

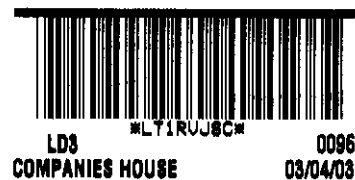
Company Registration No. 02214224

MITSUBISHI CORPORATION (UK) PLC

Report and Financial Statements

Year ended 31 December 2002

**Deloitte & Touche
London**



MITSUBISHI CORPORATION (UK) PLC

REPORT AND FINANCIAL STATEMENTS 2002

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MITSUBISHI CORPORATION (UK) PLC

REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M Miyaji
M Asaoka
H Nomura
S Suzuki

SECRETARY

T Kuniyoshi

REGISTERED OFFICE

Mid City Place
71 High Holborn
London WC1V 6BA

SOLICITORS

Clifford Chance

AUDITORS

Deloitte & Touche
Chartered Accountants
London

MITSUBISHI CORPORATION (UK) PLC

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The company's principal activities are those of trading in a broad range of commodities, technologies, industrial and consumer products, and the provision of services, including financing.

RESULTS AND DIVIDENDS

Loss for the year after taxation amounted to £1,357,000 (2001 – £1,248,000 profit).

The directors recommend that no dividend is paid this year (2001 – £nil).

BUSINESS DEVELOPMENT AND FUTURE PROSPECTS

Trading results for the year were below expectations, due to general poor trading conditions and significant provisions for bad debts. The company also needed to write down significant amounts of our Fixed Assets Investments as these companies suffered from the global economic slowdown. This has resulted in us posting a loss for the year.

If these additional factors are stripped out, then from a trading position our results would have been similar to last year. Our expectation is that we can improve upon this core trading position in 2003 and would not foresee having to make any further write down of our Investments.

The company expects to return to profitability next year.

DIRECTORS AND THEIR INTERESTS

The current directors are shown on page 1. The directors who served throughout the year and up to the date of this report (except as noted) were:

M Takashima (resigned 19 June 2002)
M Miyaji (appointed 19 June 2002)
M Asaoka
H Nomura
S Suzuki

During the year none of the directors had any beneficial interests, as defined by the Companies Act 1985, in the share capital of the company or any other group company incorporated in the United Kingdom, or the ultimate parent company.

CHARITABLE CONTRIBUTIONS

Contributions made to charities during the year amounted to £61,088 (2001 – £135,565).

CREDITORS

The company aims to make payment under agreed terms. During the year average payment was made in approximately 30 days (2001 – approximately 30 days).

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed by order of the Board



M Asaoka

Managing Director

28th March 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITSUBISHI CORPORATION (UK) PLC

We have audited the financial statements of Mitsubishi Corporation (UK) plc for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, 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 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

Chartered Accountants and Registered Auditors
London

28 March 2003

MITSUBISHI CORPORATION (UK) PLC

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
TURNOVER	2	1,715,656	1,589,559
Cost of sales		(1,695,465)	(1,574,283)
Gross profit		20,191	15,276
Administrative expenses	4	(18,614)	(17,267)
Other operating income	6	3,533	5,417
OPERATING PROFIT	4	5,110	3,426
Income from shares in group undertakings		208	271
Amounts written off fixed asset investments		(3,625)	-
Interest receivable and similar income	7	8,280	15,563
Interest payable and similar charges	8	(10,251)	(17,459)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(278)	1,801
Tax on loss/profit on ordinary activities	9	(1,079)	(553)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD	18	(1,357)	1,248
Retained profit brought forward		16,518	15,270
Retained profit carried forward		15,161	16,518

All of the company's operations for both the current and the preceding financial years fall into the category of "Continuing Operations" as defined in Financial Reporting Standard 3.

There were no recognised gains or losses attributable to shareholders for the current or the preceding financial years other than as shown above.

There is no material difference between the profit on ordinary activities before taxation and the profit for the current period stated above, and their historical cost equivalents.

