

Company Registration No. 02214224

Mitsubishi Corporation (UK) Plc

Report and Financial Statements

31 March 2007

TUESDAY



LWFM7UM5

LD5

13/11/2007

195

COMPANIES HOUSE

Mitsubishi Corporation (UK) Plc

Report and financial statements 2007

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	6
Independent auditors' report	7
Profit and loss account	9
Statement of total recognised gains and losses	10
Balance sheet	11
Notes to the accounts	12

Mitsubishi Corporation (UK) Plc

Report and financial statements 2007

Officers and professional advisers

Directors

T Kijima
O Noma
T Ito

Secretary

I Kobayashi

Registered office

Mid City Place
71 High Holborn
London WC1V 6BA

Principle Bankers

Bank of America NA
1 Abbe Street
London E1 8DE

Solicitors

Clifford Chance LLP

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Mitsubishi Corporation (UK) Plc

Directors' report

The directors present their annual report and the audited financial statements for the 15 month period ended 31 March 2007. The company has changed its accounting reference date from December to March in order to align itself with other companies in the group.

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.

Business review

Turnover for the 15 month period ended 31 March 2007 amounted to £2,001.4 million (12 months to year ended 31 December 2005 - £1,141.8 million) and the gross profit percentage was 1.4% (12 months to year ended 31 December 2005 - 1.5%). Profit for the 15 month period ended 31 March 2007 after taxation amounted to £8.1 million (12 months to year ended 31 December 2005 - £2.01 million). This is an exceptionally good result and the best return since the company was incorporated. The main areas leading this increase in profits lay in our Aluminium and Copper trading departments, where our trading model was able to take advantage of the prevailing market conditions.

Other operating income and expense for this period amounting to £9.7 million is significantly better than the last year (2005 £0.03 million). This is mainly because of large bad debt provisions that were recognised in 2005. We have been able to avoid such a situation in this accounting period in part by strengthening the risk management procedures. Other reasons for this include favourable exchange movements resulting in gains in the current period and the general effect of a longer period of account.

Overall, management are very pleased with the performance this year and view this as a positive endorsement of the company's ability to take advantage of favourable market conditions as well as its commitment to strengthen internal controls and compliance to manage risks that the company will always be exposed to.

Our balance sheet position has not moved greatly from the previous year end. Our stock holding has reduced by approximately £38 million. This is predominately due to a reduction in our aluminium stock holding. However, the amount that we hold in stock at any one time will vary depending upon the timings of deliveries and transactions at that point in time and the reduction is not part of a change in business model. There is no significant change in the proportion of current liabilities to current assets and still remain between 94%-95%. There is a small increase in the amount of fixed assets we have due to an increase in investments during the year.

We have recognised a hedging reserve asset for the first time as we have adopted hedge accounting on our foreign exchange contracts. Finally our profit & loss reserve has been reduced as a result of a dividend payment to our holding company.

Mitsubishi Corporation (UK) Plc

Directors' report (continued)

Future prospects

The challenge that the company faces is to maintain this strong performance going forward. This will not be an easy task and we expect that market conditions and overriding prevailing economic environment will present us with new challenges, but we feel that the company is in a good position to deal with these. We do not expect the final results of 2007/2008 to be as good as the current period, however we are confident that the company will have a good year and we shall continue to ensure that our enhanced internal controls to identify and manage our risk exposure will continue to be a fundamental management tool in day to day business operations.

Financial risk management objectives and policies

Because of the nature of our trading and business model we are open to many risks all of which we monitor and have control activities in place. However these risks could potentially have a material impact on the company's performance. Our principal areas of risk relate to credit risk, foreign exchange risk, interest rate risk, price risk and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Credit risk arises since trade in most cases requires extending credit facilities to our customers, without which many would not trade with us.

This credit risk is managed through taking out credit insurance wherever possible and also having a rigorous monitoring and investigation policy carried out by a specialist risk-management team.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

As we trade in many products in many countries in different currencies we are exposed to currency risk.

To manage this, the company has established and follows a strict policy of entering into forward exchange contracts to match sales and purchases in different currencies, wherever this risk exists.

Interest rate risk

Interest rate risk is split into two different types of risks - cash flow interest rate risk and fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. As the company has variable rate bank deposits, it is exposed to cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates.

A significant proportion of our activity centres around funding that we make available to our customers, for which we charge interest on a market rate. Our funding for this is borrowed and so we have a potential risk of movements in interest rates on both our borrowing and lending side.

As a matter of policy we manage this risk by ensuring that we lend on the same basis as we borrow so movements on one side are matched by movements on the other side.

