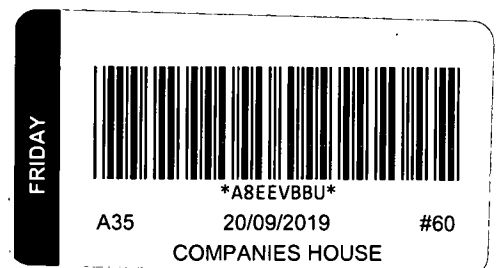


Registration number: 09908024

# 3M Asia Pacific UK Holding Ltd

## Annual Report and Financial Statements

for the year ended 31 December 2018



## 3M Asia Pacific UK Holding Ltd

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## 3M Asia Pacific UK Holding Ltd

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### Company Information

**Directors** S Grauze  
J Larkin  
I Malik  
S Semerciyan

**Company secretary** I Brown

**Independent Auditors** PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
3 Forbury Place  
23 Forbury Road,  
Reading  
RG1 EJH

**Registered office** 3M Centre  
Cain Road  
Bracknell  
Berkshire  
United Kingdom  
RG12 8HT

**Registration number** 09908024

## **Strategic Report**

**for the Year Ended 31 December 2018**

The directors present their strategic report for the year ended 31 December 2018.

### **Principal activities**

The principal activity of the Company is the Company acts as an intermediate holding Company. The transactions are receipt and payment of intercompany dividends and interest on intercompany loans. The company holds shares in several 3M affiliates and uses its discretion in handling important shareholder matters

### **Review of the business**

The Company was incorporated on 8 December 2015 as part of a 3M Company group restructuring and acts as a holding Company for the trading subsidiaries 3M Taiwan Limited and 3M Korea Limited. In 2017 the Company expanded its investments and acquired the share capital 3M Arabia LLC. The Company holds shares in several 3M affiliates and uses its discretion in handling important shareholder matters. The subsidiaries continue to be profitable. The Company made a profit after tax in the year of \$270,080,000 and has net assets of \$1,568,262,000. The Company's trading subsidiaries continue to be profitable.

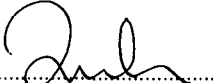
### **Principal risks and uncertainties**

The Company's trading subsidiaries produce diverse products for a wide range of markets and are thus well positioned to withstand sudden downturns in any single business area. Performance is monitored on a regular basis and appropriate actions taken.

### **Key performance indicators**

The directors consider that as a holding Company details of key performance indicators are not necessary for the understanding of the Company financial statements.

Approved by the Board on 10 September 2019 and signed on its behalf by:

  
.....  
S Semerciyan  
Director

## **Directors' Report**

**for the Year Ended 31 December 2018**

The directors present the audited financial statements for the year ended 31 December 2018.

### **Results and dividends**

The Company made a profit after tax of \$270,080,000 (2017 - \$212,772,000).

No final dividend is proposed (2017 - \$nil). The aggregate dividends on the ordinary shares recognised and received from subsidiary undertakings during the year amount to \$279,547,000 (2017: \$225,332,808)

### **Directors of the Company**

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

S Grauze (appointed 1 July 2018)

J Larkin

I Malik

S Semerciyan (appointed 1 May 2018)

M Chambers (resigned 31 May 2018)

M Ginter (resigned 30 June 2018)

### **Future developments**

The directors expect the operation and performance of the Company to remain consistent for the foreseeable future and for the Company to remain the UK Holding Company for overseas subsidiaries.

We continue to closely monitor possible Brexit impacts and we do have mitigation plans in order to manage customer orders.

### **Financial risk management**

In order to ensure stability of cash out flows and hence manage interest rate risk, the Company has a policy of obtaining any necessary funding from within the 3M group and interest is chargeable at the LIBOR rate.

The Company has both interest bearing assets and liabilities. Interest bearing assets include cash balances and intergroup loans, the majority of which earn interest at a variable rate. The Company has a policy of obtaining debt finance from within the 3M group and operates a cash pooling policy on Company cash balances. This policy is considered appropriate considering the size and nature of the Company operations.

### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

## Directors' Report

for the Year Ended 31 December 2018 (continued)

### Statement of directors' responsibilities

The directors acknowledge their responsibilities 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, incorporating FRS102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (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 apply them consistently;
- make judgements 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.

### Directors' Indemnities

The Company maintains liability insurance for its directors and officers in accordance with the Articles of the Company. The Company has also provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. This was in force during the financial year and also at the date of approval of the financial statements.

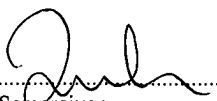
### Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

### Reappointment of auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 10 September 2019 and signed on its behalf by:

  
.....  
S Semerciyan  
Director

## Independent Auditors' Report to the Members of 3M Asia Pacific UK Holding Ltd

### Report on the audit of the financial statements

#### Opinion

In our opinion, 3M Asia Pacific UK Holding Ltd's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the profit and loss account, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **Independent Auditors' Report to the Members of 3M Asia Pacific UK Holding Ltd**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.



## **Independent Auditors' Report to the Members of 3M Asia Pacific UK Holding Ltd**

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



John Ellis (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor  
Reading

10 September 2019

**Profit and Loss Account**  
for the year ended 31 December 2018

|  | <i>Note</i> | 2018<br>\$ 000        | 2017<br>\$ 000        |
|--|-------------|-----------------------|-----------------------|
| Administrative expenses                      |             | <u>(136)</u>          | <u>(157)</u>          |
| <b>Operating loss</b>                        |             | (136)                 | (157)                 |
| Income from shares in group undertakings     | 4           | 279,547               | 225,333               |
| Other interest receivable and similar income | 5           | 13,280                | 3,854                 |
| Interest payable and similar expenses        | 6           | <u>(18)</u>           | <u>-</u>              |
| <b>Profit before tax</b>                     |             | 292,673               | 229,030               |
| Tax on profit                                | 10          | <u>(22,593)</u>       | <u>(16,258)</u>       |
| <b>Profit for the financial year</b>         |             | <u><u>270,080</u></u> | <u><u>212,772</u></u> |

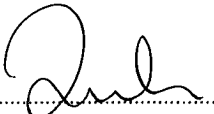
The above results were derived from continuing operations.

The Company has no other recognised gains or losses for the year other than those included in the profit or loss account above, and therefore no separate statement of other comprehensive income has been prepared.

**Balance Sheet**  
as at 31 December 2018

|  | <i>Note</i> | <i>2018</i><br>\$ 000 | <i>2017</i><br>\$ 000 |
|--|-------------|-----------------------|-----------------------|
| <b>Fixed assets</b>                            |             |                       |                       |
| Investments                                    | 11          | 781,068               | 781,068               |
| <b>Current assets</b>                          |             |                       |                       |
| Debtors  | 12          | 811,174               | 518,116               |
| Cash at bank and in hand                       | 13          | <u>67</u>             | <u>11</u>             |
|  |             | 811,241               | 518,127               |
| Creditors: Amounts falling due within one year | 14          | <u>(24,047)</u>       | <u>(1,013)</u>        |
| <b>Net current assets</b>                      |             | <u>787,194</u>        | <u>517,114</u>        |
| <b>Total assets less current liabilities</b>   |             | <u>1,568,262</u>      | <u>1,298,182</u>      |
| <b>Capital and reserves</b>                    |             |                       |                       |
| Called up share capital                        | 15          | 8                     | 8                     |
| Share premium account                          | 16          | 772,793               | 772,793               |
| Contribution to capital                        | 16          | 267                   | 267                   |
| Profit and loss account                        | 16          | <u>795,194</u>        | <u>525,114</u>        |
| <b>Total equity</b>                            |             | <u>1,568,262</u>      | <u>1,298,182</u>      |

The financial statements on pages 9 to 20 were approved by the board of directors on 10 September 2019 and were signed on its behalf by:

  
.....  
S Semerciyan  
Director

Registered company number: 09908024

The notes on pages 11 to 20 form an integral part of these financial statements.