MITSUBISHI CORPORATION (UK) PLC

BALANCE SHEET

31 December 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Intangible assets	10	20	175
Tangible assets	11	1,714	906
Investments	12	23,958	16,861
		<u>25,692</u>	<u>17,942</u>
CURRENT ASSETS			
Stocks	13	140,085	166,131
Debtors			
Due within one year	14	534,759	545,394
Due after more than one year	14	21,873	20,190
Cash at bank and in hand		9,658	7,989
		<u>706,375</u>	<u>739,704</u>
CREDITORS: amounts falling due within one year	15	<u>(680,854)</u>	<u>(681,077)</u>
NET CURRENT ASSETS		<u>25,521</u>	<u>58,627</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		51,213	76,569
CREDITORS: amounts falling due after more than one year	16	<u>(2,402)</u>	<u>(26,401)</u>
		<u>48,811</u>	<u>50,168</u>
CAPITAL AND RESERVES			
Called up share capital	17	33,650	33,650
Profit and loss account		15,161	16,518
EQUITY SHAREHOLDERS' FUNDS	18	<u>48,811</u>	<u>50,168</u>

These financial statements were approved by the Board of Directors on 28th March 2003.

Signed on behalf of the Board of Directors



Managing director

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, as modified by the valuation of liquid commodity contracts as discussed below.

Group accounts

The company has taken advantage of the exemption available under s248 of the Companies Act and is exempt from the obligation to prepare and deliver group accounts, as the company is itself a subsidiary undertaking of a larger group and the group that it heads qualifies as a small group.

Cash flow statement

The company has not prepared a cash flow statement following the revision of FRS1 on the basis that the ultimate parent company produces consolidated accounts, which include a cash flow statement, into which the company's accounts are fully consolidated.

Intangible fixed assets

Concessions, patents, licences, trademarks, and similar rights and assets are valued at cost on acquisition and are amortised in equal annual amounts over their useful economic lives (five years).

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided against cost in equal annual instalments over the estimated useful life of the asset. Office equipment has an estimated useful life of three or four years and other assets have an estimated useful life of four years.

Investments

Investments held as fixed assets are stated at cost less any provision required to reflect an impairment in value.

Derivative financial instruments

The company uses futures commodity contracts to hedge the price risk of certain commodities that it trades. Open positions on liquid commodities are valued at market value at the year-end.

Stocks

Stocks consist of goods for resale stated at the lower of cost and net realisable value. Cost includes all the expenditure incurred in bringing stocks to their present location and condition. Stocks of liquid traded commodities are valued at market value at the year-end.

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

Turnover

The turnover recognised is that for which the company has entered into any transaction at its own risk as principal, or in the case of disclosed agency or brokerage transactions, the commission receivable.

Foreign exchange

Monetary assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rates prevailing on the dates of the transactions. Resulting differences on translation are charged or credited to the profit and loss account.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases. Further details are given in note 18 to the accounts. For operating leases where the company acts as lessor, the assets have been recorded as fixed assets and depreciated over their useful lives. Rental income is credited to the profit and loss account in equal instalments over the period of the lease.

Pension costs

The company operates both a defined benefit and a defined contribution pension scheme. For defined benefit schemes the expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pensions cost is a substantially level percentage of current and expected future pensionable payroll. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Further details of the schemes are given in note 19 to the accounts.

Deferred Taxation

A new financial reporting standard FRS 19 "Deferred Taxation" has been adopted for the year. The effect of adopting FRS 19 is not material to the financial statements and accordingly the comparatives have not been restated.

In accordance with FRS 19, deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

MITSUBISHI CORPORATION (UK) PLC

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

2. TURNOVER

Turnover represents:

- gross sales with respect to transactions in which the company is named as principal;
- commission receivable for transactions in which the company acts as a disclosed settlement agent; and
- brokerage commission receivable.

Turnover comprises:

	2002 £'000	2001 £'000
Principal	1,711,412	1,584,356
Agency	1,169	1,008
Brokerage	3,075	4,195
	<u>1,715,656</u>	<u>1,589,559</u>

In the opinion of the directors it is seriously prejudicial to the interests of the company and not meaningful to give an analysis of turnover, profit or net assets by geographical area. The directors are also of the opinion that the company's trading business constitutes one class of activity.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2002 £'000	2001 £'000
Directors' emoluments:		
Other emoluments	<u>607</u>	<u>369</u>
Remuneration of the highest paid director (excluding pension contributions)	<u>239</u>	<u>175</u>
	No.	No.
Average number of persons employed		
Trading and administration	<u>152</u>	<u>151</u>
	£'000	£'000
Employee costs (excluding directors' emoluments)		
Wages and salaries	4,870	4,336
Social security costs	406	403
Other pension costs	397	331
Cost in respect of parent company's employees	<u>3,762</u>	<u>3,980</u>
	<u>9,435</u>	<u>9,050</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

