In accordance with Regulation 12 of the Companies (Cross Border Mergers) Regulations 2007.

CB01

Notice of a cross border merger involving a UK registered company

Companies House

TUESDAY

L7JKY794
LD7 27/11/2018 #32
COMPANIES HOUSE

L7IQYBHV
LD2 15/11/2018 #95
COMPANIES HOUSE

✓ **What this form is for**
You may use this form to give notice of a cross border merger between two or more limited companies (including a UK registered company).

✗ **What this form**
You cannot use
notice of a cross
between compa
European Econo

Part 1 Company details

Company number of UK merging company	0 2 2 1 4 2 2 4
Company name in full of UK merging company	MITSUBISHI CORPORATION INTERNATIONAL (EUROPE) PLC

→ **Filling in this form**
Please complete in typescript, or in bold black capitals.

All fields are mandatory unless specified or indicated by *

Part 2 Merging companies

Please use **Section A1** and **Section B1** to fill in the details for each merging company (including UK companies). Please use a CB01 continuation page to enter the details of additional merging companies.

A1 Merging company details ❶

Full company name	MITSUBISHI CORPORATION INTERNATIONAL (EUROPE) PLC
Registered number ❷	0 2 2 1 4 2 2 4
	Please enter the registered office address.
Building name/number	MID CITY PLACE
Street	71 HIGH HOLBORN
Post town	LONDON
County/Region	
Postcode	W C 1 V 6 B A
Country	UNITED KINGDOM
Legal form and law ❸	PUBLIC LIMITED COMPANY
	COMPANIES ACT 2006
Member state and registry ❹	ENGLAND
	COMPANIES HOUSE - CARDIFF

❶ **Merging Company details**
Please use Section B1 to enter the details of the second merging company.

❷ **Registered number**
Please give the registered number as it appears in the member state registry.

❸ **Legal entity and governing law**
Please enter the legal form and law which applies to the company.

❹ **Member state and registry**
For non-UK companies, please enter the name of the member state and the name and address of the registry where documents are kept.

CB01

Notice of a cross border merger involving a UK registered company

B1 Merging company details ❶

Full company name	MC EUROPE HOLDINGS NV
Registered number ❷	2 4 2 5 5 9 3 2
	Please enter the registered office address.
Building name/number	MID CITY PLACE
Street	71 H.HOLBORN
Post town	LONDON
County/Region	
Postcode	W C 1 V 6 B A
Country	
Legal form and law ❸	PUBLIC COMPANY
	LAWS OF THE NETHERLANDS
Member state and registry ❹	THE NETHERLANDS, DUTCH TRADE REGISTER, KAMER VAN
	KOOPHANDEL, POSTBUS 2852, 1000 CW AMSTERDAM THE NETHERLANDS

❶ **Merging Company details**
Please use a CB01 continuation page to enter the details of additional merging companies.

❷ **Registered number**
Please give the registered number *as it appears in the member* state registry.

❸ ***Legal entity and governing law***
Please enter the legal form and law which applies to the company.

❹ **Member state and registry**
For non-UK companies, please enter the name of the member state and *the name and address of the registry* where documents are kept.

Part 3 Details of meetings ❺

If applicable, please enter the date, time and place of every meeting summoned under regulation 11 (power of court to summon meeting of members or creditors).

Details of meeting	
Date	d d m m y y y y
Time	
Place	
Details of meeting	
Date	d d m m y y y y
Time	
Place	
Details of meeting	
Date	d d m m y y y y
Time	
Place	
Details of meeting	
Date	d d m m y y y y
Time	
Place	

❺ **Details of meetings**
For additional meetings held under regulation 11, please use a CB01 continuation page.

CB01

Notice of a cross border merger involving a UK registered company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name: Helen Feller

Company name: Deloitte LLP

Address: 2 New Street Square

Post town: London

County/Region:

Postcode: E C 4 A 3 B Z

Country:

DX:

Telephone:

Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☐ The company name and number of the UK merging company match the information held on the public Register.
- ☐ You have completed the details of each merging company in Part 2.
- ☐ You have completed Part 3.
- ☐ You have completed Part 4 (if applicable).
- ☐ You have enclosed the relevant documents.
- ☐ You have signed the form in Part 5.

Important information

Please note that all information on this form will appear on the public record.

Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the appropriate address below:

For companies registered in England and Wales:
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ.
DX 33050 Cardiff.

For companies registered in Scotland:
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF.
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post).

For companies registered in Northern Ireland:
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG.
DX 481 N.R. Belfast 1.

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

CB01
Notice of a cross border merger involving a UK registered company

Part 4 Terms of merger and court orders

C1 Terms of merger

You must either:
- enclose a copy of the draft terms of merger;
  or,
- give details (below) of a website on which the draft terms are available.❶

Website address

❶ **Draft terms of merger on a website**
In order to be able to give notice of draft terms of merger on a website, the following conditions must be met:
- the website is maintained by or on behalf of the UK merging company;
- The website identifies the UK merging company;
- no fee is required to access the draft terms of merger;
- the draft terms of merger remain available on the website throughout the period beginning one month before and ending on the date of the first meeting of members.

C2 Court orders

If applicable, you must enclose a copy of any court order made where the court has summoned a meeting of members or creditors.

Part 5 Signature

D1 Signature

I am signing this form on behalf of the UK merging company.

Signature

Signature
X X

This form may be signed by a director of the UK merging company on behalf of the Board.

DRAFT TERMS OF CROSS-BORDER LEGAL MERGER

BETWEEN

MITSUBISHI CORPORATION INTERNATIONAL (EUROPE) PLC

AND

MC EUROPE HOLDINGS N.V.

VOORSTEL TOT GRENSOVERSCHRIJDENDE JURIDISCHE FUSIE

TUSSEN

MITSUBISHI CORPORATION INTERNATIONAL (EUROPE) PLC

EN

MC EUROPE HOLDINGS N.V.

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TERMS OF CROSS-BORDER LEGAL MERGER	VOORSTEL TOT GRENSOVERSCHRIJDENDE JURIDISCHE FUSIE
The management boards of:	**De besturen van:**
MITSUBISHI CORPORATION INTERNATIONAL (EUROPE) PLC ("MCIE")	**MITSUBISHI CORPORATION INTERNATIONAL (EUROPE) PLC ("MCIE")**
A public limited company incorporated under the laws of England and Wales and having its registered office at Mid City Place, 71 High Holborn, London, WC1V 6BA, registered with the Registrar of Companies for England and Wales with registered number 02214224.	Een naamloze vennootschap opgericht naar en onderhevig aan het recht van Engeland en Wales, statutair en feitelijk gevestigd te Mid City Place, 71 High Holborn, London, WC1V 6BA, ingeschreven in het Registrar of Companies for England and Wales onder nummer 02214224.
AND	**EN**
MC EUROPE HOLDINGS N.V. ("MCEH")	**MC EUROPE HOLDINGS N.V. ("MCEH")**
A public company incorporated under the laws of the Netherlands, having its statutory seat in Rotterdam, the Netherlands, and having its registered office at Mid City Place, 71 High Holborn, London, WC1V 6BA, United Kingdom, registered with the Dutch Trade Register under number 24255932.	Een naamloze vennootschap met beperkte aansprakelijkheid opgericht naar en onderhevig aan Nederlands recht, statutair gevestigd te Rotterdam, Nederland, en met adres te Mid City Place 71, H.Holborn London WC1V6BA, Verenigd Koninkrijk, Nederland, ingeschreven in het handelsregister onder nummer 24255932 .
1. **INTERPRETATION**	1. **DEFINITIES**
In these Draft Terms of Cross-Border Legal Merger, unless the context otherwise requires or unless otherwise specified,	In dit voorstel tot grensoverschrijdende juridische fusie, tenzij de context op een andere interpretatie wijst of uitdrukkelijk anders is bepaald,
"Assets" means all assets held by MCEH as at the Effective Time;	**"Activa"** betekent alle door MCEH gehouden activa op het Effectieve Tijdstip;
"Consideration Shares" means ordinary shares of £1 each in the capital of MCIE to be issued by MCIE to MC on the Effective Date in accordance with the Share Exchange Ratio;	**"Uitgegeven Aandelen"** betekent gewone aandelen van £1 per stuk in het kapitaal van MCIE, welke op de Effectieve Datum worden uitgegeven door MCIE aan MC in overeenstemming met de Ruilverhouding van de Aandelen;

"Directive" means Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 (codification) which codified the earlier EU directive 2005/56/EC of the European Parliament and of the Council of 26 October 2005 on cross-border mergers of limited liability companies;	**"Richtlijn"** betekent Richtlijn (EU) 2017/1132 van het Europees Parlement en de Raad de dato 14 juni 2017 (codificatie) welke de eerdere Richtlijn 2005/56/EG van het Europees Parlement en de Raad de dato 26 oktober 2005 betreffende grensoverschrijdende fusies van kapitaalvennootschappen codificeert;
"Dutch Regulations" means the Dutch Civil Code;	**"Nederlandse Wetgeving"** betekent het Nederlands Burgerlijk Wetboek;
"Dutch Notary" means a civil-law notary with practice location in the Netherlands;	**"Nederlandse Notaris"** betekent een notaris met standplaats in Nederland;
"Dutch Pre-Merger Certificate" means the certificate to be granted by a Dutch Notary attesting that it appeared to him that the procedural requirements have been complied with in respect of all resolutions for the participation of MCEH in the Merger required pursuant to Sections 2, 3 and 3A, Title 7, Book 2 of the Dutch Regulations and the articles of association of MCEH and, furthermore, that the relevant provisions of Sections 2, 3 and 3A, Title 7, Book 2 of the Dutch Regulations have been observed;	**"Nederlands Pre-Fusie Attest"** betekent het attest af te geven door een Nederlandse Notaris waaruit blijkt dat hem is gebleken dat de vormvoorschriften in acht zijn genomen voor alle besluiten die de afdelingen 2, 3, en 3A, Titel 7, Boek 2 van de Nederlandse Wetgeving en de statuten van MCEH vereisen voor de deelneming van MCEH aan de Fusie en dat voor het overige de daarvoor in de afdelingen 2, 3, en 3A, Titel 7, Boek 2 van de Nederlandse Wetgeving gegeven voorschriften zijn nageleefd;
"Effective Date" means the date set by the UK Court in the UK Court Order;	**"Effectieve Datum"** betekent de datum bepaald door het Engelse Gerechtshof in de Engelse Gerechtshof Beschikking;
"Effective Time" means 00:00 (GMT) on the Effective Date;	**"Effectieve Tijdstip"** betekent 00:00 (GMT) op de Effectieve Datum;
"Employee Participation" shall have the meaning given to it in Regulation 3 of the UK Regulations and Section 2:333k Paragraph 1 of the Dutch Regulations;	**"Werknemersmedezeggenschap"** betekent datgene als bedoeld in artikel 3 van de Engelse Wetgeving en artikel 2:333k lid 1 van de Nederlandse Wetgeving;
"Independent Expert Report" means a report (if any) on the proposed merger, prepared by an independent expert, as provided for by Regulation 9 of the UK Regulations and Section 2:328, Paragraph 1, second sentence of the Dutch Regulations;	**"Onafhankelijk Deskundige Verklaring"** betekent de verklaring met betrekking tot de voorgestelde fusie, zoals bedoeld in artikel 9 van de Engelse Wetgeving en artikel 2:328 lid 1, tweede zin van de Nederlandse Wetgeving opgesteld door een onafhankelijke deskundige;
"Liabilities" means all the liabilities of MCEH existing at the Effective Time;	**"Passiva"** betekent alle passiva van MCEH op het Effectieve Tijdstip;

"MC" means Mitsubishi Corporation, a public company incorporated under the laws of Japan, which is the sole shareholder of MCEH at the date of execution of the Merger;	**"MC"** betekent Mitsubishi Corporation, een naamloze vennootschap opgericht naar Japans recht, die de enige aandeelhouder is van MCEH op de datum van effectuering van de Fusie;
"Merger" shall have the meaning given to it in Regulation 2 of the UK Regulations and Sections 2, 3 and 3A, Title 7, Book 2 of the Dutch Regulations;	**"Fusie"** betekent datgene dat is bedoeld in artikel 2 van de Engelse Wetgeving en in afdelingen, 2, 3 en 3A, Titel 7, Boek 2 van de Nederlandse Wetgeving;
"Merging Companies" means MCIE and MCEH and **"Merging Company"** shall be construed accordingly as the context requires;	**"Fuserende Vennootschappen"** betekent MCIE en MCEH samen en **"Fuserende Vennootschap"** zal worden opgevat zoals de context vereist;
"Merger Meeting" means, in regards to the Transferee Company, the meeting to be held by the Shareholder in order to approve these Draft Terms of Merger as provided for by Regulation 13 of the UK Regulations and, in regards to the Transferor Company, a meeting of the general meeting to approve these Draft Terms of Merger as provided for by Section 2:317 Paragraph 1 of the Dutch Regulations;	**"Fusie Vergadering"** betekent, voor wat betreft de Verkrijgende Vennootschap, de te houden vergadering van de Aandeelhouder om dit voorstel tot fusie goed te keuren zoals bedoeld in artikel 13 van de Engelse Wetgeving en, voor wat betreft de Verdwijnende Vennootschap, de door de algemene vergadering te houden vergadering zoals bedoeld in artikel 2:317 lid 1 van de Nederlandse Wetgeving;
"Pre-Merger Acts and Formalities" means those requirements set out in Regulations 7 to 10 and 12 to 15 of the UK Regulations and the Dutch Regulations, and set out more particularly in these draft terms;	**"Pre-Fusie Formaliteiten"** betekent de vereisten als bedoeld in de artikelen 7 tot 10 en 12 tot 15 van de Engelse Wetgeving en de Nederlandse Wetgeving en meer in het bijzonder zoals bepaald in dit voorstel tot grensoverschrijdende fusie;
"Pre-Merger Certificates" means the Dutch Pre-Merger Certificate and the UK Pre-Merger Certificate;	**"Pre-Fusie Attesten"** betekent het Nederlandse Pre-Fusie Attest en het Engelse Pre-Fusie Attest;
"Share Exchange Ratio" means the exchange ratio on the basis of which such number of ordinary shares of MCIE of a nominal value of £1 each will be issued, that the aggregate nominal value thereof (rounded to the nearest whole share) represents the net asset value of MCEH as shown in the audited financial statements of MC for the year ended 31 March 2018 and converted to UK pounds sterling using the exchange rate of the Bank of England on the Effective Date.	**"Ruilverhouding van de Aandelen"** betekent de ruilverhouding op grond waarvan een zodanig aantal gewone aandelen van MCIE met elk een nominale waarde van £1 wordt uitgegeven dat de totale nominale waarde daarvan (afgerond naar het dichtstbijzijnde gehele aandeel) de nettovermogenswaarde van MCEH vertegenwoordigt, zoals weergegeven in de gecontroleerde jaarrekening van MC van het jaar dat eindigde op 31 maart 2018 en geconverteerd op de Effectieve Datum naar Britse pond sterling met behulp van de wisselkoers van de Bank of England;

"Shareholder" means:	**"Aandeelhouder"** betekent
(a) the sole shareholder of MCEH at the Effective Time; and	a) de enig aandeelhouder van MCEH op het Effectieve Tijdstip; en
(b) the sole shareholder of MCIE at the Effective Time,	b) de enig aandeelhouder van MCIE op het Effectieve Tijdstip,
as the context requires and includes any person entitled by transmission;	een en ander in overeenstemming met de context en hieronder tevens begrepen iedere rechtsopvolger;
"Transferee Company" means MCIE;	**"Verkrijgende Vennootschap"** betekent MCIE;
"Transferor Company" means MCEH;	**"Verdwijnende Vennootschap"** betekent MCEH;
"UK Branch" means the branch of MCEH registered in England and Wales and carrying on the business of MCEH in England;	**"UK Nevenvestiging"** betekent de nevenvestiging van MCEH in Engeland en Wales, middels welke nevenvestiging MCEH een onderneming drijft in Engeland;
"UK Court" means the High Court of England and Wales;	**"Engelse Gerechtshof"** betekent het Hooggerechtshof van Engeland en Wales;
"UK Court Order" means the order granted by the UK Court following its scrutiny of the legality of the completion of the Merger, as provided for by Article 128 of the Directive and Regulation 16 of the UK Regulations;	**"Engelse Gerechtshof Beschikking"** betekent de beschikking van het Engelse Gerechtshof naar aanleiding van het verrichte onderzoek naar de geldigheid van de Fusie, zoals bedoeld in artikel 16 van de Engelse Wetgeving;
"UK Pre-Merger Certificate" means the certificate to be granted by the UK Court attesting to the proper completion of the Pre-Merger Acts and Formalities, as provided for by Regulation 6 of the UK Regulations;	**"Engelse Pre-Fusie Attest"** betekent het attest af te geven door het Engelse Gerechtshof waaruit blijkt van het voldoen aan de Pre-Fusie Formaliteiten zoals bedoeld in artikel 6 van de Engelse Wetgeving;
"UK Regulations" means The Companies (Cross-Border Merger) Regulations 2007 SI 2007/2974;	**"Engelse Wetgeving"** betekent The Companies (Cross-Border Merger) Regulations 2007 SI 2007/2974;

2.	**PRELIMINARY**	2.	**INLEIDING**
	WHEREAS:		OVERWEGENDE DAT:

a)	At the time of signing of these Draft Terms of Cross-Border Legal Merger, Mitsubishi Corporation, a public company incorporated and existing under the laws of Japan, is the registered holder of the entire issued share capital of MCEH and MCEH is the registered holder of the entire issued share capital of MCIE.		a)	Ten tijde van ondertekening van dit voorstel tot grensoverschrijdende juridische fusie is Mitsubishi Corporation, een vennootschap naar het recht van Japan, de houder van alle aandelen in het kapitaal van MCEH en MCEH de houder van alle aandelen in het kapitaal van MCIE.	
b)	the Merging Companies have not been liquidated, dissolved or declared bankrupt, nor has either Merging Company entered into any compromise with its members or creditors;		b)	geen van de Fuserende Vennootschappen is ontbonden, in staat van faillissement of in surseance van betaling;	
c)	all issued shares in the capital of MCEH have been fully paid-up. With respect to those shares no depositary receipts have been issued with cooperation of the company as referred to in Section 2:117/2 of the Dutch Regulations and no right of usufruct or pledge is established;		c)	alle uitgegeven aandelen in het kapitaal van MCEH zijn volgestort. Ten aanzien van deze aandelen zijn geen certificaten met medewerking van de vennootschap uitgegeven, zoals bedoeld in artikel 2:117 lid 2 van de Nederlandse Wetgeving en er is ook geen recht van vruchtgebruik of pandrecht op de aandelen gevestigd;	
d)	there are no bearer shares in the issued capital of MCEH;		d)	er zijn geen toonderaandelen in het kapitaal van MCEH uitgegeven;	
e)	there are no shares of a specific class or with a specific indication in the issued capital of MCEH;		e)	er zijn geen aandelen met een specifieke klasse of aanduiding uitgegeven in het kapitaal van MCEH;	
f)	the directors of the Merging Companies have concluded and agreed that;		f)	de directeuren van de Fuserende Vennootschappen hebben besloten en zijn overeengekomen dat;	
	(i)	the merger of the Merging Companies is in the best interests of the Merging Companies and likely to promote the success of the European business of the Mitsubishi group of companies as a whole; and		(i)	De Fusie van de Fuserende Vennootschappen is in het belang van de Fuserende Vennootschappen en zal naar verwachting het succes van de Europese onderneming van de Mitsubishi groep als geheel bevorderen; en
	(ii)	inasmuch as the business activity of MCEH is solely that of a holding company, the registration of a branch of MCIE in The Netherlands following the Merger will not be required;		(ii)	aangezien de bedrijfsactiviteit van MCEH uitsluitend die van een holdingmaatschappij is, is de registratie van een nevenvestiging van MCIE in Nederland ten gevolgen van de Fusie niet vereist

g)	all Assets, Liabilities and employees of MCEH shall be passed to MCIE at the Effective Time;	g)	Alle Activa, Passiva en werknemers van MCEH zullen overgaan naar MCIE op het Effectieve Tijdstip.
h)	In connection with the Merger, all of the 120,658,154 ordinary shares of UK£1 of MCIE held by MCEH shall be cancelled by means of a reduction of capital carried out in accordance with Part 17, Chapter 10 of the Companies Act 2006, which shall be subject to the approval of the UK Court in accordance with Section 645 of that Act.	h)	In verband met de Fusie, zullen alle 120,658,154 gewone aandelen van UK£1 van MCIE die worden gehouden door MCEH worden ingetrokken door middel van een kapitaalvermindering uitgevoerd krachtens Deel 17, Hoofdstuk 10 van de Companies Act 2006 en worden onderworpen aan de goedkeuring van de UK Engelse Gerechtshof krachtens Artikel 645 van de Companies Act 2006.
	THE MERGING COMPANIES HEREBY PREPARE THE FOLLOWING PROPOSAL FOR CROSS-BORDER LEGAL MERGER:		DE FUSERENDE VENNOOTSCHAPPEN STELLEN HIERBIJ HET VOLGENDE VOORSTEL TOT GRENSOVERSCHRIJDENDE JURIDISCHE FUSIE OP:
3.	**PROPOSAL FOR CROSS-BORDER LEGAL MERGER**	3.	**VOORSTEL TOT GRENSOVERSCHRIJDENDE JURIDISCHE FUSIE**
a)	The Merging Companies intend to enter into a Merger as a result of which MCEH as the disappearing company will cease to exist and MCIE as the acquiring company will acquire the equity (including all Assets and Liabilities) of MCEH under universal title of succession;	a)	De Fuserende Vennootschappen wensen een Fusie aan te gaan ten gevolge waarvan MCEH als de verdwijnende vennootschap op zal houden te bestaan en MCIE als de verkrijgende vennootschap het vermogen (inclusief alle Activa en Passiva) van MCEH onder algemene titel zal verkrijgen;
b)	inasmuch as MCEH is the sole registered holder of the entire issued share capital of MCIE the Merger shall be a merger by absorption with the meaning of Regulation 2(2) of the UK Regulations and Section 2:333c of the Dutch Regulations;	b)	Aangezien MCEH de enige aandeelhouder is van het volledig geplaatste kapitaal van MCIE, zal sprake zijn van een grensoverschrijdende fusie in de zin van bepaling 2(2) van de Engelse Wetgeving en artikel 2:333c Nederlandse Wetgeving;
c)	the Merger shall be subject to the applicable provisions of the UK Regulations and the Dutch Regulations;	c)	de Fusie zal onderworpen zijn aan de toepasselijke bepalingen van de Engelse Wetgeving en de Nederlandse Wetgeving;
d)	the Merger shall be resolved on by the Merger Meeting;	d)	het besluit tot de Fusie zal worden genomen door de Fusie Vergadering;