Mitsubishi Corporation (UK) Plc

Directors' report (continued)

Financial risk management objectives and policies (continued)

Price risk

Price risk is the risk that commodities that we buy at market price will fall in value before we have been able to sell them

By the nature of our trading we are exposed to price risk as we merely buy and sell the same products

This risk is managed and controlled in different ways. Where possible we enter into back-to-back transactions so that the buying price and selling price are fixed at the same time. Also for some of the commodities that we trade in, there is a commodities exchange market. In this instance we buy and sell commodity futures to hedge our physical trading position.

Liquidity risk

Liquidity risk is the risk that we will have insufficient short term assets to finance our short term liabilities. We have significant levels of short term liabilities so we are open to liquidity risk.

The risk is managed by effective cash management and continual monitoring of our short term funding requirements and an enhanced risk management system to identify early any potential problems with the realisation of our liquid assets. We also have quick access to short term funding from group sources.

The use of derivatives is governed by the companies' policies approved by the board of Directors, which provides written principles on the use of financial derivatives. The company wishes to strictly control the risk position that we take. All foreign exchange risk should be hedged. Where price risk occurs this needs to be within pre applied limits and the company will use futures to hedge that exposure. The overall position is constantly monitored to ensure adherence to agreed limits.

Dividends

During the year the directors recommended and paid an interim dividend of £0.61 per share amounting to a total of £20.5 million (2005 – £nil).

Directors and their interests

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

T Kijima	(appointed 3rd May 2006)
H Nakahara	(resigned 3rd May 2006)
O Noma	
T Ito	(appointed 14th April 2006)
M Kojima	(resigned 14th April 2006)

None of the directors has any interest in the shares or debentures of any group company that are required to be disclosed in accordance with the Companies Act 1985.

Charitable contributions

Contributions made to charities during the period amounted to £75,000 (2005 – £69,000). Donations are made to environmental charities and local social and healthcare charities including £50,000 (2005 – £50,000) to Mitsubishi Corporation Fund for Europe and Africa, a charity set up by the Mitsubishi group. The company does not make any political donations.

Mitsubishi Corporation (UK) Plc

Directors' report (continued)

Supplier payment policy

The company's policy is to settle terms of payments with suppliers when agreeing the terms of each transaction and then to adhere to these terms. During the year average payment terms were 30 days (2005 – 30 days)

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte & Touche LLP 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



T Kijima
Managing Director

9th November 2007

Mitsubishi Corporation (UK) Plc

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records that 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report to the members of Mitsubishi Corporation (UK) Plc

We have audited the financial statements of Mitsubishi Corporation (UK) Plc for the 15 month period ended 31 March 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 23. 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Independent auditors' report to the members of Mitsubishi Corporation (UK) Plc (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the 15 month period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
12 November 2007

Mitsubishi Corporation (UK) Plc

Profit and loss account

15 month period ended 31 March 2007

	Notes	15 months ended 31 March 2007 £'000	Year ended 31 December 2005 £'000
Turnover	1,2	2,001,375	1,141,803
Cost of sales		(1,973,062)	(1,125,042)
Gross profit		28,313	16,761
Administrative expenses		(23,103)	(17,085)
Other operating income and expenses	5	9,678	32
Operating profit/(loss)	4	14,888	(292)
Profit on disposal of investments		-	1,770
Income from shares in group undertakings		723	438
Interest receivable and similar income	6	19,867	13,941
Interest payable and similar charges	7	(23,327)	(14,102)
Profit on ordinary activities before taxation		12,151	1,755
Tax (charge)/credit on profit on ordinary activities	8	(4,085)	253
Profit on ordinary activities after taxation and profit for the period/year	16	8,066	2,008

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

It is not possible to determine the difference between the profit on ordinary activities before taxation and the profit for the current period stated above, and their historical cost equivalents. Given the nature of the business and the use of fair value accounting under the requirements of FRS 26, the historical cost equivalent is not meaningful.

Mitsubishi Corporation (UK) Plc

Statement of total recognised gains and losses 15 month period ended 31 March 2007

		15 months ended 31 March 2007 £'000	12 Months ended 31 December 2005 £'000
	Note		
Profit for the financial period/year		8,066	2,008
Loss on cash flow hedges	19	(689)	-
Total recognised gains and losses since the last annual report and financial statements		<u>7,377</u>	<u>2,008</u>

