

Vita Investments North America Limited  
Annual report and financial statements  
for the year ended 31 December 2017

Registered number 1522818



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for the year ended 31 December 2017

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# **Vita Investments North America Limited**

## **Directors and advisors for the year ended 31 December 2017**

### **Directors**

Mr J Cheele

Mr D O'Riordan

### **Secretary**

Vita Industrial (UK) Limited

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

No 1 Spinningfields

Hardman Square

Manchester

M3 3EB

### **Registered office**

Oldham Road

Middleton

Manchester

M24 2DB

### **Registered number**

1522818

# Vita Investments North America Limited

## Strategic report for the year ended 31 December 2017

The directors present their Strategic report on the Company for the year ended 31 December 2017.

### Principal activities

The Company continues to be the immediate parent of certain overseas investments of the Group (Vita (Lux III) S.à.r.l. and its subsidiary companies). Investments are detailed in note 5 to the financial statements.

### Business review

Results for the year ended 31 December 2017 were in line with expectations. The profit for the financial year was £1,829,074 (2016: £45,309). At the year end the Company had net assets of £7,654,006 (2016: £5,824,932).

In 2017, the Company incurred exceptional expenses of £5,627,625 relating to the impairment of investments as a result of the liquidation of Pathway Holdings Limited, offset by a distribution in specie of £7,567,273 (USD 9,383,418), (2016: £366,943 relating to the impairment of its investment in Metzeler Schaum Inc.).

As part of the Group's distributable reserves planning, several steps were carried out in January and February 2016, the objective of which was to remove certain "dividend blocks" and, if necessary, facilitate the remittance of cash to Vita (Lux III) S.à.r.l. from Vita (Group) Unlimited and its subsidiaries.

On 27 January 2016, the Company undertook a capital reduction of £92,910,219 share premium by way of a directors' solvency statement.

On 29 January 2016, there was a bonus issue in the Company of 58,804,000 ordinary shares of £1 each, followed by a capital reduction of the same by way of a directors' solvency statement.

On 2 February 2016, the Company declared a distribution of £117,756,936 to its immediate parent Vita International Limited satisfied by a reduction in the loan receivable held by the Company.

### Environment

The Company recognises the importance of its environmental responsibilities, undertakes initiatives to promote greater environmental responsibility, encourages the development and sharing of environmentally friendly technologies, designs and implements policies to reduce any environmental damage that might be caused by its activities and regularly reviews its performance. The Company operates in accordance with Group policies.

### Principal risks and uncertainties

The management of the business and the execution of the Group's strategy are subject to a number of risks.

Competitive pressure in the trading subsidiary undertakings, both within the UK and overseas, is a continuing risk for the Group. The Group 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.

### Financial risk management

The Group, of which the Company is a member, through its 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 of Directors 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 foreign currency forward 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 treasury department manages borrowings. At the year end the Company had no foreign currency forward contracts (2016: none).

# Vita Investments North America Limited

## Strategic report for the year ended 31 December 2017 (continued)

### Key Performance Indicators (“KPIs”)

The Company produces monthly reporting packs containing its financial results and these are consolidated into the total numbers for submission to the Group for review. The Key Performance Indicators on which the Company focuses are:

- EBITDA
- Working Capital
- Operating Cash Flow

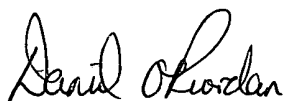
The KPIs are measured in absolute terms and, in addition, working capital is also measured on days sales outstanding, days purchases outstanding and days inventory in hand. For 2017, due to the unprecedented raw material environment, the Group did not meet all of the KPI targets set by the Board.

### Non financial

There are three non financial key performance indicators which are:

- Health and safety
- Environment
- Compliance

### On behalf of the Board



Mr D O’Riordan  
Director  
9 May 2018

# Vita Investments North America Limited

## Directors' report for the year ended 31 December 2017

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

### Political and charitable contributions

No political or charitable donations were made by the Company during the current or prior year.

### Dividends

No dividends were paid in the financial year (2016: £117,756,936 to the Company's immediate parent Vita International Limited satisfied by a reduction in the loan receivable held by the Company).

### Future developments

The Company continues to be the immediate parent of certain overseas investments of the Group.

### Going concern

The directors have assessed the Company's going concern status using all available information and considered the foreseeable future. Following this assessment the directors conclude that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern.

### Directors

The directors who held office during the year and up to the date of signing the financial statements were as follows:

Mr J Cheele  
Mr D O'Riordan  
Mr D Clarke (resigned 2 October 2017)

### Financial risk management

Financial risk management is described in the Strategic report on page 2.

### Critical accounting estimates and judgements

Critical accounting estimates and judgements are described in the Accounting policies on page 11.

### Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Group purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

### Statement of directors' responsibilities

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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. The directors 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.

# **Vita Investments North America Limited**

## **Directors' report for the year ended 31 December 2017 (continued)**

### **Statement of directors' responsibilities (continued)**

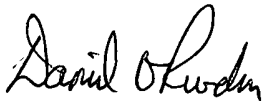
In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

### **On behalf of the Board**



Mr D O'Riordan  
Director  
9 May 2018

# Vita Investments North America Limited

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

### Report on the audit of the financial statements

#### Opinion

In our opinion, Vita Investments North America Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2017; the Profit and loss account for the year ended 31 December 2017; the Statement of changes in equity for the year ended 31 December 2017; the accounting policies; and the notes to the financial statements.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.



# Vita Investments North America Limited

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

### *Strategic report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

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.


## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Simon White (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Manchester  
9 May 2018

# Vita Investments North America Limited

## Profit and loss account for the year ended 31 December 2017

	Note	2017 £	2016 £
Administrative expenses before exceptional items		(59,613)	(63,254)
Exceptional expenses – impairment charges	1	(5,627,625)	(366,943)
Administrative expenses		(5,687,238)	(430,197)
<b>Operating loss</b>	1	(5,687,238)	(430,197)
Income from fixed asset investments	1	7,567,273	-
Profit/(loss) before interest and taxation		1,880,035	(430,197)
Interest receivable and similar income	2	52,659	260,721
Interest payable and similar expenses	3	(130,063)	(160)
<b>Profit/(loss) before taxation</b>		1,802,631	(169,636)
Tax on profit/(loss)	4	26,443	214,945
<b>Profit for the financial year</b>	9	1,829,074	45,309

All results are generated from continuing operations.

The Accounting policies and notes form part of these financial statements.

The Company incurred no income or expenses other than those recognised in the Profit and loss account above in either the current or prior year, and therefore no separate Statement of comprehensive income has been presented.

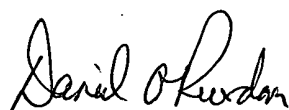
# Vita Investments North America Limited

## Balance sheet as at 31 December 2017

	Note	2017	2016
		£	£
<b>Fixed assets</b>			
Investments	5	-	5,627,625
<b>Current assets</b>			
Debtors (including £7,555,671 (2016: £nil) falling due after more than one year)	6	7,735,073	230,691
Creditors: amounts falling due within one year	7	(81,067)	(33,384)
<b>Net current assets</b>		<b>7,654,006</b>	<b>197,307</b>
<b>Total assets less current liabilities and net assets</b>		<b>7,654,006</b>	<b>5,824,932</b>
<b>Capital and reserves</b>			
Called up share capital	8	20,600	20,600
Share premium account	9	-	-
Profit and loss account	9	7,633,406	5,804,332
<b>Total shareholder's funds</b>		<b>7,654,006</b>	<b>5,824,932</b>

The accounting policies and notes on pages 11 to 18 form part of these financial statements.

The financial statements on pages 8 to 18 were approved by the board of directors on 9 May 2018 and were signed on its behalf by:



Mr D O'Riordan  
Director  
9 May 2018

Vita Investments North America Limited  
Registered number  
1522818

# Vita Investments North America Limited

## Statement of changes in equity for the year ended 31 December 2017

	Called up share capital	Share premium account	Profit and loss account	Total shareholder's funds
	£	£	£	£
At 1 January 2016	20,600	92,910,219	30,605,740	123,536,559
Capital reduction	-	(92,910,219)	92,910,219	-
Bonus issue of 58,804,000 ordinary shares of £1 each	58,804,000	-	(58,804,000)	-
Capital reduction	(58,804,000)	-	58,804,000	-
Dividend	-	-	(117,756,936)	(117,756,936)
Profit for the financial year and total comprehensive income for the financial year	-	-	45,309	45,309
At 31 December 2016	20,600	-	5,804,332	5,824,932
Profit for the financial year and total comprehensive income for the financial year	-	-	1,829,074	1,829,074
At 31 December 2017	20,600	-	7,633,406	7,654,006

# Vita Investments North America Limited

## Accounting policies

### Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Vita Investments North America Limited for the year ended 31 December 2017 were authorised for issue by the board of directors on 9 May 2018 and the balance sheet was signed on behalf of the board by Mr D O’Riordan. Vita Investments North America Limited is a private limited company, limited by shares and is incorporated, registered and domiciled in England and Wales.

