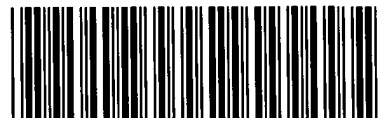


Report of the Directors and
Financial Statements for the Year Ended 31 March 2017
for
Torishima Service Solutions Europe Ltd

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for the Year Ended 31 March 2017

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Torishima Service Solutions Europe Ltd

Company Information
for the Year Ended 31 March 2017

DIRECTORS:

G Ashe
M Ishida
P Cunningham
A J Ferrie
S A Sinclair

REGISTERED OFFICE:

Unit 3 - M8 Interlink Estate
Kirkshaws Road
Coatbridge
ML5 4RP

REGISTERED NUMBER:

SC376021 (Scotland)

AUDITORS:

Key Professional Partnership Limited
Suite 4F, Ingram House
227 Ingram Street
Glasgow
G1 1DA

Torishima Service Solutions Europe Ltd

Report of the Directors for the Year Ended 31 March 2017

The directors present their report with the financial statements of the company for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of engineering services within the pump manufacturing industry.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2016 to the date of this report.

G Ashe
M Ishida
P Cunningham

Other changes in directors holding office are as follows:

G Clocherty - resigned 29 July 2016
Y Tsuaki - resigned 17 August 2016
A J Ferrie - appointed 23 August 2016
S A Sinclair - appointed 23 August 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 judgements and accounting estimates that are reasonable and prudent;

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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Key Professional Partnership Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Torishima Service Solutions Europe Ltd

Report of the Directors
for the Year Ended 31 March 2017

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
P Cunningham - Director

Date: 28/12/2017.....

**Report of the Independent Auditors to the Members of
Torishima Service Solutions Europe Ltd**

We have audited the financial statements of Torishima Service Solutions Europe Ltd for the year ended 31 March 2017 on pages six to ten. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 Report of the Directors 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 March 2017 and of its profit 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, based on the work undertaken in the course of our audit, the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Report of the Directors.

Report of the Independent Auditors to the Members of
Torishima Service Solutions Europe Ltd

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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



Stephen Usher, CA (Senior Statutory Auditor)
for and on behalf of Key Professional Partnership Limited
Suite 4F, Ingram House
227 Ingram Street
Glasgow
G1 1DA

Date: 28/2/17

Torishima Service Solutions Europe Ltd

Income Statement
for the Year Ended 31 March 2017

	Notes	31.3.17 £	£	31.3.16 £	£
TURNOVER			3,757,232		5,769,429
Cost of sales			2,122,305		3,065,269
GROSS PROFIT			1,634,927		2,704,160
Distribution costs		24,975		25,782	
Administrative expenses		1,327,623		1,322,903	
			1,352,598		1,348,685
			282,329		1,355,475
Other operating income			88,158		129,249
OPERATING PROFIT	4		370,487		1,484,724
Interest receivable and similar income			303		930
			370,790		1,485,654
Interest payable and similar expenses			5,475		-
PROFIT BEFORE TAXATION			365,315		1,485,654
Tax on profit			66,766		311,237
PROFIT FOR THE FINANCIAL YEAR			298,549		1,174,417

The notes form part of these financial statements

Balance Sheet
31 March 2017

	Notes	31.3.17 £	£	31.3.16 £	£
FIXED ASSETS					
Tangible assets	5		399,979		324,316
CURRENT ASSETS					
Stocks	6	38,765		85,803	
Debtors	7	891,831		2,433,803	
Cash at bank and in hand		1,841,407		1,217,617	
		2,772,003		3,737,223	
CREDITORS					
Amounts falling due within one year	8	1,072,775		1,830,202	
NET CURRENT ASSETS			1,699,228		1,907,021
TOTAL ASSETS LESS CURRENT LIABILITIES			2,099,207		2,231,337
ACCRUALS AND DEFERRED INCOME			207,413		138,092
NET ASSETS			1,891,794		2,093,245
CAPITAL AND RESERVES					
Called up share capital			10,000		10,000
Retained earnings			1,881,794		2,083,245
SHAREHOLDERS' FUNDS			1,891,794		2,093,245

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 28.12.2017 and were signed on its behalf by:



P Cunningham - Director

1. STATUTORY INFORMATION

Torishima Service Solutions Europe Ltd is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Property renovations	- 20% on cost
Plant and machinery	- 20% on cost and 10% on cost
Fixtures and fittings	- 20% on cost
Motor vehicles	- 25% on cost
IT/Phone equipment	- 33% on cost

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 24.

4. OPERATING PROFIT

The operating profit is stated after charging:

	31.3.17	31.3.16
	£	£
Depreciation - owned assets	106,847	82,192

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

5. **TANGIBLE FIXED ASSETS**

	Property renovations £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 April 2016	50,625	421,289	11,263
Additions	112,434	59,930	2,650
Disposals	(12,428)	-	-
At 31 March 2017	150,631	481,219	13,913
DEPRECIATION			
At 1 April 2016	4,347	162,572	9,180
Charge for year	25,986	68,312	1,121
Eliminated on disposal	(4,554)	-	-
At 31 March 2017	25,779	230,884	10,301
NET BOOK VALUE			
At 31 March 2017	124,852	250,335	3,612
At 31 March 2016	46,278	258,717	2,083