Mitsubishi Corporation (UK) Plc


Balance sheet As at 31 March 2007

		31 March 2007 £'000	31 December 2005 £'000
	Note		
Fixed assets			
Intangible assets	9	1	6
Tangible assets	10	374	495
Investments	11	12,126	11,067
		<u>12,501</u>	<u>11,568</u>
Current assets			
Stocks	12	68,853	106,768
Debtors			
Due within one year	13	466,241	566,102
Due after more than one year	13	22,391	799
Cash at bank and in hand		5,075	7,331
		<u>562,560</u>	<u>681,000</u>
Creditors: amounts falling due within one year	14	<u>(533,710)</u>	<u>(638,068)</u>
Net current assets		<u>28,850</u>	<u>42,932</u>
Total assets less current liabilities		<u>41,351</u>	<u>54,500</u>
Net Assets		<u>41,351</u>	<u>54,500</u>
Capital and reserves			
Called up share capital	15	33,650	33,650
Hedging reserve		(689)	-
Profit and loss account		8,390	20,850
Shareholders' funds	16	<u>41,351</u>	<u>54,500</u>

These financial statements were approved by the Board of Directors and authorised for issue on

9th November 2007

Signed on behalf of the Board of Directors


T Kijima
Managing director

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. They have all been applied consistently throughout the current period and preceding year except for adoption of FRS 23 The Effects of changes in foreign exchange rate, FRS 25 Financial instruments Disclosure and Presentation and FRS 26 Financial Instruments Recognition and Measurement during the year. The company has taken advantage of the exemption in FRS 26 Financial Instruments Recognition and Measurement, not to restate prior year comparatives.

The financial statements have been prepared on the historical basis, except for the revaluation of certain financial instruments. The principal accounting policies are set out below.

Group accounts

The company has not prepared group accounts on the basis that subsidiary undertakings are immaterial.

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 publicly available 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 estimated to be approximately five years. Provision is made for any impairment.

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 all other assets have an estimated useful life of four years.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents invoiced price together with, as appropriate, directly related overheads. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and cost to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where appropriate.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes.

Turnover is recognised at the point where delivery of goods is made. For those transactions where the company takes significant risk in terms of stock, pricing or credit, turnover is recognised as principal. Where no significant risk passes to the company and the company acts as either agent or broker then only the commission receivable is recorded as turnover.

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

1. Accounting policies (continued)

Turnover (continued)

Interest income is recognised on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial asset to that asset's net carrying amount

Other operating income consists mainly of fees charged for non trading services and are recognised on an accrual basis

Dividend income from investments is recognised when the shareholders rights to receive payment have been established

Foreign exchange

The company's financial statements are presented in the pounds sterling which is the currency of the primary economic environment in which it operates and is deemed to be its functional currency

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

In order to hedge its exposure to certain foreign exchange risks the company enters into forward contracts See below for details of the company policy on such derivatives and financial instruments

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 the defined benefit scheme the expected cost of providing pensions, as calculated every three years by a professionally-qualified actuary, 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 contribution 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 21 to the accounts

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at the amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

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 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

15 month period ended 31 March 2007

1 Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when it becomes a principal party to the contractual provisions of the instrument

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the assets carrying amount and the present value of estimated future cash flows discounted at the effective interest rate.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment in all cases where the ultimate holding company holds a majority stake, as the European Group has no control of the cash flows or the eventual selling price. All other investments including investments held as current assets are stated at fair value unless these can not be measured reliably in which case the investment is stated at cost less provisions for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. As such no disclosure of fair value is required. Amounts have an original term of three months or less and interest is calculated by reference to Libor.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded as the proceeds are received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received net of direct issue costs.

Derivative financial instruments and hedge accounting

The company's activities expose it primarily to the financial risks of changes in price and changes in foreign currency exchange rates. The company uses foreign exchange forward contracts to hedge its foreign exchange exposure and uses futures as traded on the London Metal Exchange to hedge against any price risk exposure on its Aluminium and Copper trading operation. The company does not use derivative financial instruments for speculative purposes.

The use of derivatives is governed by the company's policies approved by the board of Directors, which provides written principles on the use of financial derivatives. The company wishes to strictly control the risk position that they take. All significant foreign exchange risk should be hedged. Where price risk occurs this must be within pre applied limits and the company will use futures to hedge that exposure. The overall position is constantly monitored to ensure adherence to agreed limits.

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

1. Accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

Changes in the fair value of derivatives financial instruments that are designated and effective as hedges of future cashflow are recognised directly in equity and the ineffective portion is recognised immediately in the profit & loss account. If the cashflow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the profit & loss account in the same period in which the hedged item affects net profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the profit and loss account as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

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

	15 months ended 31 March 2007 £'000	Year ended 31 December 2005 £'000
Principal	1,996,793	1,138,475
Agency	1,429	962
Brokerage	3,153	2,366
	<u>2,001,375</u>	<u>1,141,803</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.

