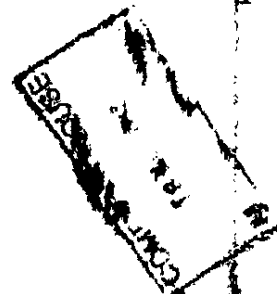


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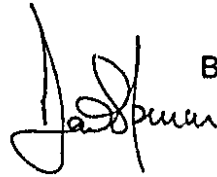
Mitsubishi Finance International plc



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

Auditors

The auditors, KPMG Peat Marwick, are willing to continue in office and a resolution concerning their reappointment and remuneration will be submitted to the annual general meeting.



By order of the board

David I. Spencer

Secretary

12th February 1993

6 Broadgate
London EC2M 2AA

REPORT OF THE AUDITORS
TO THE MEMBERS OF MITSUBISHI FINANCE INTERNATIONAL PLC

We have audited the Financial Statements on pages 4 to 16 in accordance with Auditing Standards.

In our opinion the Financial Statements give a true and fair view of the state of the company's affairs at 31st December 1992 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

KPMG PEAT MARWICK
Chartered Accountants
London
Registered Auditors

12th February 1993

MITSUBISHI FINANCE 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 in accordance with applicable accounting standards and under the historical cost convention except that certain dealing securities, as disclosed, are held at market value and gains or losses arising therefrom are taken to the profit and loss account. Although this is a departure from Schedule 4 of 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 the use of market values is necessary to give a proper measure of the economic performance of the company and hence a true and fair view of the profit and loss for the year. It is not practicable to quantify the effect on the accounts of using market values since information on original cost, being of no continuing relevance to the business, is not readily available.

Fixed Asset Investments

Investments are stated at cost less any provision which in the opinion of the directors, is necessary to reflect a permanent diminution in value.

Income is accounted for on an accruals basis.

Securities

Dealing securities are stated at market value and securities held as part of individually matched interest rate swaps are held at cost.

Open futures and options contracts are marked-to-market on a daily 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 matched to securities are valued on an accruals basis.

MITSUBISHI FINANCE INTERNATIONAL PLC

ACCOUNTING POLICIES (continued)

Management Fees and Commission

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

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 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	5 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.

MITSUBISHI FINANCE INTERNATIONAL PLC

PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1992

	<u>Notes</u>	<u>1992</u> £	<u>1991</u> £
INCOME FROM OPERATIONS	1	20,124,858	12,418,017
Administrative expenses	2 - 4	(29,611,605)	(28,707,274)
Income from fixed asset investments	5	7,503,297	5,491,708
Other interest receivable	6	3,090,521	6,272,485
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1	<u>1,107,071</u>	<u>(4,525,064)</u>
Taxation on ordinary activities	7	-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>1,107,071</u>	<u>(4,525,064)</u>
Retained loss brought forward		(13,655,612)	(9,130,548)
RETAINED LOSS CARRIED FORWARD	£	<u><u>(12,548,541)</u></u>	£ <u><u>(13,655,612)</u></u>

MITSUBISHI FINANCE INTERNATIONAL PLC

BALANCE SHEET

As at 31st December 1992

	<u>Notes</u>	<u>1992</u> £	<u>1991</u> £
FIXED ASSETS			
Tangible assets	8	11,875,896	11,325,403
Investments	9	116,385,129	52,830,157
		<u>128,261,025</u>	<u>64,155,560</u>
CURRENT ASSETS			
Debtors	10	1,131,308,274	481,941,469
Securities	11	309,619,405	574,240,972
Cash		2,044,156	1,438,220
		<u>1,442,971,835</u>	<u>1,057,620,661</u>
CREDITORS: Amounts falling due within one year	12	<u>(1,251,380,346)</u>	<u>(920,779,426)</u>
NET CURRENT ASSETS		<u>191,591,489</u>	<u>136,841,235</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		319,852,514	200,996,795
CREDITORS: Amounts falling due after more than one year	13	(212,401,055)	(94,652,407)
NET ASSETS		<u>£ 107,451,459</u>	<u>£ 106,344,388</u>
CAPITAL AND RESERVES			
Called up share capital	14	120,000,000	120,000,000
Profit and loss account		(12,548,541)	(13,655,612)
		<u>£ 107,451,459</u>	<u>£ 106,344,388</u>



