

Vita Investments North America Limited  
Annual report  
for the year ended 31 December 2002

Registered Number 1522818



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for the year ended 31 December 2002

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# **Vita Investments North America Limited**

## **Directors and Advisors for the year ended 31 December 2002**

### **Directors**

Mr C J O'Connor

Mr F Libeert

Mr J Mercer

Mr D A Campbell

Mr J K Maiden

### **Secretary**

Mr M R Stirzaker

### **Auditors**

PricewaterhouseCoopers

101 Barbirolli Square

Lower Mosley Street

Manchester

M2 3PW

### **Registered Office**

Oldham Road

Middleton

Manchester

M24 2DB

### **Registered Number**

1522818

# Vita Investments North America Limited

## Directors' report for the year ended 31 December 2002

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002

### Principal activities and business review

The principal activity of the company during the year continued to be the immediate parent of the overseas investments of British Vita PLC. Principal investments and changes in the year are detailed in notes 5 and 6 to the accounts.

During the year the Company disposed of 6,928,125 ordinary shares in its associate Spartech for cash consideration of £98,667,245, realising a profit on disposal of £63,252,310. The company also transferred its investment in Jackdaw Polymers to Ultra International Limited realising a loss of £1,382,984.

### Results and dividends

The profit for the year after taxation was £64,007,103 (2001: £782,693).

An interim dividend of £40,000,000 (2001: £nil) was paid on 29 November 2002. The directors propose a final dividend of £nil (2001: £800,000) in respect of the year ended 31 December 2002.

### Directors and their interests

The directors who held office during the year are given below:

Mr C J O'Connor

Mr F Libeert

Mr J Mercer

Mr D A Campbell

Mr J K Maiden (appointed 22 May 2002)

Mr R Dobson (resigned 31 December 2002)

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

All directors are directors of the parent undertaking, British Vita PLC. His interest 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 financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

# **Vita Investments North America Limited**

## **Directors' report for the year ended 31 December 2002 (continued)**

### **Auditors**

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 27 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

**By order of the Board**

A handwritten signature in black ink, appearing to read 'M. R. Stirzaker', written in a cursive style.

**M R Stirzaker**

**Secretary**

**3 March 2003**

# **Vita Investments North America Limited**

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

We have audited the financial statements which comprises the balance sheet, profit and loss account, the related notes and the accounting policies set out in the statement of accounting policies.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 is not disclosed.

### **Basis of audit 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 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 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 financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Manchester

3 March 2003

# Vita Investments North America Limited

## Profit and loss account for the year ended 31 December 2002

	Note	2002 £	2001 £
Income from shares in associated undertakings		2,288,194	806,358
Administrative (expenses) / income		(40,336)	7,309
<b>Operating profit</b>	1	<b>2,247,858</b>	813,667
Profit on disposal of businesses	2	61,869,326	-
Profit on ordinary activities before interest		64,117,184	813,667
Interest receivable		7,510	16,444
<b>Profit on ordinary activities before taxation</b>		<b>64,124,694</b>	830,111
Tax on profit on ordinary activities	3	(117,591)	(47,418)
<b>Profit on ordinary activities after taxation</b>		<b>64,007,103</b>	782,693
Dividends	4	(40,000,000)	(800,000)
<b>Retained profit / (loss) for the financial year</b>	10	<b>24,007,103</b>	(17,307)
<b>Loss brought forward</b>		<b>(553,593)</b>	(401,138)
<b>Exchange rate adjustments</b>		<b>575,000</b>	(135,148)
<b>Retained profit carried forward</b>		<b>24,028,510</b>	(553,593)

Operating profit is generated from continuing operations.

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

# Vita Investments North America Limited

## Balance sheet as at 31 December 2002

	Notes	2002 £	2001 £
<b>Fixed assets</b>			
Investments	5	74,778,071	110,669,586
<b>Current assets</b>			
Debtors	7	42,189,603	786,192
<b>Creditors:</b> amounts falling due within one year	8	(8,345)	(19,078,552)
<b>Net current assets / (liabilities)</b>		42,181,258	(18,292,360)
<b>Net assets</b>		116,959,329	92,377,226
<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	24,028,510	(553,593)
<b>Equity shareholders' funds</b>	11	116,959,329	92,377,226

The financial statements on pages 1 to 10 were approved by the board of directors on 3 March 2003 and were signed on its behalf by:



**Mr C J O'Connor**  
Director



# **Vita Investments North America Limited**

## **Accounting policies**

The financial statements have been prepared in accordance with 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 under the historical cost convention, as modified by the revaluation of certain fixed assets.

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 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 British Vita PLC, and its cash flows are included in the consolidated cash flow statement of British Vita PLC. Consequently, the company is exempt from the requirement of Financial Reporting Standard 1 to prepare a cash flow statement.