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

3. Information regarding directors and employees

	15 months ended 31 March 2007 £'000	Year ended 31 December 2005 £'000
Directors' emoluments:		
Other emoluments	753	483
Remuneration of the highest paid director	342	201
No pension contributions were made in respect of directors in the current or preceding year		
	No.	No.
Average number of persons employed		
Trading and administration	131	127
	£'000	£'000
Employee costs (excluding directors' emoluments)		
Wages and salaries	6,097	4,331
Social security costs	649	461
Other pension costs	1,671	1,435
Cost in respect of parent company's employees on secondment to Mitsubishi Corporation (UK) Plc	4,930	3,452
	13,347	9,679

4. Operating profit/(loss)

Operating profit/(loss) is stated after charging the following amounts

	15 months ended 31 March 2007 £'000	Year ended 31 December 2005 £'000
Depreciation of tangible fixed assets – owned assets	397	670
Amortisation of intangible fixed assets	5	4
Net rentals payable under operating leases - property	1,592	1,227
Rentals receivable under other operating leases	151	151
Auditors' remuneration		
Audit fees – amounts incurred by the company	138	135
Other fees – tax compliance services	203	69
tax advisory services	317	332

The parent company incurred audit fee amounting to £114,000 (2005 £25,000) in respect of the audit of the company in addition to the audit fees disclosed above

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

5. Other operating income and expenses

	15 months ended 31 March 2007 £'000	Year ended 31 December 2005 £'000
Other operating income and expenses		
Service and management fees	8,202	5,774
Profit on sale of fixed assets	213	-
Net foreign exchange gains	3,059	143
Net provisions and write downs	(686)	(4,950)
Other fees payable	(47)	(85)
Enhanced pension payments	(1,063)	(850)
	<u>9,678</u>	<u>32</u>

Service and management fees includes management and IT recharges to various group companies for services provided

6. Interest receivable and similar income

	15 months ended 31 March 2007 £'000	Year ended 31 December 2005 £'000
Interest receivable from group undertakings	16,020	11,440
Bank & other interest receivable	3,847	2,501
	<u>19,867</u>	<u>13,941</u>

7. Interest payable and similar charges

	15 months ended 31 March 2007 £'000	Year ended 31 December 2005 £'000
Interest on bank loans and overdrafts repayable within five years	1,652	788
Interest payable to group undertakings	20,928	12,854
Other interest payable	747	460
	<u>23,327</u>	<u>14,102</u>

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

8. Tax charge/(credit) on profit on ordinary activities

(i) Analysis of tax charge on ordinary activities

	15 months ended 31 March 2007 £'000	Year ended 31 December 2005 £'000
United Kingdom corporation tax at 30% (2006 – 30%)	4,085	279
Adjustment in respect of prior years	-	(532)
Double taxation relief	(68)	(98)
	<u>4,017</u>	<u>(351)</u>
Foreign tax for current period	68	98
	<u>4,085</u>	<u>(253)</u>

(ii) Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK 30% (2006 30%) The differences are explained below:

	15 months ended 31 March 2007 £'000	Year ended 31 December 2005 £'000
Profit on ordinary activities before tax	<u>12,151</u>	<u>1,755</u>
Tax at 30% thereon	(3,645)	(526)
Effects of		
Income / expenses not deductible for tax purposes	(564)	161
Provision against fixed asset investments	(154)	(3)
Capital allowances in excess of depreciation	61	(42)
United Kingdom dividend income	217	131
Prior year adjustments	-	532
Current tax (charge)/credit for the year	<u>(4,085)</u>	<u>253</u>

(iii) Factors that may affect the future tax charge

No provision has been made for deferred tax assets of £203,306 in respect of accelerated Capital Allowances as they are not considered recoverable in the short term

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

9. Intangible assets

	Development costs £'000
Cost	
At 1 January 2006	24
At 31 March 2007	24
Accumulated amortisation	
At 1 January 2006	18
Charge for the year	5
At 31 March 2007	23
Net book value	
At 31 March 2007	1
At 31 December 2005	6

10. Tangible fixed assets

	Plant and machinery £'000	Furniture, fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2006	243	1,895	4,748	6,886
Additions	-	49	303	352
Disposals	(243)	(23)	(2,659)	(2,925)
At 31 March 2007	-	1,921	2,392	4,313
Accumulated depreciation				
At 1 January 2006	132	1,750	4,509	6,391
Charge for the year	35	138	224	397
Disposals	(167)	(23)	(2,659)	(2,849)
At 31 March 2007	-	1,865	2,074	3,939
Net book value				
At 31 March 2007	-	56	318	374
At 31 December 2005	111	145	239	495

