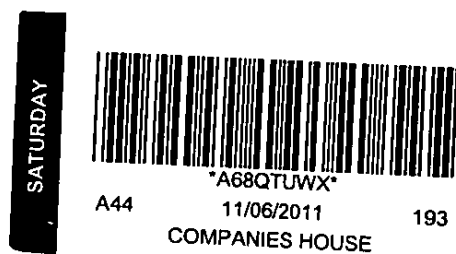


Vita Industrial Polymers Limited
Annual report and financial statements
for the year ended 31 December 2010

Registered Number 900059



Vita Industrial Polymers 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 Industrial Polymers 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 Industrial Polymers Limited

Directors and Advisors for the year ended 31 December 2010

Directors

Mr N J Burley
Mr G L Maundrell
Mr J H Menendez
Mr N B Hay
Mr P Wright
Mr J Hannah
Mr I Bragg

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

900059

Vita Industrial Polymers Limited

Directors' report for the year ended 31 December 2010

The directors present this 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 the sale of coated fabrics until its closure on 31 December 2010

Business Review

Early January 2011, the business assets of the remaining business, Vitapruf, were sold to A T C Manufacturing Limited for proceeds of £192,361. The Company has now ceased to trade

Results for the year ended 31 December 2010 were in line with expectations, given the restructuring process which continued in the year. The loss for the year after taxation and exceptional items was £2,187,454 (2009 £669,683) and sales were £3,196,930 (2009 £3,143,975). The exceptional costs were £2,816,565 (2009 £259,106) and related to the closure of the Salford site and the closure of the Vita Pension Fund 2 scheme. 2009 costs were principally related to the part closure of the Salford site.

At the year end the Company had net liabilities of £1,188,873 (2009 assets of £998,581). On 7 April 2011, the Company issued 1,750,000 ordinary shares, at par value of £1 each to its parent, British Vita Unlimited.

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.

Competitive pressure, both within the UK and overseas, is a continuing risk for the Company. The Company manages this risk by providing value added services to its customers, having fast response times not only in supplying products but in handling all customer queries and by maintaining strong relationships with customers.

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.

The Company seeks to reduce credit risk through the use of credit insurance and pro-active credit control procedures.

Vita Industrial Polymers 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 are 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 G L Maundrell

Mr N J Burley (resigned 25 March 2011)

Mr N B Hay

Mr P Wright (appointed 16 April 2010)

Mr J Murphy (appointed 16 April 2010, resigned 31 October 2010)

Mr I Bragg (appointed 16 April 2010)

Mr J Hannah (appointed 1 November 2010)

Mr J D Meltham (appointed 7 April 2011)

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

Creditor payment policy

The Company does not follow a universal code which deals specifically with payments to suppliers but, where appropriate, the Company's practice is to

- (a) agree the terms of payment at the start of business with the supplier,
- (b) ensure that those suppliers are made aware of the terms of payment,
- (c) pay in accordance with its contractual and other legal obligations.

The Company's average creditor payment period at 31 December 2010 was 52 days (2009: 34 days).

Employees

The employees of the Vita Group have long been regarded as one of its most important assets. The Vita Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled the group continues employment wherever possible and arranges retraining.

The Group is also committed to providing employees with information on matters of concern to them on a regular basis, so that the views of employees can be taken into account when making decisions that are likely to affect their interests. In addition, the Group encourages the involvement of employees by means of enhanced communication methods – interactive intranet, team working and continuous improvement meetings. The Group also publishes a quarterly magazine, Vita News, which is available to all employees and gives details of current developments in each of the trading divisions.

Vita Industrial Polymers 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
3 June 2011

Vita Industrial Polymers Limited

Independent auditors' report to the members of Vita Industrial Polymers Limited

We have audited the financial statements of Vita Industrial Polymers 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 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.



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

Vita Industrial Polymers Limited

Profit and loss account for the year ended 31 December 2010

	Notes	2010 £	2009 £
Turnover	1	3,196,930	3,143,975
Cost of sales before exceptional items		(3,322,533)	(3,236,050)
Exceptional items	2	(2,623,272)	(259,106)
Cost of sales		(5,945,805)	(3,495,156)
Gross loss		(2,748,875)	(351,181)
Distribution costs		(271,229)	(180,167)
Administrative expenses before exceptional items		(129,227)	(178,935)
Exceptional items - pensions	2	(193,293)	-
Administrative expenses		(322,520)	(178,935)
Operating loss	2	(3,342,624)	(710,283)
Interest receivable and similar income		35,529	40,600
Loss on ordinary activities before taxation		(3,307,095)	(669,683)
Tax on loss on ordinary activities	4	1,119,641	-
Loss for the financial year	11	(2,187,454)	(669,683)

