

**Vita Investments North America Limited**  
**Annual report and financial statements**  
**for the year ended 31 December 2009**

**Registered number 1522818**



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# Vita Investments North America Limited

## Annual report and financial statements

### for the year ended 31 December 2009

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# **Vita Investments North America Limited**

## **Directors and advisors for the year ended 31 December 2009**

### **Directors**

Mr N J Burley

Mr G L Maundrell

Mr J H Menendez

### **Secretary**

Vita Industrial (UK) Limited

### **Independent auditors**

PricewaterhouseCoopers LLP

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

### **Registered office**

45 Pall Mall

London

SW1Y 5JG

### **Registered number**

1522818

# **Vita Investments North America Limited**

## **Directors' report for the year ended 31 December 2009**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2009

### **Principal activity**

The principal activity of the Company during the year continued to be the immediate parent of certain overseas investments of The Vita Group. Principal investments are detailed in notes 4 and 5 to the accounts.

### **Business review**

Results for the year ended 31 December 2009 were in line with expectations. The profit for the year after taxation and exceptional items was £600,642 (2008: £4,943,204).

At the year end the Company had net assets of £107,236,398 (2008: £106,635,756).

### **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.

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.

### **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 and submitted to Group for review. The Key Performance Indicators on which the Group focuses are:

- EBITDA
- Working Capital
- Total 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 2009 (2008: £nil).

# **Vita Investments North America Limited**

## **Directors' report for the year ended 31 December 2009 (continued)**

### **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 Oliver (resigned 13 July 2009)  
Mr J H Menendez  
Mr N J Burley  
Mr G L Maundrell

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

### **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, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that

- 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  
27 May 2010

# Vita Investments North America Limited

## Independent auditors' report to the members of Vita Investments North America Limited

We have audited the financial statements of Vita Investments North America Limited for the year ended 31 December 2009 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 3, 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 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 2009 and of its profit 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.



Karen Bluff (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Manchester

27 May 2010

## Vita Investments North America Limited

### Profit and loss account for the year ended 31 December 2009

|                                                      | Note      | 2009<br>£        | 2008<br>£        |
|------------------------------------------------------|-----------|------------------|------------------|
| Administrative expenses                              |           | (408,462)        | (69,699)         |
| Other income                                         |           | 18,033           | -                |
| <b>Operating loss</b>                                | <b>1</b>  | <b>(390,429)</b> | <b>(69,699)</b>  |
| Profit on disposal of subsidiary                     | 3         | -                | 2,166,537        |
| Interest receivable from group undertakings          |           | 1,455,025        | 4,935,223        |
| Interest payable to group undertakings               |           | (413,897)        | (945,930)        |
| <b>Profit on ordinary activities before taxation</b> |           | <b>650,699</b>   | <b>6,086,131</b> |
| Tax on profit on ordinary activities                 | 2         | (50,057)         | (1,142,927)      |
| <b>Profit for the financial year</b>                 | <b>10</b> | <b>600,642</b>   | <b>4,943,204</b> |

All results are generated from continuing operations

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

# Vita Investments North America Limited

## Balance sheet as at 31 December 2009

|                                                                       | Notes | 2009<br>£    | 2008<br>£    |
|-----------------------------------------------------------------------|-------|--------------|--------------|
| <b>Fixed assets</b>                                                   |       |              |              |
| Investments                                                           | 4     | 54,805,201   | 56,038,932   |
| <b>Current assets</b>                                                 |       |              |              |
| Debtors (including £72,341,614 (2008 £71,528,982) due after one year) | 6     | 77,283,302   | 76,218,849   |
| Cash                                                                  |       | 9,930        | 9,941        |
|                                                                       |       | 77,293,232   | 76,228,790   |
| <b>Creditors: amounts falling due within one year</b>                 | 7     | (2,655,489)  | (2,911,844)  |
| <b>Net current assets</b>                                             |       | 74,637,743   | 73,316,946   |
| <b>Total assets less current liabilities</b>                          |       | 129,442,944  | 129,355,878  |
| <b>Creditors: amounts falling due after more than one year</b>        | 8     | (22,206,546) | (22,720,122) |
| <b>Net assets</b>                                                     |       | 107,236,398  | 106,635,756  |
| <b>Capital and reserves</b>                                           |       |              |              |
| Called up share capital                                               | 9     | 20,600       | 20,600       |
| Share premium account                                                 | 10    | 92,910,219   | 92,910,219   |
| Profit and loss account                                               | 10    | 14,305,579   | 13,704,937   |
| <b>Total shareholder's funds</b>                                      | 11    | 107,236,398  | 106,635,756  |

