

Epichem Group Limited

**Directors' report and financial
statements**

Registered number 2332327

31 December 2008

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Business Review

The principal activity of the company is the investment and management of a group of companies, consisting of the production and merchanting of high quality speciality gases and chemicals, spanning the gases, metalorganics and silicon markets.

Performance

The company is exempt for the requirement to prepare consolidated accounts, consequently these financial statements present information about the company only.

The Company has met the requirements of the Companies Act 1985 to obtain the exemption provided from the presentation of an enhanced business review.

The profit on ordinary activities before taxation was £6,000 (2007: loss of £19,000).

Dividends

A dividend in specie was paid to Sigma Aldrich Company Limited of the whole of the issued share capital of SAFC Hitech Incorporated, following a dividend receipt for the same, from SAFC Hitech Limited.

Directors

The directors who held office during the year were as follows:

AB Leese
G Wynne
F Wicks

Disclosure of information to auditors

The directors who held office at the date of approval of this directors report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

In accordance with Section 487 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



G Wynne
Secretary

Power Road
Bromborough
Wirral
CH62 3QF

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss 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 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 have responsibility 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 its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

8 Princes Parade
Liverpool
L3 1QH

Independent auditors' report to the members of Epichem Group Limited

We have audited the financial statements of Epichem Group Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholders Funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report to the members of Epichem Group Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in The Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

6th May 2009

Profit and loss account
for the year ended 31 December 2008

	<i>Note</i>	2008	2007
		£000	£000
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(165)	(17)
Other operating income		6	27
		<hr/>	<hr/>
Operating (loss)/profit	2	(159)	10
Income from shares in group undertakings		-	-
Other interest receivable and similar income		165	137
Interest payable and similar charges	5	-	(166)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		6	(19)
Tax on profit/(loss) on ordinary activities	6	-	-
		<hr/>	<hr/>
Profit/(loss) for the financial year		<u>6</u>	<u>(19)</u>

All turnover and operating losses are derived from continuing operations

Balance sheet
at 31 December 2008

	<i>Note</i>	2008	2007
		£000	£000
Fixed assets			
Investments	7	1,241	516
Current assets			
Debtors	8	3,257	3,848
Cash at bank and in hand		166	36
		<u>3,423</u>	<u>3,884</u>
Creditors: amounts falling due within one year	9	<u>(452)</u>	<u>(194)</u>
Net current assets		<u>2,971</u>	<u>3,690</u>
Total assets less current liabilities		<u>4,212</u>	<u>4,206</u>
Net assets		<u>4,212</u>	<u>4,206</u>
Capital and reserves			
Called up share capital	10	-	-
Share premium account	11	4,230	4,230
Profit and loss account	11	(18)	(24)
Shareholders' funds		<u>4,212</u>	<u>4,206</u>

Included in debtors are debtors falling due after more than one year of £3,189,000 (2007: £3,648,000).

These financial statements were approved by the board of directors on 30 April 2009 and were signed on its behalf by:

A. B. Leese

AB Leese
Director

Statement of total recognised gains and losses
for the year ended 31 December 2008

	2008	2007
	£000	£000
Profit/(loss) for the financial year	6	(19)
Exchange losses	-	(10)
	<hr/>	<hr/>
Total recognised gains and losses relating to the financial year	6	(29)
	<hr/>	<hr/>

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2008

	2008	2007
	£000	£000
Profit/(loss) for the financial year	6	(19)
Issues of shares	-	3,242
Exchange losses	-	(10)
	<hr/>	<hr/>
Net addition to shareholders' funds	6	3,213
Opening shareholders' funds	4,206	993
	<hr/>	<hr/>
Closing shareholders' funds	4,212	4,206
	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The Company is exempt by virtue of s228A of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Sigma Aldrich Corporation, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Sigma Aldrich Corporation within which this Company is included, can be obtained from the address given in note 13.

Fixed asset investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Dividends on shares presented within shareholders funds

Dividends unpaid at the balance sheet date are only recognised as a liability of that date to the extent that they are appropriately authorised and are no longer at the discretion of the company

Notes (continued)

1 Accounting policies (continued)

Financial instruments

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Contracts that contain an obligation for the Company (or Group) to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount. This is the case even when the contract itself is an equity instrument. When the financial liability is recognised initially its fair value is reclassified from equity. If the contract subsequently expires without delivery, the carrying amount of the financial liability is reclassified to equity.

2 Profit/(Loss) on ordinary activities before taxation

	2008 £000	2007 £000
<i>Profit/(Loss) on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditor's remuneration:		
Of these financial statements	3	3
<i>after crediting</i>		
Profit on disposal of fixed asset investment	6	-
Exchange gains	232	3

Amounts paid to the Company's auditor, KPMG LLP, for services other than the statutory audit of the company are not disclosed in Epichem Group Limited's accounts, since the consolidated accounts of Epichem Group Limited's ultimate parent are required to disclose non-audit fees on a consolidated basis.