Juntaro Fujii

Director

MITSUBISHI FINANCE INTERNATIONAL PLC

CASH FLOW STATEMENT

For the year ended 31st December 1992

	<u>1992</u> £	<u>1991</u> £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(197,770,440)	(105,996,768)
RETURNS ON INVESTMENTS		
Income received on fixed asset investments	5,546,997	4,967,204
Other interest received	<u>3,919,253</u>	<u>6,188,358</u>
Net cash inflow from returns on investments	9,466,250	11,155,562
INVESTING ACTIVITIES		
Additions to tangible fixed assets	(3,330,845)	(5,135,176)
Additions to fixed asset investments	(206,250,000)	(56,288,750)
Disposal of tangible fixed assets	206,648	210,173
Redemption of fixed asset investments	<u>186,250,000</u>	<u>62,200,000</u>
Net cash (outflow)/inflow from investing activities	(23,124,197)	986,247
Net cash outflow before financing	<u>(211,428,387)</u>	<u>(93,854,959)</u>
FINANCING		
Proceeds of Subordinated Note Issues	87,367,151	61,236,987
Issue of ordinary Share Capital	<u>-</u>	<u>20,000,000</u>
Net inflow from financing	87,367,151	81,236,987
DECREASE IN CASH AND CASH EQUIVALENTS	<u>(124,061,236)</u>	<u>(12,617,972)</u>

MITSUBISHI FINANCE INTERNATIONAL PLC

NOTES TO THE CASH FLOW STATEMENT

1. RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<u>1992</u>	<u>1991</u>
	£	£
Income from Operations	20,124,858	12,418,017
Administrative expenses	(29,611,605)	(28,707,274)
Depreciation	2,626,153	1,883,342
Profit on disposal of fixed assets	(52,449)	(47,887)
Loss on sale of fixed asset investments	-	128,963
Decrease in securities	199,237,700	25,091,347
Increase/(Decrease) in debtors	(648,239,237)	293,497,318
Increase/(Decrease) in creditors	227,762,643	(403,546,768)
Effect of foreign exchange differences	30,381,497	(6,713,826)
Net cash outflow from Operating Activities	<u>(197,770,440)</u>	<u>(105,996,768)</u>

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	£
Balance at 31st December 1991	(42,371,108)
Net cash outflow	(124,061,236)
Balance at 31st December 1992	<u>(166,432,344)</u>

3. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1992</u>	<u>1991</u>	<u>Change in</u> <u>year</u>
	£	£	£
Cash	2,044,156	1,438,220	605,936
Bank loans and overdrafts	(168,476,500)	(43,809,328)	(124,667,172)
	<u>(166,432,344)</u>	<u>(42,371,108)</u>	<u>(124,061,236)</u>

4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>1992</u>	<u>1991</u>
	£	£
Balance at 1st January	94,652,407	40,129,246
Cash inflow from financing	87,367,151	61,236,987
Effect of foreign exchange differences	30,381,497	(6,713,826)
Balance at 31st December	<u>212,401,055</u>	<u>94,652,407</u>

MITSUBISHI FINANCE 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.

2. ADMINISTRATIVE EXPENSES

	<u>1992</u> £	<u>1991</u> £
Staff costs (note 3)	12,444,046	11,268,871
Depreciation of fixed tangible assets	2,626,153	1,883,342
Hire of quotation and communication equipment	2,369,094	1,982,090
Auditors' remuneration :		
- audit fees	66,000	65,000
- non - audit related fees	95,000	81,635
Profit on disposal of fixed assets	(52,449)	(47,887)
Other administrative expenses	12,063,761	13,474,223
	£ <u>29,611,605</u>	£ <u>28,707,274</u>

3. STAFF COSTS

	<u>1992</u>	<u>1991</u>
<u>Average number of employees</u>	201	204
<u>Employee costs</u> (Excluding directors' emoluments)		
Wages and salaries	10,293,148	9,434,121
Social security costs	939,671	853,324
Other pension costs	1,211,227	981,426
	£ <u>12,444,046</u>	£ <u>11,268,871</u>

MITSUBISHI FINANCE INTERNATIONAL PLC

NOTES (continued)

4. DIRECTORS' EMOLUMENTS	<u>1992</u> £	<u>1991</u> £
Fees	-	-
Emoluments (including pension contributions)	343,152	348,436
	£ <u>343,152</u>	£ <u>348,436</u>

The emoluments of the highest paid director amounted to £191,022 (1991 - £163,710)

The number of directors whose emoluments, excluding pension contributions, fell in each £5,000 bracket was as follows:

	<u>1992</u>	<u>1991</u>
£ 0 - £ 5,000	4	1
£ 90,001 - £ 95,000	-	2
£ 150,001 - £ 155,000	1	-
£ 160,001 - £ 165,000	-	1
£ 190,001 - £ 195,000	1	-