The financial statements on pages 5 to 11 were approved by the board of directors on 27 May 2010 and were signed on its behalf by



Mr N J Burley  
Director  
27 May 2010



# Vita Investments North America 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 Vita International Limited 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.

### Investments

Investments in subsidiary undertakings are initially stated at cost. Foreign equity investments that are wholly or partially hedged using foreign currency borrowings are regarded as currency assets to the extent that they are so hedged. Differences on the retranslation of foreign currency investments are taken to reserves. Provision is made for any 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.

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.

### 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). Differences arising on translation of foreign currency borrowings used to finance foreign currency investments are taken to reserves and matched against the translation differences of the related foreign currency investment. Any other 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.

### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

### 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.

# Vita Investments North America Limited

## Notes to the financial statements

for the year ended 31 December 2009

### 1 Operating loss

No directors' emoluments were paid during this or the previous year. The Company has no employees. Auditors' remuneration for audit services was £2,500 (2008: £2,760).

### 2 Taxation

|                                                     | 2009<br>£     | 2008<br>£        |
|-----------------------------------------------------|---------------|------------------|
| <b>Current tax</b>                                  |               |                  |
| United Kingdom corporation tax at 28% (2008: 28.5%) | 274,310       | 1,121,838        |
| Adjustments in respect of previous years            | (224,253)     | 19,413           |
| <b>Total current tax</b>                            | <b>50,057</b> | <b>1,141,251</b> |
| Withholding tax                                     | -             | 1,676            |
| <b>Tax on profit on ordinary activities</b>         | <b>50,057</b> | <b>1,142,927</b> |

The tax assessed for the year differs from the effective rate of Corporation tax in the UK. The differences are explained as follows:

|                                                                                                | 2009<br>£      | 2008<br>£        |
|------------------------------------------------------------------------------------------------|----------------|------------------|
| <b>Profit on ordinary activities before taxation</b>                                           | <b>650,699</b> | <b>6,086,131</b> |
| Tax on profit on ordinary activities at effective UK Corporation tax rate of 28% (2008: 28.5%) | 182,196        | 1,734,547        |
| Gains on disposal not taxable                                                                  | -              | (611,033)        |
| Tax losses not utilised                                                                        | 92,114         | -                |
| Adjustments in respect of previous years                                                       | (224,253)      | 19,413           |
| <b>Current tax charge for the year</b>                                                         | <b>50,057</b>  | <b>1,142,927</b> |

### 3 Profit on disposal of subsidiary

During 2008 the Company incorporated a new subsidiary, Pathway Holdings Limited, in cooperation with an unconnected third party, Urethane Holdings Limited. Subsequent to that incorporation the Company sold its stake in one of its subsidiaries, Pathway Polymers Inc, to Pathway Holdings Limited in exchange for further shares in that company. The effect of this transaction was to generate an exceptional profit of £2,166,537. The tax effect was £nil.