Notes (continued)

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2008	2007
Office and Management	-	4
Production	-	-
	<u>-</u>	<u>4</u>

The aggregate payroll costs of these persons were as follows:

	2008 £000	2007 £000
Wages and salaries	-	423
Social security costs	-	35
Other pension costs	-	32
	<u>-</u>	<u>490</u>

4 Remuneration of directors

	2008 £000	2007 £000
Directors' emoluments	-	278
Company contributions to money purchase pension schemes	-	27
	<u>-</u>	<u>305</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £nil (2007:£170,774), and company pension contributions of £nil (2007:£25,366) were made to a money purchase scheme on his behalf.

	Number of directors	
	2008	2007
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	-	2

Notes (continued)

5 Interest payable and similar charges

	2008 £000	2007 £000
Other interest	-	70
Other similar charges	-	96
	<u>-</u>	<u>166</u>

6 Taxation

Analysis of charge in period

	2008 £000	2007 £000
Corporation tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2007: higher) than the standard hybrid rate of corporation tax in the UK 28.5% (2007: 30%). The differences are explained below.

	2008 £000	2007 £000
<i>Current tax reconciliation</i>		
Profit/(Loss) on ordinary activities before tax	6	(19)
Current tax at 28.5% (2007: 30%)	<u>2</u>	<u>(6)</u>
<i>Effects of:</i>		
Expenses not deductible/(income not chargeable) for tax purposes	-	4
(Utilisation)/creation of losses to be carried forward	(2)	2
Total current tax charge (see above)	<u>-</u>	<u>-</u>

On 1st April 2008 the current tax rate reduced from 30% to 28%. Therefore the current tax rate applied to the period ended 31st December 2008 is a hybrid rate of 28.5%.

Notes (continued)

7 Fixed asset investment

	Loans to group undertakings £000	Investments other than loans £000	Shares in group undertakings £000	Total £000
At 1 January 2008	-	86	430	516
Transfer from debtors	749	-	-	749
Disposals	-	(24)	-	(24)
At 31 December 2008	749	62	430	1,241

During the year management have reviewed the nature of Group loan balances and have re-categorised the loans due from Group undertakings of £749,000 to reflect the permanent nature of this loan.

	Country of registration or incorporation	Principal activity	Class and Percentage of shares held
<i>Subsidiary undertakings</i>			
SAFC Hitech Limited	England	Production and merchanting of high quality gases and chemicals	100% of ordinary share capital
SAFC Hitech Taiwan Co Limited	Taiwan	Production and merchanting of high quality gases and chemicals	100% of ordinary share capital
SAFC Hitech (Shanghai) Chemical Co Limited	Shanghai	Production and merchanting of high quality gases and chemicals	100% of ordinary share capital
SAFC Hitech Korea Limited	Korea	Dormant Company	100% of ordinary share capital

During the year Epichem Group made a disposal for £30,000 of its share capital in Epitec Limited.

Notes (continued)

8 Debtors

	2008 £000	2007 £000
Amounts owed by group companies	10	199
Amounts owed by group companies greater than 1 year	3,189	3,648
Other debtors	58	1
	<u>3,257</u>	<u>3,848</u>

9 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Amount owed to group undertakings	448	189
Accruals and deferred income	4	5
	<u>452</u>	<u>194</u>

10 Called up share capital

	Number of shares	2008 £000	Number of shares	2007 £000
<i>Authorised</i>				
Ordinary shares of 1p each	100,000	1	100,000	1
"P" Preferred ordinary shares of 1p each	1,100	-	1,100	-
		<u>1</u>		<u>1</u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of 1p each	27,562	-	27,562	-
"P" Preferred ordinary shares of 1p each	-	-	-	-
		<u>-</u>		<u>-</u>

11 Share premium and reserves

	Share premium account £000	Profit and loss account £000
At beginning of year	4,230	(24)
Retained profit for the year	-	6
At end of year	<u>4,230</u>	<u>(18)</u>

12 Pension scheme

The company operates two defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the company to these funds and amounted to £nil (2007: £31,680). There were no repaid or overdue contributions at either the beginning or end of the financial year.

Notes *(continued)*

13 **Ultimate holding company**

The intermediate holding is Sigma-Aldrich Company Limited and the ultimate holding company is Sigma-Aldrich Corporation. This is the only group in which the results of the company are consolidated. The consolidated financial statements of Sigma-Aldrich Corporation are available to the public and may be obtained from PO Box 14508, St Louis, Missouri 63178.