All results are generated from discontinued operations

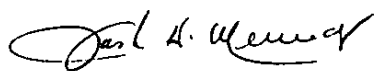
The Company has no recognised gains and losses in either year other than those included in the results above, therefore no separate statement of total recognised gains and losses has been presented

Vita Industrial Polymers Limited

Balance sheet as at 31 December 2010

	Notes	2010 £	2009 £
Current assets			
Stocks	5	192,361	182,725
Debtors (includes £3,229,478 (2009 £3,002,849) due after one year)	6	4,680,370	3,453,904
Cash at bank and in hand		236	20
		4,872,967	3,636,649
Creditors: amounts falling due within one year	7	(507,589)	(504,767)
Net current assets		4,365,378	3,131,882
Creditors: amounts falling due after more than one year	8	(2,698,718)	(1,260,807)
Provisions for liabilities	9	(2,855,533)	(872,494)
Net (liabilities)/assets		(1,188,873)	998,581
Capital and reserves			
Called up share capital	10	2,807,630	2,807,630
Share premium account	11	512,500	512,500
Profit and loss account	11	(4,509,003)	(2,321,549)
Total shareholder's (deficit)/funds	14	(1,188,873)	998,581

The financial statements on pages 6 to 17 were approved by the board of directors on 3 June 2011 and were signed on its behalf by



Mr J H Menendez
Director
3 June 2011

Vita Industrial Polymers Limited
Registered number
900059

Vita Industrial Polymers Limited

Accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and 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 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.

Research and development

Expenditure is charged against profit in the period in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value, cost includes appropriate production overhead expenses. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

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.

Pension costs

During the year the Company operated two defined benefit group pension schemes operated by British Vita Unlimited and one defined contribution scheme. Pension costs are accounted for as if all the schemes were defined contribution schemes, under paragraph 12 of FRS 17 'Retirement Benefits', as the Company is unable to separately identify its assets and liabilities from the group schemes.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling 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 translated into sterling 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.

Turnover

Turnover comprises the value of sales (excluding VAT, similar taxes and trade discounts) of goods and services in the normal course of business. Sales are recognised on despatch.

Leases

Rental costs under operating leases are charged to the profit and loss account over the period of the lease.

Vita Industrial Polymers Limited

Accounting policies (continued)

Loss making cash generating units

Where management have identified a cash generating unit where the trade is loss making, but it is uneconomic to close at the present time and it is unlikely to be restored to profitability a provision has been recognised for the least net cost of exiting these units

Vacant operating leased property

When an operating leased property ceases to be used in the business or a commitment is entered into which would cause this to occur, provision is made to the extent that the recoverable amount of the interest in the property is expected to be insufficient to cover future obligations relating to the lease

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

Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly

The Company is exposed to environmental liabilities relating to its operations. Provisions are made immediately where a constructive or legal obligation is identified, can be quantified and it is regarded as more likely than not that an outflow of resources will be required to settle the obligation

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 Industrial Polymers Limited

Notes to the financial statements for the year ended 31 December 2010

1 Turnover

The geographical analysis of turnover by destination is as follows

	2010 £	2009 £
Continental Europe	339,687	68,531
United Kingdom	2,768,123	2,802,584
Rest of World	89,120	272,860
	3,196,930	3,143,975

2 Operating loss

Operating loss is stated after charging	2010 £	2009 £
Exceptional costs - other	2,623,272	259,106
Exceptional costs - pensions	193,293	-
Operating leases		
- plant and machinery	36,709	33,179
Auditors' remuneration for audit services	7,000	7,000

In 2010, the exceptional item is in respect of the onerous lease and closure cost provisions following the sale of VitapruF and the closure of the Company plus costs associated with the closure of the Vita Pension Fund 2 scheme

During 2009, the Company incurred exceptional costs as a result of the closure of part of the Salford site

Vita Industrial Polymers Limited

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

3 Directors and employees

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	466,961	440,655
Social security costs	46,343	42,794
Other pensions costs (see note 15)	75,012	76,345
	588,316	559,794

The average monthly number of persons, including directors, during the year was

	2010 Number	2009 Number
By activity		
Selling and distribution	2	2
Production	17	17
	19	19

No director received any emoluments for services as a director in either year

Vita Industrial Polymers Limited

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

4 Taxation

	2010 £	2009 £
Current tax		
United Kingdom corporation tax at 28% (2009 28%)	(928,542)	-
Adjustment in respect of previous years	(191,099)	-
Tax on loss on ordinary activities	(1,119,641)	-

The tax assessed for the year is different to the standard rate of Corporation Tax in the UK. The differences are explained as follows