## Vita Investments North America Limited

### Notes to the financial statements (continued) for the year ended 31 December 2009

#### 4 Fixed asset investments

|                            | Subsidiary<br>undertakings<br>£ |
|----------------------------|---------------------------------|
| <b>Cost or valuation</b>   |                                 |
| At 1 January 2009          | 56,038,932                      |
| Additions                  | 6                               |
| Revaluation                | (1,233,737)                     |
| <b>At 31 December 2009</b> | <b>54,805,201</b>               |

The additions in the year relate solely to the incorporation of Metzeler Schaum Inc

The Company has revalued its investment in Pathway Holdings Limited to match against foreign currency exchange movements in accordance with Statement of Standard Accounting Practice 20

#### 5 Shares in group undertakings

The principal investments are as follows

| Subsidiary undertakings   | Country of<br>incorporation,<br>registration and<br>operation | Description and<br>proportion of shares<br>held by Company | Principal activity        |
|---------------------------|---------------------------------------------------------------|------------------------------------------------------------|---------------------------|
| Vitafoam Inc              | USA                                                           | 100% ordinary shares                                       | Nonwoven products         |
| Pathway Holdings Limited  | UK                                                            | 51% ordinary shares                                        | Holding company           |
| Pathway Polymers Inc      | USA                                                           | *51% ordinary shares                                       | Thermoplastic compounds   |
| Crest Foam Industries Inc | USA                                                           | 80% ordinary shares                                        | Cellular polymer products |
| Metzeler Schaum Inc       | USA                                                           | 100% ordinary shares                                       | Cellular polymer products |

\* Indicates held indirectly

The financial statements contain information about Vita Investments North America Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, British Vita (Lux III) S à r l

# Vita Investments North America Limited

## Notes to the financial statements (continued) for the year ended 31 December 2009

### 6 Debtors

|                                                                                                      | 2009<br>£  | 2008<br>£  |
|------------------------------------------------------------------------------------------------------|------------|------------|
| Amounts owed by group undertakings<br>(including £ 72,341,614 (2008 £71,528,982) due after one year) | 77,283,302 | 76,218,849 |

### 7 Creditors: amounts falling due within one year

|                                    | 2009<br>£ | 2008<br>£ |
|------------------------------------|-----------|-----------|
| Amounts owed to group undertakings | 2,031,179 | 1,545,201 |
| Accruals and deferred income       | 350,000   | 15,649    |
| Corporation tax                    | 274,310   | 1,350,994 |
|                                    | 2,655,489 | 2,911,844 |

### 8 Creditors: amounts falling due after more than one year

|                                    | 2009<br>£  | 2008<br>£  |
|------------------------------------|------------|------------|
| Amounts owed to group undertakings | 22,206,546 | 22,720,122 |

### 9 Called up share capital

|                                    | 2009<br>£ | 2008<br>£ |
|------------------------------------|-----------|-----------|
| Authorised                         |           |           |
| 21,000 ordinary shares of £1 each  | 21,000    | 21,000    |
| Allotted, called up and fully paid |           |           |
| 20,600 ordinary shares of £1 each  | 20,600    | 20,600    |

# Vita Investments North America Limited

## Notes to the financial statements (continued) for the year ended 31 December 2009

### 10 Reserves

|                            | Share<br>premium<br>account | Profit<br>and loss<br>account |
|----------------------------|-----------------------------|-------------------------------|
|                            | £                           | £                             |
| At 1 January 2009          | 92,910,219                  | 13,704,937                    |
| Profit for the year        | -                           | 600,642                       |
| <b>At 31 December 2009</b> | <b>92,910,219</b>           | <b>14,305,579</b>             |

### 11 Reconciliation of movements in shareholder's funds

|                                    | 2009<br>£          | 2008<br>£          |
|------------------------------------|--------------------|--------------------|
| Profit for the financial year      | 600,642            | 4,943,204          |
| Opening shareholder's funds        | 106,635,756        | 101,692,552        |
| <b>Closing shareholder's funds</b> | <b>107,236,398</b> | <b>106,635,756</b> |

### 12 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

### 13 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Vita International Limited

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 2009. The consolidated financial statements may be obtained from 5, Rue Guillaume Kroll, L-1882, Luxembourg

In the opinion of the directors, the Company's ultimate controlling party is TPG Partners IV-AIV, LP, a partnership located in the Cayman Islands. With effect from 23 April 2009, the ultimate parent company became Vita Cayman Limited

### 14 Post balance sheet event

On 13 January 2010, the Company sold its shareholding in Crest Foam Industries Inc to Inoac USA, Inc for net proceeds of £28.1m and a profit of £25.6m