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

11. Investments held as fixed assets

	Shares in subsidiary undertakings £'000	Shares in other group undertakings £'000	Other investments £'000	Total £'000
Cost				
At 1 January 2006	404	12,309	1,371	14,084
Additions	-	1,799	-	1,799
Foreign exchange	-	(225)	-	(225)
At 31 March 2007	404	13,883	1,371	15,658
Provision				
At 1 January 2006	172	2,089	756	3,017
Additions	-	-	515	515
At 31 March 2007	172	2,089	1,271	3,532
Net book value				
At 31 March 2007	232	11,794	100	12,126
At 31 December 2005	232	10,220	615	11,067

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. As at 31 March 2007 MC (Operations) Limited had net assets of £87,160 and recorded a profit for the 15 months of £3,350 after tax.

£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. As at the year end there is a provision of £172,000 against Buckingham Ventures Limited. As at 31st December 2005 Buckingham Ventures had net assets of £81,318 and recorded profit of £2,759.

£104,000 represents a 100% shareholding in Sazanka Corporation a company incorporated in Great Britain. The company no longer trades. The original investment was US\$173,000. The net assets of Sazanka Corporation are £106,000. It is currently in the process of being liquidated.

These subsidiary undertakings have not been consolidated as they are considered immaterial.

Other Investments

All other investments represent minority shareholdings in a number of companies ranging from Chemicals, Food and Internet companies that we invested in to augment our trading activities. However, the majority of these have performed poorly and we have had to make provisions for impairment. The directors estimate the carrying amount of these investments to be a fair approximation of the fair value.

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

11. Investments held as fixed assets (continued)

Shares in other group undertakings

Company Name	Country of incorporation	Shareholding %	Shareholding £	Principal business activity
Diamond Seafoods (UK) Limited	Great Britain	20	200,000	Trading in seafood
Princes Limited	Great Britain	10	700,000	Trading in canned Foodstuffs
MCSi Limited	Great Britain	20	1,490,000	Printing and Photography
Triland Metals Limited	Great Britain	9.09	1,431,764	Metal brokerage
ERB Autokredit AG	Switzerland	10	450,735	Motor vehicle Finance
MLP UK Ltd	Great Britain	0.69	70,000	Printing and lithographic distributor
Tredia Europe Limited	Great Britain	20	120,000	Clothing importer
HFSA Investments BV	The Netherlands	20	9,420,472	Holding Company
			<u>13,882,971</u>	

During the year we purchased further shares in Triland Metals Limited and HFSA Investments BV, but maintained our shareholding % in the companies

Results and net assets of associates

	Year ended	Total of the company's share capital and reserves £'000	Profit/(loss) of the company for the year £'000
Diamond Seafoods (UK) Limited	31 March 2007	3,487	59
Tredia Europe Limited	31 March 2007	250	2
MCSi Limited	31 December 2002	(4,342)	(7,131)
HFSA Investments Europe Ltd	31 December 2006	3	(1)

MCSi Limited was being liquidated as at the balance sheet date. The company was finally liquidated and dissolved on 21 May 2007. The investment was fully provided for and no liquidation dividends were received.

HFSA Investments Europe Ltd is merely a holding company for an investment in a mining operation. The numbers shown here reflect our investment in the ultimate mining operation. The book value of the company does not accurately reflect the true value of the investment as the mining operation is at an early stage in its activity. This is why no provision was deemed necessary in respect of a permanent impairment of the investment.

Subsequent to the year end we have sold 100% of our shareholding in HFSA recovering our investment and making a small profit.

All the above investments are unlisted.

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

11. Investments held as fixed assets (continued)

In the opinion of the directors, the fair value of the shares held in other group companies cannot be reliably measured because these investments do not have an active market. The company holds a minority share in these companies with the majority being held within the wider Mitsubishi group and as a result the company does not have any control over the cash flows or eventual selling price of these investments. The directors are of the opinion that it is not reasonable to assume a willing buyer exists for these investments given the above ownership circumstances. As a result it is not possible to determine fair value or a range of possible estimates within which fair value is expected to lie.

12. Stocks

	31 March 2007 £'000	31 December 2005 £'000
Finished goods and goods for resale	68,853	106,768

13. Debtors

	31 March 2007 £'000	31 December 2005 £'000
Amounts due within one year		
Trade debtors	104,794	126,354
Amounts owed by parent company and fellow subsidiary undertakings	345,211	360,415
Loans to third parties	2,817	12,062
Other debtors	-	59,830
VAT	2,429	4,350
Corporation Tax	-	360
Prepayments and accrued income	1,385	2,731
Derivative Assets (Note 19)	9,605	-
	<u>466,241</u>	<u>566,102</u>
Amounts due after more than one year		
Loans to third parties	7,922	220
Loans to fellow subsidiary undertakings	14,469	579
	<u>22,391</u>	<u>799</u>
Total debtors	<u>488,632</u>	<u>566,901</u>

All trade debtors that are due within one year have a maturity of nine months or less and are non-interest bearing and therefore do not expose the company to interest rate risk. No disclosure of fair value is required as the carrying amount is a reasonable approximation of fair value.