**Statement of Changes in Equity**  
for the Year Ended 31 December 2018

|                            | <i>Share<br/>capital<br/>\$ 000</i> | <i>Contribution<br/>to capital<br/>\$ 000</i> | <i>Share<br/>premium<br/>\$ 000</i> | <i>Retained<br/>earnings<br/>\$ 000</i> | <i>Total<br/>\$ 000</i> |
|----------------------------|-------------------------------------|---|-------------------------------------|---|-------------------------|
| At 1 January 2017          | 8                                   | -   | 772,793                             | 312,342                                 | 1,085,143               |
| Profit for the year        | -                                   | -   | -                                   | 212,772                                 | 212,772                 |
| Total comprehensive income | -                                   | -   | -                                   | 212,772                                 | 212,772                 |
| Contribution to capital    | -                                   | 267   | -                                   | -                                       | 267                     |
| At 31 December 2017        | <u>8</u>                            | <u>267</u>                                    | <u>772,793</u>                      | <u>525,114</u>                          | <u>1,298,182</u>        |
|                            | <i>Share<br/>capital<br/>\$ 000</i> | <i>Contribution<br/>to capital<br/>\$ 000</i> | <i>Share<br/>premium<br/>\$ 000</i> | <i>Retained<br/>earnings<br/>\$ 000</i> | <i>Total<br/>\$ 000</i> |
| At 1 January 2018          | 8                                   | 267   | 772,793                             | 525,114                                 | 1,298,182               |
| Profit for the year        | -                                   | -   | -                                   | 270,080                                 | 270,080                 |
| Total comprehensive income | -                                   | -   | -                                   | 270,080                                 | 270,080                 |
| At 31 December 2018        | <u>8</u>                            | <u>267</u>                                    | <u>772,793</u>                      | <u>795,194</u>                          | <u>1,568,262</u>        |

The notes on pages 11 to 20 form an integral part of these financial statements.

## Notes to the Financial Statements

for the Year Ended 31 December 2018

### 1 General information

3M Asia Pacific UK Holding Ltd is a group holding Company. The Company is a private Company limited by shares incorporated and domiciled in England and Wales, United Kingdom. The Company's legal form is that of a limited Company. The address of its registered office is 3M Centre, Cain Road, Bracknell, Berkshire, RG12 8HT.

### 2 Accounting policies

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Statement of compliance**

The individual financial statements of 3M Asia Pacific UK Holding Ltd have been prepared in compliance with United Kingdom Accounting Standards, incorporating Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in "Critical accounting judgements and estimation of uncertainty" Note 3 below.

The financial statements are presented in US dollar, which is the presentation currency of the Company. Monetary amounts in these financial statements are rounded to the nearest thousand.

#### **Going concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

## Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

### 2 Accounting policies (continued)

#### *Summary or disclosure exemptions*

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;

#### *Consolidated financial statements*

The Company is a wholly owned subsidiary of 3M Intermediate Acquisitions BV and of its ultimate parent 3M Company. It is included in the full consolidation of the financial statements of its ultimate parent 3M Company. In accordance with the provisions of section 401 of the Companies Act 2006, group financial statements have not been prepared, and so these financial statements present the results of the Company only.

#### *Taxation*

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

##### (i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (continued)

### 2 Accounting policies (continued)

#### (ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Foreign currency transactions and balances**

The Company's functional and presentation currency is the US dollar.

Transactions denominated in foreign currencies are translated into US dollars at the exchange rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at the rate of exchange ruling at the balance sheet date. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

#### **Investments**

Investments are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

#### **Financial Instruments**

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

#### (i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (continued)

### 2 Accounting policies (continued)

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### (ii) Financial liabilities

Basic financial liabilities, including trade and other payables and amount owed to fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as deduction, net of tax, from proceeds.

#### **Distributions to equity holders**

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

#### **Related party transactions**

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

#### **Income from shares in group undertakings**

Dividend income is recognised when the right to receive payment is established.

#### **Interest income**

Interest income is recognised using the effective interest rate method.



