

Financial Statements
31st December 1996



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 1996.

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

Business Review

The directors are pleased with the results for the year with all business units contributing to profits, particularly in the areas of structured finance and derivatives. TMI has also increased its activities as a lead manager of bond and medium term note issues and has maintained a strong presence in the secondary markets.

TMI continues to promote and develop its capital markets business from London dealing in its three main areas of activity, securities, derivatives and structured products; it is TMI's intention to continue to provide its clients with an excellent service in all areas of its activities.

The directors' commitment to strong risk control, systems development and the enhancement of the quality of its personnel continues.

Merger

On 1st April 1996 The Mitsubishi Bank, Limited merged with The Bank of Tokyo, Ltd. On the same date Mitsubishi Finance International plc acquired the business of Bank of Tokyo Capital Markets Limited and changed its name to Tokyo-Mitsubishi International plc. Further information is detailed in Note 17 to the Financial Statements.

Proposed Dividend

The directors propose a scrip dividend for the year of £6,000,000 (1995 cash dividend £3,000,000). The scrip dividend offers shareholders a choice of receiving fully paid up shares in the company in lieu of the cash amount.

Financial

The profit for the year of £7,025,780 (1995 £2,465,547) has been transferred to reserves.



Tokyo-Mitsubishi International plc

Directors

The directors are as follows:

T Tange
K Enya
T Uno
M Kawamura
A Watanabe
K Koga
H Yoshimine
K Watanabe
F Yano
A D Loehnis

Mr J Yoshino and Mr T Kobayashi resigned on 1st April 1996. Mr S Uno was removed as alternate director to Mr T Tange on 1st April 1996. Mr K Enya, Mr T Uno, Mr M Kawamura, Mr M Iijima, Mr H Yoshimine, Mr F Yano and Mr A D Loehnis were appointed on 1st April 1996. Mr M Iijima resigned and Mr K Watanabe was appointed on 24th October 1996. None of the directors had any interest in the shares of the company at any time during the year.

The company maintains insurance to indemnify its directors and officers in accordance with section 310 (3) of the Companies Act 1985.

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 financial statements on a going concern basis.

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.

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.



Tokyo-Mitsubishi International plc

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.

By order of the board
David I Spencer
Secretary

6 Broadgate
London EC2M 2AA

25th February 1997



Tokyo-Mitsubishi International plc

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

We have audited the financial statements on pages 5 - 19.

Respective responsibilities of directors and auditors

As described on page 2, 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
London
Registered Auditors

25th February 1997



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 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 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 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.

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.

Management Fees and Commission

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



Tokyo-Mitsubishi International plc

Accounting Policies - *(continued)*

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 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 1996

	Notes	1996 £'000	1995 £'000
Income from Operations	1	75,125	47,731
Administrative expenses	2 - 4	(62,099)	(38,666)
Profit on ordinary activities before taxation	1	13,026	9,065
Taxation on ordinary activities	5	-	(3,600)
Profit on ordinary activities after taxation		13,026	5,465
Dividend	6	(6,000)	(3,000)
Retained profit for the year		7,026	2,465
Retained profit brought forward		2,696	231
Retained profit carried forward		9,722	2,696

The company has no recognised gains and losses other than the profit for the year. All profits shown above are derived from continuing operations.



Tokyo-Mitsubishi International plc

Balance Sheet

As at 31st December 1996

	Notes	1996 £'000	1995 £'000
Fixed assets			
Tangible assets	7	14,447	9,697
Investment	18	2,567	-
		<u>17,014</u>	<u>9,697</u>
Current assets			
Debtors	8	3,971,871	2,820,110
Securities	9	1,989,887	1,051,345
Cash		2,811	1,555
		<u>5,964,569</u>	<u>3,873,010</u>
Creditors: Amounts falling due within one year	10	<u>(4,782,027)</u>	<u>(2,832,433)</u>
Net current assets		<u>1,182,542</u>	<u>1,040,577</u>
Total assets less current liabilities		<u>1,199,556</u>	<u>1,050,274</u>
Creditors: Amounts falling due after more than one year	11	<u>(983,334)</u>	<u>(927,578)</u>
Net assets		<u>216,222</u>	<u>122,696</u>
Capital and Reserves			
Called up share capital	12	206,500	120,000
Profit and loss account		9,722	2,696
Shareholders' Funds	13	<u>216,222</u>	<u>122,696</u>