The loans to third parties are repayable over six years. The loans to fellow subsidiary undertakings have no fixed repayment terms. The loans carry interest at Libor + 0.25% to Libor + 2.00%. In the opinion of the directors the amount is a reasonable approximation of fair value.

Credit risk is primarily attributable to trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

13 Debtors (continued)

The credit risk on liquid funds and derivative financial instruments are limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers

14. Creditors: amounts falling due within one year

	31 March 2007 £'000	31 December 2005 £'000
Bank loans and overdrafts (unsecured)	5,147	28,450
Trade creditors	122,818	184,530
Amounts owed to parent company and fellow subsidiary undertakings	390,314	420,818
Corporation tax	404	-
Other taxation and social security	567	216
Other creditors	-	325
Derivative Liabilities (Note 19)	9,622	-
Accruals and deferred income	4,838	3,729
	<u>533,710</u>	<u>638,068</u>

All trade creditors and amounts owed to the parent for trading transactions are due within one year have a maturity of 9 months or less and are non-interest bearing and therefore do not expose the company to interest rate risk

	31 March 2007 £'000	31 December 2005 £'000		
<i>Bank loans and overdrafts (Unsecured)</i>				
The borrowings are repayable as follows				
On demand or within one year	5,147	28,450		
<i>Analysis of borrowings by currency</i>				
	GBP £'000	EUR £'000	USD £'000	JPYEN £'000
31 March 2007				
Bank loans	3,919	413	-	815
31 March 2006				
Bank loans	700	6,901	20,849	-

In the opinion of the directors the contracted interest rates for borrowings are not different from the effective interest rates and accordingly the carrying amount of bank loans and overdrafts and amounts owed to parent company and fellow subsidiary undertakings is a reasonable approximation of fair value. Further information in respect of interest rate risk is presented in note 20 to the financial statements

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

15 Called up share capital

	31 March 2007 £'000	31 December 2005 £'000
Authorised.		
50,000,000 ordinary shares of £1 each	50,000	50,000
Called up, allotted and fully paid:		
33,650,000 ordinary shares of £1 each	33,650	33,650

16. Reconciliation of movements in shareholders' funds

	Share capital account £'000	Profit and loss account £'000	Hedging reserve £'000	Total £'000
At the beginning of the period	33,650	20,850	-	54,500
Foreign exchange hedging reserve (Note 19)	-	-	(689)	(689)
Dividend payment	-	(20,526)	-	(20,526)
Profit retained for the year	-	8,066	-	8,066
At the period end	33,650	8,390	(689)	41,351

17. Contingent liabilities

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

	31 March 2007 £'000	31 December 2005 £'000
Commitments to honour the repayment of loan obligations	168	191

18. Operating lease commitments

At 31 March 2007, the company was committed to making the following payments during the next year in respect of operating leases

	31 March 2007 Land and buildings £'000	31 December 2005 Land and buildings £'000
Leases which expire In more than five years	2,343	2,343

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

19. Derivatives and Financial Instruments

The company has entered into a number of financial instruments as part of its trading portfolio, which are used as hedging tools to match the risks that we are open to in our mode of trading. It is the company policy to only use these financial instruments and derivatives to hedge outstanding assets and liabilities or transactions that have not yet been undertaken but to which there is a firm commitment. It is not the policy of the company to enter into these derivative positions on a speculative basis and firm rules and procedures are in place to ensure that the company follows these policies to ensure that the company risk position is properly managed.

The company is exposed to certain risks and applies the appropriate hedge or financial instrument to match that risk. Where trading exposes the company to foreign exchange risk, forward exchange contracts are entered into to hedge the risk. If we are exposed to credit risk, we will where appropriate take out credit insurance to help manage that risk. Where we trade in commodities physically that are also traded on terminal markets we will use futures contracts to hedge any exposure that we may have.

