

VITA INVESTMENTS NORTH AMERICA LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001



VITA INVESTMENTS NORTH AMERICA LIMITED

COMPANY INFORMATION

Directors

Mr C J O'Connor
Mr F Libeert
Mr J Mercer
Mr R Dobson
Mr D A Campbell

Secretary

Mr M R Stirzaker

Company number

1522818

Registered office

Oldham Road
Middleton
Manchester
M24 2DB

Auditors

Arthur Andersen
Bank House
9 Charlotte Street
Manchester
M1 4EU

VITA INVESTMENTS NORTH AMERICA LIMITED

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VITA INVESTMENTS NORTH AMERICA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

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 was being the immediate parent of the overseas investments of British Vita PLC. Principal investments and changes in the year are detailed in notes 3 and 4 to the accounts.

The directors believe the operations of the Company to be satisfactory and sustainable.

Results and dividends

The profit for the year after taxation was £782,693 (2000 : £30,209).

The directors recommend dividends amounting to £800,000 (2000: £Nil).

Directors and their interests

The directors who served during the year were as follows:

Mr C J O'Connor
Mr F Libeert
Mr J Mercer
Mr R Dobson
Mr D A Campbell

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

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 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 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.

VITA INVESTMENTS NORTH AMERICA LIMITED

DIRECTORS' REPORT

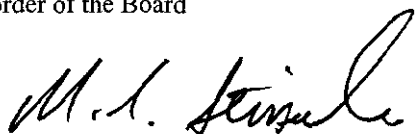
FOR THE YEAR ENDED 31ST DECEMBER 2001

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 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

TO THE SHAREHOLDERS OF VITA INVESTMENTS NORTH AMERICA LIMITED

We have audited the financial statements of Vita Investments North America 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 INVESTMENTS NORTH AMERICA LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001 £	2000 £
Income from shares in associated undertakings		806,358	-
Administrative income		7,309	15,932
Operating profit	2	813,667	15,932
Interest receivable		16,444	19,878
Profit on ordinary activities before taxation		830,111	35,810
Tax on profit on ordinary activities	3	(47,418)	(5,601)
Profit on ordinary activities after taxation		782,693	30,209
Dividends	4	(800,000)	-
Retained (loss)/profit for the year	10	(17,307)	30,209
Retained (loss)/profit brought forward		(401,138)	8,503
Exchange rate adjustments	11	(135,148)	(439,850)
Retained loss carried forward		(553,593)	(401,138)

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 INVESTMENTS NORTH AMERICA LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2001

	Notes	2001 £	2000 £
Fixed assets			
Investments	5	<u>110,669,586</u>	<u>46,966,913</u>
		110,669,586	46,966,913
Current assets			
Debtors	7	<u>786,192</u>	<u>346,042</u>
		786,192	346,042
Creditors: amounts falling due within one year	8	<u>(19,078,552)</u>	<u>(17,713,993)</u>
Net current liabilities		<u>(18,292,360)</u>	<u>(17,367,951)</u>
Net assets		<u>92,377,226</u>	<u>29,598,962</u>
Capital and reserves			
Called-up share capital	9	20,600	600
Share premium account	10	92,910,219	29,999,500
Profit and loss account	10	<u>(553,593)</u>	<u>(401,138)</u>
Shareholders' funds	11	<u>92,377,226</u>	<u>29,598,962</u>

These accounts on pages 4 to 9 were approved by the board of directors on 4th March 2002 and signed on its behalf by:



Mr C J O'Connor
Director

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

VITA INVESTMENTS NORTH AMERICA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

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, as modified by the revaluation of certain fixed assets, 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

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 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 INVESTMENTS NORTH AMERICA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

2 Operating profit

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

3 Taxation

	2001 £	2000 £
The tax charge comprises:		
UK corporation tax at 30.25% (2000: 30.25%)	7,100	5,601
Overseas tax	40,318	-
	<u>47,418</u>	<u>5,601</u>
Tax on profit on ordinary activities at standard UK Corporation Tax rate of 30% (30%)	249,033	10,743
Effects of:		
Income not deductible for tax purposes	(241,933)	(5,142)
	<u>7,100</u>	<u>5,601</u>

4 Dividends

	2001 £	2000 £
Equity dividends		
Ordinary dividends - proposed	<u>800,000</u>	<u>-</u>

5 Fixed asset investments

	Subsidiary undertakings £	Associated undertakings £	Total £
Cost and Net book value			
At 1st January 2001	46,239,054	727,859	46,966,913
Additions	-	771,954	771,954
Inter-group transfer from Vita International Ltd	-	62,930,719	62,930,719
At 31st December 2001	<u>46,239,054</u>	<u>64,430,532</u>	<u>110,669,586</u>

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

VITA INVESTMENTS NORTH AMERICA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

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
Vitafoam Inc	USA	100%	Cellular polymer products
Jackdaw Polymeres SA	France	100%	Polymeric products
Crest Foam Industries Inc	USA	80%	Cellular polymer products
Associated undertakings			
Spartech Corporation	USA	46%	Thermoplastic sheet
Vita Inoac (Pte) Limited	Singapore	50%	Parent company

7 Debtors

	2001	2000
	£	£
Amounts owed by group undertakings	780,196	339,772
Other debtors	5,996	6,270
	<u>786,192</u>	<u>346,042</u>

8 Creditors: amounts falling due within one year

	2001	2000
	£	£
Amounts owed to group undertakings	18,278,552	17,713,993
Proposed dividend	800,000	-
	<u>19,078,552</u>	<u>17,713,993</u>

9 Called-up share capital

	2001	2000
	£	£
Authorised		
21,000 Ordinary shares of £1 each	21,000	1,000
Allotted, called-up and fully paid		
20,600 Ordinary shares of £1 each	20,600	600

On 10 August 2001 20,000 ordinary shares were issued for cash. The nominal value of these shares was £20,000 and the consideration received was £62,930,719.

VITA INVESTMENTS NORTH AMERICA LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

10 Reserves

	Share premium account £	Profit and loss account £
At 1st January 2001	29,999,500	(401,138)
Retained loss for the year	-	(17,307)
Issue of share capital	62,910,719	-
Exchange rate adjustments	-	(135,148)
At 31st December 2001	92,910,219	(553,593)

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

11 Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Profit for the financial year	782,693	30,209
Dividends	(800,000)	-
	(17,307)	30,209
Exchange rate adjustments	(135,148)	(439,850)
Issue of share capital	62,930,719	-
Increase/(Decrease) in shareholders' funds	62,778,264	(409,641)
Opening shareholders' funds	29,598,962	30,008,603
Closing shareholders' funds	92,377,226	29,598,962

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.