

Vita International Investments Limited

Accounts 31 December 1997

together with directors' and auditors' reports

Registered number: 1522818



Directors' report

for the year ended 31 December 1997

The directors present their annual report on the affairs of the Company, together with the accounts and auditors' report, for the year ended 31 December 1997.

Principal activity and business review

The principal activity of the Company is to be the immediate parent of two of the overseas investments of British Vita PLC. Principal investments and changes in the year are detailed in note 5 to the accounts.

The directors believe that the operations of the Company are satisfactory.

Results and dividends

Results are as follows:

	£
Retained profit at 31 December 1996	31,069
Loss for the financial year	(40,413)
Retained loss at 31 December 1997	<u>(9,344)</u>

No dividend is proposed (1996 - £Nil).

Creditor payment policy

It is the Company's policy to comply with the payment terms agreed with suppliers. Where payment terms are not specifically negotiated, the Company endeavours to adhere to suppliers' standard terms.

Directors and their interests

The directors who served during the year, are shown below.

Mr. K.R. Bhatt

Mr. F.J. Eaton

Mr. F. Libeert

Mr. J. Mercer

Mr. C. O'Connor

Mr. R.H. Sellers (resigned 30 June 1997)

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

Directors' report (continued)

Directors and their interests (continued)

All 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 interests required to be shown under Schedule 7 of the Companies Act 1985.

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 of the company for that period. In preparing those accounts, the directors are required to:

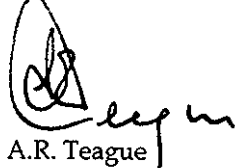
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors.

By order of the Board,



A.R. Teague
Company Secretary

Oldham Road
Middleton
Manchester
M24 2DB

6 March 1998

Auditors' report

Manchester

To the Shareholders of Vita International Investments Limited:

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

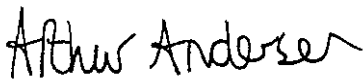
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the company's state of affairs at 31 December 1997 and of its loss 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

6 March 1998

Profit and loss account

For the year ended 31 December 1997

	Notes	1997 £	1996 £
Administrative expenses		(31,093)	31,069
Operating (loss) profit		(31,093)	31,069
Interest payable and similar charges	2	(13,602)	-
(Loss) profit on ordinary activities before taxation	3	(44,695)	31,069
Tax on profit on ordinary activities	4	4,282	-
Retained (loss) profit for the financial year		(40,413)	31,069

All activity has arisen from continuing operations. The Company has no recognised gains or losses other than the profit for the financial year.

A statement of movements on reserves is given in note 9.

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

Balance sheet

31 December 1997

	Notes	1997 £	1996 £
Fixed assets			
Investments	5	<u>42,900,102</u>	<u>39,955,162</u>
Current assets			
Debtors	6	4,282	-
Creditors: Amounts falling due within one year	7	<u>(12,913,628)</u>	<u>(9,923,993)</u>
Net current liabilities		<u>(12,909,346)</u>	<u>(9,923,993)</u>
Net assets		<u>29,990,756</u>	<u>30,031,169</u>
 Capital and reserves			
Called-up share capital	8	600	600
Share premium account	9	29,999,500	29,999,500
Profit and loss account	9	<u>(9,344)</u>	<u>31,069</u>
Total capital employed		<u>29,990,756</u>	<u>30,031,169</u>

Signed on behalf of the Board

C. O'Connor

C. O'Connor

Director

6 March 1998

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

Notes to accounts

31 December 1997

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.

a) *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.

b) *Investments*

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

c) *Dividend income*

Dividend income is accounted for on a receivable basis.

d) *Taxation*

Corporation tax payable is provided on taxable profits at the current rate after adjusting for double taxation relief in respect of overseas taxation.

e) *Foreign currency*

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 rates 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.

f) *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 company, 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.

Notes to accounts (continued)

2 Interest payable and similar charges

	1997 £	1996 £
Other	13,602	-

3 (Loss) profit on ordinary activities before taxation

No directors' emoluments were paid during the year (1996 - £Nil). The Company has no employees.

4 Tax on profit on ordinary activities

The tax credit comprises:

	1997 £	1996 £
Corporation tax at 31.5% (33%)	(4,282)	-

5 Investments

a) Investments comprise:

	Subsidiary undertakings £
Shares at cost	
Beginning of year	39,955,162
Additions	2,944,940
Net book value, end of year	42,900,102

b) The principal investments are as follows:

Subsidiary undertakings	Company interest	Country of incorporation, registration and operation	Principal activity
Vita Inc	100%	USA	Cellular polymer products
R.M.P. SA (formerly Jackdaw Polymere SA)	100%	France	Polymeric products
Crest Foam Industries Incorporated	80%	USA	Cellular polymer products

Notes to accounts (continued)

6 Debtors

Amounts falling due within one year:

	1997 £	1996 £
Taxation	<u>4,282</u>	<u>-</u>

7 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1997 £	1996 £
Bank loans and overdrafts	-	8
Amounts owed to group undertakings	12,913,628	9,699,266
Other creditors	-	224,719
	<u>12,913,628</u>	<u>9,923,993</u>

8 Called-up share capital

	1997 £	1996 £
<i>Authorised</i>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<i>Allotted, called-up and fully-paid</i>		
600 ordinary shares of £1 each	<u>600</u>	<u>600</u>

9 Reserves

	Share premium account £	Profit and loss account £	Total £
Beginning of year	29,999,500	31,069	30,030,569
Retained loss for the year	-	(40,413)	(40,413)
End of year	<u>29,999,500</u>	<u>(9,344)</u>	<u>29,990,156</u>

Of the above reserves, £Nil is considered distributable.

10 Deferred taxation

There are no amounts of unprovided deferred taxation.

Notes to accounts (continued)

11 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
(Loss) profit for the financial year	(40,413)	31,069
New share capital subscribed	-	30,000,000
Net (reduction in) addition to shareholders' funds	(40,413)	30,031,069
Opening shareholders' funds	30,031,169	100
Closing shareholders' funds	<u>29,990,756</u>	<u>30,031,169</u>

12 Ultimate parent company

The Company is a subsidiary undertaking of British Vita PLC.

The largest and smallest group of which Vita International Limited 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.