Approved on behalf of the
board of Directors

Akira Watanabe
Director

25th February 1997



Tokyo-Mitsubishi International plc

Cash Flow Statement

For the year ended 31st December 1996

	1996 £'000	1995 £'000
Net cash outflow from operating activities	(316,078)	(498,234)
Dividend Paid	(3,000)	-
Taxation		
Tax paid	(4,352)	-
Investing Activities		
Additions to tangible fixed assets	(10,391)	(4,675)
Disposal of tangible fixed assets	152	189
Purchase of subsidiary	51,777	
Net cash inflow/(outflow) from investing activities	41,538	(4,486)
Net cash outflow before financing	(281,892)	(502,720)
Financing		
Proceeds of note issues	323,936	368,713
Proceeds of long term loans	-	144,327
Redemption of note issues	(134,987)	(6,643)
Net cash inflow from financing	188,949	506,397
(Decrease)/Increase in cash and cash equivalents	(92,943)	3,677



Tokyo-Mitsubishi International plc

Notes on the Cash Flow Statement

1 Reconciliation of income from operations to net cash flow from operating activities

	1996 £'000	1995 £'000
Income from operations	75,125	47,731
Administrative expenses	(62,099)	(38,666)
Depreciation	5,990	5,603
Profit on disposal of fixed assets	(76)	(110)
(Increase)/Decrease in securities	(582,764)	12,044
(Increase) in debtors	(1,085,252)	(683,578)
Increase in creditors	1,445,207	160,797
Effect of foreign exchange differences	(112,209)	(2,055)
Net cash outflow from operating activities	<u>(316,078)</u>	<u>(498,234)</u>

2 Analysis of changes in cash and cash equivalents during the year

	£'000
Balance at 1st January 1996	(12,303)
Net cash outflow	<u>(92,943)</u>
Balance at 31st December 1996	<u>(105,246)</u>

3 Analysis of changes in cash and cash equivalents as shown in the balance sheet

	1996 £'000	1995 £'000	Change in year £'000
Cash	2,811	1,555	1,256
Bank loans and overdrafts	(204)	(341)	137
Short term borrowings	(107,853)	(13,517)	(94,336)
	<u>(105,246)</u>	<u>(12,303)</u>	<u>(92,943)</u>



Tokyo-Mitsubishi International plc

Notes on the Cash Flow Statement - (continued)

4 Analysis of changes in financing during the year

	1996 £'000	1995 £'000
Balance at 1st January	927,578	423,236
Cash inflow from financing	323,936	513,040
Redemption of note issues	(134,987)	(6,643)
Effect of foreign exchange differences	(112,209)	(2,055)
Other movements	(20,984)	-
Balance at 31st December	<u>983,334</u>	<u>927,578</u>

5 Analysis of the net inflow of cash and cash equivalents in respect of the purchase of subsidiary as at 1st April 1996

	£'000
Cash consideration	-
Amounts owed by holding company	321,879
Amounts owed to holding company	<u>(270,102)</u>
	<u>51,777</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

	1996 £'000	1995 £'000
Staff costs (note 3)	31,482	16,369
Depreciation of fixed tangible assets	5,990	5,603
Operating lease rentals:		
Hire of quotation and communication equipment	3,833	2,635
Rental of premises	2,767	1,938
Auditors' remuneration:		
Audit fees	85	76
Non audit related fees	120	62
Profit on disposal of fixed assets	(76)	(110)
Other administrative expenses	17,898	12,093
	<u>62,099</u>	<u>38,666</u>

3 Staff costs

	1996	1995
Average number of employees	277	210
Employee costs (Excluding directors' emoluments)	£'000	£'000
Wages and salaries	27,653	13,860
Social security costs	1,974	1,315
Other pension costs	1,855	1,194
	<u>31,482</u>	<u>16,369</u>



Tokyo-Mitsubishi International plc

Notes *(continued)*

4 Directors' Emoluments

	1996 £'000	1995 £'000
Fees	-	-
Emoluments (including pension contribution)	884	363
	<u>884</u>	<u>363</u>

The emoluments of the highest paid director amounted to £203,368 (1995 £194,616).

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

	1996	1995
£ 0 - £ 5,000	5	3
£ 5,001 - £ 10,000	1	-
£ 20,001 - £ 25,000	1	-
£ 70,001 - £ 75,000	1	-
£ 95,001 - £ 100,000	1	-
£ 130,001 - £ 135,000	1	-
£ 165,001 - £ 170,000	-	1
£ 170,001 - £ 175,000	2	-
£ 190,001 - £ 195,000	-	1
£ 200,001 - £ 205,000	1	-
	<u>1</u>	<u>-</u>

5 Taxation on ordinary activities

	1996 £'000	1995 £'000
UK Corporation tax at 33%	-	3,600
	<u>-</u>	<u>3,600</u>

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

6 Dividend

	1996 £'000	1995 £'000
Final scrip dividend (1995 cash dividend) offering shareholders a choice of receiving fully paid up shares in the company in lieu of the cash amount	6,000	3,000
	<u>6,000</u>	<u>3,000</u>

The final scrip dividend was declared on 25th February 1997.



