

Epichem Group Limited

**Directors' report and financial
statements**

Registered number 2332327

31 December 2007

TUESDAY



A7PZM3KE

A26

30/09/2008

92

COMPANIES HOUSE

Contents

| | |
|---|---|
| Directors' report | 1 |
| Statement of directors' responsibilities in respect of the Directors' Report and the financial statements | 2 |
| Independent auditors' report to the members of Epichem Group Limited | 3 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Statement of total recognised gains and losses | 7 |
| Reconciliation of movements in shareholders' funds | 7 |
| Notes | 8 |

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

Business Review

On 9 February 2007, the Group was acquired by Sigma-Aldrich Company Limited as part of a continued growth initiative and will maximise the strengths of both parties. The ultimate holding company is Sigma-Aldrich Corporation.

Nature of business

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

Performance

The company is exempt from the requirement to prepare consolidated accounts as it is no longer the ultimate holding company, consequently these financial statements present information about the company only, following the acquisition by Sigma Aldrich Company Limited in February 2007.

The loss on ordinary activities before taxation was £19,000 (2006 profit of £397,000).

Dividends

No dividends were paid in this year.

Directors and director's interests

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

| | |
|------------|--|
| AB Leese | |
| AA Reeves | (resigned 9 February 2007) |
| A Yoshino | (resigned 9 February 2007) |
| S Robinson | (resigned 9 February 2007) |
| G Wynne | (resigned 9 February 2007, appointed 15 August 2007) |
| J Lavigne | (resigned 9 February 2007) |
| F Wicks | (appointed 9 February 2007) |
| G Lucas | (appointed 9 February 2007, resigned 15 August 2007) |

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

A resolution is to be proposed at the annual general meeting for the appointment of KPMG LLP as auditors of the company.

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 have responsibility 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 the directors have elected to prepare financial statements in accordance with UK Accounting Standards.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 a 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 2007 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' have responsibility for preparing the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) and are set out in the Statement of Directors' Responsibilities on page 2.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements.

In addition we report to you, in our opinion 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 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 2007 and of its loss 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

2 June 2008

Profit and loss account
for the year ended 31 December 2007

| | <i>Note</i> | 2007 | 2006 |
|---|-------------|-------------|-------------|
| | | £000 | £000 |
| Turnover | | - | - |
| Cost of sales | | - | - |
| | | <hr/> | <hr/> |
| Gross profit | | - | - |
| Administrative expenses | 2 | (17) | - |
| Other operating income | | 27 | 53 |
| | | <hr/> | <hr/> |
| Operating profit | | 10 | 53 |
| Income from shares in group undertakings | | - | 450 |
| Other interest receivable and similar income | | 137 | 97 |
| Interest payable and similar charges | 5 | (166) | (203) |
| | | <hr/> | <hr/> |
| (Loss)/Profit on ordinary activities before and after taxation | | (19) | 397 |
| Tax on (loss)/profit on ordinary activities | 6 | - | - |
| | | <hr/> | <hr/> |
| (Loss)/Profit for the financial year | | (19) | 397 |
| | | <hr/> | <hr/> |

All turnover and operating losses are derived from continuing operations

Balance sheet
at 31 December 2007

| | <i>Note</i> | £000 | 2007 £000 | £000 | 2006 £000 |
|--|-------------|--------------|--------------|--------------|--------------|
| Fixed assets | | | | | |
| Investments | 7 | | 516 | | 467 |
| Current assets | | | | | |
| Debtors | 8 | 3,848 | | 2,655 | |
| Cash at bank and in hand | | 36 | | 1,658 | |
| | | <u>3,884</u> | | <u>4,313</u> | |
| Creditors, amounts falling due within one year | 9 | <u>(194)</u> | | <u>(663)</u> | |
| Net current assets | | | <u>3,690</u> | | <u>3,650</u> |
| Total assets less current liabilities | | | <u>4,206</u> | | <u>4,117</u> |
| Creditors, amounts falling due after more than one year | 10 | | - | | (3,124) |
| Net assets | | | <u>4,206</u> | | <u>993</u> |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | - | | - |
| Share premium account | 12 | | 4,230 | | 988 |
| Profit and loss account | 12 | | (24) | | 5 |
| Shareholders' funds | | | <u>4,206</u> | | <u>993</u> |