The fair value of the derivative financial instruments at the balance sheet was as follows,

	31 March 2007	31 December 2005
Assets		
Currency derivatives	-	-
Interest rate swaps	9	-
Commodity Futures	9,596	-
	<u>9,605</u>	<u>-</u>
Liabilities		
Currency derivatives	1,466	-
Interest rate swaps	-	-
Commodity Futures	8,156	-
	<u>9,622</u>	<u>-</u>

Currency risk exposure

The company utilises currency derivatives to hedge significant future transactions and cash flows. The company is a party to a variety of foreign currency forward contracts in the management of its exchange rate exposure. The instruments purchased are primarily denominated in the currencies of the commodity or the market place that the physical transaction takes place.

At the balance sheet date, total notional amount of outstanding forward foreign exchange contracts that the group has committed to are as below

	GBP £'000	USD £'000	EUR £'000	CHF £'000
Forward foreign exchange contracts	<u>85,686</u>	<u>49,066</u>	<u>60,640</u>	<u>10,827</u>

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

19. Derivatives and Financial Instruments (continued)

These arrangements are designed to address significant exchange exposures that the company has for contracted commitments. The vast majority are due to mature within 1 – 6 months of the balance sheet date. A very small number extend beyond then, the latest one maturing in December 2008.

At 31st March 2007 the fair value of the company's currency derivatives is estimated to be approximately £1,466,000. These amounts are based on market values of equivalent instruments at the balance sheet date comprising £777,000 relating to booked transactions, being accounts receivable and short term borrowing and £689,000 that are designated and effective as cash flow hedges which have been deferred in equity.

Listed below are the exchange rate ranges used in calculating the fair value as at 31st March 2007 for the key currencies held as derivatives:

US Dollars – Euro	1 3368 – 1 3547
US Dollars – Sterling	1 9640 – 1 9654
Japanese YEN – Sterling	228 2857 – 228 7197
Sterling – Euro	0 6803 – 0 6828

Hedging transactions

The only hedging transactions that the company has undertaken in the course of this accounting period that are not recognised through the profit & loss account are in respect of forward exchange contracts.

Below is a summary of the aggregate gains and losses that are recognised directly in equity:

	£'000
Aggregated gains on foreign exchange hedges	118
Aggregated losses on foreign exchange hedges	(807)
Net losses (Note 16)	<u>(689)</u>

The majority of these foreign exchange hedges are due to mature and be matched against the hedged item within the next accounting year with the exception of 10 of the 207 open deals which will mature in the following accounting year. The date the last deal will mature is December 2008.

Commodity price risk exposure

The company utilises derivative contracts to hedge price fluctuation on copper and aluminium transactions. The company will buy and sell commodity futures on the London Metal Exchange as a means to hedge its price risk exposure. The futures are traded on a back to back basis with each physical contract so no speculative positions are held.

At the balance sheet date, total notional amount of outstanding future contracts was as follows:

	Copper		Aluminium	
	£'000 Long	£'000 Short	£'000 Long	£'000 Short
Futures contracts	<u>97,196</u>	<u>57,060</u>	<u>195,706</u>	<u>230,704</u>

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

19 Derivatives and Financial Instruments (continued)

These futures contracts cover a variety of settlement periods beyond the balance sheet date, the latest one being due for settlement in December 2008

At 31 March 2007 the fair value of all commodity derivative transactions resulted in both a derivative asset and derivative liabilities. The fair value of total derivative assets was £9,596,000 made up of £5,673,000 from copper transactions and £3,923,000 from aluminium transactions. The fair value of total derivative liabilities was £8,156,000 made up of £4,996,000 from Copper transactions and £3,160,000 from Aluminium transactions. The fair values were calculated using the applicable closing rates on the London Metal Exchange.

The LME ranges that we have used in the fair value of these commodity derivatives are as follows

Aluminium US\$2,564 – US\$2,789 per metric ton

Copper US\$6,533 – US\$6,916 per metric ton

Interest rate swaps

The company uses interest rate swaps to manage its exposure to interest rate movements on its borrowings. Contracts with nominal values US\$5,930,000 have fixed interest payments at an average of 5.226% for periods up to October 2008 and have floating interest rate receipts at 3 month Libor.

The fair value of swaps entered into at 31 March 2007 is estimated at £9,000. These amounts are based on market values of equivalent instruments at the balance sheet date.

20. Interest rate risk

Interest rate risk is split into two different types of risks – cash flow interest rate risk and fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of financial instruments will fluctuate because of changes in market interest rates. As the company has variable rate bank deposits and debt, it is exposed to cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in market interest rates.

The only interest bearing receivables or payables that the company has are loans. In order to manage cash flow interest rate risk and fair value cash flow risk the company has a policy to ensure that where fixed or floating rate loans are made the funding for them is secured on the same basis. The company does not use derivative instruments to hedge against interest rate risk.

The table below summarises the contractual maturity dates of the company's financial instruments, from the period end, which are exposed to cash flow interest rate risk.