# Vita Investments North America Limited

## Notes to the financial statements for the year ended 31 December 2002

### 1 Operating Profit

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

### 2 Profit on disposal of businesses

	2002 £
Proceeds from partial disposal of Spartech Corporation	98,667,245
Transfer Proceeds from transfer of Jackdaw Polymers to Vita International Ltd	274,626
	98,941,871
Share of Spartech Corporation investment sold	(35,414,935)
Investment transferred to Vita International Ltd	(1,657,610)
	(37,072,545)
Profit on disposal of Spartech Corporation	63,252,310
Loss on transfer to Vita International Ltd	(1,382,984)
	61,869,326

# Vita Investments North America Limited

## 3 Taxation

	2002 £	2001 £
<b>Current year</b>		
United Kingdom corporation tax at 30% (2001: 30%)	3,180	7,100
Overseas tax	114,410	40,318
<b>Tax on profit on ordinary activities</b>	<b>117,591</b>	<b>47,418</b>

The tax assessed for the year is lower than the standard rate of Corporation Tax in the UK (30%). The differences are explained as follows:

	2002 £	2001 £
Profit on ordinary activities before taxation	64,124,694	830,111
Tax on profit on ordinary activities at standard UK Corporation Tax rate of 30% (2001: 30%)	19,237,408	249,033
Net income not subject to tax	(258,535)	(241,933)
Disposal of businesses	(18,975,693)	-
	<b>3,180</b>	<b>7,100</b>

It is expected that the effective rate will approximate to a standard corporation tax rate in the new financial year.

## 4 Dividends

	2002 £	2001 £
Ordinary dividends – paid	40,000,000	-
Ordinary dividends – proposed	-	800,000
<b>Total equity dividends</b>	<b>40,000,000</b>	<b>800,000</b>

# Vita Investments North America Limited

## 5 Fixed asset investments

	Subsidiary undertakings £	Associated undertakings £	Total £
<b>Cost and Net book value</b>			
At 1 January 2002	46,239,054	64,430,532	110,669,586
Additions	-	700,121	700,121
Disposals	-	(35,414,935)	(35,414,935)
Loan repaid	-	(33,821)	(33,821)
Inter-group transfers	(1,142,880)	-	(1,142,880)
<b>At 31 December 2002</b>	<b>45,096,174</b>	<b>29,681,897</b>	<b>74,778,071</b>

## 6 Shares in group undertakings

The principal investments are as follows:

Subsidiary undertakings	Country of incorporation, registration and operation	Description and proportion of shares held by Company	Principal activity
Vitafoam Inc	USA	100% ordinary shares	Cellular polymer products
Imperial Packaging Corp	USA	100% ordinary shares	Thermoplastic sheet
Crest Foam Industries Inc	USA	80% ordinary shares	Cellular polymer products
<b>Associated undertakings</b>			
Vita Inoac (Pte) Limited	Singapore	50% ordinary shares	Parent company
Spartech Corporation	USA	18% ordinary shares	Thermoplastic sheet

## 7 Debtors

	2002 £	2001 £
Amounts owed by group undertakings	42,180,554	780,196
Other debtors	9,049	5,996
	<b>42,189,603</b>	<b>786,192</b>

# Vita Investments North America Limited

## 8 Creditors: amounts falling due within one year

	2002 £	2001 £
Amounts owed to group undertakings	8,345	18,278,552
Proposed dividend	-	800,000
	<b>8,345</b>	<b>19,078,552</b>

## 9 Called up share capital

	2002 £	2001 £
<b>Authorised</b>		
21,000 ordinary shares of £1 each	<b>21,000</b>	<b>21,000</b>
<b>Allotted, called up and fully paid</b>		
20,600 ordinary shares of £1 each	<b>20,600</b>	<b>20,600</b>

## 10 Reserves

	Share Premium account £	Profit and loss account £
At 1 January 2002	92,910,219	(553,593)
Profit for the year	-	24,007,103
Exchange rate adjustments	-	575,000
<b>At 31 December 2002</b>	<b>92,910,219</b>	<b>24,028,510</b>

## Vita Investments North America Limited

### 11 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	64,007,103	782,693
Dividends	(40,000,000)	(800,000)
	24,007,103	(17,307)
Exchange rate adjustments	575,000	(135,148)
Issue of shares	-	62,930,179
<b>Movement in shareholders' fundss</b>	<b>24,582,103</b>	<b>62,778,264</b>
Opening shareholders' funds	92,377,226	29,598,962
<b>Closing shareholders' funds</b>	<b>116,959,329</b>	<b>92,377,226</b>

### 12 Related party transactions

As a wholly owned subsidiary, the company has taken advantage of the exception under FRS8 not to disclose intra-group transactions. There have been no other related party transactions.

### 13 Ultimate parent undertaking

The ultimate parent company is British Vita PLC, a company incorporated in Great Britain. Copies of the British Vits PLC financial statements may be obtained from the Company Secretary, British Vita PLC, Oldham Road, Middleton, Manchester, England, M24 2DB.