4. OPERATING PROFIT

Operating profit is stated after charging the following amounts:

	2002	2001
	£'000	£'000
Depreciation of tangible fixed assets – owned assets	549	400
Amortisation of intangible fixed assets	29	50
Rentals under operating leases -other operating leases	1,090	1,111
Auditors' remuneration:		
Audit	115	110
Other fees	97	102
	<u> </u>	<u> </u>

5. AMOUNTS WRITTEN OFF FIXED ASSET INVESTMENTS

An exceptional operating loss has arisen due to the write-off of a number of Fixed Asset Investments as a result of the global economic slowdown. This is detailed further in Note 11.

6. OTHER OPERATING INCOME

Other operating income consists of management and IT recharges to various group companies for services provided.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002	2001
	£'000	£'000
Amounts receivable from group undertakings	6,610	10,993
Other interest receivable and similar income	1,670	4,570
	<u> </u>	<u> </u>
	8,280	15,563
	<u> </u>	<u> </u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£'000	£'000
Interest on bank loans and overdrafts repayable within five years	9,731	16,528
Interest payable to group undertakings	458	866
Other interest payable	62	65
	<u> </u>	<u> </u>
	10,251	17,459
	<u> </u>	<u> </u>

MITSUBISHI CORPORATION (UK) PLC

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

9. TAX ON LOSS/PROFIT ON ORDINARY ACTIVITIES

Analysis of tax charge on ordinary activities:

	2002 £'000	2001 £'000
United Kingdom corporation tax at 30% (2001 – 30%)	1,079	594
Adjustment in respect of prior years	-	(41)
Double taxation relief	(23)	(120)
	<u>1,056</u>	<u>433</u>
Foreign tax for current period	23	120
	<u>1,079</u>	<u>553</u>

Factors affecting tax charge for the current period:

The tax assessed for the period is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2001: 30%)

	2002 £'000	2001 £'000
(Loss)/Profit on ordinary activities before tax	(278)	1,801
Tax at 30% thereon	83	(540)
Expenses not deductible for tax purposes	(165)	(206)
Provision against fixed asset investments	(1,145)	-
Capital allowances in excess of depreciation	86	71
United Kingdom dividend income	62	81
Prior period adjustments	-	41
	<u>(1,079)</u>	<u>(553)</u>

Factors affecting tax charge for the current period:

No provision has been made for deferred tax assets of £242k in respect of Accelerated Capital Allowances nor £45k in respect of short-term timing differences, as they are not considered recoverable in the short term.

MITSUBISHI CORPORATION (UK) PLC

NOTES TO THE ACCOUNTS Year ended 31 December 2002

10. INTANGIBLE ASSETS

	Patents, licences and concessions £'000
Cost	
At 1 January 2002	250
Additions	24
Disposals	(250)
	<hr/>
At 31 December 2002	24
	<hr/>
Accumulated amortisation	
At 1 January 2002	75
Charge for the year	29
Disposals	(100)
	<hr/>
At 31 December 2002	4
	<hr/>
Net book value	
At 31 December 2002	20
	<hr/>
At 31 December 2001	175
	<hr/>

Intangible assets represent an assigned concession.

MITSUBISHI CORPORATION (UK) PLC

NOTES TO THE ACCOUNTS Year ended 31 December 2002

11. TANGIBLE FIXED ASSETS

	Furniture, fixtures and fittings £'000	Office equipment £'000	Assets in the course of construction £'000	Total £'000
Cost				
At 1 January 2002	2,467	7,155	416	10,038
Additions	156	95	1,106	1,357
Transfers	1,503	-	(1,503)	-
Disposals	-	(542)	-	(542)
At 31 December 2002	4,126	6,708	19	10,853
Accumulated depreciation				
At 1 January 2002	2,448	6,684	-	9,132
Charge for the year	311	238	-	549
Disposals	-	(542)	-	(542)
At 31 December 2002	2,759	6,380	-	9,139
Net book value				
At 31 December 2002	1,367	328	19	1,714
At 31 December 2001	19	471	416	906

