

Financial Statements

31st December 1997



Tokyo-Mitsubishi International plc

Company Number: 1698498



Tokyo-Mitsubishi International plc

Directors' Report

The directors have pleasure in submitting their annual report and financial statements for the year ended 31st December 1997.

Principal Activities

The principal activities of the company ("TMI") are trading in the international securities and derivatives markets together with underwriting and managing new issues of securities.

TMI is regulated by The Securities and Futures Authority Limited and is a member of The London International Financial Futures & Options Exchange, the International Securities Market Association and the International Primary Market Association.

Business Review

TMI has continued to expand over the year, setting up an equity business group, enlarging its presence in the new issue/syndication market and maintaining its growth in structured financial products.

However, 1997 has been a difficult year for trading in the fixed income and equity markets. The Asian currency and debt crisis, and subsequent crash in world stock markets, has caused unprecedented widening of credit spreads in Asian and other emerging market debt securities and record levels of volatility in equities. Many houses in the international capital markets have suffered similar difficulties in these two areas and the Company has not been an exception. Consequently, the directors must report, regrettably, that this year the Company has shown a loss for the first time in the last six years.

The directors view the results of the year as a short-term setback in the development of the business and do not feel that this setback will adversely affect the establishment of TMI as a leading house in international capital markets.

Financial

The loss for the year amounted to £35,008,709 (1996 profit £7,025,780).

Dividends

The Directors do not recommend the payment of a dividend for 1997 (1996 Scrip dividend £6,000,000).



Tokyo-Mitsubishi International plc

Directors

The directors are as follows:

E Yoshimura
M Yamada
T Uno
A Watanabe
H Yoshimine
K Watanabe
F Yano
A D Loehnis, C.M.G.

Mr T Tange resigned on 11th March 1997 and Mr E Yoshimura was appointed on 10th June 1997.

Mr K Enya resigned and Mr M Yamada was appointed on 11th June 1997.

Mr M Kawamura resigned on 4th April 1997 and Mr K Koga resigned on 10th July 1997.

None of the directors had any interest in the shares of the company at any time during the year.

Employees

It is the policy of the company to give full and fair consideration to applicants for employment from disabled persons, to continue wherever possible the employment of members of staff who may become disabled and to ensure that suitable training, career development and promotion are encouraged. Various means are used to communicate with employees on personnel policies and issues and on the performance, objectives and business direction of the company.

Payment to Creditors

It is the company's policy to settle all of its trading transactions on the agreed settlement date. All other trade creditors are paid in accordance with the relevant invoice terms.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.



Tokyo-Mitsubishi International plc

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 are responsible for maintaining proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the board

David I Spencer
Secretary

6 Broadgate
London EC2M 2AA

16th February 1998



Tokyo-Mitsubishi International plc

Auditors' Report to the members of Tokyo-Mitsubishi International plc

We have audited the financial statements on pages 5 - 16.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examinations, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
London
Registered Auditors

16th February 1998



Tokyo-Mitsubishi International plc

Accounting Policies

Format of Financial Statements

The financial statements of a dealer in securities require special treatment, which is not dealt with in the statutory requirements, in order to present a true and fair view of its state of affairs and results. Accordingly, the directors believe that for the best presentation of the company's results and financial position, it is necessary to depart from the statutory accounting rules. A company dealing in securities has no equivalent to turnover, cost of sales and gross profit and therefore income from operations represents the net amount earned from trading and from holding positions in securities. Interest arising therefrom forms an integral part of the income from operations and, because it is reflected also in movements in market prices, should not be separately identified.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of dealing securities, and in accordance with applicable accounting standards and with the Companies Act 1985, except as noted below in respect of dealing securities.