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, in particular, Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006 (the Act), as applicable to companies using FRS 101. FRS 101 sets out a reduced disclosure framework for a “qualifying entity”, as defined in the standard, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The Company is a wholly owned subsidiary of Vita (Lux III) S.à.r.l., which produces consolidated financial statements that are publicly available. Copies of their financial statements can be obtained from Vita (Lux III) S.à.r.l., 5, Rue Guillaume Kroll, L-1882, Luxembourg. 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.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2017. The financial statements are prepared in Sterling.

These policies have been consistently applied to all years presented, unless otherwise stated.

### Basis of preparation

The financial statements have been prepared, on the going concern basis, using the historical cost convention, as stated in the accounting policies.

The Company is a qualifying entity for the purposes of FRS 101. Note 11 gives details of the Company’s ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, “Financial Instruments: Disclosures”
- IAS 7, “Statement of cash flows”
- The requirements of IAS 24, “Related party disclosures” to disclose related party transactions entered into between two or more members of a group.

### Critical accounting estimates and judgements

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to financial statements pertain primarily to the assessment of the carrying value of investments, which is described in further detail below.

### Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

### Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

### Impairment reviews

Where circumstances indicate that there may have been an impairment of the carrying value of an investment, intangible or tangible fixed asset, an impairment review is carried out using cash flows calculated from budgets and projections approved by the board which are discounted at the Group’s risk-adjusted weighted average cost of capital calculated from equity market data and borrowing costs. The impairment cost, if material, is booked as an exceptional item in arriving at operating loss.

# Vita Investments North America Limited

## Accounting policies (continued)

### 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 years 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 translated into Sterling at actual exchange rates as of the date of the transaction. 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 foreign currency forward 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.

### Cash flow statement

The Company is a wholly owned subsidiary of 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 IAS 7 "Statement of Cash Flows" to prepare a cash flow statement.

### New accounting standards and IFRS IC interpretations

The Company has adopted the following new and amended IFRSs in all periods presented in the historical financial information. There has not been a material impact to the Company when adopting these new and amended IFRSs:

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'
- Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative
- Amendment to IFRS 10 and IAS 28 on investment entities applying the consolidation exception
- Amendment to IAS 7, 'Statement of cash flows on disclosure initiative'
- Amendment to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transactions
- IFRS 9 'Financial instruments'
- IFRS 15 'Revenue from contracts with customers'
- IFRS 16 'Leases'
- IFRIC 22, 'Foreign currency transactions and advance consideration'
- IFRIC 23 'Uncertainty over income tax treatments'
- IAS 40 'Transfers of investment property'

### Early adoption of standards

The Company has not adopted, and does not intend to adopt, any standards early.

### Interest receivable and payable

Interest income and expenditure is recognised in the Profit and loss account on an accruals basis.

### Exceptional items

Items which are both material and outside the normal course of business are presented as exceptional items in arriving at operating profit 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 Investments North America Limited

## Accounting policies (continued)

### Financial liabilities

#### *Initial recognition*

Financial liabilities within the scope of IAS 39 “Financial Instruments” are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables and loans and borrowings.

#### *Subsequent measurement – Financial liabilities at fair value through profit and loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that do not meet the hedge accounting criteria of IAS 39. Gains or losses on liabilities held for trading are recognised in the Profit and loss account.

#### *Derecognition of financial liabilities*

A liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts, together with any costs or fees incurred, are recognised in profit or loss.

### Financial assets

#### *Classification*

The company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### *(a) Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current investments.

#### *(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company’s loans and receivables comprise receivables, cash and commercial paper in the balance sheet.

#### *Recognition and measurement*

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the Profit and loss account. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ category are presented in the Profit and loss account within interest income or expenses in the period in which they arise.

# Vita Investments North America Limited

## Notes to the financial statements

for the year ended 31 December 2017

### 1 Operating loss

The directors received no emoluments for their services to the Company in the year and the preceding year. The Company has no employees (2016: none).

Auditors' remuneration of £3,000 (2016: £3,000) for statutory audit services was borne by Vita Industrial (UK) Limited, a fellow group undertaking. The auditors received no fees for non-audit services (2016: £nil).

Pathway Holdings Limited was liquidated on 3 March 2017. A distribution in specie of £7,567,273 (USD 9,383,418, at \$11,729 per share of 800 ordinary shares of \$1 each), was declared to the Company and settled through the inter-company loan. The Company incurred exceptional expenses of £5,627,625 relating to the impairment of investments as a result of the liquidation of Pathway Holdings Limited (2016: £366,943 relating to the impairment of its investment in Metzeler Schaum Inc.).

