

**VITA INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2001**



Company No. 472253

# **VITA INTERNATIONAL LIMITED**

## **COMPANY INFORMATION**

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### **Directors**

Mr J Mercer  
Mr C J O'Connor  
Mr F Libeert  
Mr H J J van Beijeren  
Mr R Dobson

### **Secretary**

Mr M R Stirzaker

### **Company number**

472253

### **Registered office**

Oldham Road  
Middleton  
Manchester  
M24 2DB

### **Auditors**

Arthur Andersen  
Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

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# **VITA INTERNATIONAL LIMITED**

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# **VITA INTERNATIONAL LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31ST DECEMBER 2001**

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The directors present their annual report on the affairs of the Company, together with the accounts and auditors' report, for the year ended 31st December 2001.

### **Principal activities and review of business**

The Company's principal activity during the year continued to be the 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 performance of the Company to be satisfactory and sustainable.

### **Results and dividends**

The profit for the year after taxation was £32,919,483 (2000 : £13,565,766).

The directors recommend the payment of dividends amounting to £42,000,000 (2000: £23,000,000).

### **Directors and their interests**

The directors who served during the year were as follows:

Mr J Mercer  
Mr C J O'Connor  
Mr F Libeert  
Mr A R Teague (Resigned 10 October 2001)  
Mr R Dobson  
Mr H J J van Beijeren (Appointed 20 February 2002)

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

All the directors are directors of the parent company, British Vita PLC. Their interests 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.

# VITA INTERNATIONAL LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

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### Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss for that year. In preparing those accounts, the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and enable them to ensure that the accounts 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.

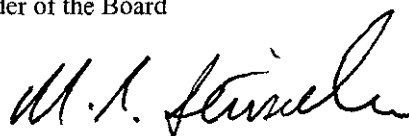
### Charitable and political contributions

No charitable or political contributions were made.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen Chartered Accountants as auditors for the ensuing year.

By order of the Board



Mr M R Stirzaker, Secretary  
4th March 2002

Oldham Road  
Middleton  
Manchester  
M24 2DB

# **INDEPENDENT AUDITORS' REPORT**

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## **TO THE SHAREHOLDERS OF VITA INTERNATIONAL LIMITED**

We have audited the financial statements of Vita International Limited for the year ended 31st December 2001 which comprise the Profit and loss account, Balance sheet and the related notes numbered 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of directors' responsibilities in the Directors' report. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the Company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 circumstances of the Company, 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 affairs of the Company at 31st December 2001 and of the Company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**  
**Chartered Accountants and Registered Auditors**  
**Bank House**  
**9 Charlotte Street**  
**Manchester**  
**M1 4EU**  
**Date: 4th March 2002**

# VITA INTERNATIONAL LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001 £	2000 £
<b>Income from shares in group and associated undertakings</b>		<b>28,356,693</b>	<b>13,070,664</b>
Administrative expenses		(23,968)	(693,718)
Other operating income		51,420	30,277
<b>Operating profit</b>		<b>28,384,145</b>	<b>12,407,223</b>
Amounts written back to investments		-	60,388
Profit on disposal of investments		4,221,102	43,817
		<b>32,605,247</b>	<b>12,511,428</b>
Interest receivable		882,656	1,557,474
<b>Profit on ordinary activities before taxation</b>	2	<b>33,487,903</b>	<b>14,068,902</b>
Tax on profit on ordinary activities	3	(568,420)	(503,136)
<b>Profit on ordinary activities after taxation</b>		<b>32,919,483</b>	<b>13,565,766</b>
Dividends	4	(42,000,000)	(23,000,000)
<b>Retained loss for the year</b>	10	<b>(9,080,517)</b>	<b>(9,434,234)</b>
<b>Retained profit brought forward</b>		<b>13,068,500</b>	<b>26,651,605</b>
Exchange rate adjustments	11	(812,953)	(4,148,871)
<b>Retained profit carried forward</b>		<b>3,175,030</b>	<b>13,068,500</b>

All amounts relate to continuing activities.

There are no recognised gains or losses in either year other than the profit for that year.

The accompanying notes are an integral part of this profit and loss account.

# VITA INTERNATIONAL LIMITED

## BALANCE SHEET

AS AT 31ST DECEMBER 2001

	Notes	£	2001 £	£	2000 £
<b>Fixed assets</b>					
Investments	5		<u>120,050,732</u>		<u>86,305,572</u>
			<u>120,050,732</u>		<u>86,305,572</u>
<b>Current assets</b>					
Debtors	7	14,619,423		14,332,517	
Cash at bank and in hand		<u>22,048,593</u>		<u>18,967,128</u>	
		36,668,016		33,299,645	
<b>Creditors: amounts falling due within one year</b>	8	<u>(94,723,056)</u>		<u>(77,716,055)</u>	
<b>Net current liabilities</b>			<u>(58,055,040)</u>		<u>(44,416,410)</u>
<b>Total assets less current liabilities</b>			<u>61,995,692</u>		<u>41,889,162</u>
<b>Net assets</b>			<u>61,995,692</u>		<u>41,889,162</u>
<b>Capital and reserves</b>					
Called-up share capital	9		835,939		825,939
Share premium account	10		57,972,698		27,982,698
Capital redemption reserve	10		12,025		12,025
Profit and loss account	10		<u>3,175,030</u>		<u>13,068,500</u>
<b>Shareholders' funds</b>	11		<u>61,995,692</u>		<u>41,889,162</u>

These accounts on pages 4 to 10 were approved by the board of directors on 4th March 2002 and signed on its behalf by:

Mr C J O'Connor  
Director

*C. J. O'Connor*

The accompanying notes are an integral part of this balance sheet.