	Motor vehicles £	IT/Phone equipment £	Totals £
COST			
At 1 April 2016	11,600	23,862	518,639
Additions	-	17,928	192,942
Disposals	-	(10,280)	(22,708)
At 31 March 2017	11,600	31,510	688,873
DEPRECIATION			
At 1 April 2016	3,630	14,594	194,323
Charge for year	2,904	8,524	106,847
Eliminated on disposal	-	(7,722)	(12,276)
At 31 March 2017	6,534	15,396	288,894
NET BOOK VALUE			
At 31 March 2017	5,066	16,114	399,979
At 31 March 2016	7,970	9,268	324,316

6. **STOCKS**

	31.3.17 £	31.3.16 £
Stocks	29,108	25,862
Work-in-progress	9,657	59,941
	38,765	85,803

Notes to the Financial Statements - continued
for the Year Ended 31 March 2017

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.17	31.3.16
	£	£
Trade debtors	848,944	2,393,139
VAT	3,595	12,778
Prepayments & other debtors	39,292	27,886
	<u>891,831</u>	<u>2,433,803</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.17	31.3.16
	£	£
Trade creditors	753,790	836,946
Tax	62,993	320,554
Social security and other taxes	20,388	24,738
Accrued & other creditors	235,604	647,964
	<u>1,072,775</u>	<u>1,830,202</u>

9. RELATED PARTY DISCLOSURES

The company made sales to Torishima Pump MFG Co of £225,493 during the year, of which an outstanding trade debtor balance of £121,771 was owed to the company at the year end date.

The company made sales to Torishima Europe Projects Ltd of £8,042 during the year, of which an outstanding trade debtor balance of £2,571 was owed to the company at the year end date.

The company made sales to Torishima Service Solutions FZCO of £9,447 during the year, of which an outstanding trade debtor balance of £990 was owed to the company at the year end date.

The company made sales to Torishima Europe Ltd of £12,079 during the year, of which an outstanding trade debtor balance of £2,163 was owed to the company at the year end date.

The company made sales to Torishima Energy Systems Ltd of £1,970 during the year, of which an outstanding trade debtor balance of £396 was owed to the company at the year end date.

The company made purchases from Torishima Pumps Mfg Co of £1,534,491 during the year, of which an outstanding trade creditor balance of £532,223 was owed by the company at the year end date.

10. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Torishima Pump Manufacturing Co Japan, with 70% ownership of the issued ordinary share capital.

Torishima Service Solutions Europe Ltd

Trading and Profit and Loss Account
for the Year Ended 31 March 2017

	31.3.17		31.3.16	
	£	£	£	£
Sales		3,757,232		5,769,429
Cost of sales				
Opening stock	85,803		40,930	
Purchases	1,742,026		2,549,919	
Labour costs	332,542		462,160	
Commissions	699		98,063	
	2,161,070		3,151,072	
Closing stock	(38,765)		(85,803)	
		2,122,305		3,065,269
GROSS PROFIT		1,634,927		2,704,160
Other income				
Management charges	-		39,202	
RSA Grant monies	88,158		71,843	
Scottish Enterprise	-		18,204	
Bank interest received	303		258	
Other interest income	-		672	
		88,461		130,179
		1,723,388		2,834,339
Expenditure				
Pensions	24,975		25,782	
Rent & rates	145,524		149,466	
Insurance	34,390		32,518	
Light and heat	18,571		11,826	
Health insurance	6,181		5,775	
Directors' salaries	65,154		166,566	
Directors' pensions paid	10,117		13,797	
Staff salaries	348,580		233,375	
Spares salaries	159,452		131,862	
Sales managers salaries	91,201		142,330	
Hire of equipment	12,261		17,587	
Computer maintenance	13,876		15,695	
Telephone & fax	15,700		16,198	
Postages & carriage	633		1,449	
UK entertainment	124		883	
Travelling	49,467		18,371	
Motor expenses	49,894		29,056	
Flights	21,358		28,099	
Car & van hire	40,163		50,339	
Overseas entertainment	61		578	
Hotels & subsistence	12,710		6,159	
Overseas travel	2,152		673	
Small tools	1,972		788	
Consumable tools	27,719		26,903	
Maintenance	20,728		15,774	
PPE	3,739		3,811	
Advertising & marketing	1,463		4,255	
Carried forward	1,178,165	1,723,388	1,149,915	2,834,339

This page does not form part of the statutory financial statements

Torishima Service Solutions Europe Ltd

Trading and Profit and Loss Account
for the Year Ended 31 March 2017

	31.3.17		31.3.16	
	£	£	£	£
Brought forward	1,178,165	1,723,388	1,149,915	2,834,339
Stationery & printing	3,439		4,110	
Factory relocation costs	60,433		8,088	
Sundry expenses	30,666		24,639	
Subscriptions	3,655		3,700	
Training costs	9,471		29,829	
Recruitment costs	650		5,000	
Accountancy	3,590		2,038	
Laundry	220		7,808	
Waste disposal	6,749		2,503	
Legal & professional fees	25,126		56,858	
Bad debts	9,569		7,570	
		1,331,733		1,302,058
		391,655		1,532,281
Finance costs				
Bank charges	4,910		4,324	
Exchange rate variances	(101,324)		(40,278)	
Interest Paid	5,475		-	
		(90,939)		(35,954)
		482,594		1,568,235
Depreciation				
Property renovations	25,986		2,277	
Plant and machinery	68,312		68,836	
Fixtures and fittings	1,121		1,106	
Motor vehicles	2,904		2,904	
IT/Phone equipment	8,524		7,069	
		106,847		82,192
		375,747		1,486,043
Loss on disposal of fixed assets				
Property renovations	6,495		-	
IT/Phone equipment	3,937		389	
		10,432		389
NET PROFIT		365,315		1,485,654