5. INCOME FROM FIXED ASSET INVESTMENTS	<u>1992</u>	<u>1991</u>
Income from fixed asset investments	£ <u>7,503,297</u>	£ <u>5,491,708</u>

6. OTHER INTEREST RECEIVABLE	<u>1992</u>	<u>1991</u>
Income from short-term deposits	£ <u>3,090,521</u>	£ <u>6,272,485</u>

7. TAXATION ON ORDINARY ACTIVITIES	<u>1992</u> £	<u>1991</u> £
UK Corporation tax at 33% (1991 33%)	-	-
Transfer from deferred tax	-	-
	£ <u>Nil</u>	£ <u>Nil</u>

There is no Corporation Tax liability for the year due to accumulated tax losses brought forward from previous years.

MITSUBISHI FINANCE INTERNATIONAL PLC

NOTES (continued)

8. FIXED TANGIBLE ASSETS	<u>Leasehold Improvements</u>	<u>Office Furniture and Fittings</u>	<u>Motor Vehicles</u>	<u>Office Machinery</u>	<u>Total</u>
<u>Cost</u>	£	£	£	£	£
At 1st January 1992	3,868,421	663,757	1,082,096	11,134,823	16,749,097
Additions	104,144	128,654	516,270	2,581,777	3,330,845
Disposals	-	(5,463)	(374,094)	(4,240)	(383,797)
At 31st December 1992	<u>3,972,565</u>	<u>786,948</u>	<u>1,224,272</u>	<u>13,712,360</u>	<u>19,696,145</u>
 <u>Depreciation</u>					
At 1st January 1992	523,821	369,765	413,984	4,116,124	5,423,694
Charge for year	265,071	103,815	275,159	1,982,108	2,626,153
Disposals	-	(5,463)	(222,224)	(1,911)	(229,598)
At 31st December 1992	<u>788,892</u>	<u>468,117</u>	<u>466,919</u>	<u>6,096,321</u>	<u>7,820,249</u>
 Net book value at 31st December 1992	<u>£ 3,183,673</u>	<u>£ 318,831</u>	<u>£ 757,353</u>	<u>£ 7,616,039</u>	<u>£ 11,875,896</u>
 Net book value at 31st December 1991	<u>£ 3,344,600</u>	<u>£ 293,992</u>	<u>£ 668,112</u>	<u>£ 7,018,699</u>	<u>£ 11,325,403</u>

MITSUBISHI FINANCE INTERNATIONAL PLC

NOTES (continued)

9. FIXED ASSET INVESTMENTS

	<u>Total</u> <u>£</u>
<u>Cost</u>	
At 1st January 1992	52,830,157
Additions	206,250,000
Transfer from dealing securities	43,390,501
Transfer to dealing securities	(708,305)
Redemption	(186,250,000)
Exchange adjustment	872,776
At 31st December 1992	<u>£ 116,385,129</u>
<u>Market Value</u>	
At 31st December 1992	<u>£ 115,163,468</u>
At 31st December 1991	<u>£ 52,809,389</u>

The potential tax liability if sold at market value is £nil (1991 £nil).

Fixed asset investments include investments in the holding company of £68,250,000 (1991 £33,600,267)

10. DEBTORS: Due within one year

	<u>1992</u>	<u>1991</u>
Securities sold but not delivered	579,593,430	105,559,378
Amounts owed by group companies:		
Holding company (note 19)	16,062,867	54,445,039
Fellow subsidiaries	-	411,765
Swaps net present value	385,535,224	207,181,346
Purchased options	125,694,989	72,319,663
Tax recoverable	570,075	1,144,500
Other debtors	14,527,850	27,761,309
Prepayments and accrued interest	9,323,839	13,118,469
	<u>£ 1,131,308,274</u>	<u>£ 481,941,469</u>

MITSUBISHI FINANCE INTERNATIONAL PLC

NOTES (continued)

11. DEALING SECURITIES

	<u>1992</u>		<u>1991</u>	
	<u>Listed</u>	<u>Unlisted</u>	<u>Listed</u>	<u>Unlisted</u>
	£	£	£	£
Dealing securities, at market value	117,402,515	137,812,641	421,092,302	12,483,086
Securities which are held as part of individually matched interest rate swap transactions, stated at cost	46,136,116	8,268,133	105,489,113	35,176,471
	<u>163,538,631</u>	<u>146,080,774</u>	<u>£ 526,581,415</u>	<u>£ 47,659,557</u>
Total	£ <u>309,619,405</u>		£ <u>574,240,972</u>	
Aggregate value of the above securities at market value	£ <u>310,710,040</u>		£ <u>583,852,505</u>	

Dealing securities includes investments in securities issued by the holding company of £329,815 (1991 £380,608), and issued by fellow subsidiaries of £494,723 (1991 Nil).