e)	the Merger shall be subject to the scrutiny of the UK Court and the Dutch Notary. The UK Court shall issue the UK Pre-Merger Certificate and the Dutch Notary shall issue the Dutch Pre-Merger Certificate in accordance with the applicable national laws; and		e)	de Fusie is onderworpen aan onderzoek van het Engelse Gerechtshof en de Nederlandse Notaris. Het Engelse Gerechtshof dient het Engelse Pre-Fusie Attest af te geven en de Nederlandse Notaris dient het Nederlandse Pre-Fusie Attest af te geven in overeenstemming met de toepasselijke nationale wetgeving; en	
f)	completion of the Merger shall enter into force at the Effective Time.		f)	de Fusie zal in werking treden op het Effectieve Tijdstip.	
4.	**PARTICULARS OF MERGER**		4.	**BIJZONDERHEDEN VAN DE FUSIE**	
a)	**Name, registered office, legal form and governing law of the Merging Companies**		a)	**Naam, statutaire zetel, rechtsvorm en toepasselijk recht van de Fuserende Vennootschappen**	
	i.	Mitsubishi Corporation International (Europe) Plc, a public limited company incorporated under the laws of England and Wales and having its registered office at Mid City Place, 71 High Holborn, London, WC1V 6BA, registered with the Registrar of Companies for England and Wales with registered number 02214224.		i.	Mitsubishi Corporation International Europe Plc, een vennootschap opgericht naar en onderhevig aan het recht van Engeland en Wales, statutair en feitelijk gevestigd te Mid City Place, 71 High Holborn, London, WC1V 6BA, ingeschreven in het Registrar of Companies for England and Wales onder nummer 02214224.
	ii.	MC Europe Holdings N.V., a public company incorporated under the laws of the Netherlands, having its statutory seat in Rotterdam, the Netherlands, and having its registered office at Mid City Place 71, High Holborn London WC1V 6BA, United Kingdom, the Netherlands, registered with the Dutch Trade Register under number 24255932.		ii.	MC Europe Holdings N.V., een naamloze vennootschap opgericht naar en onderhevig aan Nederlands recht, statutair gevestigd te Rotterdam, Nederland, en met adres te Mid City Place, 71 High Holborn, London, WC1V 6BA, ingeschreven in het handelsregister onder nummer 24255932 .
b)	MCIE is a limited liability company within the meaning of Section 2:333b of the Dutch Regulations. MCEH is an EEA Company within the meaning of Section 2, paragraph 3, under c of the UK Regulations.		b)	MCIE is een kapitaalvennootschap als bedoeld in artikel 2:333b van de Nederlandse Wetgeving. MCEH is een EEA Company als bedoeld in artikel 2 lid 3 onder c van de Engelse Wetgeving.	

c)	***The likely effect of the Merger for employees of each Merging Company***		c)	***De waarschijnlijke gevolgen van de Fusie voor werknemers van elk van de Fuserende Vennootschappen***	
	i.	As at 24 September 2018 , MCIE had 161 employees;		i.	Op 24 september 2018 had MCIE 161 werknemers;
	ii.	as at 24 September 2018 MCEH had no employees;		ii.	op 24 september 2018 had MCEH geen werknemers;
	iii.	As there are no employees in MCEH, Part 4 of the UK Regulations does not apply to the Merger and no related statements are required to be made in these Draft Terms of Cross-Border Legal Merger		iii.	Aangezien MCEH geen werknemers in dienst heeft, is afdeling 4 van de Engelse Wetgeving niet van toepassing op de Fusie en zijn er geen gerelateerde verklaringen vereist in dit voorstel tot grensoverschrijdende juridische fusie;
	vi.	the Merger is not anticipated to have any effect on the employees of MCIE;		vi.	de Fusie zal geen effect hebben op de werknemers van MCIE;
	vii.	the Merger is not anticipated to have any effect on the current social responsibility policy of MCEH and MCIE and;		vii.	de Fusie zal geen effect hebben op het huidige maatschappelijk verantwoorde beleid van MCEH en MCIE en;
d)	**Works council**		d)	**Ondernemingsraad**	
	i.	*None of the Merging Companies has established a works council.*		i.	*De Fuserende Vennootschappen hebben geen ondernemingsraad ingesteld.*
e)	**The date from which transactions of MCEH are to be treated for accounting purposes as being those of MCIE**		e)	**Datum vanaf welke de handelingen van MCEH boekhoudkundig worden geacht te zijn verricht voor rekening van MCIE**	
	i.	Financial transactions of MCEH shall be treated for accounting purposes as being those of MCIE with effect from the Effective Date; and		i.	De financiële gegevens van MCEH zullen boekhoudkundige worden geacht te zijn verricht voor rekening van MCIE vanaf de Effectieve Datum.
	ii.	transactions of MCEH shall also be treated for tax purposes as being those of MCIE with effect from the Effective Date.		ii.	handelingen van MCEH zullen ook fiscaal worden geacht te zijn verricht voor rekening van MCIE vanaf de Effectieve Datum.

f)	**Rights or restrictions attaching to shares or other securities in the Transferee Company to be allotted under the Merger to the holders of shares or other securities in MCEH to which any special rights or restrictions attach, or the measures proposed concerning them**		f)	**Rechten of beperkingen verbonden aan aandelen of effecten anders dan aandelen in het kapitaal van de Verkrijgende Vennootschap die in het kader van de Fusie worden toegekend aan houders van aandelen of effecten anders dan aandelen in het kapitaal van MCEH waaraan bijzondere rechten of beperkingen zijn verbonden**	
	i.	No special rights or restrictions attach to the shares or other securities of MCEH; and		i.	Er zijn geen bijzondere rechten of beperkingen verbonden aan aandelen in het kapitaal van MCEH; en
	ii.	On the Effective Date, MCIE will issue the Consideration Shares to MC in accordance with the Share Exchange Ratio. The Consideration Shares will rank in all respects equally with the existing ordinary shares in issue in the capital of MCIE, shall have no special rights or restrictions attached to them and will entitle MC to participate in profits of MCIE as from the Effective Date;		ii.	Op de Effectieve Datum zal MCIE de Uitgegeven Aandelen uitgeven aan MC in overeenstemming met de Ruilverhouding van de Aandelen. De Uitgegeven Aandelen zullen in alle opzichten gelijk met de bestaande uitgegeven aandelen in het kapitaal van MCIE worden gerangschikt, zullen geen speciale rechten of beperkingen hebben en zullen MC vanaf de Effectieve Datum recht geven op deelname in de winsten van MCIE.
	iii.	no shares or other securities, other than the Consideration Shares will be allotted under the Merger;		iii.	Geen aandelen of andere effecten, anders dan de Uitgegeven Aandelen, zullen krachtens de Fusie worden toegekend.
	iv.	no additional rights shall be conferred by MCIE on the holders of any shares or other securities in the capital of MCIE;		iv.	MCIE zal geen aanvullende rechten toekennen ten behoeve van de aandeelhouders of andere gerechtigden in het kapitaal van MCIE.
	v.	as regards the shares of MCEH, no special rights have been granted to persons other than MC and, accordingly, no additional rights or compensation chargeable to MCIE shall be allocated to MC; and		v.	Wat betreft de aandelen van MCEH, zijn geen speciale rechten toegewezen aan personen anders dan MC, en dienovereenkomstig zullen geen aanvullende rechten of compensaties ten laste van MCIE worden toegerekend aan MC; en
	vi.	no cash payments shall be made to any person in connection with the issue of the Consideration Shares.		vi.	In verband met de uitgifte van de Uitgegeven Aandelen worden geen contante betalingen gedaan.

g)	**Any amount or benefit paid or given or intended to be paid or given to the independent expert referred to in Regulation 9 of the UK Regulations and in Section 2:312 Paragraph 2 under d of the Dutch Regulations or to any director of a Merging Company and the consideration for the payment of benefits**			g)	**Ieder bijzonder voordeel dat wordt toegekend aan de deskundige als bedoeld in artikel 9 van de Engelse Wetgeving en artikel 2:312 lid 2 sub d van de Nederlandse Wetgeving of aan een bestuurder of commissaris van de Fuserende Vennootschappen, alsmede de overweging van het toekennen van een dergelijk bijzonder voordeel**		
	i.	The Merging Companies have taken advantage of the dispensation provided in Regulation 9(1)(c) of the UK Regulations and in Section 2:328, paragraphs 1, 2 and 6 of the Dutch Regulations and accordingly:			i.	De Fuserende Vennootschappen hebben gebruik gemaakt van de vrijstelling als bedoeld in artikel 9 lid 1 onder c van de Engelse Wetgeving en artikel 2:328 lid 6 van de Nederlandse Wetgeving en zodoende:	
		a.	no independent expert has been appointed;			a.	is geen onafhankelijke deskundige aangewezen;
		b.	no report has been obtained in which an Independent Expert provides an opinion on the information referred to in Regulation 9(5) of the UK Regulations and Section 2.327 of the Dutch Civil Code; and			b.	Geen rapport is verkregen waarin een Onafhankelijk Deskundige een oordeel geeft over de informatie waarnaar wordt verwezen in Bepaling 9 (5) van de Engelse Wetgeving en artikel 2:327 van het Burgerlijk Wetboek;
		c.	no report has been obtained in which an Independent Expert makes a statement indicating whether the Share Exchange Ratio is reasonable in his opinion			c.	Geen rapport is verkregen waarin een Onafhankelijk Deskundige een verklaring aflegt over de redelijkheid van de Ruilverhouding van de Aandelen
	ii.	no amount or benefit has been paid or given or is intended to be paid or given to any managing director of either of the Merging Companies or to others and no consideration for any such amount or benefit has been given in connection with the Merger.			ii.	geen bijzonder voordeel zal worden toegekend aan een bestuurder van een van de Fuserende Vennootschappen of aan anderen en geen overweging voor een dergelijk bedrag of bijzonder voordeel wordt in verband met de Fusie gegeven.	
h)	**The Transferee Company's articles of association**			h)	**De statuten van de Verkrijgende Vennootschap**		
	i.	The articles of association of MCIE are appended to these Draft Terms of Merger; and			i.	De statuten van MCIE zijn aan dit voorstel tot fusie gehecht; en	

	ii.	no amendment shall be made to the articles of association of MCIE in connection with the Merger.		ii.	de statuten van MCIE zullen ter gelegenheid van de Fusie niet worden gewijzigd.
i)	**Information on the procedure by which any employee participation rights are to be determined in accordance with Part 4 of the UK Regulations and in Section 2:333k of the Dutch Regulations;**		i)	**Informatie over de procedures volgens welke regelingen worden vastgesteld met betrekking tot werknemersmedezeggenschap zoals bedoeld in afdeling 4 van de Engelse Wetgeving en artikel 2:333k van de Nederlandse Wetgeving;**	
	i.	Neither of the Merging Companies has, in the six months before the publication of these Draft Terms of Merger, an average number of employees that exceeds 500 and has a system of *Employee Participation;*		i.	Bij geen van de Fuserende Vennootschappen zijn in de zes maanden voorafgaande aan de bekendmaking van dit voorstel tot Fusie, gemiddeld meer dan 500 werknemers werkzaam en is een regeling tot Werknemersmedezeggenschap van toepassing;
	ii.	there are no employee representatives amongst the *directors of MCIE; and*		ii.	de bestuurders van MCIE zijn geen *werknemervertegenwoordigers; en*
	iii.	neither of the Merging Companies has employees amongst members of the administrative or supervisory organ or their committees or of the management group which covers the profit units of such Merging Company.		iii.	geen van de Fuserende Vennootschappen heeft werknemers die deel uitmaken van een bestuurs- of toezichthoudend orgaan of in de commissies van die organen of in het leidinggevende orgaan dat verantwoordelijk is voor de winstverdeling van de betreffende Fuserende Vennootschap.
	Accordingly, Part 4 of the UK Regulations and Section 2:333k of the Dutch Regulations do not apply to the Merger.			*Zodoende zijn afdeling 4 van de Engelse* Wetgeving en artikel 2:333k van de Nederlandse Wetgeving niet van toepassing op de Fusie.	
j)	**Information on the evaluation of the Assets and Liabilities to be transferred to the Transferee Company**		j)	**Informatie over de evaluatie van de Activa en Passiva die overgaan naar de Verkrijgende Vennootschap**	
	For the purposes of the Merger, the value of the Assets and Liabilities of MCEH to be transferred to MCIE shall be the net book value *of such Assets and Liabilities set out in the* interim financial statement of MCEH dated 30 September 2018.			In het kader van de Fusie zal de waarde van de Activa en Passiva van MCEH die in verband met de fusie worden verkregen door MCIE worden *gewaardeerd tegen boekwaarde zoals blijkt uit* de tussentijdse vermogensopstelling van MCEH de dato 30 september 2018.	

k)	**Allocation of rights and payments owing by MCIE**	k)	**Toekenning van rechten en vergoedingen ten laste van MCIE**
	No rights or compensation by virtue of Section 2:320 of the Dutch Regulations will be granted at the expense of MCIE, since there are no legal entities or natural persons who – other than in their capacity as Shareholder – have any special rights in respect of MCEH.		Er worden geen rechten of vergoedingen ingevolge artikel 2:320 van de Nederlandse Wetgeving ten laste van de MCIE toegekend, aangezien er geen (rechts-)personen zijn die, anders dan als Aandeelhouder, bijzondere rechten jegens MCEH hebben.
l)	**Composition of the management board of MCIE and supervisory board**	l)	**Samenstelling van het bestuur van MCIE en raad van commissarissen**
	There is no intention to change the composition of the management board of MCIE after the Merger. On the occasion of the Merger becoming effective, MCIE shall not establish a supervisory board;		Er bestaat geen voornemen om na de Fusie wijziging te brengen in de samenstelling van het bestuur van MCIE; Ter gelegenheid van het van kracht worden van de Fusie, zal MCIE geen raad van commissarissen instellen.
m)	**Measures relating to the passage of the shareholding in MCEH**	m)	**Maatregelen in verband met de overgang van het aandeelhouderschap van MCEH**
	As a result of the Merger the shares in the capital of MCEH shall be cancelled by operation of law. No shares in the capital of MCIE shall be redeemed.		Ten gevolge van de Fusie zullen de aandelen in het kapitaal van MCEH van rechtswege komen te vervallen. Er zullen geen aandelen in het kapitaal van MCIE worden ingetrokken.
n)	**Continuation of the activities**	n)	**Voortzetting van de werkzaamheden van de Vennootschappen**
	It is intended that the activities of MCEH will be continued by MCIE.		Het is de bedoeling dat de activiteiten van MCEH op dezelfde wijze worden voortgezet door MCIE.
o)	**Approval resolution to enter into the Merger**	o)	**Goedkeuring van het besluit tot Fusie**
	The resolution to merge by MCEH shall be subject to the approval of MC.		Het besluit tot fusie van MCEH is onderhevig aan de goedkeuring van MC.
p)	**Effect of the Merger on the Value of the Goodwill and on the amount of the Distributable Reserves**	p)	**Invloed van de Fusie op grootte van goodwill en de uitkeerbare reserves**

	The Merger has no influence on the amount of the capitalised goodwill or the distributable reserves of MCIE.			De Fusie heeft geen invloed op de hoogte van de geactiveerde goodwill en de uitkeerbare reserves van MCIE.	
q)	**The dates of the accounts of every Merging Company which were used for the purpose of preparing these Draft Terms of Merger**		q)	**De datum van de financiële gegevens van elk van de Fuserende Vennootschap die zijn gebruikt bij het opstellen van dit voorstel tot fusie**	
	i.	The interim financial statements of MCEH used for the purpose of preparing these Draft Terms of Merger are dated as at 30 September 2018; and		i.	De tussentijdse vermogensopstellingen van MCEH die zijn gebruikt bij het opstellen van dit voorstel tot fusie zijn gedateerd 30 september 2018; en
	ii.	the interim financial statements of MCIE used for the purpose of preparing these Draft Terms of Merger are as at 30 September 2018.		ii.	de tussentijdse vermogensopstellingen van MCIE die zijn gebruikt bij het opstellen van dit voorstel tot fusie zijn gedateerd 30 september 2018.
q)	**Proposal for the amount of severance payment for a share relating to the application of article 2:333h of the Dutch Regulations**		q)	**Voorstel voor de hoogte van de schadeloosstelling voor een aandeel bij toepassing van artikel 2:333h van de Nederlandse Wetgeving**	
	As MCEH is the sole Shareholder of MCIE as at the Effective Time, no proposal for compensation as referred to in Section 2:333d sub f of the Dutch Regulations will be included in these Draft Terms of Merger.			*Aangezien MCEH de enig Aandeelhouder is van* MCIE ten tijde van het Effectieve Tijdstip, is geen voorstel voor de hoogte van de schadeloosstelling als bedoeld in artikel 2:333d onder f van de Nederlandse Wetgeving opgenomen in dit voorstel tot fusie.	

In London, United Kingdom on	In London, Verenigd Koninkrijk op
Members of the Board of Directors of Mitsubishi Corporation International (Europe) Plc / Leden van het bestuur van Mitsubishi International (Europe) Plc	Members of the Board of Directors of MC Europe Holdings N.V. / Leden van het bestuur van MC Europe Holdings N.V.
Isao Kano	Kazuyoshi Kawakami
	Isao Kano

109299/20

MC EUROPE HOLDINGS N.V.,
Rotterdam

FINANCIAL STATEMENTS FOR THE PERIOD
APRIL 1, 2015 THROUGH MARCH 31, 2016

MC Europe Holdings N.V.

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BALANCE SHEET AT MARCH 31, 2016

(after appropriation of result)	notes	March 31, 2016 Stg £	March 31, 2015 Stg £
ASSETS			
FIXED ASSETS			
Financial fixed assets	1	125,251,040	125,251,040
		125,251,040	125,251,040
CURRENT ASSETS			
Receivables	2	29,155,658	29,184,845
Cash		70,878	93,273
		29,226,536	29,278,118
		154,477,576	154,529,158
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital paid up	3	135,507,641	125,745,860
Share premium (paid-in surplus)		4,556,531	4,556,531
Other reserves		14,258,805	24,020,585
Retained earnings		131,504	166,249
		154,454,481	154,489,225
CURRENT LIABILITIES	4	23,095	39,933
		23,095	39,933
		154,477,576	154,529,158

PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2015 THROUGH MARCH 31, 2016

	notes	2015/2016	2014/2015
		Stg £	Stg £
EXPENSES			
General and administrative expenses		(21,931)	(13,374)
FINANCIAL INCOME (EXPENSES)			
Dividends		16,300,000	19,507,000
Interest income & Similar Income		186,011	283,762
Currency exchange gain (loss)		4	(23)
Miscellaneous Profit (loss)	1	(9)	(49,604)
		16,464,075	19,741,135
RESULT BEFORE TAXATION		16,464,075	19,727,761
Taxation		(32,820)	(56,777)
NET RESULT		16,431,255	19,670,984

NOTES TO FINANCIAL STATEMENTS

GENERAL

MC Europe Holdings N V (the Company), a wholly owned subsidiary of Mitsubishi Corporation, Japan, was incorporated on April 20, 1995

The Company is an intermediate holding company of Mitsubishi Corporation International (Europe) PLC (EUR) with its legal seat at Rotterdam The activities are carried out through a branch in the United Kingdom at Mid City Place 71 High Holborn London

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code

The functional currency of the company is British Pound (Stg £), consequently, in accordance with Section 2 362-7 of the Dutch Civil Code the financial statements have been prepared in Stg £

The company applies section 2 408, subsection 1 of the Dutch Civil code and consequently does not prepare consolidated financial statements

Valuation of assets and liabilities and determination of the result take place under the historical cost convention Unless stated otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are stated at face value

Upon initial recognition the receivables and current liabilities are valued at fair value and then valued at amortized cost, which equals the face value, after deduction of any provisions

Recognition of interest income and expenses is accounted for using the accrual method

Dividends are recognized when the company has become entitled to them

Current assets and liabilities expressed in foreign currencies are translated into pound sterling at exchange rates prevailing at year end

Interest income and other income and expense items denominated in foreign currency are translated at exchange rates prevailing on the dates of transactions

Exchange differences, if any, are taken to the profit and loss account

Financial instruments are primary financial instruments such as receivables and payables For the principles of these financial instruments reference is made to the treatment per balance sheet item

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes

As the company makes use of article 2 408 of the Dutch Civil Code the participating interests in affiliated companies and other investments are valued at cost or structurally lower value

The financial statements of the group companies are not consolidated in the financial statements of the Company, as the financial statements of the group companies are included in the consolidated financial statements of the ultimate parent company, Mitsubishi Corporation These financial statements are available at its website (http //www mitsubishicorp com/jp/en)

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO SPECIFIC ITEMS OF THE FINANCIAL STATEMENTS

FIXED ASSETS

1 Financial fixed assets

	March 31, 2016	March 31, 2015
	Stg £	Stg £
Investment in affiliated company	125,251,040	125,251,040
	125,251,040	125,251,040

Participating interests in affiliated companies

		as per most recent Financial statements	
		Shareholders' equity	profit/(loss)
	%	Thousand in Stg £	Thousand in Stg £
Mitsubishi Corporation International (Europe) PLC	100	137,237	7,744

Mitsubishi Corporation International (Europe) PLC has its statutory seat in London

NOTES TO FINANCIAL STATEMENTS (continued)

CURRENT ASSETS

2 Receivables

	March 31, 2016	March 31, 2015
	Stg £	Stg £
VAT receivable	1,600	1,600
Short-term loans	29,154,058	29,183,240
Other receivables	0	5
	29,155,658	29,184,845

At the end of the fiscal year, the receivables do not include receivables with a term over one year

3 Shareholders' equity

The authorized share capital consists of 450,000 shares of Euro €453 79 par value each Issued and fully paid up are 378,633 shares

Total paid up capital of Euro €171,819,869 07 has been translated into sterling at the exchange rate of EUR 1 = Stg £ 0 789 (prior year EUR 1 = Stg £ 0 732)

During the year ended 31 March 2016, the Company paid the following dividends

- Dividend amounting £166,000 for the year ended 31 March, 2015 (declared in the general meeting of the shareholder as of 4 August 2015)
- Dividend of £16,300,000 for the year ended 31 March, 2016 (declared in the general meeting of the shareholder as of 20 October 2015)

In the coming general meeting of shareholders it will be proposed to declare a dividend of Stg £ 131,000 for the year ended March 31, 2016 The proposal of dividend has not yet been reflected in the financial statements

NOTES TO FINANCIAL STATEMENTS (continued)

4 CURRENT LIABILITIES

	March 31, 2016	March 31, 2015
	Stg £	Stg £
Corporate income tax	12,320	30,277
Other	10,775	9,656
	23,095	39,933

At the end of the fiscal year, the current liabilities do not include liabilities with a term over one year

PERSONNEL

During this and previous bookyear the Company had two directors who are not employed by the company

RELATED PARTIES

Interest income is derived from a loan to a related party

Signing of the financial statements

London, July 7 , 2016

Board of Directors

H Hayashi A Kurosawa

OTHER INFORMATION

Independent auditor's report

The company has utilized the exemption from an audit by virtue of art 2 396, paragraph 7 of the Netherlands Civil Code

Appropriation of result according to Articles of Association

The articles of incorporation provide that the net result for the year is subject to the disposition to be decided upon by the annual general meeting of shareholders

Appropriation of result for the financial year 2014/2015

The financial statements 2014/2015 was adopted in the General Meeting held on August 4, 2015 The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end

Proposed appropriation of result for the financial year 2015/2016

In the coming general meeting of shareholders it will be proposed to declare a dividend of Stg £ 131,000 for the year ended March 31, 2016 This proposal has not yet been reflected in the financial statements

MC EUROPE HOLDINGS N.V.,
Rotterdam

FINANCIAL STATEMENTS FOR THE PERIOD
APRIL 1, 2016 THROUGH MARCH 31, 2017

MC Europe Holdings N.V.

