

Company Registration No. 6000696

Tokyo Chemical Industry UK Limited

Annual Report and Financial Statements

31 December 2014

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Tokyo Chemical Industry UK Limited

Report and financial statements 2014

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Tokyo Chemical Industry UK Limited

Officers and professional advisers

Directors

Kohji Asakawa
Seiichiro Asakawa

Secretary

Takeshi Omori

Registered Office

Magdalen Centre
Robert Robinson Avenue
The Oxford Science Park
Oxford
OX4 4GA

Bankers

The Bank of Tokyo-Mitsubishi UFJ
Ropemaker Place, 25 Ropemaker Street
London
EC2Y 9AN

BNP Paribas Fortis
10 Harewood Avenue
London
NW2 6AA

Solicitor

Philip Ross Solicitors
34 Queen Anne Street
West End

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

Tokyo Chemical Industry UK Limited

Directors' report

The directors present their annual report on the affairs of the company together with the financial statements and auditor's report for the year ended 31 December 2014. This Directors' Report has been prepared in accordance with the special provisions relating to small companies. The company has also taken advantage of the small companies exemption from preparing a Strategic Report.

Principal activities and business review

The company started direct sales to the UK and Irish markets from 1 January 2009. The main activities of the company are to promote sales in the UK and Irish market for organic laboratory chemicals for academic/industrial research and development activities. Furthermore, the company continues to investigate the UK and Irish markets in order to increase sales.

The results for the year are given in the profit and loss account on page 7 of the financial statements. The company incurred a loss after taxation of £152,726 (2013: loss of £250,866).

Prospects

The directors anticipate that they will further develop the business in the future. To be able to do so recruitment of an extra sales person is planned in the year 2015.

Directors

The directors who served during the year are set out on page 1.

Going concern

The company meets its day-to-day working capital requirements through support offered by its parent company. The ultimate parent company, Tokyo Chemical Industry Co., Ltd, has provided a written commitment of financial support, which is legally binding for at least 12 months from the date of approval of these financial statements.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in note 1 of the financial statements.

Financial risk management objectives and policies

Foreign exchange risk represents a challenging issue for the company as most purchases are denominated in foreign currency and the company does not use derivatives to manage its financial risks. In order to mitigate the risk the company looks to settle the creditor position with its sole supplier, TCI Europe NV, as regularly as possible to reduce the exposure to currency fluctuations.

Because of the trading nature of the company, the directors consider credit risk to be relevant to the company. This risk is mitigated through credit control procedures and regular reviews of the trade debtors balance.

Liquidity risk is also relevant for the company as, being in its infancy, it is yet to become profitable. This risk is mitigated through support from its parent company.

Dividend

The directors do not propose the payment of a dividend in 2014 (2013: £nil).

Tokyo Chemical Industry UK Limited

Directors' report (continued)

Information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

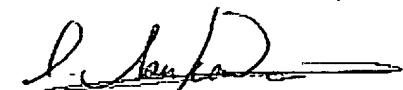
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the board of Directors and signed on behalf of the Board



Seiichiro Asakawa
Director

28/9/2015

Tokyo Chemical Industry UK Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Tokyo Chemical Industry UK Limited

We have audited the financial statements of Tokyo Chemical Industry UK Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006


In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Tokyo Chemical Industry UK Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic Report or in preparing the Directors' Report.



Kevin Thompson (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

29 September 2015

Tokyo Chemical Industry UK Limited

Profit and loss account Year ended 31 December 2014

| | Notes | 2014 £ | 2013 £ |
|--|-------|-----------|-----------|
| Turnover | 2 | 897,615 | 744,679 |
| Cost of sales | | (641,384) | (542,888) |
| Gross profit | | 256,231 | 201,791 |
| Administrative expenses | | (406,785) | (450,696) |
| Operating loss | | (150,555) | (248,905) |
| Interest payable and similar charges | 5 | (2,171) | (1,961) |
| Loss on ordinary activities before taxation | 3 | (152,726) | (250,866) |
| Tax charge on loss on ordinary activities | 6 | - | - |
| Loss for the year | 12 | (152,726) | (250,866) |

All results relate to continuing operations.

There are no recognised gains or losses in either the current year or previous year other than the loss for the years ended 31 December 2014 and 31 December 2013 respectively, and therefore no separate statement of total recognised gains and losses is presented.