12. INVESTMENTS HELD AS FIXED ASSETS

	Shares in subsidiary undertaking £'000	Shares in other group undertakings £'000	Shares in participating interests £'000	Other investments other than loans £'000	Total £'000
Cost					
At 1 January 2002	50	14,234	227	2,685	17,196
Additions	250	7,861	2,611	-	10,722
At 31 December 2002	300	22,095	2,838	2,685	27,918
Provision					
At 1 January 2001	-	170	165	-	335
Charge for the year	179	2,075	-	1,371	3,625
At 31 December 2002	179	2,245	165	1,371	3,960
Net book value					
At 31 December 2002	121	19,850	2,673	1,314	23,958
At 31 December 2001	50	14,064	62	2,685	16,861

MITSUBISHI CORPORATION (UK) PLC

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

12. INVESTMENTS HELD AS FIXED ASSETS (continued)

Shares in subsidiary undertaking

£50,000 of the shares in subsidiary undertakings represent a 100% holding and equivalent voting rights in the share capital of MC (Operations) Limited, a company incorporated in Great Britain and registered in England and Wales. The company is involved in providing property management and related services.

£250,000 represents a 100% shareholding and equivalent voting rights in Buckingham Ventures Limited, a company incorporated in Great Britain. The company acts as a holding company for Celvibe Ltd and it is a new investment in the current year. A provision of £179,000 has been made against it as Celvibe has become lossmaking.

Shares in other group undertakings

Company Name	Country of Incorporation	Shareholding %	Shareholding £	Principal business activity
Diamond Seafoods (UK) Limited	UK	20	200,000	Trading in seafood
Princes Limited	UK	10	700,000	Trading in canned foodstuff
MCSI Limited	UK	20	1,490,000	Printing & photography
Triland Metals Limited	UK	9.09	880,001	Metal brokerage
Ellenita Limited	UK	15	158,395	Shipping
Lunita Limited	UK	15	158,395	Shipping
MC Machinery Systems Limited	UK	20	100,000	Machinery
ERB Autokredit AG	Switzerland	10	449,236	Motor vehicle finance
MC Portugal Lda	Portugal	30	649,248	Importing & distribution
MLP UK Ltd	UK	1.3	70,000	Printing & lithographic distributor
Bow Bells House Investment	UK	30	9,856,000	Redevelopment of offices
Tredia Europe Limited	UK	20	120,000	Clothing importer
HFSA Investments BV	South Africa	10.8	7,263,150	Holding Company

Participating interests

Included within participating interests is a £165,000 investment representing a 33% holding in Polymers International (UK) Limited, a company incorporated in Great Britain and registered in England and Wales. The company is involved in importing and distribution. This investment is fully provided for.

Also included within shares in participating interests is a £2,610,360 in ERB Finanz-und Leasing AG another Swiss company that deals with leasing and financing of motor vehicles.

The remainder of the balance of £62,500 represents an investment in Mit-Sun International Trading Limited, a company incorporated in Jersey. The company's principal activity is trading in foodstuffs.

MITSUBISHI CORPORATION (UK) PLC

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

Other investments other than loans

Included within other investments other than loans is a £620,789 investment representing a 0.6% holding in Kelkoo.Com, a company incorporated in. The company's principal activity is as an online shopping search engine.

Profit and net assets of associates

	Year ended	Total of share capital and reserves £'000	Profit/(loss) for the year £'000
Diamond Seafoods (UK) Limited	31 December 2001	3,170	322
MC Portugal LDA	31 December 2001	1,814	31
Mit-Sun International	31 December 2001	1,057	570
Tredia Europe Limited	31 December 2001	599	(1)
ERB Autokredit AG	31 December 2001	6,151	901
Bow Bells House	31 December 2001	9,762	354
MCSI Limited	31 December 2001	289	(4,478)

MC Machinery Systems Limited went into liquidation during the year and has been fully provided for.

All the above investments are unlisted.