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BALANCE SHEET AT MARCH 31, 2017

(after appropriation of result)	notes	March 31, 2017 Stg. £	March 31, 2016 Stg. £
ASSETS			
FIXED ASSETS			
Financial fixed assets	1	125,251,040	125,251,040
		125,251,040	125,251,040
CURRENT ASSETS			
Receivables	2	29,132,809	29,155,658
Cash		73,136	70,878
		29,205,945	29,226,536
		154,456,985	154,477,576
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital paid up	3	146,932,482	135,507,641
Share premium (paid-in surplus)		4,556,531	4,556,531
Other reserves		2,833,963	14,258,805
Retained earnings		117,783	131,504
		154,440,759	154,454,481
CURRENT LIABILITIES	4	16,226	23,095
		16,226	23,095
		154,456,985	154,477,576

PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2016 THROUGH MARCH 31, 2017

	notes	2016/2017	2015/2016
		Stg.£	Stg.£
EXPENSES :			
General and administrative expenses		(16,937)	(21,931)
FINANCIAL INCOME (EXPENSES) :			
Dividends		15,900,000	16,300,000
Interest income & Similar Income		163,286	186,011
Currency exchange gain (loss)		234	4
Miscellaneous Profit (loss)	1	-	(9)
		16,046,583	16,464,075
RESULT BEFORE TAXATION		16,046,583	16,464,075
Taxation		(29,304)	(32,820)
NET RESULT		16,017,279	16,431,255

NOTES TO FINANCIAL STATEMENTS

GENERAL

MC Europe Holdings N.V. (the Company), a wholly owned subsidiary of Mitsubishi Corporation, Japan, was incorporated on April 20, 1995.
The Company is an intermediate holding company of Mitsubishi Corporation International (Europe) PLC (EUR) with its legal seat at Rotterdam. The activities are carried out through a branch in the United Kingdom at Mid City Place 71 High Holborn London.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.
The functional currency of the company is British Pound (Stg. £), consequently, in accordance with Section 2:362-7 of the Dutch Civil Code the financial statements have been prepared in Stg. £.
The company applies section 2:408, subsection 1 of the Dutch Civil code and consequently does not prepare consolidated financial statements

Valuation of assets and liabilities and determination of the result take place under the historical cost convention. Unless stated otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are stated at face value.

Upon initial recognition the receivables and current liabilities are valued at fair value and then valued at amortized cost, which equals the face value, after deduction of any provisions.
Recognition of interest income and expenses is accounted for using the accrual method.
Dividends are recognized when the company has become entitled to them.

Current assets and liabilities expressed in foreign currencies are translated into pound sterling at exchange rates prevailing at year end.
Interest income and other income and expense items denominated in foreign currency are translated at exchange rates prevailing on the dates of transactions.
Exchange differences, if any, are taken to the profit and loss account.

Financial instruments are primary financial instruments such as receivables and payables. For the principles of these financial instruments reference is made to the treatment per balance sheet item.

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

As the company makes use of article 2:408 of the Dutch Civil Code the participating interests in affiliated companies and other investments are valued at cost or structurally lower value.

The financial statements of the group companies are not consolidated in the financial statements of the Company, as the financial statements of the group companies are included in the consolidated financial statements of the ultimate parent company, Mitsubishi Corporation. These financial statements are available at its website (http: //www.mitsubishicorp.com/jp/en).

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO SPECIFIC ITEMS OF THE FINANCIAL STATEMENTS

FIXED ASSETS

1. Financial fixed assets

	March 31, 2017	March 31, 2016
	Stg.£	Stg.£
Investment in affiliated company	125,251,040	125,251,040
	125,251,040	125,251,040

Participating interests in affiliated companies :

		as per most recent	Financial statements
		Shareholders' equity	profit/(loss)
	%	Thousand in Stg.£	Thousand in Stg.£
Mitsubishi Corporation International (Europe) PLC	100	138,633	137,237

Mitsubishi Corporation International (Europe) PLC has its statutory seat in London.

NOTES TO FINANCIAL STATEMENTS (continued)

CURRENT ASSETS

2. Receivables

	March 31, 2017	March 31, 2016
	Stg.£	Stg.£
VAT receivable	1,600	1,600
Short-term loans	29,131,209	29,154,058
Other receivables	0	0
	29,132,809	29,155,658

At the end of the fiscal year, the receivables do not include receivables with a term over one year.

3. Shareholders' equity

The authorized share capital consists of 450,000 shares of Euro €453.79 par value each. Issued and fully paid up are 378,633 shares.

Total paid up capital of Euro €171,819,869.07 has been translated into sterling at the exchange rate of EUR 1 = Stg. £ 0.855 (prior year: EUR 1 = Stg. £ 0.789).

During the year ended 31 March 2017, the Company paid the following dividends:

- Dividend of £131,000 for the year ended 31 March, 2016 (declared in the general meeting of the shareholder as of 4 August 2016.)
- Dividend of £15,900,000 for the year ended 31 March, 2017 (declared in the general meeting of the shareholder as of 20 October 2016.)

In the coming general meeting of shareholders it will be proposed to declare a dividend of Stg. £ 117,000 for the year ended March 31, 2017. The proposal of dividend has not yet been reflected in the financial statements.

NOTES TO FINANCIAL STATEMENTS (continued)

4. CURRENT LIABILITIES

	March 31, 2017	March 31, 2016
	Stg.£	Stg.£
Corporate income tax	2,304	12,320
Other	13,922	10,775
	16,226	23,095

At the end of the fiscal year, the current liabilities do not include liabilities with a term over one year.

PERSONNEL

During this and previous bookyear the Company had two directors who are not employed by the company.

RELATED PARTIES

Interest income is derived from a loan to a related party.

Signing of the financial statements

London, July 11, 2017

Board of Directors:

H. Hayashi

A. Kurosawa

OTHER INFORMATION

Independent auditor's report

The company has utilized the exemption from an audit by virtue of art. 2:396, paragraph 7 of the Netherlands Civil Code.

Appropriation of result according to Articles of Association

The articles of incorporation provide that the net result for the year is subject to the disposition to be decided upon by the annual general meeting of shareholders.

Appropriation of result for the financial year 2015/2016

The financial statements 2015/2016 was adopted in the General Meeting held on August 4, 2016. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year 2016/2017

In the coming general meeting of shareholders it will be proposed to declare a dividend of Stg. £ 117,000 for the year ended March 31, 2017. This proposal has not yet been

reflected in the financial statements.

MC EUROPE HOLDINGS N.V.,
Rotterdam

FINANCIAL STATEMENTS FOR THE PERIOD
APRIL 1, 2017 THROUGH MARCH 31, 2018

MC Europe Holdings N.V.

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BALANCE SHEET AT MARCH 31, 2018

(after appropriation of result)	notes	March 31, 2018 Stg. £	March 31, 2017 Stg. £
ASSETS			
FIXED ASSETS			
Financial fixed assets	1	125,251,040	125,251,040
		125,251,040	125,251,040
CURRENT ASSETS			
Receivables	2	29,087,724	29,132,809
Cash		72,809	73,136
		29,160,533	29,205,945
		154,411,573	154,456,985
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital paid up	3	150,671,387	146,932,482
Share premium (paid-in surplus)		4,556,531	4,556,531
Other reserves		(904,942)	2,833,963
Retained earnings		69,096	117,783
		154,392,072	154,440,759
CURRENT LIABILITIES	4	19,501	16,226
		19,501	16,226
		154,411,573	154,456,985

PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2017 THROUGH MARCH 31, 2018

	notes	2017/2018	2016/2017
		Stg.£	Stg.£
EXPENSES :			
General and administrative expenses		(13,623)	(16,937)
FINANCIAL INCOME (EXPENSES) :			
Dividends		16,800,000	15,900,000
Interest income & Similar Income		98,062	163,286
Currency exchange gain (loss)		(131)	234
Miscellaneous Profit (loss)	1	38	-
		16,884,346	16,046,583
RESULT BEFORE TAXATION		16,884,346	16,046,583
Taxation		(16,033)	(29,304)
NET RESULT		16,868,313	16,017,279

NOTES TO FINANCIAL STATEMENTS

GENERAL

MC Europe Holdings N.V. (the Company), a wholly owned subsidiary of Mitsubishi Corporation, Japan, was incorporated on April 20, 1995.

The Company is an intermediate holding company of Mitsubishi Corporation International (Europe) PLC (EUR) with its legal seat at Rotterdam. The activities are carried out through a branch in the United Kingdom at Mid City Place 71 High Holborn London.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

The functional currency of the company is British Pound (Stg. £), consequently, in accordance with Section 2:362-7 of the Dutch Civil Code the financial statements have been prepared in Stg. £.

The company applies section 2:408, subsection 1 of the Dutch Civil code and consequently does not prepare consolidated financial statements

Valuation of assets and liabilities and determination of the result take place under the historical cost convention. Unless stated otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are stated at face value.

Upon initial recognition the receivables and current liabilities are valued at fair value and then valued at amortized cost, which equals the face value, after deduction of any provisions.

Recognition of interest income and expenses is accounted for using the accrual method.

Dividends are recognized when the company has become entitled to them.

Current assets and liabilities expressed in foreign currencies are translated into pound sterling at exchange rates prevailing at year end.

Interest income and other income and expense items denominated in foreign currency are translated at exchange rates prevailing on the dates of transactions.

Exchange differences, if any, are taken to the profit and loss account.

Financial instruments are primary financial instruments such as receivables and payables. For the principles of these financial instruments reference is made to the treatment per balance sheet item.

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

As the company makes use of article 2:408 of the Dutch Civil Code the participating interests in affiliated companies and other investments are valued at cost or structurally lower value.

The financial statements of the group companies are not consolidated in the financial statements of the Company, as the financial statements of the group companies are included in the consolidated financial statements of the ultimate parent company, Mitsubishi Corporation. These financial statements are available at its website (http://www.mitsubishicorp.com/jp/en).

NOTES TO FINANCIAL STATEMENTS (continued)

NOTES TO SPECIFIC ITEMS OF THE FINANCIAL STATEMENTS

FIXED ASSETS

1. Financial fixed assets

	March 31, 2018	March 31, 2017
	Stg.£	Stg.£
Investment in affiliated company	125,251,040	125,251,040
	125,251,040	125,251,040

Participating interests in affiliated companies :

		as per most recent	Financial statements
		Shareholders' equity	profit/(loss)
	%	Thousand in Stg.£	Thousand in Stg.£
Mitsubishi Corporation International (Europe) PLC	100	168,931	138,633

Mitsubishi Corporation International (Europe) PLC has its statutory seat in London.

NOTES TO FINANCIAL STATEMENTS (continued)

CURRENT ASSETS

2. Receivables

	March 31, 2018	March 31, 2017
	Stg.£	Stg.£
VAT receivable	0	1,600
Short-term loans	29,061,330	29,131,209
Other receivables	26,394	0
	29,087,724	29,132,809

At the end of the fiscal year, the receivables do not include receivables with a term over one year.

3. Shareholders' equity

The authorized share capital consists of 450,000 shares of Euro €453.79 par value each. Issued and fully paid up are 378,633 shares.
Total paid up capital of Euro €171,819,869.07 has been translated into sterling at the exchange rate of EUR 1 = Stg. £ 0.877 (prior year: EUR 1 = Stg. £ 0.855).

During the year ended 31 March 2018, the Company paid the following dividends:

- Dividend of £117,000 for the year ended 31 March, 2017 (declared in the general meeting of the shareholder as of 16 August 2017.)
- Dividend of £16,800,000 for the year ended 31 March, 2018 (declared in the general meeting of the shareholder as of 20 October 2017.)

In the coming general meeting of shareholders it will be proposed to declare a dividend of Stg. £ 68,000 for the year ended March 31, 2018. The proposal of dividend has not yet been reflected in the financial statements.

NOTES TO FINANCIAL STATEMENTS (continued)

4. CURRENT LIABILITIES

	March 31, 2017	March 31, 2016
	Stg.£	Stg.£
Corporate income tax	8,003	2,304
Other	11,498	13,922
	19,501	16,226

At the end of the fiscal year, the current liabilities do not include liabilities with a term over one year.

PERSONNEL

During this and previous bookyear the Company had two directors who are not employed by the company.

RELATED PARTIES

Interest income is derived from a loan to a related party.

Signing of the financial statements

London, 28 June, 2018

Board of Directors:

I. Kano

K. Kawakami

OTHER INFORMATION

Independent auditor's report

The company has utilized the exemption from an audit by virtue of art. 2:396, paragraph 7 of the Netherlands Civil Code.

Appropriation of result according to Articles of Association

The articles of incorporation provide that the net result for the year is subject to the disposition to be decided upon by the annual general meeting of shareholders.

Appropriation of result for the financial year 2016/2017

The financial statements 2016/2017 was adopted in the General Meeting held on August 16, 2017. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

Proposed appropriation of result for the financial year 2017/2018

In the coming general meeting of shareholders it will be proposed to declare a dividend of Stg.£68,000 for the year ended March 31, 2018. This proposal has not yet been reflected in the financial statements.

Company Registration No. 02214224

Mitsubishi Corporation International (Europe) Plc

Annual Report and Financial Statements

31 March 2016

Mitsubishi Corporation International (Europe) Plc

Annual report and financial statements 2016

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Mitsubishi Corporation International (Europe) Plc

Annual report and financial statements 2016

Officers and professional advisers

Directors

H Hayashi
A Kurosawa
M Takada
M Kochi
J Nagase
T Shimizu
G Williams
M Pratt
A Fraser
J Rogers

Secretary

A Kawaguchi

Registered Office

Mid City Place
71 High Holborn
London
WC1V 6BA

Principal Bankers

Bank of America Merrill Lynch
5 Canada Square
London
E14 5AQ

Solicitors

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Mitsubishi Corporation International (Europe) Plc

Strategic report

The Directors present their Strategic Report for the year ended 31 March 2016 in accordance with section 414C of the Companies Act 2006.

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

Review of the business and key performance indicators

Turnover for the year ended 31 March 2016 amounted to £448 million (2015: £501 million) and the gross profit percentage was 2.29% (2015: 3.08%). The decrease in turnover and gross profit percentage was mainly due to the decrease in aluminium transactions. Profit after taxation for the year ended 31 March 2016 amounted to £7.7 million (2015: £32.6 million), including dividend income of £4.7 million (2015: £18.5 million) from the company's European subsidiaries. The decrease in profit after tax was mainly due to a reduction in the profitability of the aluminium business within the Metal division and a reduction in dividend income from the European subsidiaries.

Other operating income net of expenses for the current year amounted to £18.0 million which is £3.5 million lower than last year (2015: £21.5 million). There was an increase in service and management fee income. The company has recognised foreign exchange gains of £6.5 million (2015: gains £3.1 million) as a result of favourable exchange rate changes. The total dividend income received during the year including dividends from European subsidiaries and from other investments amounted to £10.0 million (2015: £22.6 million). The reduction was mainly due to a reduction in dividend from the European subsidiaries as mentioned above.

The inventory holding level has decreased by approximately £101 million to £90 million as at 31 March 2016 compared to the prior year (2015: increase of £39 million to £191 million). The reduction in inventories is mainly due to a planned reduction in aluminium inventory levels as a result of challenging market conditions for the aluminium business. The proportion of current liabilities to current assets is 85% which is almost the same as in the previous year (2015: 84%).

During the year, the company has sold its shareholdings in Seabased AB, a company developing 'sea wave' technology. This investment was fully impaired in previous years and as a result the company has recognised a small profit from the disposal. On the other hand the company has recognised an impairment loss on its associate Deucalion MC Engine Leasing Ltd.

Taking into account the difficult market conditions for commodities the company has continued to perform reasonably well during the year ended 31 March 2016. The directors expect that the company will continue to perform satisfactorily although the prevailing market conditions present some challenges for the aluminium business. The directors remain committed to further strengthening internal controls and compliance to manage the risks to which the company is exposed.

Principal risks and uncertainties

Because of the nature of the company's trading and business model, it is exposed to various risks, all of which are monitored and controlled. However these risks could potentially have a material impact on the company's performance. The principal areas of risk relate to credit risk, foreign exchange currency risk, interest rate risk, price risk and liquidity risk. These are discussed below and in more detail in notes 13 and 17 to the financial statements.

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 primarily arises since trade in most cases requires extending credit to customers, without which many would not trade with the company.

This risk is managed through taking out credit insurance wherever possible and also having rigorous monitoring and investigation carried out by the risk management department.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company trades in many products in many countries in different currencies and is 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.

Mitsubishi Corporation International (Europe) Plc

Strategic report (continued)

Principal risks and uncertainties (continued)

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 loans, it is exposed to cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. A significant proportion of activity centres around funding made available to related parties, for which interest is charged at a market rate. Funding for this is borrowed and so a potential risk of movements in interest rates arises on both the borrowing and lending side.

As a matter of policy, risk is managed by ensuring that lending is on the same basis as borrowing so movements on one side are matched by movements on the other side.

Price risk

Price risk is the risk that commodities that are bought at market price will fall in value before the company has been able to sell them. By the nature of its trading, the company is exposed to price risk.

This risk is managed and controlled in different ways. Where possible the company enters 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 are traded, there is a commodities exchange market. In this instance commodity futures are bought and sold to hedge physical trading positions.

Liquidity risk

Liquidity risk is the risk that the company will have insufficient short-term assets to finance short-term liabilities. The company has significant levels of short-term liabilities so it is open to liquidity risk.

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

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 risk positions that are taken. All significant foreign exchange risk should be hedged. Where price risk occurs this needs to be within pre-approved limits and the company will use futures to hedge that exposure. The overall position is constantly monitored to ensure adherence to agreed limits.

Future prospects

While the directors do not anticipate any significant changes in the business in the near future, the current economic environment does present a challenge to the company in maintaining its performance.

The company has a close relationship with its parent company and follows the group's strategic plan whenever possible. The company will continue to take up new challenges and adapt to changes which best suit the group's development plan. It is considered that the company is in a good position to deal with these challenges. Internal controls that identify and manage risk exposures and good relationships with customers will continue to be fundamental management tools in the day-to-day business operations.

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

H Hayashi
Managing Director
30 June 2016

Mitsubishi Corporation International (Europe) Plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2016.

Directors

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

H Hayashi
Y Kitagawa (resigned 31 March 2016)
M Takada (appointed 1 April 2016)
A Kurosawa
J Kitaguchi (resigned 31 March 2016)
M Kochi (appointed 1 April 2016)
G Williams
M Kawamata (resigned 31 March 2016)
K Shiobara (resigned 31 March 2016)
J Nagase (appointed 1 April 2016)
T Shimizu (appointed 1 April 2016)
M Pratt
A Fraser
J Rogers

Dividends

The directors have recommended and paid a dividend of £16.3million during the year (2015: £19.5million). As set out in Note 22, in May 2016, the directors recommended a dividend of £10.3million to be paid on 30 June 2016.