Included in debtors are debtors falling due after more than one year of £3,648,000 (2006 £2,655,000)

These financial statements were approved by the board of directors on
and were signed on its behalf by

30 May 2008

A.B. Leese

AB Leese
Director

Statement of total recognised gains and losses
for the year ended 31 December 2007

| | 2007 | 2006 |
|---|-------------|------------|
| | £000 | £000 |
| (Loss)/profit for the financial year | (19) | 397 |
| Exchange losses | (10) | (50) |
| Total recognised gains and losses relating to the financial year | (29) | 347 |

Reconciliation of movements in shareholders' funds
for the year ended 31 December 2007

| | 2007 | 2006 |
|--|--------------|------------|
| | £000 | £000 |
| (Loss)/Profit for the financial year | (19) | 397 |
| Issues of shares | 3,242 | 65 |
| Purchase of own shares | - | (56) |
| Exchange (losses)/gains | (10) | (50) |
| Net addition to shareholders' funds | 3,213 | 356 |
| Opening shareholders' funds | 993 | 637 |
| Closing shareholders' funds | 4,206 | 993 |

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 14.

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 Loss on ordinary activities before taxation

| | 2007 £000 | 2006 £000 |
|---|-------------------|-------------------|
| <i>Loss/profit on ordinary activities before taxation is stated</i> | | |
| <i>after charging</i> | | |
| Auditor's remuneration | | |
| Of these financial statements | 3 | 3 |
| Exchange losses | - | 28 |
| | <u> </u> | <u> </u> |
| <i>after crediting</i> | | |
| Exchange gains | 3 | - |
| | <u> </u> | <u> </u> |

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 | |
|-----------------------|---------------------|----------|
| | 2007 | 2006 |
| Office and Management | 4 | 5 |
| Production | - | - |
| | <u>4</u> | <u>5</u> |

The aggregate payroll costs of these persons were as follows

| | 2007 £000 | 2006 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | 423 | 204 |
| Social security costs | 35 | 24 |
| Other pension costs | 32 | 22 |
| | <u>490</u> | <u>250</u> |

4 Remuneration of directors

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Directors' emoluments | 278 | 193 |
| Company contributions to money purchase pension schemes | 27 | 20 |
| | <u>305</u> | <u>213</u> |

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £170,774 (2006 £110,833), and company pension contributions of £25,366 (2006 £14,797) were made to a money purchase scheme on his behalf

| | Number of directors | |
|--|---------------------|------|
| | 2007 | 2006 |
| Retirement benefits are accruing to the following number of directors under Money purchase schemes | 2 | 2 |

5 Interest payable and similar charges

| | 2007 £000 | 2006 £000 |
|-----------------------|--------------|--------------|
| Other interest | 70 | 203 |
| Other similar charges | 96 | - |
| | <u>166</u> | <u>203</u> |

Notes (continued)

6 Taxation

Analysis of charge in period

| | 2007 £000 | 2006 £000 |
|------------------------|--------------|--------------|
| <i>Corporation tax</i> | - | - |
| <i>Deferred tax</i> | - | - |
| | <u>-</u> | <u>-</u> |

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2006 higher) than the standard rate of corporation tax in the UK 30% (2006 30%) The differences are explained below

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| <i>Current tax reconciliation</i> | | |
| (Loss)/profit on ordinary activities before tax | (19) | 397 |
| Current tax at 30% (2005 30%) | <u>(6)</u> | <u>119</u> |
| <i>Effects of</i> | | |
| Expenses not deductible/(income not chargeable) for tax purposes | 4 | (129) |
| Losses carried forward | 2 | 10 |
| Total current tax charge (see above) | <u>-</u> | <u>-</u> |

Notes (continued)