	2010 £	2009 £
Loss on ordinary activities before taxation	(3,307,095)	(669,683)
Tax on loss on ordinary activities at standard UK Corporation tax rate of 28% (2009 28%)	(925,987)	(187,511)
Net income non chargeable for tax purposes	(2,555)	(2,396)
Tax losses not utilised	-	189,907
Adjustments in respect of previous years	(191,099)	-
Current tax credit for the year	(1,119,641)	-

Potential deferred tax assets of £0.7m (2009 £0.7m) 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 Industrial Polymers Limited

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

5 Stocks

	2010 £	2009 £
Raw materials and consumables	117,518	91,188
Work in progress	-	195
Finished goods and goods for resale	74,843	91,342
	192,361	182,725

There is no material difference between the balance sheet value of stocks and their replacement cost

6 Debtors

	2010 £	2009 £
Trade debtors	478,449	409,015
Amounts owed by group undertakings (includes £3,229,478 (2009 £3,002,849) due after one year)	3,229,478	3,002,849
Corporation tax recoverable	928,542	-
Prepayments and accrued income	43,901	42,040
	4,680,370	3,453,904

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.

7 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank overdraft	-	648
Trade creditors	334,717	346,261
Other taxation and social security	12,790	12,132
Accruals and deferred income	160,082	145,726
	507,589	504,767

Vita Industrial Polymers Limited

Notes to the financial statements (continued)

for the year ended 31 December 2010

8 Creditors: amounts falling due after more than one year

	2010 £	2009 £
Amounts owed to group undertakings	2,698,718	1,260,807

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.

9 Provisions for liabilities

	Environmental remedial work £	Onerous leases and closure costs £	Total £
At 1 January 2010	275,960	596,534	872,494
Created in the year	-	2,522,866	2,522,866
Utilised in the year	(275,960)	(263,867)	(539,827)
At 31 December 2010	-	2,855,533	2,855,533

The provisions brought forward are in respect of an onerous lease on its Salford premises and environmental remedial works required to be carried out on those premises. In 2010, the onerous lease and closure cost provision was increased following the sale of VitapruF and the closure of the Company. The provision is expected to be fully utilised within the next three years.

10 Called up share capital

	2010 £	2009 £
Allotted, called up and fully paid		
2,807,630 (2009: 2,807,630) ordinary shares of £1 each	2,807,630	2,807,630

Vita Industrial Polymers Limited

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

11 Reserves

	Share premium account	Profit and loss account
	£	£
At 1 January 2010	512,500	(2,321,549)
Loss for the year	-	(2,187,454)
At 31 December 2010	512,500	(4,509,003)

12 Contingent liabilities

The Company has given guarantees to its bankers in respect of advances to certain group undertakings. The directors are of the opinion that no liability is likely to arise.

13 Operating lease commitments

The Company has annual commitments in respect of operating leases expiring as shown

	Property		Plant and machinery	
	2010 £	2009 £	2010 £	2009 £
Within one year	-	-	1,440	87
Between two and five years	-	-	153	1,593
After five years	365,171	354,535	-	-
	365,171	354,535	1,593	1,680

Vita Industrial Polymers Limited

Notes to the financial statements (continued)

for the year ended 31 December 2010

14 Reconciliation of movements in shareholders' (deficit)/funds

	2010 £	2009 £
Loss for the financial year	(2,187,454)	(669,683)
New shares issued	-	2,000,000
Net (reduction in)/addition to shareholder's funds	(2,187,454)	1,330,317
Opening shareholder's funds/(deficit)	998,581	(331,736)
Closing shareholder's (deficit)/funds	(1,188,873)	998,581

15 Pensions arrangements

FRS 17

The Group operated two defined benefit schemes until 31 March 2010 when the Vita Pension Fund 2 scheme was closed and in April 2010 the pension rights and obligations were secured with MetLife Assurance Limited. The Group now operates one defined benefit scheme and a defined contribution scheme.

The contributions paid by the Company are accounted for as if the schemes were defined contribution schemes, under paragraph 12 of FRS 17, as the Company is unable to identify its share of the underlying assets and liabilities in the schemes. The defined benefit scheme at 31 December 2010 had a surplus of £13.0m (2009 £20.0m).

The pension charge for the year was £75,012 (2009 £76,345).

16 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 Industrial Polymers Limited

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

17 Ultimate parent undertaking controlling party

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.

18 Post balance sheet event

On 7 April 2011, the Company issued 1,750,000 ordinary shares, at par value of £1 each to its parent, British Vita Unlimited. The Company advanced £1,750,000 on intercompany loan account to British Vita Unlimited.