Financial risk management objectives and policies and future prospects

Details of the company's financial risk management objectives and policies and future prospects can be found within the principal risks and uncertainties section of the Strategic Report and form part of this report by cross-reference.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. In addition the company has financing sources both from the group as well as third party banks. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Auditor

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor 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

H Hayashi
Managing Director
30 June 2016

Mitsubishi Corporation International (Europe) Plc

Directors' responsibilities statement

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), including Financial Reporting Standard 101 Reduced Disclosure Framework. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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 auditor's report to the members of Mitsubishi Corporation International (Europe) Plc

We have audited the financial statements of Mitsubishi Corporation International (Europe) Plc for the year ended 31 March 2016 which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the balance sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed in the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report to the members of Mitsubishi Corporation International (Europe) Plc (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kevin Thompson

Kevin Thompson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
30 June 2016

Mitsubishi Corporation International (Europe) Plc

Income statement
Year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Turnover	1, 2	447,761	501,299
Cost of sales		(437,524)	(485,838)
Gross profit		10,237	15,461
Administrative expenses		(28,401)	(26,006)
Other operating income and expenses	5	18,028	21,568
Operating (loss)/profit	4	(136)	11,023
Dividend income from shares in group undertakings		8,945	21,955
Profit from sales of fixed asset investment	11	64	1,936
Income from other fixed asset investment		1,031	676
Impairment of fixed asset investment	11	(1,745)	(74)
Interest income	6	421	628
Interest expense	7	(808)	(1,081)
Profit before taxation		7,772	35,063
Tax	8	(28)	(2,464)
Profit after taxation attributable to owners of the Company		7,744	32,599

Mitsubishi Corporation International (Europe) Plc

Statement of comprehensive income
Year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Profit for the financial year		7,744	32,599
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on pension scheme	18	(2,179)	(2,336)
UK deferred tax credit attributable to actuarial loss	18	-	467
Items that may be reclassified subsequently to profit or loss:			
Gains arising on available for sale financial assets during the period		123	408
Movement on cash flow hedges	17	(8)	4
Tax relating to items that may be reclassified		(6)	(79)
Total other comprehensive expense for the period net of tax		(2,070)	(1,536)
Total comprehensive income for the period		5,674	31,063

Mitsubishi Corporation International (Europe) Plc

Statement of changes in equity
Year ended 31 March 2016

	Called up share capital £'000	Revaluation reserve £'000	Hedging reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2014	**120,658**	**241**	**-**	**15,408**	**136,307**
Profit for the period	-	-	-	32,599	32,599
Other comprehensive income/(expense) for the period	-	330	3	(1,869)	(1,536)
Total comprehensive income for the period	**-**	**330**	**3**	**30,730**	**31,063**
Dividends payable	-	-	-	(19,507)	(19,507)
Balance at 31 March 2015	**120,658**	**571**	**3**	**26,631**	**147,863**
Profit for the period	-	-	-	7,744	7,744
Other comprehensive income/(expense) for the period	-	115	(6)	(2,179)	(2,070)
Total comprehensive income/(expense) for the period	**-**	**115**	**(6)**	**5,565**	**5,674**
Dividends payable	-	-	-	(16,300)	(16,300)
Balance at 31 March 2016	**120,658**	**686**	**(3)**	**15,896**	**137,237**

Mitsubishi Corporation International (Europe) Plc

Balance sheet
As at 31 March 2016

	Notes	2016 £'000	2015 £'000
Non-current assets			
Intangible assets	9	325	249
Property, plant and equipment	10	2,146	929
Investments	11	93,720	95,271
Trade and other receivables	13	-	18
Derivative assets	17	1,570	354
Deferred tax assets	8	255	426
		98,016	97,247
Current assets			
Inventories	12	90,189	191,450
Trade and other receivables	13	131,265	101,141
Derivative assets	17	12,956	29,220
Cash and cash equivalents		23,239	1,786
		257,649	323,597
Current liabilities			
Bank loans and overdrafts	14	(15,028)	(14,132)
Trade and other payables	14	(193,908)	(253,892)
Derivative liabilities	17	(7,494)	(4,533)
Deferred income		(1,561)	(75)
		(217,991)	(272,632)
Net current assets		39,658	50,965
Total assets less current liabilities		137,674	148,212
Non-current liabilities			
Derivative liabilities	17	(437)	(278)
Other payables	14	-	(71)
		(437)	(349)
Net assets		137,237	147,863
Equity			
Share capital	15	120,658	120,658
Hedging reserve		(3)	3
Revaluation reserve		686	571
Profit and loss account		15,896	26,631
Equity attributable to owners of the company		137,237	147,863

The financial statements of Mitsubishi Corporation International (Europe) Plc registered number 02214224 were approved by the Board of Directors on 30 June 2016.

Signed on behalf of the Board of Directors

H Hayashi
Managing Director

Mitsubishi Corporation International (Europe) Plc

Notes to the financial statements
Year ended 31 March 2016

1. Accounting policies

a) Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

Mitsubishi Corporation International (Europe) Plc is incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council. The company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.The company first adopted FRS101 reporting for the period ended 31 March 2014 and this is the third year reporting under FRS101 since its adoption.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and inventories.

Group financial statements

These financial statements present information about the company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared as the company is a wholly-owned subsidiary of Mitsubishi Corporation, a company incorporated in Japan and so is therefore exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare and deliver group financial statements.

Cash flow statement and disclosure exemptions

As permitted by FRS101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cashflow statement, standards not yet effective, presentation of comparative information in respect of certain assets, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Mitsubishi Corporation which are available to the public and can be obtained as set out in note 19.

Going concern

The company has policies in place to ensure the risks mentioned in the Strategic Report and Directors' Report and notes 13 and 17 are within management's scrutiny and control. The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. In addition the company has financing sources both from the group as well as third party banks.

As discussed in the Review of the business and key performance indicators of the Strategic Report, the company has continued to perform reasonably well given the difficult market conditions for commodities during the year ended 31 March 2016. The company has a strong balance sheet with positive net current assets and shareholders' equity. The total borrowings of the company as at 31 March 2016 of £182.7 million (2015: £235.7 million) (bank loans, overdrafts and intergroup balances – see note 14) are short-term facilities.

1. Accounting policies (continued)

Going concern (continued)

These are matched to a large extent against the aggregate of cash and cash equivalents of £23.2 million (2015: £1.8 million), trade receivables of £83.1 million (2015: £53.7 million) (see note 13), amounts receivable from other group companies of £33.6 million (2015: £35.4 million) (see note 13) which are on terms similar to the borrowings and inventories of £90.2 million (2015: £191.4 million) (see note 12), a large portion of which relates to commodities that are traded on international exchanges and therefore considered to be liquid and easily convertible to cash. While the bank borrowings and facilities are current and uncommitted, the directors are of the opinion that these will remain available to the company for the foreseeable future.

Based on the above factors, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

Intangible assets

Software assets are valued at cost on acquisition and are amortised in equal annual amounts over their useful economic lives, estimated to be approximately three years. Amortisation expenses are recognised within administration expenses in profit and loss. Provision is made for any impairment.

Property, plant and equipment

Property, plant and equipment is 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 four years and IT equipment has an estimated useful life of three years, 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 profit and loss.

Inventories

Inventories except aluminium 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.

All aluminium inventories are valued at fair value, determined at the quoted price of aluminium at the London Metal Exchange (LME) at the balance sheet date, plus the approximate market premium/discount published by *Metal Bulletin* at that date less costs to sell.

Revenue

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 inventory, 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.

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 which are recognised on an accruals basis.

Dividend income from investments is recognised when the company's right to receive payment has been established.

1. Accounting policies (continued)

Foreign exchange

The company's financial statements are presented in 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 profit and loss.

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 profit and loss in equal annual amounts over the period of the leases. For operating leases where the company acts as lessor, rental income is credited to profit and loss in equal instalments over the period of the lease.

Pension costs

The company operates both a defined benefit and a defined contribution pension scheme. The defined benefit scheme closed to future accrual of final salary benefits on 28 February 2015. The company is planning for a buy out of the pension scheme in the next financial year.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. These are included as part of staff costs. Past service costs are recognised immediately in profit and loss if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to profit and loss 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.

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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary difference and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in profit and loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Deferred taxation is provided in full on temporary 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. Temporary 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.

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

Investments

Investments are stated at cost less any provision for impairment in all cases where the ultimate holding company holds a majority stake, as the company has no control of the cash flows or the eventual selling price. All other investments, including investments held as current assets, are classified as available-for-sale and are stated at fair value except where the directors are of the opinion that the variability in the range of reasonable fair value measurements for the company's shares in these undertakings is significant and the probabilities of the various estimates within the range cannot be reasonably assessed, in which case the investment is stated at cost less provisions for impairment as an approximation to fair value. Changes in fair value are recognised in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the net profit or loss for the period. Provisions for impairment are recognised in profit and loss.

1. Accounting policies (continued)

Financial instruments (continued)

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.

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 accruals basis in profit and 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 measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded when the proceeds are 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 manage against any price risk exposure on its aluminium trading operations. However, the company does not apply hedge accounting under IAS39 Financial Instruments: recognition and measurement for these derivatives used to manage price risk on commodities. The company only uses derivative financial instruments for speculative purposes to a limited extent with board approval.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The company designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The company designates certain hedging instruments, which include derivatives, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis the company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 17 sets out the details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of other comprehensive income.

1. Accounting policies (continued)

Hedge accounting (continued)

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

The company also hedges the foreign currency exchange risks on certain investments (the 'hedged item') that are denominated in US dollars. Such investments are hedged against loans in the same foreign currency of the same value and similar maturity profile (the 'hedging instrument').

Fair value hedges that meet the hedge accounting criteria are accounted for as follows:

- The gain or loss from re-measuring the hedging instrument at fair value is recognised in profit and loss; and
- The carrying amount of the hedged item is adjusted through profit and loss for the gain or loss on the hedged item attributable to the hedged risk.

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 year.

b) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements that the directors have made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

1. Accounting policies (continued)

Evaluating the substance of transactions and gross versus net presentation of revenue

The company and its employees undertake a very wide range of business activities. These involve trading in goods on the company's own account and as an intermediary on behalf of others, as well as performing a range of management, treasury and other services on behalf of other Mitsubishi group undertakings.

Management is required to exercise judgement in order to determine to what extent, if at all, the company is exposed to the significant risks and rewards of these business activities. This judgement determines whether the company should recognise revenue and profit at all, for example where transactions may have the legal form of a sale but do not expose the company to any significant risks and rewards of the underlying goods or services and whether the company should recognise revenue on a principal or agency basis, where the company is acting as an intermediary. Management judgement is also required to determine the appropriate revenue recognition policy to apply, for example where transactions have the legal form of a sale but where the substance of the transaction is that of an inventory lending or financing transaction.

In making these judgements, management considers the detailed guidance set out in IAS 18 Revenue and IAS 39 Financial instruments: recognition and measurement, in particular whether the company has received from, or transferred to, the counterparty the significant risks and rewards of the goods, services or financial instruments.

Fair value measurements

The company has material assets and liabilities which are measured at fair value or fair value less costs to sell, most notably the company's derivatives and aluminium inventories. Fair value measurements are based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. In almost all cases where fair value accounting is applied the company has chosen not to apply the hedge accounting requirements of IAS 39 Financial instruments: recognition and measurement and as a result the full unrealised gains and losses resulting from the revaluation of these assets and liabilities at each reporting date are recognised directly in profit and loss.

Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market-based transactions rarely exist. Further details of the techniques applied, inputs used and the sensitivity to changes are given in notes 11 and 17 to the financial statements.

Assessment that the range of fair value measurements for certain available-for-sale investments is significant and the probabilities of the various estimates within the range cannot be reasonably assessed

The company has certain available-for-sale equity investments for which no quoted market price in an active market is available (see note 11). These investments represent minority shareholdings in a number of businesses that the company invested in to augment its trading activities or the wider Mitsubishi group's long-term strategic goals. None of the shares have a quoted market price in an active market and the company's investments are all small percentages of the total in the context of long-term ownership of controlling interests by other investors which do not give the company significant influence over the cash flows or operating and financial policies of these investments.

As a result the directors are of the opinion that the variability in the range of reasonable fair value measurements for these investments is significant and the probabilities of the various estimates within the range cannot be reasonably assessed. As such the company measures these investments at cost, less any impairment, as an approximation to fair value.

1. Accounting policies (continued)

Assessment of events and changes in circumstances which may indicate the impairment of assets

Investments in subsidiaries and associates, other investments (see note 11), loans and receivables (see note 13), intangible assets (see note 9) and property, plant and equipment (see note 10) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these investments may not be fully recoverable. While IAS 36 Impairment of assets provides examples of events and changes within the company and in its external environment which should be considered as a minimum for this assessment, the application of management judgement is required in determining whether other events and changes in circumstance may also be indications of impairment. Management judgement is also required to determine the significance of the impact of identified events and changes in circumstances on the company's assets, the determination of which may also involve making judgements and estimates about the likelihood of future events.

If an asset's recoverable amount is less than the asset's carrying amount, an impairment is recognised in profit and loss. Estimates which are used to calculate the asset's recoverable amount are discounted using asset specific discount rates and are based on expectations about future cash flows. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

Measurement of post-employment benefit liabilities

The defined benefit pension scheme's assets are measured at fair value, the estimation uncertainty around which is discussed above. The present value of the defined benefit pension scheme's liabilities is also dependent on a number of assumptions including interest rates of high quality corporate bonds, inflation and mortality rates. The net interest expense or income is dependent on the interest rates of high quality corporate bonds. The assumptions are based on the conditions at the time and changes in these assumptions can lead to significant movements in the estimated obligations.

Management judgement and estimates are also required in determining the extent of the economic benefit the company will receive from the surplus, either through refund or a reduction in future contributions and whether additional deficit reduction contributions might be required which would require immediate provision. Further details of the techniques applied, inputs used and the sensitivity to changes of the net pension liabilities are given in note 18 to the financial statements.

Additional insured annuity contracts were purchased in the year to further reduce risks in the scheme and the company is planning for a buy out of the pension scheme in the next financial year; however, while management expects that the probability of the planned buy out going ahead is high it has assessed that as at 31 March 2016 the company retains both a legal and constructive obligation to the scheme. As such the company has not recognised a settlement in the year and has continued to recognise the scheme assets and liabilities.

2. Revenue

An analysis of the Company's revenue is as follows:

	2016 £'000	2015 £'000
Sales of goods and services ("turnover")	447,761	501,299
Service and management fees income	16,167	15,012
Interest receivable and similar income (note 6)	421	628
Dividend income	9,976	22,631
Total revenue	474,325	539,570

An analysis of the company's turnover by type of transactions:

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:

	2016 £'000	2015 £'000
Principal	442,259	494,947
Agency	2,787	3,217
Brokerage	2,715	3,135
	447,761	501,299

An analysis of the Company's turnover by geographical market is set out below:

	2016 £'000	2015 £'000
From customers located within the United Kingdom	93,576	96,002
From customers located outside the United Kingdom	354,185	405,297
	447,761	501,299

3. Information regarding directors and employees

	2016 £'000	2015 £'000
Directors' emoluments:		
Emoluments	1,574	1,870
Company contributions to money purchase pension scheme	60	32
	1,634	1,902

	No.	No.
Number of directors who are members of a money purchase pension scheme	2	2

	£'000	£'000
Remuneration of the highest paid director	624	851

	No.	No.
Average number of persons employed (including directors)		
Trading and administration	169	169

	£'000	£'000
Employee costs (excluding directors' emoluments)		
Wages and salaries	7,296	7,956
Social security costs	1,055	1,017
Pension costs/(credits)	897	(1,264)
Cost in respect of parent company's employees on secondment	5,950	5,489
	15,198	13,198

The company's defined benefit pension scheme closed to future accrual of final salary benefit on 28 February 2015 and as a result a past service credit of £2.3million was recognised in profit and loss for the year ended 31 March 2015. Please refer to note 18 for further details.

4. Operating (loss)/profit

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

	2016 £'000	2015 £'000
Depreciation of property, plant and equipment	637	145
Amortisation of intangible assets	116	163
Net rentals payable under operating leases - property (note 16)	1,558	1,711
Staff costs	16,832	15,100
Fees payable to the company's auditor for the audit of the company's annual accounts	207	192
Fee payable to the company's auditor and their associates for other services to the company		
– Audit-related assurance services	247	230
– Taxation compliance services	78	73
– Others/Pensions advice	6	57

5. Other operating income and expenses

	2016 £'000	2015 £'000
Service and management fees income	16,167	15,012
Net foreign exchange gains	6,485	3,081
Other items of operating (expense)/income	(4,624)	3,475
	18,028	21,568

Service and management fees include management, IT and other recharges to various group companies for services provided. Other items of operating income and expense consist mainly of fair value gains and losses on foreign exchange contracts, gains and losses on disposal of property, plant and equipment as well as movements in bad debt and other provisions.

6. Interest receivable and similar income

	2016 £'000	2015 £'000
Interest receivable from group undertakings	132	168
Interest receivable from associates	56	183
Bank and other interest receivable	200	264
Net interest income on the net defined benefit asset	33	13
	421	628

7. Interest payable and similar charges

	2016 £'000	2015 £'000
Interest on bank loans and overdrafts	108	93
Interest payable to group undertakings	700	988
	808	1,081

8. Tax charge on profit on ordinary activities

(i) The tax charge comprises:

	2016 £'000	2015 £'000
United Kingdom corporation tax	(155)	1,632
Adjustment in respect of prior years	17	(170)
Foreign tax	1	9
Total current tax	(137)	1,471
Deferred tax		
Origination and reversal of temporary differences	165	993
Total deferred tax	165	993
Total tax on profit on ordinary activities	28	2,464

(ii) The charge for the year can be reconciled to the profit in the profit and loss account as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	7,772	35,063
Tax at 20 % (2015: 21%) thereon:	(1,554)	(7,363)
Effects of:		
Expenses not deductible for tax purposes	(582)	(171)
Pension adjustment	549	859
Fixed asset timing differences	(47)	26
Foreign tax suffered	(1)	(9)
United Kingdom dividend income	1,789	4,611
Other income not chargeable for tax purposes	-	406
Prior year adjustments	(17)	170
Total tax charge for the year	137	(1,471)
Total deferred tax	(165)	(993)
Total tax on profit on ordinary activities	(28)	(2,464)

8. Tax charge on profit on ordinary activities (continued)

(iii) Tax recognised in other comprehensive income comprises:

In addition to the amount charged to profit and loss, the following amounts relating to tax have been recognised in other comprehensive income:

	2016 £'000	2015 £'000
Deferred tax		
Arising on income and expenses recognised in other comprehensive income		
Revaluation of available-for-sale financial assets	(8)	(78)
Deferred tax attributable to actuarial loss	-	467
Revaluations of financial instruments treated as cash flow hedges	2	(1)
Total income tax recognised in other comprehensive income	(6)	388

(iv) Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £	Others £	Revaluation of financial assets £	Retirement benefit obligations £	Total £
At 31 March 2015	140	79	(143)	350	426
(Charge)/credit to profit or loss	(75)	35	-	(125)	(165)
(Charge)/credit to other comprehensive income	-	2	(8)	-	(6)
At 31 March 2016	65	116	(151)	225	255

The company has no unused trading or capital losses as at the balance sheet date.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2016 £'000	2015 £'000
Deferred tax liabilities	(151)	(143)
Deferred tax assets	406	569
	255	426

The Finance Act 2014, which provides for reductions in the main rate of corporation tax from 21% to 20% effective from 1 April 2015, was substantively enacted on 17 July 2014. In the 2015 Summer Budget, the Chancellor announced additional reductions to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) and these were enacted on 18 November 2015. This will reduce the company's future current tax charge accordingly. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

9. Intangible assets

	Software £'000	Total £'000
Cost		
At 31 March 2015	2,045	2,045
Additions	192	192
Disposals	-	-
At 31 March 2016	2,237	2,237
Accumulated depreciation		
At 31 March 2015	1,796	1,796
Charge for the year	116	116
Disposals	-	-
At 31 March 2016	1,912	1,912
Net book value		
At 31 March 2016	325	325
At 31 March 2015	249	249

10. Property, plant and equipment

	Vehicles £'000	Furniture, fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
At 31 March 2015	27	2,534	653	3,214
Additions	-	1,626	236	1,862
Disposals	-	(173)	(20)	(193)
At 31 March 2016	27	3,987	869	4,883
Accumulated depreciation				
At 31 March 2015	1	1,891	393	2,285
Charge for the year	7	504	126	637
Disposals	-	(165)	(20)	(185)
At 31 March 2016	8	2,230	499	2,737
Net book value				
At 31 March 2016	19	1,757	370	2,146
At 31 March 2015	26	643	260	929

11. Investments

	Shares in subsidiary *undertakings* £'000	Shares in other group *undertakings* £'000	Investment in *associates* £'000	Other *investments* £'000	Total £'000
Cost					
At 31 March 2015	87,010	2,379	2,251	5,103	96,743
Additions	90	-	-	-	90
Disposals/capital redemption	-	-	-	(947)	(947)
Fair value movement	-	1	-	122	123
Foreign currency revaluation	-	-	74	-	74
At 31 March 2016	87,100	2,380	2,325	4,278	96,083
Provision					
At 31 March 2015	-	74	-	1,398	1,472
Additions	-	-	1,745	-	1,745
Disposals	-	-	-	(947)	(947)
Foreign currency revaluation	-	-	93	-	93
At 31 March 2016	-	74	1,838	451	2,363
Net book value					
At 31 March 2016	87,100	2,306	487	3,827	93,720
At 31 March 2015	87,010	2,305	2,251	3,705	95,271

Shares in subsidiary undertakings

In October 2015 the company acquired 100% of Mitsubishi Hellas A.E.E. in Greece. The shares in subsidiary undertakings represents the six European subsidiaries of the company located in Germany, Spain, Italy, Netherlands, France and Greece. All the subsidiaries' principal activities relate to general trading of commodities and the provision of services.