Dealing securities held as current trading assets are stated at market value and profits and losses arising from this valuation are taken to the profit and loss account. This is not in accordance with Schedule 4 to the Companies Act 1985 which requires that such assets be stated at the lower of cost and net realisable value, or that if revalued any revaluation differences be taken to revaluation reserve. The directors consider that these requirements would fail to give a true and fair view of the profit for the year of an investing enterprise that holds readily marketable investments as current assets since their marketability enables decisions to be taken continually about whether to hold or sell those assets, and hence the economic measure of performance in any period is properly made by reference to market values. It is not practicable to quantify the effect on the accounts of these departures since information on original cost, being of no continuing relevance to the business, is not readily available and therefore a note of the historical cost profit or loss, as required by paragraph 26 of Financial Reporting Standard No 3, has not been presented.

Securities

Dealing securities held for trading purposes are stated at market value. Securities held as part of asset swap or structured finance arrangements are held at cost. Securities held to provide, in the longer term, income or capital growth to cover administrative expenditure are shown at cost less provision for any permanent diminution in value.

Open futures and options contracts are accounted for on a marked-to-market basis.

Transactions are accounted for on a trade date basis.

Swaps

Swaps are accounted for using current market rates based on the net present value of the associated cashflows. Certain interest rate swaps, entered into with a view to managing interest rate exposures, are accounted for on an accrual basis. The resulting balance sheet amounts are included in debtors or creditors as appropriate and are presented net by counterparty where there is a legal right of set off in accordance with general industry practice.



Tokyo-Mitsubishi International plc

Accounting Policies - *(continued)*

Management Fees and Commission

Management fees and commission are accounted for on an accruals basis.

Repurchase and Resale Agreements

Repurchase and resale agreements are regarded as financing transactions and are shown as short-term borrowing and short-term lending respectively.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies and open forward foreign exchange contracts are translated using the rate of exchange ruling at the balance sheet date. Gains or losses on translation are included in the profit and loss account. Fixed asset investments denominated in foreign currency are translated using the rate of exchange ruling at the balance sheet date. Gains or losses on translation are offset against the corresponding gain or loss on translating the matched borrowings.

Depreciation

Depreciation is provided to write off the cost less estimated residual value of fixed tangible assets by equal instalments over their estimated useful economic lives as follows:

| | |
|--|---------------|
| Leasehold improvements | 10 - 25 years |
| Office furniture and fittings | 5 years |
| Motor vehicles | 4 years |
| Office machinery and computer software | 4 years |

Additions to fixed assets are not depreciated until they are brought into use.

Taxation

Provision is made for deferred taxation only to the extent that it is considered probable that an actual liability will arise.

Pensions

Based on actuarial advice, pension costs are charged to the profit and loss account so as to produce a regular cost which is a substantially level percentage of the current and expected future pensionable payroll. Variations from the regular cost are allocated over the remaining service lives of current employees.



Tokyo-Mitsubishi International plc

Profit and Loss Account

For the year ended 31st December 1997

| | Notes | 1997 £'000 | 1996 £'000 |
|---|-------|---------------|---------------|
| Income from Operations | 1 | 26,839 | 75,125 |
| Administrative expenses | 2 - 4 | (61,848) | (62,099) |
| (Loss)/Profit on ordinary activities before taxation | 1 | (35,009) | 13,026 |
| Taxation on ordinary activities | 5 | - | - |
| (Loss)/Profit on ordinary activities after taxation | | (35,009) | 13,026 |
| Dividend | 6 | - | (6,000) |
| Retained (loss)/profit for the year | | (35,009) | 7,026 |
| Retained profit brought forward | | 9,722 | 2,696 |
| Retained (loss)/profit carried forward | | (25,287) | 9,722 |

The company has no recognised gains and losses during the current and previous period other than the loss for the year. All (losses)/profits shown above are derived from continuing operations.