Tokyo-Mitsubishi International plc

Notes (continued)

7 Fixed tangible assets

	Leasehold improvements £'000	Office furniture and fittings £'000	Motor vehicles £'000	Office machinery £'000	Total £'000
Cost					
At 1st January 1996	4,748	593	777	20,734	26,852
Additions	2,182	204	204	8,438	11,028
Disposals	(24)	-	(257)	(6,300)	(6,581)
At 31st December 1996	6,906	797	724	22,872	31,299
Depreciation					
At 1st January 1996	2,122	518	411	14,104	17,155
Charge for the year	524	36	154	5,276	5,990
Additions	-	-	34	179	213
Disposals	(24)	-	(215)	(6,267)	(6,506)
At 31st December 1996	2,622	554	384	13,292	16,852
Net book value 1996	4,284	243	340	9,580	14,447
Net book value 1995	2,626	75	366	6,630	9,697

8 Debtors: Due within one year

	1996 £'000	1995 £'000
Securities sold but not delivered	1,391,821	693,535
Amounts owed by group undertakings:		
Holding company (note 19)	490,134	411,927
Fellow subsidiaries	9,941	-
Swaps	1,716,299	1,334,697
Purchased options	230,980	240,991
Other debtors	59,643	73,031
Prepayments and accrued income	73,053	65,929
	<u>3,971,871</u>	<u>2,820,110</u>



Tokyo-Mitsubishi International plc

Notes *(continued)*

9 Securities

	1996		1995	
	Listed £'000	Unlisted £'000	Listed £'000	Unlisted £'000
Dealing securities, at market value	1,314,694	419,723	734,236	78,346
Securities held at cost	186,384	69,086	228,818	9,945
market value £259,366 (1995 £240,792)				
	<u>1,501,078</u>	<u>488,809</u>	<u>963,054</u>	<u>88,291</u>
Total	<u>1,989,887</u>		<u>1,051,345</u>	

Of the dealing securities £262,043,097 (1995 £62,080,261) are listed on the London Stock Exchange Limited and the rest on stock exchanges outside Great Britain. Dealing securities includes investments in securities issued by the holding company of £nil (1995 £4,069,300).

10 Creditors: Due within one year

	1996 £'000	1995 £'000
Securities bought but not delivered	1,724,296	902,801
Amount owed to group undertakings:		
Holding company (note 19)	225,727	33,023
Fellow subsidiaries	29,393	17,263
Dealing securities at market value (listed)	626,905	351,040
Dealing securities at market value (unlisted)	11,830	-
Swaps	1,383,033	1,066,306
Bank loans and overdrafts	204	341
Short term borrowings	164,224	13,562
Tax and social security	2,157	4,265
Options sold	355,666	357,224
Other creditors	258,592	86,608
	<u>4,782,027</u>	<u>2,832,433</u>

Of the dealing securities, £4,717,712 (1995 £nil) are listed on the London Stock Exchange Limited and the rest on stock exchanges outside Great Britain.



Tokyo-Mitsubishi International plc

Notes *(continued)*

11 Creditors: Due after more than one year

	1996		1995	
	£'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%	-	258,688	-	320,030
US Dollar notes with various rates of interest	361,309	344,287	103,960	463,547
German Mark dual basis notes	-	15,192	-	9,032
Italian Lira 11.95% notes	3,858	-	4,075	-
Swiss Franc zero coupon notes	-	-	26,934	-
	<u>365,167</u>	<u>618,167</u>	<u>134,969</u>	<u>792,609</u>
	<u>983,334</u>		<u>927,578</u>	

12 Called up share capital

	1996		1995	
	No '000	£'000	No '000	£'000
Ordinary shares of £1 each:				
Authorised	<u>300,000</u>	<u>300,000</u>	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid	<u>206,500</u>	<u>206,500</u>	<u>120,000</u>	<u>120,000</u>

On 18th March 1996 the company increased its authorised share capital to 300,000,000 ordinary shares of £1 each. On 1st April 86,500,000 ordinary shares of £1 each were allotted and issued for a consideration of £86,500,000 to purchase the shares of Bank of Tokyo Capital Markets Limited - see Note 17.

13 Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Opening shareholders' funds	122,696	120,231
Increase in share capital	86,500	-
Profit for the financial year	<u>7,026</u>	<u>2,465</u>
Closing shareholders' funds	<u>216,222</u>	<u>122,696</u>



Tokyo-Mitsubishi International plc

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 (1995 £1,808,000).