Shareholdings in subsidiaries are as follows:

Company name	**Country of incorporation**	**Shareholding %**	**£'000**
Mitsubishi International G.m.b.H	Germany	100	59,312
Mitsubishi France S.A.	France	100	15,072
Mitsubishi Italia S.p.A	Italy	100	1,468
Mitsubishi Nederland B.V.	Netherlands	100	7,292
Mitsubishi Espana S.A.	Spain	100	3,866
Mitsubishi Hellas A.E.E.	Greece	100	90
Total			**87,100**

In the opinion of the directors, there is no impairment to the carrying value of the subsidiaries.

11. Investments (continued)

Shares in other group undertakings

Company name	Country of incorporation	Shareholding %	£	Class	Principal business activity
Princes Limited	United Kingdom	10	700,000	Ordinary	Trading in canned foods
Triland Metals Limited	United Kingdom	9.09	1,431,764	Ordinary	Metal brokerage
Green Power Development	Netherlands	0.12	18,266	Special Member	Development of wind power projects
Mitsubishi Corporation LT Europe G.m.B.H.	Germany	21.67	156,282	Ordinary	Logistic services
			2,306,312		

The company's investments in shares in other group undertakings represent non-controlling interests in these companies. None of the shares have a quoted market price in an active market and all of the shares in all of the companies except Green Power Development are wholly owned between various Mitsubishi group undertakings which intend to hold them as long-term investments. Given the lack of marketability of the shares, the context of long-term ownership of controlling interests in the investments by other Mitsubishi group undertakings and the fact that the company's investments in the shares do not give it control or significant influence over the cash flows or operating and financial policies of these investments the directors are of the opinion that the variability in the range of reasonable fair value measurements for the company's shares in these group undertakings is significant and the probabilities of the various estimates within the range cannot be reasonably assessed. As such the company has measured these investments at cost as an approximation to fair value.

11. Investments (continued)

Investment in associates

This represents an unlisted investment of £0.5 million (US$0.7million) in an Irish associate, Deucalion MC Engine Leasing Ltd (DMCELL), which specialises in aircraft engine leasing in which the company has a 40% shareholding. As at year end DMCELL is in the final stages of selling its last remaining engine asset, following which it will start a liquidation process, in accordance with the original investment plan. During the year, the company has recognised an impairment loss of £1.7m, of which £1.3m was received as dividend income as return of capital following the sale of DMCELL's engine assets. To hedge against foreign currency movements, the company has a designated loan of a similar amount as a fair value hedge of this investment.

Other investments

All other investments represent minority shareholdings in a number of businesses that the company invested in to augment its trading activities or the wider Mitsubishi group's long-term strategic goals. None of the shares have a quoted market price in an active market and the company's investments are all small percentages of the total in the context of long-term ownership of controlling interests by other investors which do not give the company significant influence over the cash flows or operating and financial policies of these investments. The directors are of the opinion that the variability in the range of reasonable fair value measurements for the company's shares in these undertakings is significant and the probabilities of the various estimates within the range cannot be reasonably assessed. As such the company has measured these investments at cost as an approximation to fair value.

The most significant other investment is the £3.8 million (US$5.5 million) investment for approximately 1% share in Capula Investment Management LLP and Capula Management Ltd, a hedge fund manager and hedge fund management company respectively.

During the year the company has sold its entire shareholding in Seabased AB, a Swedish company which develops 'sea wave' technology for power generation. A full provision for impairment was recognised against the £1 million cost of this investment in 2013 due to delays in the underlying project. As a result the company has recognised a small profit of £0.06 million from the disposal.

12. Inventories

	2016 £'000	2015 £'000
Aluminium inventories held at fair value less costs to sell	85,071	186,653
Other inventories held at the lower of cost and net realisable value	5,118	4,797
Finished goods and goods for resale	90,189	191,450

13. Trade and other receivables

	2016 £'000	2015 £'000
Amounts due within one year:		
Trade receivables	84,102	54,383
Less: allowance for doubtful receivables	(1,012)	(705)
	83,090	53,678
Amounts owed by parent company and fellow subsidiary undertakings	33,572	35,380
Amount owed by associates	-	2,765
Loans to third parties	6,810	6,598
Corporation tax receivable	242	187
VAT receivable	823	1,749
Prepayments	6,123	405
Accrued income	605	379
	131,265	101,141
Amounts due after more than one year:		
Other prepayment	-	18
	-	18
Total trade and other receivables	131,265	101,159

All trade receivables 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 material interest rate risk.

The loans to fellow subsidiary undertakings have no fixed repayment terms. The loans carry interest at LIBOR plus an appropriate margin for group finance. In the opinion of the directors the carrying amount is a reasonable approximation of fair value. The loan to the associated company carries interest at the company's borrowing rate plus an appropriate margin.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Credit risk arises from trade receivables due to the fact that trading in most cases requires extending of credit to customers which otherwise may not trade with the company. The company's principal customers, suppliers and financial institutions with which it conducts business are spread across diverse geographical areas.

13. Debtors (continued)

Credit risk management (continued)

The company has stringent policies in place, managed by a specialist risk management team, which govern the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals in line with the company's delegation of authority. The company limits the credit risk by evaluating the potential counterparties before entering into transactions with them and continues to monitor and assess their creditworthiness after transactions have been initiated. Creditworthiness is assessed using information from various sources, an internal credit rating system and qualitative and quantitative data. The system of internal credit rating is based on statistical analysis, with customers being individually rated.

The company attempts to minimise credit risk through using credit insurance wherever considered appropriate and rigorous monitoring of receivables. Depending on the creditworthiness of the counterparty the company may require collateral in the form of guarantees, letters of credit and cash. As at 31 March 2016 the company has credit exposure of £45.30 million (31 March 2015: £23.96 million) covered by parent and third party guarantees in relation to its trade receivables. Credit exposure to any low rated single non-related counterparty or any group of counterparties having similar characteristics is not considered to be significant. The company defines counterparties as having similar characteristics if they are part of the same corporate group.

The company's maximum exposure to credit risk is largely limited to the carrying amount of its receivables, cash and derivatives.

Included in the company's trade receivables balance are debtors with a carrying amount of £0.02 million (31 March 2015: £0.02 million) which are more than 30 days overdue at the reporting date for which the company has not provided since there has not been a significant change in credit quality and the company believes that the amounts are still recoverable.

Below is the table showing the movement in the provision against doubtful receivables which are aged from current to over one year. Specific provisions are made against receivables where the prospect of collection is foreseen as unlikely.

Movement in the allowance for doubtful receivables

	2016 £'000	2015 £'000
Balance at the beginning of the year	705	1,732
Exchange difference	12	21
Provision charged during the year	295	26
Provision used during the year	-	(1,074)
Provision reversed during the year	-	-
Balance as at end of the year	1,012	705

14. Trade and other payables

	2016 £'000	2015 £'000
Amounts falling due within one year		
Trade payables	19,212	23,430
Amounts owed to parent company and fellow subsidiary undertakings	167,736	221,597
Corporation tax	-	-
Other taxation and social security	391	366
Accruals	6,569	8,499
	193,908	253,892
Amounts falling due after more than one year		
Other payable	-	71
	-	71
Total trade and other payables	193,908	253,963

All trade payables and amounts owed to the parent for trading transactions are due within one year and are non-interest bearing and therefore do not expose the company to material interest rate risk.

	2016 £'000	2015 £'000
Bank loans and overdrafts (unsecured)		
The borrowings are repayable as follows:		
On demand or within one year	15,028	14,132

Analysis of borrowings by currency

	US$ £'000	EUR £'000	CHF £'000
31 March 2016			
Bank loans	15,028	-	-
31 March 2015			
Bank loans	13,405	723	4

In the opinion of the directors the contracted interest rates for borrowings are not materially 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 17 to the financial statements.

15. Called up share capital

	2016 £'000	2015 £'000
Called up, allotted and fully paid:		
120,658,154 (2015: 120,658,154) ordinary shares of £1 each	120,658	120,658

16. Operating lease commitments

At 31 March 2016, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2016 £'000	2015 £'000
Leases which expire:		
- within one year	3,107	2,242
- between two and five years	12,426	12,428
- after five years	17,086	20,196

The future minimum sublease payments expected to be received under non-cancellable sublease agreements as at 31 March 2016 is £13.2million (2015: £14.5million).

The company has entered into an operating lease for its office premises. The lease is due to expire in 2026. The company subleases part of the office premises to fellow group companies over the same lease term.

The gross rental expense charged to profit and loss is £2.8million (2015: £2.7million) with sub-lease income from the fellow group companies of £1.2million (2015: £1.0million).

17. Derivatives and financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Financial risk management objectives

The company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The company seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles for the management of foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by management on a continuous basis. It is not the policy of the company to enter into these derivative positions on a speculative basis except to a very limited extent with board approval, and firm rules and procedures are in place to ensure that the company follows these policies and that the company risk position is properly managed.

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 to which the company is exposed. It is the company policy to 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 or highly probable forecast transaction.

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

A summary of the financial instruments of the company, by category, including the estimate of fair value is as follows:

At 31 March 2016

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Designated hedging relationships £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial assets							
Non-derivative assets	124,077	-	-	-	-	124,077	124,077
Derivative assets	-	-	-	-	14,526	14,526	14,526
Available-for-sale investments	-	6,133	-	-	-	6,133	6,133
Cash and cash equivalents	23,239	-	-	-	-	23,239	23,239
Financial liabilities							
Non-derivative liabilities	-	-	(29,525)	-	-	(29,525)	(29,525)
Derivative liabilities	-	-	-	(4)	(7,927)	(7,931)	(7,931)
Bank overdrafts and other loans							
Current	-	-	(179,020)	-	-	(179,020)	(179,020)
Non-current	-	-	-	-	-	-	-

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

At 31 March 2015

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Designated hedging relationships £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial assets							
Non-derivative assets	98,818	-	-	-	-	98,818	98,818
Derivative assets	-	-	-	4	29,570	29,574	29,574
Available-for-sale investments	-	6,010	-	-	-	6,010	6,010
Cash and cash equivalents	1,786	-	-	-	-	1,786	1,786
Financial liabilities							
Non-derivative liabilities	-	-	(42,813)	-	-	(42,813)	(42,813)
Derivative liabilities	-	-	-	-	(4,811)	(4,811)	(4,811)
Bank overdrafts and other loans							
Current	-	-	(224,916)	-	-	(224,916)	(224,916)
Non-current	-	-	-	-	-	-	-

Please refer to note 11 for further disclosure on the fair value of available-for-sale investments. In the opinion of the directors, the carrying values of the financial instruments above approximate to the fair values.

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

	2016 £'000	2015 £'000
Assets:		
Current derivative assets		
- Currency derivatives	1,057	6,285
- Aluminium commodity contracts	11,899	22,935
	12,956	29,220
Non-current derivative assets		
- Currency derivatives	210	177
- Aluminium commodity contracts	1,360	177
	1,570	354
Liabilities:		
Current derivative liabilities		
- Currency derivatives	2,825	3,148
- Aluminium commodity contracts	4,669	1,385
	7,494	4,533
Non-current derivative liabilities		
- Currency derivatives	138	183
- Aluminium commodity contracts	299	95
	437	278

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

The fair values for currency derivatives were calculated using the closing price published in *The Financial Times* on the last working day of the month and forward point adjustment from Reuters also on the last working day. The fair values for commodity contracts were calculated using the applicable closing rates on the London Metal Exchange and the market premium published by *Metal Bulletin*.

Hedge accounting

While the company makes extensive use of derivative financial instruments to hedge the risks to which it is exposed, it applies hedge accounting under IAS 39 Financial instruments: recognition and measurement only in limited circumstances. The hedging transactions the company undertakes that are not recognised in profit and loss are cash flow hedges in respect of foreign exchange forward contracts and other financial instruments used to hedge variations in cash flows likely to arise out of changes in foreign currency exchange rates and commodity prices for highly probable forecast future transactions and firm commitments.

In addition, the company also uses a fair value hedge for its investment in an associate. The only risk hedged is foreign currency risk as this investment is US dollar denominated and is hedged by equivalent borrowings also denominated in US dollars. The total exchange gain recognised in profit and loss on this investment during the year as a result of this fair value hedge was £74,000 (2015: £255,000), offset by a loss of a similar amount on the loan.

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

	2016 £'000	2015 £'000
Aggregated gains on foreign exchange hedges	-	4
Aggregated losses on foreign exchange hedges	(4)	-
Net (losses)/gain on foreign exchange hedges	(4)	4
(Losses)/gains for the year deferred to other comprehensive income	(4)	4
Recycling of amounts from hedging reserve to profit and loss	(4)	-
Net (losses)/gains for the year	(8)	4

As at 31 March 2016, there were two designated and effective cash flow hedges which have been deferred in other comprehensive income.

The following table details the forward foreign currency contracts outstanding as at the year end designated for cash flow hedges:

Outstanding contracts	**Foreign currency**		**Contract value**		**Fair value**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
Cash flow hedges						
Buy US dollars	**$'000**	**$'000**	**£'000**	**£'000**	**£'000**	**£'000**
Less than three months	1,152	190	806	124	(4)	4
	1,152	190	806	124	(4)	4

Effectiveness testing is carried out on each cash flow hedge on inception and at the reporting dates. Management have assessed the above hedges to be highly effective.

17. Derivatives and financial instruments (continued)

Market risk

The company's activities expose it to the financial risks of changes in commodity price and foreign currency exchange rates. The company enters into a variety of derivative financial instruments to manage its exposure to commodity price and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk; and
- futures as traded on the exchanges to hedge against any price risk exposure on its aluminium trading operations.

The major commodity traded in the current year was aluminium. The company's risk management objective and strategy for undertaking the hedge is to eliminate any commodity price risk within a transaction in line with the company and departmental guidelines and rules concerning the internal risk position.

Market risk exposures are measured using sensitivity analysis, disclosed below. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk over the last financial year.

(i) Commodity price risk exposure

The company utilises derivative contracts to hedge price fluctuation on aluminium. The company buys and sells commodity futures on the commodity exchanges as a means to hedge its price risk exposure. The futures are traded on a back-to-back basis with each physical contract and as a result very few speculative positions are held.

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

	Aluminium	
	£'000	£'000
	Long	Short
31 March 2016	70,667	135,487
31 March 2015	213,346	371,742

These futures contracts cover a variety of settlement periods beyond the balance sheet date, the latest one being due for settlement in December 2017. 'Long' refers to the buying position of aluminium future contracts whereas 'Short' refers to the selling position of aluminium future contracts.

The ranges that have been used in the fair value of the material commodity derivatives are as follows:

Aluminium: US$1,509 – US$1,593 per metric ton (2015: US$1,787 – US$1,883 per metric ton).

17. Derivatives and financial instruments (continued)

(ii) Commodity price sensitivity analysis

The sensitivity analysis demonstrates the potential impact on the company's profit due to the market and price risk associated with aluminium trading. The following sensitivity analysis has been carried out on the fair values of the commodity derivatives:

	2016 Impact on profit and loss	
	Lowest case (loss) £'000	Highest case (profit) £ '000
Aluminium futures	1,793	8,065
Total	1,793	8,065

	2015 Impact on profit and loss	
	Lowest case (loss) £'000	Highest case (profit) £ '000
Aluminium futures	12,321	10,479
Total	12,321	10,479

The highest and lowest cases were picked up from the highest and lowest monthly average premium, contango/backwardation and published market price data from the last three years. This is consistent with the data and calculations used by management in its internal risk management process.

Foreign currency risk

The company's treasury department will undertake cash management to ensure the foreign currency cash balances are maintained as working capital based on the estimate of future needs. When a transaction results in a foreign exchange exposure in any currency then this exposure is hedged by the treasury department. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

17. Derivatives and financial instruments (continued)

(i) Foreign Currency risk exposure

A significant portion of the company's earnings are denominated in foreign currencies. Consequently the company has significant risk in the translation of these earnings to its functional currency in sterling. The foreign currency profits before tax by major currency (other than sterling) for the company are:

	2016 £'000	2015 £'000
US Dollar	9,924	17,242
Euro	4,998	18,688
Japanese Yen	557	427

The company manages the foreign currency risk by regularly monitoring the net foreign currency earnings against current exchange rates to sterling. Additionally any changes to budgeted earnings figures are also taken into account. Where required, hedging action is undertaken and a report on the outstanding positions and valuations is presented to the management at each month end.

Monetary assets and liabilities by major foreign currency at the balance sheet date are:

	Monetary liabilities		Monetary assets	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
US Dollar	133,429	210,210	101,648	66,595
Euro	30,548	12,272	27,315	15,755
Japanese Yen	5,516	1,471	5,456	1,471

(ii) Foreign currency sensitivity analysis

The following table shows the company's sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies. The sensitivity analysis demonstrates the impact to the company profit and loss as a result of the change in foreign currency exchange rates based on the earnings and the value of foreign currency monetary assets and liabilities shown above.

Sensitivity analysis profit (loss) impact:

	10% weakening in £ against other currency		10% weakening in £ against other currency	
	2016 £'000 On net monetary items	2016 £'000 On earnings	2015 £'000 On net monetary items	2015 £'000 On earnings
US Dollar	(3,531)	1,103	(15,957)	1,916
Euro	(323)	555	348	2,076
Japanese Yen	(7)	62	-	47
Total impact (loss)/profit	(3,861)	1,720	(15,609)	4,039

For a 10% strengthening of sterling against the relevant currency, there would be an almost equal and opposite impact on the earnings and on the monetary items in the balance sheet.

17. Derivatives and financial instruments (continued)

(iii) Foreign currency contracts

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 marketplace that the physical transaction takes place in.

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

	GBP £'000	USD £'000	EUR £'000
31 March 2016	75,248	117,935	18,175
31 March 2015	92,027	98,831	7,997

These arrangements are designed to address significant exchange exposures that the company has for contracted commitments. The vast majority are due to mature within twelve months of the balance sheet date. A very small number extend beyond then, the latest one maturing in March 2018.

At 31 March 2016 the fair value of the company's currency derivatives is estimated to be a net liability of £2.5million (2015: net asset of £6.3million). These contracts are valued using pricing techniques involving assumptions based on observable market data to determine the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional currency amount, taking into account the need for adjustments for credit risk. This comprises £2.5million (2015: £6.3million) relating to booked transactions, being accounts receivable and short-term borrowing and this year the amount of effective cash flow hedges which have been deferred in other comprehensive income was £4,000 (2015: £4,000) as discussed above under hedge accounting.

Listed below are the exchange rate ranges used in calculating the fair value as at 31 March 2016 for the key currencies held as derivatives.

US Dollars – Euro	1.1395 – 1.1721	(2015: 1.0740 – 1.07675)
US Dollars – Sterling	1.4373 – 1.4374	(2015: 1.4845 – 1.48442)

The company also acts as agent for its fellow subsidiaries and parent company in contracting foreign exchange forward contracts. These foreign exchange contracts are not included on the company's balance sheet on the basis that the company is only acting as agent and does not bear the significant risks and rewards of these instruments other than the fixed agency commission that is recognised as income as earned. The fair value of such contracts as at 31 March 2016 was a loss of £18,369,583 (2015: gain of £52,028,739).

Interest rate risk

The company in its normal course of business requires funding to finance its commodity trading operations. It is exposed to interest rate risk predominantly because of the mismatch between the value of floating rate assets, mainly consisting of cash flows from inventories and receivables versus fixed rate liabilities. The company's interest risk management policy is to hedge the overall floating rate exposure by using fixed rate borrowings of a similar short-term duration. Longer dated assets over 1 year in duration are normally matched by borrowings obtained from a fellow group undertaking.

17. Derivatives and financial instruments (continued)

Interest rate risk (continued)

From time to time the company uses interest rate swaps to manage its exposure to interest rate movements on its borrowings. As at 31 March 2016 the company has no outstanding interest rate swaps contracts (2015: £nil).

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

As at 31 March 2016	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Non-interest bearing £'000	Total £'000
Assets:						
Cash at bank and in hand	23,239	-	-	-	-	23,239
Loans to third parties	6,810	-	-	-	-	6,810
Amounts owed by parent company and fellow subsidiary undertakings	12,666	-	-	-	21,511	34,177
Amount owed by associates	-	-	-	-	-	-
Liabilities:						
Bank loans and overdrafts	15,028	-	-	-	-	15,028
Amounts owed to parent company and fellow subsidiary undertakings	163,992	-	-	-	3,744	167,736

As at 31 March 2015	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Non-interest bearing £'000	Total £'000
Assets:						
Cash at bank and in hand	1,786	-	-	-	-	1,786
Loans to third parties	6,598	-	-	-	-	6,598
Amounts owed by parent company and fellow subsidiary undertakings	15,857	-	-	-	19,902	35,759
Amount owed by associates	2,765	-	-	-	-	2,765
Liabilities:						
Bank loans and overdrafts	14,132	-	-	-	-	14,132
Amounts owed to parent company and fellow subsidiary undertakings	210,784	-	-	-	10,813	221,597

Contracted interest rates on cash at bank and deposit range from nil% to 0.25%.

Contracted interest rates on loans to third parties and amounts owed by parent company and fellow subsidiary undertakings range from Libor +0.40% to Libor + 0.50%.

17. Derivatives and financial instruments (continued)

Interest rate risk (continued)

Contracted interest rates on bank loans and amounts owed to parent company and fellow subsidiary undertakings range from Libor -0.125% to Libor +0.30%.

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 2016.

Liquidity risk

The financing requirements of the company are predominantly short-term in nature and therefore liquidity management is one of the key risks that the company faces. The company manages its financing requirement and hence its liquidity risk with the aid of a cash-flow forecast that is continuously updated to reflect the actual requirement in each currency. Where appropriate the company seeks to match the duration of liabilities to the underlying assets so as to minimise liquidity risk.

The company meets its financing requirements mainly through a combination of inter-group loans and reserves. The company also has access to uncommitted facilities from a range of banks.