Tokyo-Mitsubishi International plc

Balance Sheet

As at 31st December 1997

| | Notes | 1997 £'000 | 1996 £'000 |
|--|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 13,483 | 14,447 |
| Investment | 17 | 2,269 | 2,567 |
| | | <u>15,752</u> | <u>17,014</u> |
| Current assets | | | |
| Debtors | 8 | 5,729,485 | 3,971,871 |
| Securities | 9 | 3,311,313 | 1,989,887 |
| Cash at bank and in hand | | 85,247 | 2,811 |
| | | <u>9,126,045</u> | <u>5,964,569</u> |
| Creditors: Amounts falling due within one year | 10 | <u>(8,167,920)</u> | <u>(4,782,027)</u> |
| Net current assets | | <u>958,125</u> | <u>1,182,542</u> |
| Total assets less current liabilities | | <u>973,877</u> | <u>1,199,556</u> |
| Creditors: Amounts falling due after more than one year | 11 | <u>(786,664)</u> | <u>(983,334)</u> |
| Net assets | | <u>187,213</u> | <u>216,222</u> |
| Capital and Reserves | | | |
| Called up share capital | 12 | 212,500 | 206,500 |
| Profit and loss account | | (25,287) | 9,722 |
| Shareholders' Funds | 13 | <u>187,213</u> | <u>216,222</u> |

The accounts on pages 5 to 16 were approved by the Board of Directors on 16th February 1998 and signed on its behalf by:



Akira Watanabe
Director

16th February 1998

Tokyo-Mitsubishi International plc

Cash Flow Statement

For the year ended 31st December 1997

| | 1997 £'000 | 1996 £'000 |
|---|---------------|---------------|
| Net cash inflow/(outflow) from operating activities | 224,069 | (316,078) |
| Taxation | - | (4,352) |
| Capital expenditure | (4,438) | (10,239) |
| Acquisitions and disposals | - | 51,777 |
| | 219,631 | (278,892) |
| Equity dividends paid | - | (3,000) |
| Financing | (141,897) | 188,949 |
| Increase/(Decrease) in cash | 77,734 | (92,943) |

Reconciliation of net cash flow to movement in net debt

| | | |
|---|-------------|-------------|
| Increase/(Decrease) in cash in period | 77,734 | (92,943) |
| Cash inflow from increase in long-term debt | (171,545) | (323,936) |
| Cash outflow from redemption of new issues | 313,442 | 134,987 |
| Effect of foreign exchange | 350 | 112,209 |
| Other movements | 115,746 | (35,342) |
| Movement in net debt in period | 335,727 | (205,025) |
| Net debt at 1st January 1997 | (1,144,951) | (939,926) |
| Net debt at 31st December 1997 | (809,224) | (1,144,951) |

Changes in the presentation of the cash flow statement have been made consequent upon the adoption of the revised Financial Reporting Standard No 1 'Cash Flow Statements'. Comparative figures have been restated in accordance with the revised presentation.

Tokyo-Mitsubishi International plc

Notes on the Cash Flow Statement

1 Reconciliation of Operating profit to Operating Cash Flows

| | 1997 £'000 | 1996 £'000 |
|---|----------------|------------------|
| Income from operations | 26,839 | 75,125 |
| Administrative expenses | (61,848) | (62,099) |
| Depreciation charges | 5,458 | 5,990 |
| Profit on disposal of fixed assets | (56) | (76) |
| (Increase) in securities | (1,358,937) | (582,764) |
| (Increase) in debtors | (1,757,614) | (1,085,252) |
| Increase in creditors | 3,370,577 | 1,445,207 |
| Effect of foreign exchange differences | (350) | (112,209) |
| Net cash inflow/(outflow) from operating activities | <u>224,069</u> | <u>(316,078)</u> |

2 Analysis of Cash Flows for headings netted in Cash Flow Statement

| | £'000 | £'000 |
|--|------------------|-----------------|
| Capital Expenditure | | |
| Additions to tangible fixed assets | (4,511) | (10,391) |
| Disposal of tangible fixed assets | 73 | 152 |
| Net cash outflow for capital expenditure | <u>(4,438)</u> | <u>(10,239)</u> |
| Acquisitions and disposals | | |
| Purchase of subsidiary | - | 51,777 |
| Financing | | |
| Proceeds of notes issues | 171,545 | 323,936 |
| Redemption of note issues | (313,442) | (134,987) |
| Net cash (outflow)/inflow from financing | <u>(141,897)</u> | <u>188,949</u> |