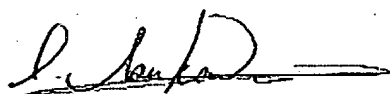
Tokyo Chemical Industry UK Limited

Balance sheet 31 December 2014

| | Notes | 2014 £ | 2013 £ |
|---|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 7 | <u>2,572</u> | <u>3,865</u> |
| Current assets | | | |
| Debtors | | | |
| - due within one year | 8 | 119,484 | 103,733 |
| Cash at bank and in hand | | <u>646,586</u> | <u>763,445</u> |
| | | 766,070 | 867,178 |
| Creditors: amounts falling due within one year | 9 | <u>(590,791)</u> | <u>(540,466)</u> |
| Net current assets | | <u>175,279</u> | <u>326,712</u> |
| Net assets | | <u>177,851</u> | <u>330,577</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 1,100 | 1,100 |
| Share premium | 11 | 1,648,900 | 1,648,900 |
| Profit and loss account | 12 | <u>(1,472,149)</u> | <u>(1,319,423)</u> |
| Shareholders' funds | 13 | <u>177,851</u> | <u>330,577</u> |

These financial statements of Tokyo Chemical Industry UK Limited, Registration Number 6000696, were approved and authorised for issue by the Board of Directors on 28/9/2015.

Signed on behalf of the Board of Directors



Seiichiro Asakawa
Director

Tokyo Chemical Industry UK Limited

Notes to the financial statements Year ended 31 December 2014

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The accounting policy has been applied consistently in the current and prior year.

Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance are set out in the Directors' Report on page 2. The company meets its day-to-day working capital requirements through support offered by its parent company. The ultimate parent company, Tokyo Chemical Industry Co., Ltd, has provided a written commitment of financial support, which is legally binding for at least 12 months from the date of approval of these financial statements.

As a result, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the accounts.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

| | |
|------------------|-------------|
| Office equipment | 25% on cost |
|------------------|-------------|

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

Cash flow statement

The company has taken advantage of the exemption in FRS 1 from the requirement to produce a cash flow statement on the basis that it qualifies as a small company.

Tokyo Chemical Industry UK Limited

Notes to the financial statements Year ended 31 December 2014

2. Turnover

| | 2014 £ | 2013 £ |
|------------------------|----------------|----------------|
| Sales of products | 868,593 | 722,470 |
| Other operating income | 29,022 | 22,209 |
| | <u>897,615</u> | <u>744,679</u> |

3. Loss on ordinary activities before taxation

| | 2014 £ | 2013 £ |
|--|---------------|---------------|
| Loss on ordinary activities before taxation is stated after charging/(crediting): | | |
| Depreciation - owned assets | 1,543 | 1,857 |
| Operating lease rentals- other | 18,600 | 18,300 |
| FX gain | (25,036) | (29,546) |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 16,055 | 18,562 |
| Fees payable to the company's auditor for tax services | 9,000 | 8,525 |
| | <u>16,055</u> | <u>18,562</u> |

4. Information regarding directors and employees.

| | 2014 No. | 2013 No. |
|--|----------------|----------------|
| Average number of persons employed | | |
| Business development and technical staff | 3 | 2 |
| Administration | 2 | 2 |
| | <u>5</u> | <u>4</u> |
| | | |
| | 2014 £ | 2013 £ |
| Staff costs during the year (including directors) | | |
| Wages and salaries | 185,846 | 154,783 |
| Social security costs | 16,998 | 17,539 |
| | <u>202,844</u> | <u>172,322</u> |

Directors' remuneration

The directors did not receive any emoluments from the company during the year and were remunerated directly from the ultimate parent in Japan. The directors are also directors of other Group companies and it is not possible to estimate the value of their services as directors of the company.

Tokyo Chemical Industry UK Limited

Notes to the financial statements Year ended 31 December 2014

5. Interest payable and similar charges

| | 2014 £ | 2013 £ |
|--------------|-----------|-----------|
| Bank Charges | 2,171 | 1,961 |

6. Taxation

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Analysis of tax charge in year | | |
| Current tax | | |
| UK corporation tax on losses for the year | - | - |
| Total current tax | - | - |
| Deferred tax | | |
| Total deferred tax | - | - |
| Tax charge on loss on ordinary activities | - | - |
| | 2014 £ | 2013 £ |
| Factors affecting tax charge for year | | |
| Loss on ordinary activities before tax | (152,726) | (250,866) |
| Loss on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 21.49 % (2013: 23.25%) | (32,826) | (58,318) |
| Effects of: | | |
| Expenses not deductible for corporation tax | 141 | 36 |
| Capital allowances less than (in excess of) depreciation | 203 | (632) |
| Tax losses not utilised | 32,482 | 58,914 |
| Current tax charge for year | - | - |

A deferred tax asset has not been recognised in respect of timing differences relating to unutilised trading losses as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £292,586 (31 December 2013: £275,279).