An analysis of the liquidity profile of the company's financial liabilities is as follows:

2016	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans and overdrafts	(15,028)	-	-	(15,028)
Other loans	(163,992)	-	-	(163,992)
Related interest	(150)	-	-	(150)
Non-derivative liabilities	(29,525)	-	-	(29,525)
Derivative liabilities	(7,494)	(437)	-	(7,931)
Total	(216,189)	(437)	-	(216,626)

2015	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans and overdrafts	(14,132)	-	-	(14,132)
Other loans	(210,784)	-	-	(210,784)
Related interest	(103)	-	-	(103)
Non-derivative liabilities	(42,742)	(71)	-	(42,813)
Derivative liabilities	(4,533)	(278)	-	(4,811)
Total	(272,294)	(349)	-	(272,643)

17. Derivatives and financial instruments (continued)

Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	-	14,526	-	14,526
Available-for-sale financial assets				
Unquoted equities	-	-	6,133	6,133
Total	-	14,526	6,133	20,659
Financial liabilities at FVTPL				
Derivative financial liabilities	-	7,931	-	7,931
Total	-	7,931	-	7,931

	2015			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	-	29,574	-	29,574
Available-for-sale financial assets				
Unquoted equities	-	-	6,010	6,010
Total	-	29,574	6,010	35,584
Financial liabilities at FVTPL				
Derivative financial liabilities	-	4,811	-	4,811
Total	-	4,811	-	4,811

17. Derivatives and financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Available-for-sale Unquoted equities	
	2016 £'000	2015 £'000
Opening balance	6,010	10,107
Total gains or losses:		
- impairment loss in profit and loss	-	(74)
- fair value movement in other comprehensive income	123	409
- purchases less disposals	-	(4,432)
Closing balance	6,133	6,010

The table above only includes financial assets. There were no financial liabilities subsequently measured at fair value on Level 3 fair value measurement bases. All gains and losses included in the statement of comprehensive income relate to unquoted equities held at the balance sheet date and are reported as fair value movements in investments (note 11).

Netting arrangements

The company enters into netting agreements with counterparties to manage the credit and settlement risks associated with all its derivatives. These netting agreements and similar arrangements enable the company and its counterparties to settle cash flows on a net basis and set-off liabilities against available assets in the event that either party is unable to fulfil its contractual obligations. Gross notional amounts of the company's derivatives are set out above in the sections of this note relating to the risk the derivatives are used to manage.

18. Pension scheme

Defined benefit scheme

The Mitsubishi Corporation Retirement Benefits Scheme ("the defined benefit scheme") is a funded defined benefit pension scheme. The scheme operated for the benefit of the employees of Mitsubishi Corporation International (Europe) Plc and provided benefits linked to salary at retirement or earlier date of leaving service until the scheme closed to future accrual of benefits on 28 February 2015.

The charge for the year in the profit and loss account represents the interest cost and expected return on assets as measured through the actuarial valuation for the year. A past service credit was recognised in profit and loss for the year ending 31 March 2015.

An actuarial valuation is performed every three years, the latest as at 1 April 2012. This revealed a funding deficit versus the actuarial provisions for the Scheme's liabilities of £5.6million. Following this the Trustees of the Scheme reviewed their investment policy in consultation with the company. It was decided to reduce risks in the scheme by purchasing bulk annuities and deferred annuities to cover pensions in payment and deferred pensions. This was funded by a combination of the sale of other scheme investments and a single company contribution of £8.0 million in December 2012. The contribution was part of a Recovery Plan dated 3 December 2012 that was designed to both eliminate the funding deficit revealed in the April 2012 valuation and to substantially cover the additional cost experienced by the Scheme in purchasing annuities. The scheme closed to future accrual of final salary benefits on 28 February 2015. Additional insured annuity contracts were purchased in the year ending 31 March 2016 to further reduce risks in the scheme. The company is planning for a buy out of the pension scheme in the next financial year. The pension charge for the period in respect of employees was £nil (2015: £0.5million).

18. Pension scheme (continued)

Defined benefit scheme (continued)

An interim valuation for this reporting period (for accounting purposes) was carried out by a qualified actuary. The major assumptions used for this valuation were:

		2016	2015
Discount rate (pre and post retirement)		3.40%	3.20%
Rate of increase in salaries		-	4.30%
RPI price inflation		3.10%	3.30%
CPI price inflation		2.10%	2.10%
Rate of increase for pensions in payment (LPI minimum 3% pa where CPI is used from April 2011)		3.15%	3.15%
Rate of increase for pensions in deferment		2.10%	2.10%
Life expectancy at age 60:			
Current pensioners	- Men	28.1	28.0
	- Women	30.8	30.7
Future pensioners now aged 40	- Men	29.6	29.5
	- Women	32.5	32.4

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 4.9%
Inflation assumption *	Increase/decrease by 0.25%	Increase/decrease by 1.9%
Post retirement mortality	Increase/decrease by 1 year	Increase/decrease by 3.8%

* The inflation sensitivity assumption allows for the impact on all inflation related assumptions (deferred revaluation and pension increases subject to relevant caps and floors).

Based on the above assumptions the surplus/(deficit) in the scheme at each assessment date was:

	2016 £'000	2015 £'000
Value of insured annuities	50,044	39,345
Fair value of other scheme assets	1,081	19,674
Total value of scheme assets	51,125	59,019
Present value of funded obligations (including insured annuities)	(50,044)	(52,407)
Surplus in the scheme	1,081	6,612
Adjustment for IAS 19 asset ceiling	(1,081)	(6,612)
Net pension asset recognised on the balance sheet	-	-

The net defined benefit pension asset recognised has been restricted to nil as the company does not have an unconditional right to the refund of the surplus from the scheme and will not obtain economic benefit from a reduction in future contributions.

18. Pension scheme (continued)

Defined benefit scheme (continued)

The fair value of the scheme's invested assets is set out below.

	2016 £'000	2015 £'000
Bonds	971	19,502
Cash	110	172
Insurance annuities	50,044	39,345
Total	51,125	59,019

The fair value of the bonds is based on quoted prices. Other assets are unquoted. The scheme does not invest in any of the company's own financial instruments or property occupied by, or other assets used by, the company.

Total income recognised in profit and loss

	2016 £'000	2015 £'000
Current service cost	-	513
Past service credit	-	(2,324)
Net interest income on the net defined benefit liability/asset	(245)	(167)
Interest cost on adjustment for the IAS 19 asset ceiling	212	154
Total income	(33)	(1,824)

Annual return on scheme assets:

	2016 £'000	2015 £'000
Actual return on scheme assets	(7,569)	12,888

Changes in the present value of the defined benefit obligation are as follows:

	2016 £'000	2015 £'000
Opening defined benefit obligation	52,407	43,355
Current service cost	-	513
Past service credit	-	(2,324)
Employee contributions	-	75
Interest cost on funded obligations	1,638	1,857
Actuarial (gains)/losses	(1,530)	10,280
Disbursement	(2,471)	(1,349)
Closing defined benefit obligation	50,044	52,407

18. Pension scheme (continued)

Defined benefit scheme (continued)

Changes in the fair value of scheme assets are as follows:

	2016 £'000	2015 £'000
Opening fair value of Scheme assets	59,019	46,893
Interest income on assets	1,883	2,024
Sponsor contributions	2,146	512
Employee contributions	-	75
Actuarial (losses)/gains	(9,452)	10,864
Disbursements	(2,471)	(1,349)
Closing fair value of scheme assets	51,125	59,019

Analysis of recognised loss in other comprehensive income:

	2016 £'000	2015 £'000
Actual return less expected return on pension scheme assets	(9,452)	10,864
Experience gains and (losses) arising on the scheme liabilities	240	-
Actuarial gains/(losses) arising from change in financial assumptions	1,290	(10,280)
Impact of change in irrecoverable surplus	5,743	(2,920)
	(2,179)	(2,336)
Deferred tax	-	467
Actuarial loss recognised in other comprehensive income	(2,179)	(1,869)

The Scheme is currently in surplus on a funding basis and no regular or one-off deficit reduction contributions are due under the current scheme of contributions. The company is planning for a buy-out of the pension scheme in the next financial year. However, while management expects that the probability of the planned buy out going ahead is high it has assessed that as at 31 March 2016 the company retains both a legal and constructive obligation to the scheme. As such the company has not recognised a settlement in the year and has continued to recognise the scheme assets and liabilities.

The scheme closed to future accrual of final salary benefits on 28 February 2015. The company's best estimate of the contributions to be paid in respect of the scheme during the financial year ending 31 March 2017 is nil.

Defined contribution scheme

The company also operates a defined contribution scheme which began on 1 April 2003. The charge for the year (being the contributions made by the company) was £1.0million (2015: £0.6million). No amounts were accrued or prepaid as at 31 March 2016.

19. 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 MC Europe Holdings NV, a company incorporated in the Netherlands.

Copies of the group financial statements of the ultimate parent company can be obtained from Mitsubishi Corporation, 3-1 Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8086, Japan and are also available on Mitsubishi Corporation's website (www.mitsubishicorp.com). The immediate parent company does not prepare group financial statements.

20. Related party transactions

The disclosures below show transactions with related parties which are not wholly owned within the group headed by Mitsubishi Corporation. The company has taken advantage of the exemption from disclosing details of related party transactions available under FRS101 for transactions with other wholly owned group companies.

	Mozal		Other related parties	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Turnover	-	-	180	844
Purchases	-	11,790	92	883
Interest income	-	-	56	183
Trade and other receivables and loans receivable	-	-	96	2,839
Payables	8,381	14,761	13	131

The company purchased aluminium on normal commercial terms from Mozal s.a.r.l, which is an associate of the company's parent undertaking, Mitsubishi Corporation until May 2014. Thereafter the company changed its arrangement and purchases aluminium directly from the parent company, but remains as a settlement agent for the parent company with Mozal. Amounts due from other related parties primarily comprised a loan extended to the company's associate, DMCELL.

Contributions to the defined benefit pension scheme, which is also a related party of the company, have been disclosed in note 18.

21. *Capital risk management and dividends*

Capital risk management

The company manages its capital to ensure that it will be able to fund both its own day-to-day activities and those of its subsidiaries while continuing as a going concern. The capital structure of the company consists of net debt (bank loans, overdrafts and intercompany balances disclosed in note 14 after deducting cash and bank balances) and equity (comprising issued capital, reserves and retained earnings). The company is not subject to any externally imposed capital requirements and does not manage its capital on the basis of specific target gearing or leverage ratios.

Instead, each year the directors make an assessment of the valuation of the company's assets and liabilities using assumptions which are more prudent than those adopted for financial reporting purpose, taking into account unrealised gains and losses on assets and liabilities held at fair value and unrecognised contingent liabilities. Having made this assessment the company pays out all remaining retained earnings as dividends such that the company's equity should remain broadly stable over the long term. Any requirements for additional capital identified by the company through its ongoing cashflow forecasting are met through additional borrowings obtained from the wide range of facilities available to the company, both directly from external banks and from other group undertakings.

Dividends

Amounts recognised as distributions to equity holders in the year:

	2016 £'000	2015 £'000
Dividend for the year ended 31 March 2016 of 13.50924p per share (for year ended 31 March 2015: 16.1672 per share)	16,300	19,507
	16.300	19,507

22. Events after the balance sheet date

On 16 May 2016 the directors recommended a dividend of £10.3million (8.5365p per share) to be paid on 30 June 2016.

Company Registration No. 02214224

Mitsubishi Corporation International (Europe) Plc

Annual Report and Financial Statements

31 March 2017

Mitsubishi Corporation International (Europe) Plc

Annual report and financial statements 2017

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Mitsubishi Corporation International (Europe) Plc

Annual report and financial statements 2017

Officers and professional advisers

Directors

H Hayashi
A Kurosawa
M Takada
M Kochi
J Nagase
K Kawakami
G Williams
M Pratt
A Fraser
J Rogers

Secretary

H Hayakawa

Registered Office

Mid City Place
71 High Holborn
London
WC1V 6BA

Principal Bankers

Bank of America Merrill Lynch
5 Canada Square
London
E14 5AQ

Solicitors

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Mitsubishi Corporation International (Europe) Plc

Strategic report

The Directors present their Strategic Report for the year ended 31 March 2017 in accordance with section 414C of the Companies Act 2006.

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

Review of the business and key performance indicators

Turnover for the year ended 31 March 2017 amounted to £511 million (2016: £448 million) and the gross profit percentage was 3.38% (2016: 2.29%). The increase in turnover and gross profit percentage was mainly due to the increase of aluminium transaction volumes. Profit after taxation for the year ended 31 March 2017 amounted to £16.8 million (2016: £7.7 million), including dividend income of £8.2million (2016: £4.7 million) from the company's European subsidiaries. The increase in profit after tax was mainly due to an increase in the profitability of the aluminium business within the Metal division and an increase in dividend income from the European subsidiaries.

Other operating income net of expenses for the current year amounted to £20.2 million which is £2.2 million higher than last year (2016: £18.0 million). There was an increase in service and management fee income. The company has recognised foreign exchange gains of £0.8 million (2016: gains £6.5 million) and mark to market gains on forward contracts of £1.7 million (2016: losses £4.6 million). The total dividend income received during the year including dividends from European subsidiaries and from other investments amounted to £13.3 million (2016: £10.0 million). The increase was mainly due to an increase in dividends from the European subsidiaries as mentioned above.

The inventory holding level has increased by approximately £19 million to £109 million as at 31 March 2017 compared to the prior year (2016: decrease of £101 million to £90 million). The increase in inventories is mainly due to an increase in aluminium inventory levels. The proportion of current liabilities to current assets is 83% which is slightly lower than previous year (2016: 85%).

During the year, the company has recognised an impairment loss of £0.3 million (2016: £1.7 million) on its associate Deucalion MC Engine Leasing Ltd. This company is in the process of voluntary liquidation and is expected to complete the process by the first half of next financial year.

Taking into account the challenging market conditions for commodities the company has continued to perform reasonably well during the year ended 31 March 2017. The directors expect that the company will continue to perform satisfactorily although the prevailing market conditions present some challenges for the aluminium business. The directors remain committed to further strengthening internal controls and compliance to manage the risks to which the company is exposed.

Principal risks and uncertainties and financial risk management objectives and policies

Because of the nature of the company's trading and business model, it is exposed to various risks, all of which are monitored and controlled. However these risks could potentially have a material impact on the company's performance. The principal areas of risk relate to credit risk, foreign exchange currency risk, interest rate risk, price risk and liquidity risk. These are discussed below and in more detail in notes 13 and 17 to the financial statements.

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 primarily arises since trade in most cases requires extending credit to customers, without which many would not trade with the company.

This risk is managed through taking out credit insurance wherever possible and also having rigorous monitoring and investigation carried out by the risk management department.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company trades in many products in many countries in different currencies and is 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.

Mitsubishi Corporation International (Europe) Plc

Strategic report (continued)

Principal risks and uncertainties and Financial risk management objectives and policies (continued)

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 loans, it is exposed to cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. A significant proportion of activity centres around funding made available to related parties, for which interest is charged at a market rate. Funding for this is borrowed and so a potential risk of movements in interest rates arises on both the borrowing and lending side.

As a matter of policy, risk is managed by ensuring that lending is on the same basis as borrowing so movements on one side are matched by movements on the other side.

Price risk

Price risk is the risk that commodities that are bought at market price will fall in value before the company has been able to sell them. By the nature of its trading, the company is exposed to price risk.

This risk is managed and controlled in different ways. Where possible the company enters 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 are traded, there is a commodities exchange market. In this instance commodity futures are bought and sold to hedge physical trading positions.

Liquidity risk

Liquidity risk is the risk that the company will have insufficient short-term assets to finance short-term liabilities. The company has significant levels of short-term liabilities so it is open to liquidity risk.

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

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 risk positions that are taken. All significant foreign exchange risk should be hedged. Where price risk occurs this needs to be within pre-approved limits and the company will use futures to hedge that exposure. The overall position is constantly monitored to ensure adherence to agreed limits.

Future prospects

While the directors do not anticipate any significant changes in the business in the near future, the current economic environment does present a challenge to the company in maintaining its performance.

The company has a close relationship with its parent company and follows the group's strategic plan whenever possible. The company will continue to take up new challenges and adapt to changes which best suit the group's development plan. It is considered that the company is in a good position to deal with these challenges. Internal controls that identify and manage risk exposures and good relationships with customers will continue to be fundamental management tools in the day-to-day business operations.

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

H.Hayashi
Managing Director
30 June 2017

Mitsubishi Corporation International (Europe) Plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2017.

Directors

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

H Hayashi
M Takada (appointed 1 April 2016)
A Kurosawa
M Kochi (appointed 1 April 2016)
G Williams
J Nagase (appointed 1 April 2016)
T Shimizu (appointed 1 April 2016, resigned 30 March 2017)
K Kawakami (appointed 23 May 2017)
M Pratt
A Fraser
J Rogers

Dividends

The directors have recommended and paid a dividend of £15.9 million during the year (2016: £16.3 million).

Financial risk management objectives and policies and future prospects

Details of the company's financial risk management objectives and policies and future prospects can be found within the principal risks and uncertainties section of the Strategic Report and form part of this report by cross-reference.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. In addition the company has financing sources both from the group as well as third party banks. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Auditor

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor 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

H Hayashi
Managing Director
30 June 2017

Mitsubishi Corporation International (Europe) Plc

Directors' responsibilities statement

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), including FRS101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditor's report to the members of Mitsubishi Corporation International (Europe) Plc

We have audited the financial statements of Mitsubishi Corporation International (Europe) Plc for the year ended 31 March 2017 which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the balance sheet and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed in the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Independent auditor's report to the members of Mitsubishi Corporation International (Europe) Plc (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Kevin Thompson

Kevin Thompson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 June 2017

Mitsubishi Corporation International (Europe) Plc

Income statement
Year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Turnover	1, 2	511,328	447,761
Cost of sales		(494,052)	(437,524)
Gross profit		17,276	10,237
Administrative expenses		(30,873)	(28,401)
Other operating income and expenses	5	20,249	18,028
Operating profit/(loss)	4	6,652	(136)
Dividend income from shares in group undertakings		11,073	8,945
Dividend income from other investments		2,206	1,031
Profit from sale of fixed asset investment	11	32	64
Impairment of fixed asset investment	11	(280)	(1,745)
Interest income	6	262	421
Interest expense	7	(1,410)	(808)
Profit before taxation		18,535	7,772
Tax	8	(1,768)	(28)
Profit after taxation attributable to owners of the Company		16,767	7,744

Mitsubishi Corporation International (Europe) Plc

Statement of comprehensive income
Year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Profit for the financial year		16,767	7,744
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains/(losses) on pension scheme	18	44	(2,179)
UK deferred tax credit attributable to actuarial gains/(losses)	18	-	-
Items that may be reclassified subsequently to profit or loss:			
Gains arising on available for sale financial assets during the period		573	123
Movement on cash flow hedges	17	1	(8)
Tax relating to items that may be reclassified		(89)	(6)
Total other comprehensive income/(expense) for the period net of tax		529	(2,070)
Total comprehensive income for the period		17,296	5,674

Mitsubishi Corporation International (Europe) Plc

Statement of changes in equity
Year ended 31 March 2017

	Notes	Called up share capital £'000	Revaluation reserve £'000	Hedging reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2015		**120,658**	**571**	**3**	**26,631**	**147,863**
Profit for the period		-	-	-	7,744	7,744
Other comprehensive income/(expense) for the period		-	115	(6)	(2,179)	(2,070)
Total comprehensive income/(expense) for the period		**-**	**115**	**(6)**	**5,565**	**5,674**
Dividends payable	21	-	-	-	(16,300)	(16,300)
Balance at 31 March 2016		**120,658**	**686**	**(3)**	**15,896**	**137,237**
Profit for the period		-	-	-	16,767	16,767
Other comprehensive income for the period		-	484	1	44	529
Total comprehensive income for the period		**-**	**484**	**1**	**16,811**	**17,296**
Dividends payable	21	-	-	-	(15,900)	(15,900)
Balance at 31 March 2017		**120,658**	**1,170**	**(2)**	**16,807**	**138,633**

Mitsubishi Corporation International (Europe) Plc

Balance sheet
As at 31 March 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Intangible assets	9	241	325
Property, plant and equipment	10	1,618	2,146
Investments	11	94,015	93,720
Derivative assets	17	171	1,570
Deferred tax assets	8	-	255
Other non current asset	13	13	-
		96,058	98,016
Current assets			
Inventories	12	109,197	90,189
Trade and other receivables	13	145,348	131,265
Derivative assets	17	5,925	12,956
Cash and cash equivalents		2,786	23,239
		263,256	257,649
Current liabilities			
Bank loans and overdrafts	14	(6,894)	(15,028)
Trade and other payables	14	(193,069)	(193,908)
Derivative liabilities	17	(19,392)	(7,494)
Deferred income	14	(142)	(1,561)
		(219,497)	(217,991)
Net current assets		43,759	39,658
Total assets less current liabilities		139,817	137,674
Non-current liabilities			
Derivative liabilities	17	(177)	(437)
Deferred income	14	(971)	-
Deferred tax liabilities	8	(36)	-
		(1,184)	(437)
Net assets		138,633	137,237
Equity			
Share capital	15	120,658	120,658
Hedging reserve	15	(2)	(3)
Revaluation reserve	15	1,170	686
Profit and loss account	15	16,807	15,896
Equity attributable to owners of the company		138,633	137,237

The financial statements of Mitsubishi Corporation International (Europe) Plc registered number 02214224 were approved by the Board of Directors on 30 June 2017.

Signed on behalf of the Board of Directors

H Hayashi
Managing Director

Mitsubishi Corporation International (Europe) Plc

Notes to the financial statements
Year ended 31 March 2017

1. *General information and accounting policies*

a) General information

Mitsubishi Corporation International (Europe) Plc is incorporated in England, the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council. The company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and inventories.

b) Principal accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Group financial statements

These financial statements present information about the company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared as the company is a wholly-owned subsidiary of Mitsubishi Corporation, a company incorporated in Japan and so is therefore exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare and deliver group financial statements.