# VITA INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

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### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

#### **Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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

#### **Investments**

Fixed asset investments are stated at cost less provision for 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.

#### **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 the transaction is included as an exchange gain or loss in the profit and loss account.

#### **Cash flow statement**

Under the provisions of Financial Reporting Standard No. 1 (Revised 1996), the Company has not prepared a cash flow statement because its parent undertaking, British Vita PLC, which is incorporated in England and Wales, has prepared consolidated accounts which include the accounts of the Company for the year and contain a consolidated cash flow statement.

# VITA INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

### 2 Profit on ordinary activities before taxation

*The profit on ordinary activities before taxation is stated after charging:*

	2001	2000
	£	£
Auditors' remuneration for audit services	9,500	9,500

No directors' emoluments were paid during either year. The Company has no employees.

### 3 Taxation

	2001	2000
	£	£
The tax charge comprises:		
UK corporation tax at 30% (2000: 30%)	273,000	278,000
Overseas tax	295,420	225,136
	<u>568,420</u>	<u>503,136</u>
Tax on profit on ordinary activities at standard UK Corporation Tax rate of 30% (30%)	10,046,370	4,220,671
Effects of:		
Income not deductible for tax purposes	(9,773,370)	(3,942,671)
	<u>273,000</u>	<u>278,000</u>

### 4 Dividends

	2001	2000
	£	£
Ordinary dividends - paid	12,000,000	6,000,000
Ordinary dividends - proposed	29,996,553	16,996,553
6% preference - proposed	3,447	3,447
	<u>42,000,000</u>	<u>23,000,000</u>

# VITA INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

### 5 Fixed asset investments

	Subsidiary undertakings	Associated undertakings -listed	Total
	£	£	£
Cost and Net book value			
At 1st January 2001	24,558,654	61,746,918	86,305,572
Additions	95,492,078	1,507,508	96,999,586
Disposals	-	(323,707)	(323,707)
Inter-group transfer to Vita Investments North America Ltd	-	(62,930,719)	(62,930,719)
At 31st December 2001	<u>120,050,732</u>	<u>-</u>	<u>120,050,732</u>

The investment in Spartech Corporation was transferred on a share-for-share basis on 10 August 2001 as part of the Group's re-organisation programme.

The market value of the Company's investment in listed associated undertakings at 31st December 2001 was £Nil (2000: £167,819,634).

### 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 Polymers Europe BV	Netherlands	100%	Parent company
Vita Holdings Inc	Canada	100%	Parent company
Vita Polymers Denmark AS	Denmark	100%	Polymeric products
Gaillon SA	France	100%	Polymeric products
Vita Polymers Poland Sp.Zo.o	Poland	100%	Cellular foam products
UAB Vita Baltic International	Lithuania	100%	Cellular foam products

### 7 Debtors

	2001 £	2000 £
Amounts owed by group undertakings	14,573,748	14,166,645
Other debtors	7	104,215
Prepayments and accrued income	45,668	61,657
	<u>14,619,423</u>	<u>14,332,517</u>

# VITA INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

8	Creditors: amounts falling due within one year	2001 £	2000 £
	Bank loans and overdrafts	3,259,916	-
	Amounts owed to associated undertakings	3,958	3,958
	Amounts owed to group undertakings	60,910,026	59,963,997
	Corporation tax	455,971	684,718
	Proposed dividend	30,000,000	17,000,000
	Other creditors	-	55,882
	Accruals and deferred income	93,185	7,500
		<u>94,723,056</u>	<u>77,716,055</u>
9	<b>Called-up share capital</b>	<b>2001 £</b>	<b>2000 £</b>
	<b>Authorised</b>		
	750,000 Ordinary shares of £1 each	750,000	740,000
	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
		<u>910,000</u>	<u>900,000</u>
	<b>Allotted, called-up and fully paid</b>		
	745,385 Ordinary shares of £1 each	745,385	735,385
	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
		<u>835,939</u>	<u>825,939</u>

On 10 August 2001 10,000 ordinary shares were issued for cash. The nominal value of these shares was £10,000 and the consideration received was £30,000,000.

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.

10	Reserves	Share premium account £	Capital redemption reserve £	Profit and loss account £
	At 1st January 2001	27,982,698	12,025	13,068,500
	Retained loss for the year	-	-	(9,080,517)
	Issue of share capital	29,990,000	-	-
	Exchange rate adjustments	-	-	(812,953)
	<b>At 31st December 2001</b>	<u>57,972,698</u>	<u>12,025</u>	<u>3,175,030</u>

Of the above reserves only the profit and loss account is distributable.

# VITA INTERNATIONAL LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

11	Reconciliation of movement in shareholders' funds	2001 £	2000 £
	Profit for the financial year	32,919,483	13,565,766
	Dividends	(42,000,000)	(23,000,000)
		<u>(9,080,517)</u>	<u>(9,434,234)</u>
	Exchange rate adjustments	(812,953)	(4,148,871)
	Issue of share capital	30,000,000	-
		<u>20,106,530</u>	<u>(13,583,105)</u>
	Increase/(decrease) in shareholders' funds	41,889,162	55,472,267
	Opening shareholders' funds		
	Closing shareholders' funds	<u>61,995,692</u>	<u>41,889,162</u>

## 12 Related parties

The Company has taken advantage of Financial Reporting Standard 8 (Related party transactions) not to disclose transactions with group companies. There were no transactions with external related parties.

## 13 Ultimate parent undertaking

The Company is a subsidiary undertaking of British Vita PLC.

The largest and smallest group of which the Company is a member and for which group accounts are drawn up is that headed by British Vita PLC, whose principal place of business is at Oldham Road, Middleton, Manchester, England, M24 2DB. The consolidated accounts of this group are available to the public and may be obtained from the above address.