Under UK GAAP, deferred tax is calculated at the tax rate that has been enacted or substantively enacted at the balance sheet date. Legislation was passed to reduce the main rate of UK corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

It is anticipated that the timing differences will reverse at the reduced rate of 20%, which has therefore been applied in the calculation of deferred tax.

Tokyo Chemical Industry UK Limited

Notes to the financial statements Year ended 31 December 2014

7. Tangible fixed assets

| | Office equipment £ |
|---------------------------------|--------------------------|
| Cost | |
| At 1 January 2014 | 13,039 |
| Additions | 250 |
| At 31 December 2014 | <u>13,289</u> |
| Accumulated depreciation | |
| At 1 January 2014 | 9,174 |
| Charge for the year | 1,543 |
| At 31 December 2014 | <u>10,717</u> |
| Net book value | |
| At 31 December 2014 | <u>2,572</u> |
| At 31 December 2013 | <u>3,865</u> |

8. Debtors: amounts falling due within one year

| | 2014 £ | 2013 £ |
|-----------------------------------|----------------|----------------|
| Trade debtors | 93,115 | 92,890 |
| Amount owed by group undertakings | 2,200 | 8,112 |
| Prepayments and other debtors | 24,169 | 2,731 |
| | <u>119,484</u> | <u>103,733</u> |

The amounts owed by group undertakings have no fixed repayment schedule, are unsecured and do not bear interest.

9. Creditors: amounts falling due within one year

| | 2014 £ | 2013 £ |
|------------------------------------|----------------|----------------|
| Trade creditors | 34,187 | 20,110 |
| Amounts owed to group undertakings | 479,565 | 454,600 |
| Taxation and social security | 31,428 | 23,533 |
| Other creditors and accruals | 45,611 | 42,223 |
| | <u>590,791</u> | <u>540,466</u> |

The amounts owed to group undertakings have no fixed repayment schedule, are unsecured and do not bear interest.

Tokyo Chemical Industry UK Limited

Notes to the financial statements Year ended 31 December 2014

10. Called up share capital

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| Authorised: | | |
| 1,100 ordinary shares of £1 each | 1,100 | 1,100 |
| Called up, allotted and fully paid | | |
| 1,100 ordinary shares of £1 each | 1,100 | 1,100 |

11. Share premium

| | 2014 £ | 2013 £ |
|---|-----------|-----------|
| At 1 January 2014 and at 31 December 2014 | 1,648,900 | 1,648,900 |

12. Profit and loss account

| | 2014 £ |
|-----------------------------|-------------|
| Balance at 31 December 2013 | (1,319,423) |
| Loss for the year | (152,726) |
| Balance at 31 December 2014 | (1,472,149) |

13. Reconciliation of movements in shareholders' funds

| | 2014 £ | 2013 £ |
|--|-----------|-----------|
| Loss for the year | (152,726) | (250,866) |
| New shares issued | - | 1,500,000 |
| Net (decrease)/increase in shareholders' funds | (152,726) | 1,249,134 |
| Opening shareholders' funds/(deficit) | 330,577 | (918,557) |
| Closing shareholders' funds | 177,851 | 330,577 |

Tokyo Chemical Industry UK Limited

Notes to the financial statements Year ended 31 December 2014

14. Operating lease commitments

At 31 December 2014, the company had a monthly operating lease commitment of £1,550 (2013: £1,500) for the rental of Oxford office space (equivalent to £18,600 per annum; 2013: £18,000 per annum). This is cancellable with one months notice.

15. Ultimate parent company and controlling entity

The immediate parent company is TCI Deutschland GmbH, Mergenthaler alle 79-81, 65760 Eschborn, Germany, a company registered in Germany, and the ultimate parent company is Tokyo Chemical Industry Co., Ltd, 4-10-2 Nihonbashi-honcho, Chuo-ku Tokyo 103-0023, a company registered in Japan.

16. Related party transactions

All product purchases for the period were from TCI Europe NV and the total amount purchased totalled £641,384 (2013: £542,888). The company also pays a management charge to TCI Europe NV for Accounting, HR and Business Support and the cost for the period was £58,748 (2013: £63,055). The company also receives a sales commission for sales in Ireland £32,150 (2013: £22,209) and paid a £2,979 correction COGS fee for UK (2013: receives a £23,622 commission fee for UK).

As at 31 December 2014 the company has a debtor balance of £930 and creditor balance of £459,958 with TCI Europe NV. (2013: debtor £8,112; creditor £407,685). There was also an amount payable to Tokyo Chemical Industry Co., Ltd., for SAP fees, of £34,849 (2013: £40,498), and a debtor balance of £230 (2013: nil). With TCI America there was a debtor balance of £1,040 (2013: nil).