Cash flow statement and disclosure exemptions

As permitted by FRS101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective, presentation of comparative information in respect of certain assets, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Mitsubishi Corporation which are available to the public and can be obtained as set out in note 19.

Going concern

The company has policies in place to ensure the risks mentioned in the Strategic Report and Directors' Report and notes 13 and 17 are within management's scrutiny and control. The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. In addition the company has financing sources both from the group as well as third party banks.

As discussed in the Review of the business and key performance indicators of the Strategic Report, the company has continued to perform reasonably well given the difficult market conditions for commodities during the year ended 31 March 2017. The company has a strong balance sheet with positive net current assets and shareholders' equity. The total borrowings of the company as at 31 March 2017 of £168.0 million (2016: £182.7 million) (bank loans, overdrafts and intergroup balances – see note 14) are short-term facilities.

1. Accounting policies (continued)

Going concern (continued)

These are matched to a large extent against the aggregate of cash and cash equivalents of £2.8 million (2016: £23.2 million), trade receivables of £79.5 million (2016: £83.1 million) (see note 13), amounts receivable from other group companies of £40.9 million (2016: £33.6 million) (see note 13) which are on terms similar to the borrowings and inventories of £109.2 million (2016: £90.2 million) (see note 12), a large portion of which relates to commodities that are traded on international exchanges and therefore considered to be liquid and easily convertible to cash. The company has current and uncommitted bank borrowings and facilities of £1,218 million, the directors are of the opinion that these will remain available to the company for the foreseeable future.

Based on the above factors, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

Intangible assets

Software assets are valued at cost on acquisition and are amortised in equal annual amounts over their useful economic lives, estimated to be approximately three years. Amortisation expenses are recognised within administration expenses in profit and loss. Provision is made for any impairment.

Property, plant and equipment

Property, plant and equipment is 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 four years and IT equipment has an estimated useful life of three years, 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 profit and loss.

Inventories

Inventories except aluminium 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.

All aluminium inventories are valued at fair value less costs to sell. This is determined at the quoted price of aluminium at the London Metal Exchange (LME) at the balance sheet date, plus the approximate market premium/discount published by *Metal Bulletin* at that date adjusted to take account of location of inventory. Location factors are determined based on actual transport costs incurred.

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 inventory, 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.

Other income

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 which are recognised on an accruals basis.

Dividend income from investments is recognised when the company's right to receive payment has been established.

1. **Accounting policies (continued)**

Foreign exchange

The company's financial statements are presented in 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 profit and loss.

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 profit and loss in equal annual amounts over the period of the leases. For operating leases where the company acts as lessor, rental income is credited to profit and loss in equal instalments over the period of the lease.

Pension costs

The company operates both a defined benefit and a defined contribution pension scheme. The defined benefit scheme closed to future accrual of final salary benefits on 28 February 2015. The company is planning to complete the buy out of the pension scheme in the next financial year.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. These are included as part of staff costs. Past service costs are recognised immediately in profit and loss if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

For defined contribution schemes the amount charged to profit and loss 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.

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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in profit and loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Deferred taxation is provided in full on temporary 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. Temporary 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.

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

Investments

Investments are stated at cost less any provision for impairment in all cases where the ultimate holding company holds a majority stake, as the company has no control of the cash flows or the eventual selling price. All other investments, including investments held as current assets, are classified as available-for-sale and are stated at fair value except where the directors are of the opinion that the variability in the range of reasonable fair value measurements for the company's shares in these undertakings is significant and the probabilities of the various estimates within the range cannot be reasonably assessed, in which case the investment is stated at cost less provisions for impairment as an approximation to fair value. Changes in fair value are recognised in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the net profit or loss for the period. Provisions for impairment are recognised in profit and loss.

1. Accounting policies (continued)

Financial instruments (continued)

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.

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 accruals basis in profit and 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 measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded when the proceeds are 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 manage against any price risk exposure on its aluminium trading operations. However, the company does not apply hedge accounting under IAS39 'Financial Instruments: recognition and measurement' for these derivatives used to manage price risk on commodities. The company only uses derivative financial instruments for speculative purposes to a limited extent with board approval.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The company designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The company designates certain hedging instruments, which include derivatives, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis the company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 17 sets out the details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of other comprehensive income.

1. Accounting policies (continued)

Hedge accounting (continued)

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

The company also hedges the foreign currency exchange risks on certain investments (the 'hedged item') that are denominated in US dollars. Such investments are hedged against loans in the same foreign currency of the same value and similar maturity profile (the 'hedging instrument').

Fair value hedges that meet the hedge accounting criteria are accounted for as follows:

- The gain or loss from re-measuring the hedging instrument at fair value is recognised in profit and loss; and
- The carrying amount of the hedged item is adjusted through profit and loss for the gain or loss on the hedged item attributable to the hedged risk.

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 forecast 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 year.

c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Evaluating the substance of transactions and gross versus net presentation of revenue

The company and its employees undertake a very wide range of business activities. These involve trading in goods on the company's own account and as an intermediary on behalf of others, as well as performing a range of management, treasury and other services on behalf of other Mitsubishi group undertakings.

Management is required to exercise judgement in order to determine to what extent, if at all, the company is exposed to the significant risks and rewards of these business activities. This judgement determines whether the company should recognise revenue and profit at all, for example where transactions may have the legal form of a sale but do not expose the company to any significant risks and rewards of the underlying goods or services and whether the company should recognise revenue on a principal or agency basis, where the company is acting as an intermediary. Management judgement is also required to determine the appropriate revenue recognition policy to apply, for example where transactions have the legal form of a sale but where the substance of the transaction is that of an inventory lending or financing transaction.

1. Accounting policies (continued)

Evaluating the substance of transactions and gross versus net presentation of revenue (continued)

In making these judgements, management considers the detailed guidance set out in IAS 18 Revenue and IAS 39 Financial instruments: recognition and measurement, in particular whether the company has received from, or transferred to, the counterparty the significant risks and rewards of the goods, services or financial instruments.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value measurements

The company has material assets and liabilities which are measured at fair value or fair value less costs to sell, most notably the company's derivatives and aluminium inventories. Fair value measurements are based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. In almost all cases where fair value accounting is applied the company has chosen not to apply the hedge accounting requirements of IAS 39 Financial instruments: recognition and measurement and as a result the full unrealised gains and losses resulting from the revaluation of these assets and liabilities at each reporting date are recognised directly in profit and loss.

Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to judgement, particularly where comparable market-based transactions rarely exist. Further details of the techniques applied, inputs used and the sensitivity to changes are given in notes 11 and 17 to the financial statements.

Assessment that the range of fair value measurements for certain available-for-sale investments is significant and the probabilities of the various estimates within the range cannot be reasonably assessed

The company has certain available-for-sale equity investments for which no quoted market price in an active market is available (see note 11). These investments represent minority shareholdings in a number of businesses that the company invested in to augment its trading activities or the wider Mitsubishi group's long-term strategic goals. None of the shares have a quoted market price in an active market and the company's investments are all small percentages of the total in the context of long-term ownership of controlling interests by other investors which do not give the company significant influence over the cash flows or operating and financial policies of these investments.

As a result the directors are of the opinion that the variability in the range of reasonable fair value measurements for these investments is significant and the probabilities of the various estimates within the range cannot be reasonably assessed. As such the company measures these investments at cost, less any impairment, as an approximation to fair value.

1. Accounting policies (continued)

Assessment of events and changes in circumstances which may indicate the impairment of assets

Investments in subsidiaries and associates, other investments (see note 11), loans and receivables (see note 13), intangible assets (see note 9) and property, plant and equipment (see note 10) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these investments may not be fully recoverable. While IAS 36 Impairment of assets provides examples of events and changes within the company and in its external environment which should be considered as a minimum for this assessment, the application of management judgement is required in determining whether other events and changes in circumstance may also be indications of impairment. Management judgement is also required to determine the significance of the impact of identified events and changes in circumstances on the company's assets, the determination of which may also involve making judgements and estimates about the likelihood of future events.

If an asset's recoverable amount is less than the asset's carrying amount, an impairment is recognised in profit and loss. Estimates which are used to calculate the asset's recoverable amount are discounted using asset specific discount rates and are based on expectations about future cash flows. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

Measurement of post-employment benefit liabilities

The defined benefit pension scheme's assets are measured at fair value, the estimation uncertainty around which is discussed above. The present value of the defined benefit pension scheme's liabilities is also dependent on a number of assumptions including interest rates of high quality corporate bonds, inflation and mortality rates. The net interest expense or income is dependent on the interest rates of high quality corporate bonds. The assumptions are based on the conditions at the time and changes in these assumptions can lead to significant movements in the estimated obligations.

Management judgement and estimates are also required in determining the extent of the economic benefit the company will receive from the surplus, either through refund or a reduction in future contributions and whether additional deficit reduction contributions might be required which would require immediate provision. Further details of the techniques applied, inputs used and the sensitivity to changes of the net pension liabilities are given in note 18 to the financial statements.

Additional insured annuity contracts were purchased in the prior year to further reduce risks in the scheme and the company is planning for a buy out of the pension scheme in the next financial year; however, while management expects that the probability of the planned buy out going ahead is high it has assessed that as at 31 March 2017 the company retains both a legal and constructive obligation to the scheme. As such the company has not recognised a settlement in the year and has continued to recognise the scheme assets and liabilities.

2. Turnover and revenue

An analysis of the Company's revenue is as follows:

	2017 £'000	2016 £'000
Sales of goods and services ("turnover")	511,328	447,761
Service and management fees income	17,789	16,167
Interest receivable and similar income (note 6)	262	421
Dividend income	13,279	9,976
Total revenue	542,658	474,325

An analysis of the company's turnover by type of transactions:

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:

	2017 £'000	2016 £'000
Principal	505,269	442,259
Agency	3,143	2,787
Brokerage	2,916	2,715
	511,328	447,761

An analysis of the Company's turnover by geographical market is set out below:

	2017 £'000	2016 £'000
From customers located within the United Kingdom	169,075	93,576
From customers located outside the United Kingdom	342,253	354,185
	511,328	447,761

3. Information regarding directors and employees

	2017 £'000	2016 £'000
Directors' emoluments:		
Emoluments	1,965	1,574
Company contributions to money purchase pension scheme	61	60
	2,026	1,634

	No.	No.
Number of directors who are members of a money purchase pension scheme	2	2

	£'000	£'000
Remuneration of the highest paid director	901	624

	No.	No.
Average number of persons employed (including directors)		
Trading and administration	168	169

	£'000	£'000
Employee costs (excluding directors' emoluments)		
Wages and salaries	8,264	7,296
Social security costs	906	1,055
Pension costs	945	897
Cost in respect of parent company's employees on secondment	6,353	5,950
	16,468	15,198

4. Operating profit/(loss)

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

	2017 £'000	2016 £'000
Depreciation of property, plant and equipment	794	637
Amortisation of intangible assets	143	116
Net rentals payable under operating leases - property (note 16)	1,984	1,558
Staff costs including directors	18,494	16,832
Fees payable to the company's auditor for the audit of the company's annual accounts	195	207
Fee payable to the company's auditor and their associates for other services to the company		
– Audit-related assurance services	234	247
– Taxation compliance services	75	78
– Others/Pensions advice	3	6

5. Other operating income and expenses

	2017 £'000	2016 £'000
Service and management fees income	17,789	16,167
Net foreign exchange gains	776	6,485
Other items of operating income/(expense)	1,684	(4,624)
	20,249	18,028

Service and management fees include management, IT and other recharges to various group companies for services provided. Other items of operating income and expense consist mainly of fair value gains and losses on foreign exchange contracts, gains and losses on disposal of property, plant and equipment as well as movements in bad debt and other provisions.

6. Interest receivable and similar income

	2017 £'000	2016 £'000
Interest receivable from group undertakings	252	132
Interest receivable from associates	-	56
Bank and other interest receivable	10	200
Net interest income on the defined benefit scheme	-	33
	262	421

7. Interest payable and similar charges

	2017 £'000	2016 £'000
Interest on bank loans and overdrafts	429	108
Interest payable to group undertakings	980	700
Net interest expense on the defined benefit scheme	1	-
	1,410	808

8. Tax charge on profit on ordinary activities

(i) The tax charge comprises:

	2017 £'000	2016 £'000
United Kingdom corporation tax	1,647	(155)
Adjustment in respect of prior years	(81)	17
Foreign tax	-	1
Total current tax	1,566	(137)
Deferred tax		
Origination and reversal of temporary differences	202	165
Total deferred tax	202	165
Total tax on profit on ordinary activities	1,768	28

(ii) The charge for the year can be reconciled to the income statement as follows:

	2017 £'000	2016 £'000
Profit on ordinary activities before tax	18,535	7,772
Tax at 20% (2016: 20%) thereon:	(3,707)	(1,554)
Effects of:		
Expenses not deductible for tax purposes	(324)	(622)
Pension adjustment	(19)	424
Fixed asset temporary differences	(108)	(47)
Foreign tax suffered	-	(1)
United Kingdom dividend income	2,215	1,789
Other income not chargeable for tax purposes	94	-
Prior year adjustments	81	(17)
Total tax charge for the year	(1,768)	(28)

8. Tax charge on profit on ordinary activities (continued)

(iii) Tax recognised in other comprehensive income comprises:

In addition to the amount charged to profit and loss, the following amounts relating to tax have been recognised in other comprehensive income:

	2017 £'000	2016 £'000
Deferred tax		
Arising on income and expenses recognised in other comprehensive income		
Revaluation of available-for-sale financial assets	(89)	(8)
Revaluations of financial instruments treated as cash flow hedges	-	2
Total income tax recognised in other comprehensive income	(89)	(6)

(iv) Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £'000	Others £'000	Revaluation of financial assets £'000	Retirement benefit obligations £'000	Total £'000
At 31 March 2016	65	116	(151)	225	255
Charge to profit or loss	(33)	(44)	-	(125)	(202)
Charge to other comprehensive income	-	-	(89)	-	(89)
At 31 March 2017	32	72	(240)	100	(36)

The company has approximately £0.8m capital losses as at the balance sheet date. A deferred tax asset has not been recognised in respect of timing differences relating to capital losses as there is insufficient evidence that the asset will be recovered.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2017 £'000	2016 £'000
Deferred tax liabilities	(240)	(151)
Deferred tax assets	204	406
	(36)	255

Finance Act No2 2015, which was substantively enacted on 26 October 2015, included provisions to reduce the rate of corporation tax of 19% with effect from 1 April 2017. In additional Finance Act 2016 include provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax asset and liabilities as at 31 March 2017.

9. Intangible assets

	Software £'000
Cost	
At 31 March 2016	2,237
Additions	59
At 31 March 2017	2,296
Accumulated depreciation	
At 31 March 2016	1,912
Charge for the year	143
At 31 March 2017	2,055
Net book value	
At 31 March 2017	241
At 31 March 2016	325

10. Property, plant and equipment

	Vehicles £'000	Furniture, fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
At 31 March 2016	27	3,987	869	4,883
Additions	-	44	223	267
Disposals	-	(4)	(104)	(108)
At 31 March 2017	27	4,027	988	5,042
Accumulated depreciation				
At 31 March 2016	8	2,230	499	2,737
Charge for the year	7	597	190	794
Disposals	-	(4)	(103)	(107)
At 31 March 2017	15	2,823	586	3,424
Net book value				
At 31 March 2017	12	1,204	402	1,618
At 31 March 2016	19	1,757	370	2,146

11. Investments

	Shares in subsidiary undertakings £'000	Shares in other group undertakings £'000	Investment in associates £'000	Other investments £'000	Total £'000
Cost					
At 31 March 2016	87,100	2,380	2,325	4,278	96,083
Fair value movement	-	2	-	571	573
Foreign currency revaluation	-	-	347	-	347
At 31 March 2017	87,100	2,382	2,672	4,849	97,003
Provision					
At 31 March 2016	-	74	1,838	451	2,363
Additions	-	-	280	-	280
Foreign currency revaluation	-	-	345	-	345
At 31 March 2017	-	74	2,463	451	2,988
Net book value					
At 31 March 2017	87,100	2,308	209	4,398	94,015
At 31 March 2016	87,100	2,306	487	3,827	93,720

Shares in subsidiary undertakings

The shares in subsidiary undertakings represents the six European subsidiaries of the company located in Germany, Spain, Italy, Netherlands, France and Greece. All the subsidiaries' principal activities relate to general trading of commodities and the provision of services.

Shareholdings in subsidiaries are as follows:

Company name	Registered office and Country of incorporation	Shareholding %	£'000
Mitsubishi International G.m.b.H	Kennedydamm 19, 40476 Duesseldorf, Federal Republic of Germany	100	59,312
Mitsubishi France S.A.	3 Avenue Hoche 75008 Paris, France	100	15,072
Mitsubishi Italia S.p.A	Largo Toscanini, 1 20122 Milano, Italy	100	1,468
Mitsubishi Nederland B.V.	500 Beethovenstraat, 3rd floor, Beethovanstraat 514, 1082 PR, Amsterdam, The Netherlands	100	7,292
Mitsubishi Espana S.A.	Orense, 58 1-Planta 28020 Madrid, Spain	100	3,866
Mitsubishi Hellas A.E.E.	68 Vassilisis Sofias Avenue & 2 Aiginitou Street, GR 115 28 Athens, Greece	100	90
Total			**87,100**

In the opinion of the directors, there is no impairment to the carrying value of the subsidiaries.

11. Investments (continued)

Shares in other group undertakings

Company name	Country of incorporation	Shareholding %	£	Class	Principal business activity
Princes Limited	United Kingdom	10.00	700,000	Ordinary	Trading in canned foods
Triland Metals Limited	United Kingdom	9.09	1,431,764	Ordinary	Metal brokerage
Green Power Development	Netherlands	0.12	19,707	Special Member	Development of wind power projects
Mitsubishi Corporation LT Europe G.m.B.H.	Germany	21.67	156,282	Ordinary	Logistic services
			2,307,753		

The company's investments in shares in other group undertakings represent non-controlling interests in these companies. None of the shares have a quoted market price in an active market and all of the shares in all of the companies except Green Power Development are wholly owned between various Mitsubishi group undertakings which intend to hold them as long-term investments. Given the lack of marketability of the shares, the context of long-term ownership of controlling interests in the investments by other Mitsubishi group undertakings and the fact that the company's investments in the shares do not give it control or significant influence over the cash flows or operating and financial policies of these investments the directors are of the opinion that the variability in the range of reasonable fair value measurements for the company's shares in these group undertakings is significant and the probabilities of the various estimates within the range cannot be reasonably assessed. As such the company has measured these investments at cost as an approximation to fair value.

In May 2017 the company's Board of Directors has approved the transfer of its 9.09% shareholding in Triland Metals Limited to its parent company, Mitsubishi Corporation at a price of £4.8 million. The gain of £3.3 million has been recognised in profit and loss of next financial year. After the transfer, Triland Metals Limited becomes 100% owned by Mitsubishi Corporation in Japan.

Investment in associates

This represents an unlisted investment of £0.2 million (US$0.3 million) in an Irish associate, Deucalion MC Engine Leasing Ltd (DMCELL), which specialises in aircraft engine leasing in which the company has a 40% shareholding. As at year end DMCELL is in the final stages of the liquidation process. During the year, the company has recognised an impairment loss of £0.3 million, following the sale of DMCELL's engine assets. To hedge against foreign currency movements, the company has a designated loan of a similar amount as a fair value hedge of this investment.

Other investments

All other investments represent minority shareholdings in a number of businesses that the company invested in to augment its trading activities or the wider Mitsubishi group's long-term strategic goals. None of the shares have a quoted market price in an active market and the company's investments are all small percentages of the total in the context of long-term ownership of controlling interests by other investors which do not give the company significant influence over the cash flows or operating and financial policies of these investments. The directors are of the opinion that the variability in the range of reasonable fair value measurements for the company's shares in these undertakings is significant and the probabilities of the various estimates within the range cannot be reasonably assessed. As such the company has measured these investments at cost as an approximation to fair value.

The most significant other investment is the £4.3 million (US$5.5 million) investment for approximately 1% share in Capula Investment Management LLP and Capula Management Ltd, a hedge fund manager and hedge fund management company respectively.

During the year, the company has sold its share in Baltic Exchange and recognised a small profit of £0.03 million from the disposal.

12. Inventories

	2017 £'000	2016 £'000
Aluminium inventories held at fair value less costs to sell	104,807	85,071
Other inventories held at the lower of cost and net realisable value	4,390	5,118
Finished goods and goods for resale	109,197	90,189

13. Trade and other receivables

	2017 £'000	2016 £'000
Amounts due within one year:		
Trade receivables	80,520	84,102
Less: allowance for doubtful receivables	(1,027)	(1,012)
	79,493	83,090
Amounts owed by parent company and fellow subsidiary undertakings	40,942	33,572
Loans to third parties	7,423	6,810
Corporation tax receivable	-	242
VAT receivable	-	823
Prepayments	16,959	6,123
Accrued income	531	605
	145,348	131,265
Amounts due after more than one year:		
Other non current asset	13	-
	13	-
Total trade and other receivables	145,361	131,265

All trade receivables 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 material interest rate risk.

The loans to fellow subsidiary undertakings have no fixed repayment terms. The loans carry interest at LIBOR plus an appropriate margin for group finance. In the opinion of the directors the carrying amount is a reasonable approximation of fair value. The loan to the associated company carries interest at the company's borrowing rate plus an appropriate margin.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Credit risk arises from trade receivables due to the fact that trading in most cases requires extending of credit to customers which otherwise may not trade with the company. The company's principal customers, suppliers and financial institutions with which it conducts business are spread across diverse geographical areas.