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

Current Arrangements

Current pension arrangements for Tokyo-Mitsubishi International plc can be summarised as follows:

- A final salary pension scheme for employees from Mitsubishi Finance International plc operated by Standard Life Assurance Company under their centralised trust.
- A final salary pension scheme for employees from Bank of Tokyo Capital Markets Limited 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 provides the pension arrangements for all new employees of the company who commenced service after 1st April 1996.

Tokyo-Mitsubishi International plc Pension Scheme

An actuarial valuation is performed every three years and the latest valuation was performed as at 31st December 1995. The results of the valuation, which was performed using the projected unit method, showed that the assets of the scheme amounted to £8,557,000 and were sufficient to secure 107% of the liabilities of the scheme based on final pensionable salaries. The main actuarial assumptions used were an investment rate of return of 8.5% per annum, an increase in salaries of 7% per annum, and no increase in plan benefits. The charge to the Profit and Loss Account for 1996 was £1,445,376 (1995 £1,194,412).

Bank of Tokyo Group UK Pension & Life Assurance Fund

Following the merger of The Bank of Tokyo, Ltd. and The Mitsubishi Bank, Limited the company assumed responsibility for employees of Bank of Tokyo Capital Markets Limited. Their pension rights are held in the Bank of Tokyo Group UK Pension & Life Assurance Fund. Accordingly Tokyo-Mitsubishi International plc formally adhered to this scheme with effect from 1st April 1996. The latest actuarial valuation was performed as at 1st August 1995. The results of the valuation which was performed using the projected unit method showed that the assets of the scheme amounted to £19,312,000 and were sufficient to secure 99.5% of the liability of the scheme based on final pensionable salaries. The main actuarial assumptions used were an investment rate of return of 9% per annum and increase in salaries of 7.5% per annum and no increase in plan benefits. The contribution made to the Bank of Tokyo Group UK Pension & Life Assurance Fund by the company for 1996 was £369,944.



Tokyo-Mitsubishi International plc

Notes *(continued)*

With respect to both schemes the provisions of SSAP 24 have been adopted such that the expected cost of providing future pensions is recognised on a systematic basis over the period during which the company expects to derive a benefit from the services of its employees.

16 Contracts of Significance and Related Party Transactions

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.

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 Merger

Following the merger of The Mitsubishi Bank, Limited and The Bank of Tokyo, Ltd. on 1st April 1996, the new merged bank, The Bank of Tokyo-Mitsubishi, Ltd., owned Mitsubishi Finance International plc which changed its name to Tokyo-Mitsubishi International plc ("TMI") on the same date. On that day a Share Exchange Agreement was signed to transfer the shares in Bank of Tokyo Capital Markets Limited ("BOTCM") from the merged bank to TMI in exchange for the issue of 86,500,000 ordinary shares at par of £1 each by TMI, which represented the Directors' opinion of the fair net asset value of BOTCM as at 1st April 1996. After the transfer of the shares an agreement was signed between TMI and BOTCM to transfer all assets and liabilities to TMI for £86,500,000.

The fair value of the net assets acquired were as follows:

	Book Value and Fair Value £'000
Fixed assets	
Tangible assets	424
Investments	3,335
Current assets	
Securities sold but not delivered	98,602
Amounts owed by holding company	321,879
Other debtors	14,901
Securities	20,768
Total assets	459,909
Liabilities	
Securities bought but not delivered	(89,052)
Amounts owed to holding company	(270,102)
Swaps net present value	(1,317)
Other creditors	(12,938)
Total liabilities	(373,409)
Net assets	86,500



Tokyo-Mitsubishi International plc

Notes *(continued)*

In the period from 1st January 1996 to the date of acquisition the retained loss of BOTCM was £7,643,252 and its profit after taxation for the year ended 31st December 1995 was £1,736,000.

On 2nd April 1996 a BOTCM shareholders' meeting was convened and the company was put into members' voluntary winding up. KPMG was appointed liquidator for the company. Subsequently a capital distribution of £86,500,000 was made to TMI and as at 31st December 1996 BOTCM does not own any assets or liabilities.

18 Investment in Subsidiary

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

	<u>Country of Incorporation</u>	<u>Main Activity</u>
BTM Securities (Spain) S.A.	Spain	Securities dealing

The subsidiary has been treated as a fixed asset investment and is stated at cost. BTM Securities (Spain) S.A. is not consolidated into the company's financial statements as it is not material for the purpose of giving a true and fair view.

19 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