3 Analysis of changes in net debt

| | At 1/1/97 £'000 | Cash flows £'000 | Other changes £'000 | At 31/12/97 £'000 |
|------------------------|-----------------------|------------------------|---------------------------|-------------------------|
| Cash in hand at bank | 2,811 | 82,436 | - | 85,247 |
| Overdrafts | (204) | (4,702) | - | (4,906) |
| | <u>2,607</u> | <u>77,734</u> | <u>-</u> | <u>80,341</u> |
| Debt due within 1 year | (164,224) | 115,746 | (54,423) | (102,901) |
| Debt due after 1 year | (983,334) | 141,897 | 54,773 | (786,664) |
| Total | <u>(1,144,951)</u> | <u>335,377</u> | <u>350</u> | <u>(809,224)</u> |



Tokyo-Mitsubishi International plc

Notes on the Financial Statements

1 Income from operations and profit on ordinary activities before taxation

The whole of the income from operations and profit on ordinary activities is derived from substantially the same class of business and in a market which is not delineated by geographical bands.

2 Administrative Expenses

| | 1997 £'000 | 1996 £'000 |
|---|---------------|---------------|
| Staff costs (note 3) | 28,334 | 31,482 |
| Depreciation of fixed tangible assets | 5,458 | 5,990 |
| Operating lease rentals: | | |
| Hire of quotation and communication equipment | 4,154 | 3,833 |
| Rental of premises | 2,931 | 2,767 |
| Auditors' remuneration: | | |
| Audit fees | 98 | 85 |
| Non audit related fees | 91 | 120 |
| Profit on disposal of fixed assets | (56) | (76) |
| Other administrative expenses | 20,838 | 17,898 |
| | <u>61,848</u> | <u>62,099</u> |

3 Staff costs

| | 1997 | 1996 |
|---|---------------|---------------|
| Average number of employees | 293 | 277 |
| Employee costs (Excluding directors' emoluments) | £'000 | £'000 |
| Wages and salaries | 23,684 | 27,653 |
| Social security costs | 2,305 | 1,974 |
| Other pension costs | 2,345 | 1,855 |
| | <u>28,334</u> | <u>31,482</u> |

Tokyo-Mitsubishi International plc

Notes *(continued)*

4 Directors' Emoluments

| | 1997 £'000 | 1996 £'000 |
|---|---------------|---------------|
| Fees | - | - |
| Emoluments (excluding pension contribution) | 1,034 | 884 |
| | <u>1,034</u> | <u>884</u> |

The emoluments of the highest paid director amounted to £268,655 (1996 £203,368).

5 Taxation on ordinary activities

There has been no charge made for UK corporation tax due to the availability of losses.

6 Dividend

| | 1997 £'000 | 1996 £'000 |
|--------------------------------|---------------|---------------|
| Dividend (1996 scrip dividend) | - | 6,000 |
| | <u>-</u> | <u>6,000</u> |

7 Fixed tangible assets

| | Leasehold improvements £'000 | Office furniture and fittings £'000 | Motor vehicles £'000 | Office machinery £'000 | Total £'000 |
|--------------------------------------|------------------------------------|---|----------------------------|------------------------------|----------------|
| Cost | | | | | |
| At 1st January 1997 | 6,906 | 797 | 724 | 22,872 | 31,299 |
| Additions | 506 | 155 | - | 3,850 | 4,511 |
| Disposals | (534) | (552) | (258) | (12,276) | (13,620) |
| | <u>6,878</u> | <u>400</u> | <u>466</u> | <u>14,446</u> | <u>22,190</u> |
| At 31st December 1997 | | | | | |
| Depreciation | | | | | |
| At 1st January 1997 | 2,622 | 554 | 384 | 13,292 | 16,852 |
| Charge for the year | 430 | 75 | 126 | 4,827 | 5,458 |
| Disposals | (534) | (552) | (241) | (12,276) | (13,603) |
| | <u>2,518</u> | <u>77</u> | <u>269</u> | <u>5,843</u> | <u>8,707</u> |
| At 31st December 1997 | | | | | |
| Net book value at 31st December 1997 | 4,360 | 323 | 197 | 8,603 | 13,483 |
| Net book value at 31st December 1996 | 4,284 | 243 | 340 | 9,580 | 14,447 |