## Notes to the Financial Statements

for the Year Ended 31 December 2018 (continued)

### 3 Key sources of estimating uncertainty

#### *Critical accounting estimates and assumptions*

In the application of the Company's accounting policies which are described in note 3, the directors are required to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom equal the related actual results. There are no critical accounting judgements or estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### 4 Income from shares in group undertakings

During the year the Company received income from shares in group undertakings consisting of a dividend from subsidiary companies 3M Taiwan Limited \$180,031,141 (2017: \$114,354,178) and 3M Korea Limited of \$99,516,369 (2017: \$110,978,630)

### 5 Other interest receivable and similar income

|  | <i>2018</i>   | <i>2017</i>   |
|--|---------------|---------------|
|  | <i>\$ 000</i> | <i>\$ 000</i> |
| Interest receivable on loans from group undertakings | <u>13,280</u> | <u>3,854</u>  |

### 6 Interest payable and similar expenses

|   | <i>2018</i>   | <i>2017</i>   |
|---|---------------|---------------|
|   | <i>\$ 000</i> | <i>\$ 000</i> |
| Interest payable on loans from group undertakings | <u>18</u>     | <u>-</u>      |

### 7 Staff costs

The Company has no employees (2017: none).

**Notes to the Financial Statements**  
for the Year Ended 31 December 2018 (continued)

**8 Directors' remuneration**

The directors' services to the Company are of a non-executive nature. All directors are paid by the associated Company's. A recharge of \$150,839 for management and administrative services is made to the Company from an associated Company.

The Company has no employees (2017: none)

**9 Auditors' remuneration**

|                                   | <i>2018</i>   | <i>2017</i>   |
|-----------------------------------|---------------|---------------|
|                                   | <i>\$ 000</i> | <i>\$ 000</i> |
| Audit of the financial statements | <u>12</u>     | <u>22</u>     |
| <b>Other fees to auditors</b>     |               |               |
| Audit related assurance services  | 1             | 1             |
| Tax compliance                    | <u>4</u>      | <u>4</u>      |
|                                   | <u>5</u>      | <u>5</u>      |

The Company's audit fee was borne by one of its immediate parent and is not recharged to the Company.

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (continued)

### 10 Tax on profit

Tax charged in the income statement

|  | <i>2018</i>   | <i>2017</i>   |
|--|---------------|---------------|
|  | <i>\$ 000</i> | <i>\$ 000</i> |
| UK corporation tax on profit before taxation | 2,494         | 711           |
| Overseas tax paid                            | <u>20,099</u> | <u>15,547</u> |
| Total current tax charge                     | <u>22,593</u> | <u>16,258</u> |
| Income tax expense                           | <u>22,593</u> | <u>16,258</u> |

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%).

The differences are reconciled below:

|                                  | <i>2018</i>    | <i>2017</i>    |
|----------------------------------|----------------|----------------|
|                                  | <i>\$ 000</i>  | <i>\$ 000</i>  |
| Profit before tax                | <u>292,673</u> | <u>229,030</u> |
| Corporation tax at standard rate | 55,608         | 44,088         |
| Amounts not chargeable to tax    | (53,114)       | (43,377)       |
| Overseas tax paid                | <u>20,099</u>  | <u>15,547</u>  |
| Total tax charge                 | <u>22,593</u>  | <u>16,258</u>  |

#### Factors affecting current and future tax charges

The standard rate of tax applied is 19.00% (2017: 19.25%). Reductions in main rate of corporation tax were enacted by Finance (No.2) Act 2016 to reduce the rate to 19% from 1 April 2017.

The Chancellor of the Exchequer has announced a further reduction in the rate, to 17% from 1 April 2020 which was enacted by Finance Act 2017 on 15 September 2016. The new rates have accordingly been recognised in these accounts.