### 2 Interest receivable and similar income

	2017 £	2016 £
Interest receivable from group undertakings	52,659	260,721

### 3 Interest payable and similar expenses

	2017 £	2016 £
Interest payable to group undertakings	130,063	160



# Vita Investments North America Limited

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 4 Tax on profit/(loss)

	2017 £	2016 £
<b>Current tax</b>		
United Kingdom corporation tax at 19.25% (2016: 20%)	(26,443)	-
Adjustments in respect of prior years	-	(214,945)
<b>Tax on profit/(loss)</b>	<b>(26,443)</b>	<b>(214,945)</b>

The tax assessed for the year differs from (2016: differs from) the standard rate of Corporation tax in the UK. The differences are explained as follows:

	2017 £	2016 £
Profit/(loss) before taxation	1,802,631	(169,636)
Tax on profit/(loss) before taxation at standard UK Corporation tax rate of 19.25% (2016: 20%)	347,006	(33,927)
Non-taxable income	(1,456,767)	-
Expenses not deductible	1,083,318	33,927
Adjustments in respect of prior years	-	(214,945)
<b>Total tax credit for the year</b>	<b>(26,443)</b>	<b>(214,945)</b>

The Company has no deferred taxes (2016: none).

On 16 March 2016 the UK Chancellor announced a further reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020 (instead of 18% as previously announced). This change became substantively enacted on 6 September 2016. As such the deferred tax assets and liabilities have been re-measured accordingly.

# Vita Investments North America Limited

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 5 Investments

	Subsidiary undertakings £
<b>Cost</b>	
At 31 December 2016 and 31 December 2017	53,638,840
<b>Impairments</b>	
At 1 January 2016	47,644,272
Impairment in the year	366,943
At 31 December 2016	48,011,215
Impairment in the year	5,627,625
At 31 December 2017	53,638,840
<b>Net book value</b>	
At 31 December 2017	-
At 31 December 2016	5,627,625

Pathway Holdings Limited was liquidated on 3 March 2017. A distribution in specie of £7,567,273 (USD 9,383,418, at \$11,729 per share of 800 ordinary shares of \$1 each), was declared to the Company and settled through the inter-company loan (2016: £366,943 related to the impairment of its investment in Metzeler Schaum Inc.).

The remaining investments have been impaired to nil in previous years. The directors consider the value of the investments to be supported by their underlying net assets.

The investments held are as follows:

Subsidiary undertakings	Registered office	Description and proportion of shares held by Company	Principal activity
Vitafoam Inc.	8343 Douglas Ave Ste 400 Dallas, TX 75225, USA	100% ordinary shares	Nonwoven products
Metzeler Schaum Inc.	8343 Douglas Ave Ste 400 Dallas, TX 75225, USA	100% ordinary shares	Cellular polymer products

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, Vita (Lux III) S.à.r.l registered at 5, Rue Guillaume Kroll, L-1882, Luxembourg.

# Vita Investments North America Limited

## Notes to the financial statements (continued)

for the year ended 31 December 2017

### 6 Debtors

	2017 £	2016 £
Amounts owed by group undertakings (including £7,555,671 (2016: £nil) falling due after more than one year)	7,708,630	230,691
Corporation tax	26,443	-
	<b>7,735,073</b>	<b>230,691</b>

Amounts owed by group undertakings are unsecured and interest is 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

	2017 £	2016 £
Amounts owed to group undertakings	81,046	21,383
Bank loans & overdrafts	21	12,001
	<b>81,067</b>	<b>33,384</b>

Amounts owed to group undertakings are interest free and repayable 45 days after the end of the month in which they arose.

### 8 Called up share capital

	2017 £	2016 £
Allotted, called up and fully paid		
20,600 (2016: 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 2017

### 9 Reserves

	Share premium account	Profit and loss account
	£	£
At 1 January 2016	92,910,219	30,605,740
Share premium reduction	(92,910,219)	92,910,219
Bonus issue of 58,804,000 ordinary shares of £1 each	-	(58,804,000)
Capital reduction of 58,804,000 ordinary shares of £1 each	-	58,804,000
Dividend	-	(117,756,936)
Profit for the financial year	-	45,309
At 31 December 2016	-	5,804,332
Profit for the financial year	-	1,829,074
At 31 December 2017	-	7,633,406

### 10 Related party transactions

The Company has taken advantage of the exemption under paragraph 3(C) from the provisions of IAS 24, 'Related Party Disclosures', from disclosing related party transactions with fellow Group companies on the grounds that throughout the year it was a wholly owned subsidiary of a group headed by the Vita (Lux III) S.à.r.l., whose financial statements are publicly available. There were no other related party transactions.

### 11 Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is Vita International Limited.

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 2017. 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.

### 12 Post balance sheet event

In February 2018, the Company's principal shareholder, TPG Partners IV-AIV, LP, informed the Company that it had accepted an offer for its shares from Strategic Value Partners (SVP), a private equity fund.