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

20. Interest rate risk (continued)

	Less than one year £'000	Between one & two years £'000	Between two & five years £'000	More than five years £'000	Non- interest bearing £'000	Total £'000
Assets						
Cash at bank and in hand	5,075	-	-	-	-	5,075
Loans to third parties	2,817	-	-	7,922	-	10,739
Amounts owed by parent company and fellow subsidiary undertakings	147,478	-	14,469	-	183,264	345,211
Liabilities						
Bank loans and overdrafts	5,147	-	-	-	-	5,147
Amounts owed to parent company and fellow subsidiary undertakings	298,921	-	-	-	91,393	390,314

Contracted interest rates on cash at bank and in hand range from 0% to 3.79%

Contracted interest rates on loans to third parties and amounts owed by parent company and fellow subsidiary undertakings range from Libor +0.25% to Libor +2.00%

Contracted interest rates on bank loans and overdrafts and amounts owed to parent company and fellow subsidiary undertakings range from Libor -0.05% to Libor +0.15%

The directors are of the opinion that the above contracted interest rates are a fair approximation of the effective interest rates as at 31 March 2007

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

21. Pension scheme

Defined benefit scheme

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 one sixtieth 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.

In November 2000 the Accounting Standards Board issued FRS17 "Retirement Benefits" replacing SSAP24 "Accounting for Pension Costs". The company has now fully implemented FRS17.

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. Under these circumstances FRS17 requires that the scheme should be accounted for as if it were a defined contribution scheme and the profit and loss charge set equal to the contributions due over the accounting period.

An actuarial valuation is performed every three years, the latest as at 1 April 2006. The results of the 2006 valuation showed a funding level of 97.0%. The ongoing 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 £24,053,000 and were sufficient to secure 87.8% of the liabilities of the Scheme based on projected final salaries. The main assumptions used in the valuation were an investment return of 7.00% before retirement and 4.50% after retirement, salary increases of 4.50% per annum and increases in pensions payment of 3.00% per annum for pre-April 1997 accruals and 3.250% per annum for post-April 1997 accruals.

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 and an additional voluntary element (see below). The deficit in the Scheme impacted the company through adjustments to the company's contributions to the Scheme, which comprised "special contributions" in a fixed amount of £70,840 per month and a "Standard Contribution Rate" of 16.4% of basic salaries from 1 April to 31st October 2006 and 24.4% of basic salaries from 1 November 2006 to 31 March 2007. The company is the largest contributor to the scheme.

The 1 April 2006 valuation was performed in accordance with the new Statutory Funding Objective (SFO) regulations. As such the technical provisions and the recovery plan are subject to review and possible revision by The Pensions Regulator. This review has not been concluded at the time this report was published but no material changes are anticipated. The previous recovery plan and Schedule of Contributions, emanating from the 1 April 2003 valuation was designed to eliminate a past service deficit of £7,467,000 over approximately 11 years and required the company to make special contributions of £70,840 per month. This schedule of contributions was superseded in November 2006 by a new schedule. This recovery plan and schedule of contributions emanating from the 1 April 2006 valuation, requires the company to make special contributions of £48,379 per month designed to eliminate the past service deficit by 1 April 2012. However, the company has agreed (with the Trustees of the scheme) to continue to make special contributions at the "old" rate of £70,840 per month until further notice. If this level of contribution is maintained it is forecast to eliminate the past service deficit by 1 April 2010.

An approximate funding update was carried out as at 31 December 2006 in which liabilities were derived using the 1 April 2006 valuation results, adjusted for the revised financial assumptions and allowing for cash flows over the period to 31 December 2006. The main assumptions used in this update were an investment return of 7.25% before retirement and 4.75% after retirement, salary increases of 4.75% per annum, inflation of 3%, increases in pensions payment of 3.5% per annum and statutory revaluation to deferred benefits of

Mitsubishi Corporation (UK) Plc

Notes to the accounts

15 month period ended 31 March 2007

21 Pension scheme (continued)

Defined benefit scheme (continued)

3% The estimated total values of assets and past service liabilities as at 31 December 2006 was £25,299,000 and £27,374,000 respectively which indicates a funding level of 92%

The pension charge for the period in respect of employees was £1,446,732 (2006 – £1,332,162)

No amounts were accrued or prepaid as at 31 March 2007 (2006 - £nil)

Defined contribution scheme

The company also operates a defined contribution scheme which began on 1 April 2002. The charge for the period (being the contributions made by the company) was £ 203,768 (2006 - £103,068). No amounts were accrued or prepaid as at 31 March 2007.

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. This is the smallest and largest group in which the company is consolidated. 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 PB-X, 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.