7 Fixed asset investment

| | Investments other than loans £000 | Shares in group undertakings £000 | Total £000 |
|-------------------------------|---|---|---------------|
| At 1 January 2006 | 86 | 381 | 467 |
| Additions | - | 28 | 28 |
| Reclassification from debtors | - | 21 | 21 |
| At 31 December 2007 | 86 | 430 | 516 |

| | 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 |
| Epichem Korea Limited | Korea | Dormant Company | 100% of ordinary share capital |

SAFC Hitech Limited owns 100% of the share capital of SAFC Hitech Incorporated, registered in the United States of America. The principal activity of the company is production and merchanting of high quality gases and chemicals.

During the year Epichem Group made an acquisition of £28,000 for 100% of the share capital in Epichem Korea Limited.

8 Debtors

| | 2007 £000 | 2006 £000 |
|--|--------------|--------------|
| Amounts owed by group companies | 199 | - |
| Amounts owed by group companies greater than 1 year | 3,648 | 2,655 |
| Other debtors | 1 | - |
| | 3,848 | 2,655 |

Notes (continued)

9 Creditors: amounts falling due within one year

| | 2007 £000 | 2006 £000 |
|-----------------------------------|--------------|--------------|
| Amount owed to group undertakings | 189 | 633 |
| Other creditors | - | 30 |
| Accruals and deferred income | 5 | - |
| | <u>194</u> | <u>663</u> |

10 Creditors: amounts falling due after more than one year

| | 2007 £000 | 2006 £000 |
|-------------|--------------|--------------|
| Other loans | - | 3,124 |
| | <u>-</u> | <u>3,124</u> |

| | 2007 £000 | 2006 £000 |
|---|--------------|--------------|
| Debts (loans and overdrafts) can be analysed as falling due | | |
| in one year or less or on demand | - | - |
| between one and two years | - | - |
| between two and five years | - | 3,124 |
| in five years or more | - | - |
| | <u>-</u> | <u>3,124</u> |

Amounts repayable by instalments

| | Instalment payable within five years | 2006 £000 |
|-------------|---|--------------|
| | 2007 £000 | |
| Other loans | - | 3,124 |
| | <u>-</u> | <u>3,124</u> |

Other Loans represented a convertible loan which was not repayable before October 2010. The loan was convertible into ordinary shares on election of the lender at anytime prior to the lender giving notice for the repayment of the loan. As result of the acquisition on 9 February 2007, the loan was converted into 4,082 ordinary shares with a further 816 shares issued on the conversion of warrants attached to the loan (refer note 12).

At the time of conversion the loan balance had increased to £3,242,541 as it included the remaining amortisation of the initial arrangement cost together with interest accrued to conversion date.

Notes (continued)

11 Called up share capital

| | Number of shares | 2007 £000 | Number of shares | 2006 £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 | - | 22,664 | - |
| "P" Preferred ordinary shares of 1p each | - | - | - | - |
| | | <u>-</u> | | <u>-</u> |

12 Share premium and reserves

| | Share premium account | Profit and loss account |
|------------------------------------|--------------------------|----------------------------|
| | £000 | £000 |
| At beginning of year | 988 | 5 |
| Retained loss for the year | - | (19) |
| Foreign exchange on loans | - | (10) |
| Premium arising on issue of shares | 3,242 | - |
| At end of year | <u>4,230</u> | <u>(24)</u> |

On 9 February 2007 the company issued 4,898 ordinary shares as follows. On conversion of a loan balance 4,082 ordinary shares with a nominal value of £41 were issued for total consideration of £3,242,541. A further 816 shares with a nominal value of £8 were issued at par.

13 Pension scheme

The company operates two defined contribution pension schemes. The pension cost charge for the year represents contributions payable to the company to these funds and amounted to £31,680 (2006 £21,550). There were no repaid or overdue contributions at either the beginning or end of the financial year.

14 Ultimate holding company

On 9th February 2007, the company was acquired by Sigma-Aldrich Company Limited who are incorporated in the United Kingdom. From this date the ultimate holding company became 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.