2002: 30%)	13,940,144	18,473,217
Net income not subject to tax	(13,811,984)	(18,336,017)
Overseas tax	264,289	212,754
	392,449	349,954

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4 Dividends

	2003 £	2002 £
Ordinary dividends - paid	-	40,000,000
Ordinary dividends - proposed	39,996,553	6,233,503
6% preference - proposed	3,447	3,447
	40,000,000	46,236,950

5 Fixed asset investments

	Subsidiary undertakings £
Cost and net book value	
At 1 January 2003	131,935,767
Additions	2,537,144
At 31 December 2003	134,472,911

6 Shares in group undertakings

The principal investments are as follows:

Subsidiary undertakings	Country of incorporation, registration and operation	Proportion of shares held by Company	Principal activity
Australia Vita Pty Limited	Australia	100%	Parent Company
Vita Investments North America Limited	USA	100%	Parent Company
Vita Polymers Europe BV	Netherlands	100%	Parent Company
Vita Holdings Inc	Canada	100%	Parent Company
Vita Polymers Poland Sp.Zo.o	Poland	100%	Cellular foam products
Vita Thermoplastic Compounds (Malaysia) SDN BHD	Malaysia	100%	Thermoplastic compound products
VTC Synco srl	Italy	100%	Thermoplastic compound products
Royalite Plastics srl	Italy	94%	Polymeric products
Horizon Industries BV	Belgium	100%	Polymeric products

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7 Debtors

	2003 £	2002 £
Amounts owed by group undertakings	7,365,221	1,178,914
Prepayments and accrued income	-	32,285
	7,365,221	1,211,199

8 Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts owed to associated undertakings	3,958	3,958
Amounts owed to group undertakings	17,152,337	47,297,458
Corporation tax	407,103	424,435
Proposed dividend	46,236,950	6,236,950
Accruals and deferred income	12,500	11,739
	63,812,848	53,974,540

9 Creditors: amounts falling due after one year

	2003 £	2002 £
Amounts owed to group undertakings	1,768,602	1,822,042

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10 Called up share capital

	2003 £	2002 £
Authorised		
750,000 ordinary shares of £1 each	750,000	750,000
100,000 6% redeemable cumulative preference shares of £1 each	100,000	100,000
60,000 6% cumulative preference shares of £1 each	60,000	60,000
	910,000	910,000
Allotted, called up and fully paid		
745,385 ordinary shares of £1 each	745,385	745,385
33,104 6% redeemable cumulative preference shares of £1 each	33,104	33,104
57,450 6% cumulative preference shares of £1 each	57,450	57,450
	835,939	835,939

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

The 6% redeemable cumulative preference shares and the 6% cumulative preference shares comprise non-equity interests. These shares are also non-voting.

11 Reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2003	57,972,698	12,025	23,127,342
Profit for the year	-	-	6,074,696
At 31 December 2003	57,972,698	12,025	29,202,038

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12 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	46,074,696	61,227,438
Dividends	(40,000,000)	(46,236,950)
	6,074,696	14,990,488
Exchange rate adjustments	-	4,961,824
Movement in shareholders' funds	6,074,696	19,952,312
Opening shareholders' funds	81,948,004	61,995,692
Closing shareholders' funds	88,022,700	81,948,004

13 Related party transactions

As a wholly owned subsidiary, the Company has taken advantage of the exception under FRS8 not to disclose intra-group transactions. There have been no other related party transactions.

14 Ultimate parent undertaking

The ultimate parent company is British Vita PLC, a company incorporated in Great Britain. Copies of the British Vita PLC financial statements may be obtained from the Company Secretary, British Vita PLC, Oldham Road, Middleton, Manchester, England, M24 2DB.