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (continued)

### 11 Investments

\$ 000

Investments in subsidiaries as at 31 December 2017 and 31 December 2018

781,068

#### Details of undertakings

The directors believe that the carrying value of the investments is supported by the underlying net assets.

| Name of undertaking                           | Holding  | Country of incorporation | Address  | Description of shares held | % owned |
|---|----------|--------------------------|--|----------------------------|---------|
| 3M Taiwan Limited                             | Direct   | Taiwan                   | 6F., No.95, Sec. 2, Dunhua S. Rd., Da—an District, Taipei City 10  | Ordinary                   | 100%    |
| Alpha Beta Global Tapes & Adhesives Co. Ltd   | Indirect | Taiwan                   | 6F, No. 216, Wen Lin North Road, Taipei, Taiwan  | Ordinary                   | 100%    |
| 3M Taiwan Optronics Corporation               | Indirect | Taiwan                   | Southern Taiwan Science Park Taipei, 7414, Taiwan  | Ordinary                   | 100%    |
| 3M Korea Limited                              | Direct   | South Korea              | 82 Uisadang-daero, Yeouuido-dong, Yeongdeungpo-g, Seoul, South Korea                                     | Ordinary                   | 100%    |
| 3M Arabia LLC                                 | Direct   | Saudi Arabia             | Buildings 24 & ,25, Zone C Business Gate, Airport road, Riyadh, Saudi Arabia, Road, Riyadh, Saudi Arabia | Ordinary                   | 100%    |
| 3M SaudiArabia Technology & Manufacturing LLC | Indirect | Saudi Arabia             | PO Box 52681, Dammam 31573, Saudi Arabia   | Ordinary                   | 100%    |

**Notes to the Financial Statements**  
for the Year Ended 31 December 2018 (continued)

**12 Debtors**

|  | <i>2018</i>    | <i>2017</i>    |
|--|----------------|----------------|
|  | <i>\$ 000</i>  | <i>\$ 000</i>  |
| <b>Amounts falling due within one year</b> |                |                |
| Amounts owed by group undertakings         | 788,924        | 518,116        |
| Other debtors                              | <u>22,250</u>  | <u>-</u>       |
|  | <u>811,174</u> | <u>518,116</u> |

Amounts owed by group undertakings are unsecured, repayable on demand and bear interest at the LIBOR rate.

**13 Cash at bank and in hand**

|              | <i>2018</i>   | <i>2017</i>   |
|--------------|---------------|---------------|
|              | <i>\$ 000</i> | <i>\$ 000</i> |
| Cash at bank | <u>67</u>     | <u>11</u>     |

**14 Creditors: Amounts falling due within one year**

|  | <i>2018</i>   | <i>2017</i>   |
|--|---------------|---------------|
|  | <i>\$ 000</i> | <i>\$ 000</i> |
| <i>Note</i>                                |               |               |
| <b>Amounts falling due within one year</b> |               |               |
| Amounts owed to group undertakings         | 22,708        | 301           |
| Corporation tax                            | <u>1,339</u>  | <u>712</u>    |
|  | <u>24,047</u> | <u>1,013</u>  |

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## Notes to the Financial Statements

for the Year Ended 31 December 2018 (continued)

### 15 Called up share capital

*Allotted, called up and fully paid shares*

|                             | <i>No. 000</i> | <i>2018</i><br>\$ 000 | <i>No. 000</i> | <i>2017</i><br>\$ 000 |
|-----------------------------|----------------|-----------------------|----------------|-----------------------|
| Ordinary shares of \$1 each | <u>8</u>       | <u>8</u>              | <u>8</u>       | <u>8</u>              |

### 16 Reserves

Share premium account comprises any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings comprises all current and prior periods retained profits and accumulated losses.

Capital contribution reserve comprises the introduction of permanent capital made by group entities.

### 17 Parent and ultimate parent undertaking

The immediate parent undertaking is 3M Intermediate Acquisitions BV, incorporated in The Netherlands. 3M Asia Pacific UK Holding Ltd is wholly owned subsidiary of 3M Company, a Company incorporated in the United States of America. The directors regard 3M Company as the ultimate parent Company and controlling party, although the company is under no legal or contractual obligation to remit its distributable reserves to another party and exercises its discretion when such remittances are made. This is the largest, and the smallest, group of which the Company is a member and for which group financial statements are prepared. Copies of the consolidated financial statements of the ultimate parent Company may be obtained from 3M Investor Relations, 3M Center, Building 225-SN-04 St Paul, MN 55144-1000, USA.