MITSUBISHI CORPORATION (UK) PLC

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

13. STOCKS

	2002 £'000	2001 £'000
Finished goods and goods for resale	140,085	166,131

14. DEBTORS

	2002 £'000	2001 £'000
Amounts due within one year:		
Trade debtors	207,659	147,912
Amounts owed by parent company and fellow subsidiary undertakings	314,087	358,111
Loans to third parties	964	14,029
Prepayments and accrued income	12,049	25,342
	534,759	545,394
Amounts due after more than one year:		
Trade debtors	291	486
Amounts owed by parent company and fellow subsidiary undertakings	9,969	16,978
Loans to third parties	11,613	2,726
	21,873	20,190
Total debtors	556,632	565,584

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Bank loans and overdrafts (unsecured)	398,322	424,780
Trade creditors	148,782	157,327
Amounts owed to parent company and fellow subsidiary undertakings	124,633	83,157
Taxation and social security	445	484
Accruals and deferred income	8,672	15,329
	680,854	681,077

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £'000	2001 £'000
Amounts owed to fellow subsidiary undertakings	2,402	26,401

MITSUBISHI CORPORATION (UK) PLC

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

17. CALLED UP SHARE CAPITAL

	2002	2001
	£'000	£'000
Authorised:		
50,000,000 ordinary shares of £1 each	50,000	50,000
Allotted and fully paid:		
33,650,000 ordinary shares of £1 each	33,650	33,650

18. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2002	2001
	£'000	£'000
(Loss)/profit for the financial year	(1,357)	1,248
Opening equity shareholders' funds	50,168	48,920
Closing equity shareholders' funds	48,811	50,168

19. CONTINGENT LIABILITIES

Contingent liabilities at the year end incurred in the ordinary course of business are as follows:

	2002	2001
	£'000	£'000
Commitments to honour the repayment of loan obligations	205	227

Under the normal course of business the company may arrange bank guarantees for suppliers.

20. OPERATING LEASE COMMITMENTS

At 31 December 2002, the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £'000
Leases which expire:	
Within one year	1,292

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

21. PENSION SCHEMES

The Mitsubishi Corporation Retirement Benefits Scheme ("the defined benefit scheme") is a multi-employer, funded defined benefit pension scheme operated for the benefit of the employees of Mitsubishi Corporation (UK) PLC (the Principal Employer) and certain employees of associated companies. The employers, collectively, do not constitute a "group" for reporting purposes.

Pensions are based on members basic salary and accrue at a rate of 1/60th for each year of pensionable service. The defined benefit scheme was closed to new entrants with effect from 1 April 2002.

The defined benefit scheme is administered by Trustees who are appointed by the Principal Employer. They are advised by Buck Consultants Limited and an appointed actuary. The defined benefit scheme's assets are managed by Barclays Global Investors.

An actuarial valuation is performed every three years as required by SSAP 24, the latest as at 1 April 2001. The results of the 2001 valuation showed an MFR funding level of 126.8%. The on-going valuation, which was performed using the Projected Unit Funding method, showed that the assets of the defined benefit scheme, on a market value basis, amounted to £18,221,000 and were sufficient to secure 116.2% of the liabilities of the Scheme based on projected final salaries. The main assumptions used in the valuation were an investment return of 6.85% before retirement and 6.00% after retirement, salary increases of 3.90% per annum and increases in pensions in payment of 3.00% per annum for pre-April 1997 accruals and 3.250% per annum for post-April 1997 accruals.

The valuation does not take into account any impact of the fall in general stock market values since that date. Any such impact will be reflected in the next SSAP 24 triennial valuation based upon which subsequent pension costs will be determined until the adoption of FRS 17.

The company believes it is not possible to determine its share of the underlying assets and liabilities of the defined benefit scheme on a consistent and reliable basis. The charge for the year in the profit and loss account represents contributions made by the company in accordance with the advice of the actuary and the Schedule of Contributions. The surplus in the Scheme impacted the company through adjustments to the company's contributions to the Scheme, which were 12.00% of basic salaries at the reporting date. The employers "Standard Contribution Rate" determined by the April 2001 valuation was 15.60% of basic salaries.

The pension charge for the year in respect of employees was £397,438 (2001 – £330,959). This is due to rise to 15% from 1 April 2003.

The company also operates a defined contribution scheme which began on 1st April 2002. The charge for the period (being the contributions made by the company) was £8,008. No amounts were accrued or prepaid as at 31 December 2002.

22. IMMEDIATE AND ULTIMATE PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company and controlling entity is Mitsubishi Corporation, a company incorporated in Japan. The immediate parent company is Mitsubishi Corporation International NV.

Copies of the group financial statements of the ultimate parent company can be obtained from Mitsubishi Corporation, Department AA-F, 6-3 Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-86, Japan. The immediate parent company does not prepare group financial statements.

23. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption from related party disclosures available in Financial Reporting Standard No.8 - Related Party Disclosures, as the consolidated financial statements of the ultimate parent company are publicly available as noted above.