Tokyo-Mitsubishi International plc

Notes (continued)

8 Debtors: Due within one year

| | 1997 £'000 | 1996 £'000 |
|------------------------------------|------------------|------------------|
| Securities sold but not delivered | 1,493,898 | 1,391,821 |
| Reverse repurchase agreements | 1,444,682 | - |
| Amounts owed by group undertakings | 651,588 | 500,075 |
| Swaps | 1,645,571 | 1,716,299 |
| Purchased options | 325,349 | 230,980 |
| Other debtors | 71,941 | 59,643 |
| Prepayments and accrued income | 96,456 | 73,053 |
| | <u>5,729,485</u> | <u>3,971,871</u> |

9 Securities

| | 1997 | | 1996 | |
|-------------------------------------|------------------|-------------------|------------------|-------------------|
| | Listed £'000 | Unlisted £'000 | Listed £'000 | Unlisted £'000 |
| Dealing securities, at market value | 2,193,365 | 612,368 | 1,314,694 | 419,723 |
| Securities held at cost | | | | |
| market value £510,522,000 | 246,989 | 258,591 | 186,384 | 69,086 |
| (1996 £259,366,000) | <u>2,440,354</u> | <u>870,959</u> | <u>1,501,078</u> | <u>488,809</u> |
| Total | <u>3,311,313</u> | | <u>1,989,887</u> | |

Of the dealing securities £192,752,504 (1996 £262,043,097) are listed on the London Stock Exchange Limited and the rest on stock exchanges outside Great Britain.

10 Creditors: Due within one year

| | 1997 £'000 | 1996 £'000 |
|---|------------------|------------------|
| Securities bought but not delivered | 2,948,734 | 1,724,296 |
| Repurchase agreements | 1,617,224 | 122,779 |
| Amount owed to group undertakings | 691,381 | 255,120 |
| Dealing securities at market value (listed) | 568,379 | 626,905 |
| Dealing securities at market value (unlisted) | 32,846 | 11,830 |
| Swaps | 1,689,910 | 1,383,033 |
| Bank loans and overdrafts | 4,906 | 204 |
| Short term borrowings | 102,901 | 164,224 |
| Tax and social security | 1,118 | 2,157 |
| Options sold | 415,810 | 355,666 |
| Other creditors | 94,711 | 135,813 |
| | <u>8,167,920</u> | <u>4,782,027</u> |

Of the dealing securities, £32,515,703 (1996 £4,717,712) are listed on the London Stock Exchange Limited and the rest on stock exchanges outside Great Britain.

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Notes *(continued)*

11 Creditors: Due after more than one year

| | 1997 | | 1996 | |
|---|----------------|----------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 |
| Amounts repayable within | 2-5 years | over 5 years | 2-5 years | over 5 years |
| Japanese Yen loans at rates of interest between 3.95% and 4.65% | 92,950 | 144,072 | - | 258,688 |
| US Dollar notes with various rates of interest | 277,322 | 267,256 | 361,309 | 344,287 |
| German Mark dual basis notes | - | 5,064 | - | 15,192 |
| Italian Lira 11.95% notes | - | - | 3,858 | - |
| | <u>370,272</u> | <u>416,392</u> | <u>365,167</u> | <u>618,167</u> |
| | <u>786,664</u> | | <u>983,334</u> | |

12 Called up share capital

| | 1997 | | 1996 | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | No '000 | £'000 | No '000 | £'000 |
| Ordinary shares of £1 each: | | | | |
| Authorised | <u>300,000</u> | <u>300,000</u> | <u>300,000</u> | <u>300,000</u> |
| Allotted, called up and fully paid | <u>212,500</u> | <u>212,500</u> | <u>206,500</u> | <u>206,500</u> |

On 13th February 1997 the Company declared a final scrip dividend for 1996 of £6,000,000 which has been fully taken up by the shareholders and resulted in the increase in the allotted and issued share capital.