12. CREDITORS: Due within one year

	<u>1992</u>	<u>1991</u>
	£	£
Securities bought but not delivered	616,828,728	203,766,716
Amount owed to group companies:		
Holding company (note 19)	239,304,792	508,598,817
Fellow subsidiaries	-	-
Dealing securities at market value (listed)	15,480,442	38,182,113
Bank loans and overdrafts	168,476,500	43,809,328
Tax and social security	386,364	344,970
Options sold	182,627,169	101,922,739
Other creditors	28,276,351	24,154,743
	<u>£ 1,251,380,346</u>	<u>£ 920,779,426</u>

MITSUBISHI FINANCE INTERNATIONAL PLC

NOTES (continued)

13. CREDITORS: Due after more than one year	<u>1992</u> £	<u>1991</u> £
US\$77,000,000 Subordinated Notes due 21st November 1994	50,791,557	41,176,471
US\$100,000,000 Subordinated Notes due 28th June 2001	65,963,060	53,475,936
US\$80,000,000 Subordinated Notes due 28th January 2002	52,770,449	-
US\$65,000,000 Subordinated Notes due 12th November 2007	42,875,989	-
	<u>£ 212,401,055</u>	<u>£ 94,652,407</u>

On the 27th January 1992 the company issued US\$80,000,000 7.5 percent Subordinated Notes due 28th January 2002. On the 12th November 1992 the company issued US\$65,000,000 7.75 percent Subordinated Notes due 12th November 2007. These notes were successfully placed with investors.

14. CALLED UP SHARE CAPITAL	<u>1992</u>		<u>1991</u>	
Ordinary shares of £1 each:	<u>NO</u>	£	<u>NO</u>	£
Authorised	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
Allotted called up and fully paid	<u>120,000,000</u>	<u>120,000,000</u>	<u>120,000,000</u>	<u>120,000,000</u>

15. GUARANTEES, CONTINGENT LIABILITIES AND COMMITMENTS

Annual commitments under non - cancellable operating leases are as follows:

	<u>1992</u> Land and Buildings £	<u>1991</u> Land and Buildings £
Operating leases which expire:		
Within one year	-	-
Within two to five years	-	-
Over five years	<u>1,807,740</u>	<u>1,807,740</u>

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.

MITSUBISHI FINANCE INTERNATIONAL PLC

16. CHARGES

Amounts of £4,718,473 were secured by securities pledged under a right of lien to clearing houses.

17. PENSION FUND

The Mitsubishi Finance International Plc pension scheme is a non-contributory defined benefit pension scheme operated by Standard Life Pension Funds Limited for the benefit of staff employed by Mitsubishi Finance International Plc.

With effect from 1st January 1989 the provisions of SSAP 24 have been adopted such that the expected cost of providing future pensions is recognised in a systematic basis over the period during which the company expects to derive a benefit from the services of its employees.

An actuarial valuation is performed every three years, and the latest valuation was performed as at 31st December 1992. The results of the valuation, which was performed using the projected unit method, showed that the assets of the scheme amounted to £5,341,318 and were sufficient to secure 118% of the liabilities of the scheme based on final pensionable salaries. The main actuarial assumptions used were an investment rate of return of 9% pa, an increase in salaries of 8%, and no increase in plan benefits. The charge to the Profit and Loss Account for 1992 was £1,211,227.

In accordance with the results of the valuation, contributions are made to the scheme at the rate of 19% of plan salaries. The surplus arising on the introduction of the provisions of SSAP 24 is being spread over the remaining service lives of the eligible employees.

18. CONTRACTS OF SIGNIFICANCE

There were no contracts of significance subsisting during or at the end of the financial year in which a director is or was materially interested.

19. HOLDING COMPANY

The company is a wholly owned subsidiary of its ultimate holding company, The Mitsubishi Bank Limited, which is incorporated in Japan. Copies of the group financial statements of the ultimate holding company are available from:

The Mitsubishi Bank Limited
7-1 Marunouchi 2-chome
Chiyoda-Ku
Tokyo 100
Japan

20. APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the board of directors on 12th February 1993.