13 Reconciliation of movements in shareholders' funds

| | 1997 | 1996 |
|---|-----------------|----------------|
| | £'000 | £'000 |
| Opening shareholders' funds | 216,222 | 122,696 |
| Increase in share capital | 6,000 | 86,500 |
| Retained (loss)/profit for the financial year | <u>(35,009)</u> | <u>7,026</u> |
| Closing shareholders' funds | <u>187,213</u> | <u>216,222</u> |

Shareholders' funds are solely attributable to equity interests.



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Notes *(continued)*

14 Guarantees, Contingent Liabilities and Commitments

In the ordinary course of its business the company entered into contracts for swaps, futures and options and other financial instruments. Annual commitments under non-cancellable operating leases, all of which expire in over five years time are £2,932,000 (1996 £2,932,000).

There were no material outstanding guarantees or contingent liabilities, other than those incurred in the normal course of the company's business on which no loss is expected.

15 Pension Fund

The Tokyo-Mitsubishi International plc Pension Scheme

Current pension arrangements can be summarised as follows:

- Up to the 5th April 1997 a final salary pension scheme for employees whose employment with the Company commenced before 1st April 1996 ("previous employees of Mitsubishi Finance International plc ("MFIL")") operated by Standard Life Assurance Company under their centralised trust.
- Up to the 5th April 1997 a final salary pension scheme for employees who commenced their employment with Bank of Tokyo Capital Markets Limited ("previous employees of BOTCM") sponsored by The Bank of Tokyo-Mitsubishi, Ltd. The company joined the scheme as a participating employer with effect from 1st April 1996. This scheme also provided the pension arrangements for all new employees of the company who commenced service after 1st April 1996.
- As at the 6th April 1997 a new final salary pension scheme (The Tokyo-Mitsubishi International plc Pension Scheme) was established for:
 - i) previous employees of MFIL;
 - ii) previous employees of BOTCM;
 - iii) all new employees of the company who commenced service after the 1st April 1996;
 - iv) all new employees of the company who commenced service after the 6th April 1997 and were at least 36 years of age or designated senior staff.

At that date the assets of the previous final salary pension scheme for previous employees of MFIL were transferred by Standard Life Assurance Company to the new scheme.

An actuarial valuation was performed as at November 1997 but with an effective date of 6th April 1997. The results of the valuation, which was performed using the projected unit method, showed that the assets of the scheme amounted to £12,959,448 and were sufficient to secure 96% of the liabilities of the scheme based on projected final pensionable salaries. The main actuarial assumptions were an investment rate of return of 8.5% per annum, an increase in salaries of 7% and that pensions would increase in payment by 4.5%.

Total charge to the Profit and Loss Account for 1997 was £2,304,674 (1996 £1,815,320).



Tokyo-Mitsubishi International plc

Notes *(continued)*

16 Contracts of Significance and Related Party Transactions

Disclosures in respect of related party transactions are not required because the company, as a wholly owned subsidiary, is entitled to the exemption given in Financial Reporting Standard 8 (FRS 8).

17 Investment in Subsidiary

The company owns the whole of the issued ordinary share capital in the following subsidiaries:

| | <u>Country of Incorporation</u> | <u>Main Activity</u> |
|-------------------------------------|-------------------------------------|--------------------------|
| BTM Securities (Spain) S.A., S.V.B. | Spain | Securities dealing |
| TMI Nominees Limited | United Kingdom | Nominee for TMI |

The subsidiaries have been treated as fixed asset investments and are stated at cost. Both subsidiaries are not consolidated into the company's financial statements as they are not material for the purpose of giving a true and fair view.

18 Holding Company

The company is a wholly owned subsidiary of its ultimate holding company, The Bank of Tokyo-Mitsubishi, Ltd. which is incorporated in Japan. The company's financial statements are consolidated in the accounts of The Bank of Tokyo-Mitsubishi, Ltd. Copies of the group financial statements of the ultimate holding company are available from:

The Bank of Tokyo-Mitsubishi, Ltd.
7-1, Marunouchi 2-chome
Chiyoda-ku
Tokyo 100
Japan