13. Debtors (continued)

Credit risk management (continued)

The company has stringent policies in place, managed by a specialist risk management team, which govern the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals in line with the company's delegation of authority. The company limits the credit risk by evaluating the potential counterparties before entering into transactions with them and continues to monitor and assess their creditworthiness after transactions have been initiated. Creditworthiness is assessed using information from various sources, an internal credit rating system and qualitative and quantitative data. The system of internal credit rating is based on statistical analysis, with customers being individually rated.

The company attempts to minimise credit risk through using credit insurance wherever considered appropriate and rigorous monitoring of receivables. Depending on the creditworthiness of the counterparty the company may require collateral in the form of guarantees, letters of credit and cash. As at 31 March 2017 the company has credit exposure of £36 million (31 March 2016: £45.30 million) covered by parent and third party guarantees in relation to its trade receivables. Credit exposure to any low rated single non-related counterparty or any group of counterparties having similar characteristics is not considered to be significant. The company defines counterparties as having similar characteristics if they are part of the same corporate group.

The company's maximum exposure to credit risk is largely limited to the carrying amount of its receivables, cash and derivatives.

Included in the company's trade receivables balance are debtors with a carrying amount of £0.004 million (31 March 2016: £0.02 million) which are more than 30 days overdue at the reporting date for which the company has not provided since there has not been a significant change in credit quality and the company believes that the amounts are still recoverable.

Below is the table showing the movement in the provision against doubtful receivables which are aged from current to over one year. Specific provisions are made against receivables where the prospect of collection is foreseen as unlikely.

Movement in the allowance for doubtful receivables

	2017 £'000	2016 £'000
Balance at the beginning of the year	1,012	705
Exchange difference	47	12
Provision charged during the year	-	295
Provision reversed during the year	(32)	-
Balance as at end of the year	1,027	1,012

14. Trade and other payables

	2017 £'000	2016 £'000
Amounts falling due within one year		
Trade payables	22,094	19,212
Amounts owed to parent company and fellow subsidiary undertakings	161,154	167,736
Corporation tax	418	-
VAT payable	1,470	-
Other taxation and social security	495	391
Accruals	7,438	6,569
	193,069	193,908
Deferred income		
Amounts falling due within one year	142	1,561
Amounts falling due after more than one year	971	-
	1,113	1,561
Total trade and other payables	194,182	195,469

All trade payables and amounts owed to the parent for trading transactions are due within one year and are non-interest bearing and therefore do not expose the company to material interest rate risk.

	2017 £'000	2016 £'000
Bank loans and overdrafts (unsecured)		
The borrowings are repayable as follows:		
On demand or within one year	6,894	15,028

Analysis of borrowings by currency

	US$ £'000	GBP £'000	JPY £'000
31 March 2017			
Bank loans	6,877	3	14
31 March 2016			
Bank loans	15,028	-	-

In the opinion of the directors the contracted interest rates for borrowings are not materially 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 17 to the financial statements.

15. Called up share capital and revaluation reserve

	2017 £'000	2016 £'000
Called up, allotted and fully paid:		
120,658,154 (2016: 120,658,154) ordinary shares of £1 each	120,658	120,658

	2017 £'000	2016 £'000
Revaluation reserve	1,170	686

Revaluation reserve represents accumulated gains arising from available for sale investments.

	2017 £'000	2016 £'000
Hedging reserve	(2)	(3)

Hedging reserve represents the cumulative portion of gains and losses on cash flow hedge on forward foreign currency contracts.

The profit and loss reserve represent cumulative profit or losses net of dividends paid and other adjustments.

16. Operating lease commitments

At 31 March 2017, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2017 £'000	2016 £'000
Leases which expire:		
- within one year	3,126	3,107
- between two and five years	12,503	12,426
- after five years	14,066	17,086

The company has entered into an operating lease for its office premises. The lease is due to expire in 2026. The company subleases part of the office premises to fellow group companies over the same lease term.

The future minimum sublease payments expected to be received under non-cancellable sublease agreements as at 31 March 2017 is £11.5 million (2016: £13.2 million).

The gross rental expense charged to profit and loss is £2.8 million (2016: £2.8 million) with sub-lease income from the fellow group companies of £1.3 million (2016: £1.0 million). The office lease is under negotiation for a rent review, the company has accrued £0.4 million for the potential increase in rent, the rental amount will be finalised and adjusted retrospectively in the next financial year.

17. Derivatives and financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Financial risk management objectives

The company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The company seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles for the management of foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by management on a continuous basis. It is not the policy of the company to enter into these derivative positions on a speculative basis except to a very limited extent with board approval, and firm rules and procedures are in place to ensure that the company follows these policies and that the company risk position is properly managed.

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 to which the company is exposed. It is the company policy to 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 or highly probable forecast transaction.

The company is exposed to certain risks and applies the appropriate hedge to match that risk. Where trading exposes the company to foreign exchange risk, forward exchange contracts are entered into to hedge the risk. If the company is exposed to credit risk it will, where appropriate, take out credit insurance to help manage that risk. Where it trades in commodities physically that are also traded on terminal markets it will use futures contracts to hedge any price exposure that it may have. A summary of the financial instruments of the company, by category, including the estimate of fair value is as follows:

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

At 31 March 2017

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Designated hedging relationships £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial assets							
Non-derivative assets	128,389	-	-	-	-	128,389	128,389
Derivative assets	-	-	-	-	6,096	6,096	6,096
Available-for-sale investments	-	6,706	-	-	-	6,706	6,706
Cash and cash equivalents	2,786	-	-	-	-	2,786	2,786
Sub-total	131,175	6,706	-	-	6,096	143,977	143,977
Financial liabilities							
Non-derivative liabilities	-	-	(30,193)	-	(19,569)	(30,193)	(30,193)
Derivative liabilities	-	-	-	(3)	-	(19,572)	(19,572)
Sub-total	-	-	(30,193)	(3)	(19,569)	(49,765)	(49,765)
Bank overdrafts and other loans							
Current	-	-	(159,950)	-	-	(159,950)	(159,950)
Total	131,175	6,706	(190,143)	(3)	(13,473)	(65,738)	(65,738)

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

At 31 March 2016

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Designated hedging relationships £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial assets							
Non-derivative assets	124,077	-	-	-	-	124,077	124,077
Derivative assets	-	-	-	-	14,526	14,526	14,526
Available-for-sale investments	-	6,133	-	-	-	6,133	6,133
Cash and cash equivalents	23,239	-	-	-	-	23,239	23,239
Sub-total	147,316	6,133	-	-	14,526	167,975	167,975
Financial liabilities							
Non-derivative liabilities	-	-	(29,525)	-	-	(29,525)	(29,525)
Derivative liabilities	-	-	-	(4)	(7,927)	(7,931)	(7,931)
Sub-total	-	-	(29,525)	(4)	(7,927)	(37,456)	(37,456)
Bank overdrafts and other loans							
Current	-	-	(179,020)	-	-	(179,020)	(179,020)
Total	147,316	6,133	(208,545)	(4)	6,599	(48,501)	(48,501)

Please refer to note 11 for further disclosure on the fair value of available-for-sale investments. In the opinion of the directors, the carrying values of the financial instruments above approximate to the fair values.

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

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

	2017 £'000	2016 £'000
Assets:		
Current derivative assets		
- Currency derivatives	1,707	1,057
- Aluminium commodity contracts	4,218	11,899
	5,925	12,956
Non-current derivative assets		
- Currency derivatives	65	210
- Aluminium commodity contracts	106	1,360
	171	1,570
Liabilities:		
Current derivative liabilities		
- Currency derivatives	1,376	2,825
- Aluminium commodity contracts	18,016	4,669
	19,392	7,494
Non-current derivative liabilities		
- Currency derivatives	58	138
- Aluminium commodity contracts	119	299
	177	437

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

The fair values for currency derivatives were calculated using the closing price published in *The Financial Times* on the last working day of the month and forward point adjustment from Reuters also on the last working day. The fair values for commodity contracts were calculated using the applicable closing rates on the London Metal Exchange and the market premium published by *Metal Bulletin*.

Hedge accounting

While the company makes extensive use of derivative financial instruments to hedge the risks to which it is exposed, it applies hedge accounting under IAS 39 Financial instruments: recognition and measurement only in limited circumstances. The hedging transactions the company undertakes that are not recognised in profit and loss are cash flow hedges in respect of foreign exchange forward contracts and other financial instruments used to hedge variations in cash flows likely to arise out of changes in foreign currency exchange rates and commodity prices for highly probable forecast future transactions and firm commitments.

In addition, the company also uses a fair value hedge for its investment in an associate. The only risk hedged is foreign currency risk as this investment is US dollar denominated and is hedged by equivalent borrowings also denominated in US dollars. The total exchange gain recognised in profit and loss on this investment during the year as a result of this fair value hedge was £347,000 (2016: £74,000), offset by a loss of a similar amount on the loan.

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

	2017 £'000	2016 £'000
Aggregated losses on foreign exchange hedges	(3)	(4)
Net losses on foreign exchange hedges	(3)	(4)
Losses for the year deferred to other comprehensive income	(3)	(4)
Recycling of amounts from hedging reserve to profit and loss	4	(4)
Net gains/(losses) for the year	1	(8)

As at 31 March 2017, there were four designated and effective cash flow hedges which have been deferred in other comprehensive income.

The following table details the forward foreign currency contracts outstanding as at the year end designated for cash flow hedges:

Outstanding contracts	**Foreign currency**		**Contract value**		**Fair value**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Cash flow hedges Buy US dollars	**$'000**	**$'000**	**£'000**	**£'000**	**£'000**	**£'000**
Less than three months	172	1,152	140	806	(3)	(4)
	172	1,152	140	806	(3)	(4)

Effectiveness testing is carried out on each cash flow hedge on inception and at the reporting dates. Management have assessed the above hedges to be highly effective.

17. Derivatives and financial instruments (continued)

Market risk

The company's activities expose it to the financial risks of changes in commodity price and foreign currency exchange rates. The company enters into a variety of derivative financial instruments to manage its exposure to commodity price and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk; and
- futures as traded on the exchanges to hedge against any price risk exposure on its aluminium trading operations.

The major commodity traded in the current year was aluminium. The company's risk management objective and strategy for undertaking the hedge is to eliminate any commodity price risk within a transaction in line with the company and departmental guidelines and rules concerning the internal risk position.

Market risk exposures are measured using sensitivity analysis, disclosed below. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk over the last financial year.

(i) Commodity price risk exposure

The company utilises derivative contracts to hedge price fluctuation on aluminium. The company buys and sells commodity futures on the commodity exchanges as a means to hedge its price risk exposure. The futures are traded on a back-to-back basis with each physical contract and as a result very few speculative positions are held.

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

	Aluminium	
	£'000 Long	£'000 Short
31 March 2017	73,942	149,422
31 March 2016	70,667	135,487

These futures contracts cover a variety of settlement periods beyond the balance sheet date, the latest one being due for settlement in August 2018. 'Long' refers to the buying position of aluminium future contracts whereas 'Short' refers to the selling position of aluminium future contracts. The company has started copper trading during the year, for which the company has a notional 'short' position of approximately £2 million as at year end.

The ranges that have been used in the fair value of the material commodity derivatives are as follows:

Aluminium: US$1,955 – US$1,989 per metric ton (2016: US$1,509 – US$1,593 per metric ton).

17. Derivatives and financial instruments (continued)

(ii) Commodity price sensitivity analysis

The sensitivity analysis demonstrates the potential impact on the company's profit due to the market and price risk associated with aluminium trading. The following sensitivity analysis has been carried out on the fair values of the commodity derivatives:

	2017 Impact on profit and loss	
	Lowest case (loss) £'000	Highest case (profit) £ '000
Aluminium futures	2,310	9,964
Total	2,310	9,964

	2016 Impact on profit and loss	
	Lowest case (loss) £'000	Highest case (profit) £ '000
Aluminium futures	1,793	8,065
Total	1,793	8,065

The highest and lowest cases were picked up from the highest and lowest monthly average premium, contango/backwardation and published market price data from the last three years. This is consistent with the data and calculations used by management in its internal risk management process.

Foreign currency risk

The company's treasury department will undertake cash management to ensure the foreign currency cash balances are maintained as working capital based on the estimate of future needs. When a transaction results in a foreign exchange exposure in any currency then this exposure is hedged by the treasury department. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

(i) Foreign Currency risk exposure

A significant portion of the company's earnings are denominated in foreign currencies. Consequently the company has significant risk in the translation of these earnings to its functional currency in sterling. The foreign currency profits before tax by major currency (other than sterling which comprise most of the company operating expenses) for the company are:

	2017 £'000	2016 £'000
US Dollar	17,279	9,924
Euro	7,959	4,998
Japanese Yen	780	557
	26,018	15,479

17. Derivatives and financial instruments (continued)

(i) Foreign Currency risk exposure (continued)

The company manages the foreign currency risk by regularly monitoring the net foreign currency earnings against current exchange rates to sterling. Additionally any changes to budgeted earnings figures are also taken into account. Where required, hedging action is undertaken and a report on the outstanding positions and valuations is presented to the management at each month end.

Monetary assets and liabilities by major foreign currency at the balance sheet date are:

	Monetary liabilities		Monetary assets	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
US Dollar	134,909	133,429	112,106	101,648
Euro	22,613	30,548	9,526	27,315
Japanese Yen	924	5,516	4,211	5,456
	158,446	169,493	125,843	134,419

(ii) Foreign currency sensitivity analysis

The following table shows the company's sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies. The sensitivity analysis demonstrates the impact to the company profit and loss as a result of the change in foreign currency exchange rates based on the earnings and the value of foreign currency monetary assets and liabilities shown above.

Sensitivity analysis profit (loss) impact:

	10% weakening in £ against other currency		10% weakening in £ against other currency	
	2017 £'000 On net monetary items	2017 £'000 On earnings	2016 £'000 On net monetary items	2016 £'000 On earnings
US Dollar	(2,534)	1,920	(3,531)	1,103
Euro	(1,309)	884	(323)	555
Japanese Yen	365	87	(7)	62
Total impact (loss)/profit	(3,478)	2,891	(3,861)	1,720

For a 10% strengthening of sterling against the relevant currency, there would be an almost equal and opposite impact on the earnings and on the monetary items in the balance sheet.

17. Derivatives and financial instruments (continued)

(iii) Foreign currency contracts

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 marketplace that the physical transaction takes place in.

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

	GBP £'000	USD £'000	EUR £'000	JPY £'000
31 March 2017	108,402	136,679	35,404	3,859
31 March 2016	75,248	117,935	18,175	-

These arrangements are designed to address significant exchange exposures that the company has for contracted commitments. The vast majority are due to mature within twelve months of the balance sheet date. A very small number extend beyond then, the latest one maturing in October 2019.

At 31 March 2017 the fair value of the company's currency derivatives is estimated to be a net asset of £1.1 million (2016: net asset of £2.5 million). These contracts are valued using pricing techniques involving assumptions based on observable market data to determine the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional currency amount, taking into account the need for adjustments for credit risk. This comprises £1.1 million (2016: £2.5 million) relating to booked transactions, being accounts receivable and short-term borrowing and this year the amount of effective cash flow hedges which have been deferred in other comprehensive income was £3,000 (2016: £4,000) as discussed above under hedge accounting.

Listed below are the exchange rate ranges used in calculating the fair value as at 31 March 2017 for the key currencies held as derivatives.

US Dollars – Euro	1.0696 – 1.1317	(2016: 1.1395 – 1.1721)
US Dollars – Sterling	1.2505 – 1.2548	(2016: 1.4373 – 1.4374)

The company also acts as agent for its fellow subsidiaries and parent company in contracting foreign exchange forward contracts. These foreign exchange contracts are not included on the company's balance sheet on the basis that the company is only acting as agent and does not bear the significant risks and rewards of these instruments other than the fixed agency commission that is recognised as income as earned. The fair value of such contracts as at 31 March 2017 was a gain of £29,835,744 (2016: loss of £18,369,583).

Interest rate risk

The company in its normal course of business requires funding to finance its commodity trading operations. It is exposed to interest rate risk predominantly because of the mismatch between the value of floating rate assets, mainly consisting of cash flows from inventories and receivables versus fixed rate liabilities. The company's interest risk management policy is to hedge the overall floating rate exposure by using fixed rate borrowings of a similar short-term duration. Longer dated assets over 1 year in duration are normally matched by borrowings obtained from a fellow group undertaking.

17: Derivatives and financial instruments (continued)

Interest rate risk (continued)

From time to time the company uses interest rate swaps to manage its exposure to interest rate movements on its borrowings. As at 31 March 2017 the company has no outstanding interest rate swaps contracts (2016: £nil).

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

As at 31 March 2017	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Non-interest bearing £'000	Total £'000
Assets:						
Cash at bank and in hand	2,786	-	-	-	-	2,786
Loans to third parties	7,423	-	-	-	-	7,423
Amounts owed by parent company and fellow subsidiary undertakings	17,832	-	-	-	23,641	41,473
Amount owed by associates	-	-	-	-	-	-
Liabilities:						
Bank loans and overdrafts	6,894	-	-	-	-	6,894
Amounts owed to parent company and fellow subsidiary undertakings	153,056	-	-	-	8,098	161,154

As at 31 March 2016	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Non-interest bearing £'000	Total £'000
Assets:						
Cash at bank and in hand	23,239	-	-	-	-	23,239
Loans to third parties	6,810	-	-	-	-	6,810
Amounts owed by parent company and fellow subsidiary undertakings	12,666	-	-	-	21,511	34,177
Amount owed by associates	-	-	-	-	-	-
Liabilities:						
Bank loans and overdrafts	15,028	-	-	-	-	15,028
Amounts owed to parent company and fellow subsidiary undertakings	163,992	-	-	-	3,744	167,736

Contracted interest rates on cash at bank and deposit range from -0.40% to nil%.

Contracted interest rates on loans to third parties and amounts owed by parent company and fellow subsidiary undertakings range from Libor +0.20% to Libor + 0.30%.

17. Derivatives and financial instruments (continued)

Interest rate risk (continued)

Contracted interest rates on bank loans and amounts owed to parent company and fellow subsidiary undertakings range from Libor -0.125% to Libor +0.30%.

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 2017.

Liquidity risk

The financing requirements of the company are predominantly short-term in nature and therefore liquidity management is one of the key risks that the company faces. The company manages its financing requirement and hence its liquidity risk with the aid of a cash-flow forecast that is continuously updated to reflect the actual requirement in each currency. Where appropriate the company seeks to match the duration of liabilities to the underlying assets so as to minimise liquidity risk.

The company meets its financing requirements mainly through a combination of inter-group loans and reserves. The company also has access to uncommitted facilities from a range of banks.

An analysis of the liquidity profile of the company's financial liabilities is as follows:

2017	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans and overdrafts	(6,894)	-	-	(6,894)
Other loans	(153,056)	-	-	(153,056)
Related interest	(151)	-	-	(151)
Non-derivative liabilities	(30,193)	-	-	(30,193)
Derivative liabilities	(19,392)	(177)	-	(19,569)
Total	(209,686)	(177)	-	(209,863)

2016	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans and overdrafts	(15,028)	-	-	(15,028)
Other loans	(163,992)	-	-	(163,992)
Related interest	(150)	-	-	(150)
Non-derivative liabilities	(29,525)	-	-	(29,525)
Derivative liabilities	(7,494)	(437)	-	(7,931)
Total	(216,189)	(437)	-	(216,626)

17. Derivatives and financial instruments (continued)

Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	-	6,096	-	6,096
Available-for-sale financial assets				
Unquoted equities	-	-	6,706	6,706
Total	-	6,096	6,706	12,802
Financial liabilities at FVTPL				
Derivative financial liabilities	-	19,569	-	19,569
Total	-	19,569	-	19,569

	2016			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	-	14,526	-	14,526
Available-for-sale financial assets				
Unquoted equities	-	-	6,133	6,133
Total	-	14,526	6,133	20,659
Financial liabilities at FVTPL				
Derivative financial liabilities	-	7,931	-	7,931
Total	-	7,931	-	7,931

17. Derivatives and financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Available-for-sale Unquoted equities	
	2017 £'000	2016 £'000
Opening balance	6,133	6,010
Total gains or losses:		
- fair value movement in other comprehensive income	573	123
Closing balance	6,706	6,133

The table above only includes financial assets. There were no financial liabilities subsequently measured at fair value on Level 3 fair value measurement bases. All gains and losses included in the statement of comprehensive income relate to unquoted equities held at the balance sheet date and are reported as fair value movements in investments (note 11).

Netting arrangements

The company enters into netting agreements with counterparties to manage the credit and settlement risks associated with all its derivatives. These netting agreements and similar arrangements enable the company and its counterparties to settle cash flows on a net basis and set-off liabilities against available assets in the event that either party is unable to fulfil its contractual obligations. Gross notional amounts of the company's derivatives are set out above in the sections of this note relating to the risk the derivatives are used to manage.

18. Pension scheme

Defined benefit scheme

The Mitsubishi Corporation Retirement Benefits Scheme ("the defined benefit scheme") is a funded defined benefit pension scheme. The scheme operated for the benefit of the employees of Mitsubishi Corporation International (Europe) Plc and provided benefits linked to salary at retirement or earlier date of leaving service until the scheme closed to future accrual of benefits on 28 February 2015.

The charge for the year in profit and loss represents the interest cost and expected return on assets as measured through the actuarial valuation for the year and administration expenses.

An actuarial valuation was normally performed every three years, the latest as at 1 April 2012. This revealed a funding deficit versus the actuarial provisions for the Scheme's liabilities of £5.6million. Following this the Trustees of the Scheme reviewed their investment policy in consultation with the company. It was decided to reduce risks in the scheme by purchasing bulk annuities and deferred annuities to cover pensions in payment and deferred pensions. This was funded by a combination of the sale of other scheme investments and a single company contribution of £8.0 million in December 2012. The contribution was part of a Recovery Plan dated 3 December 2012 that was designed to both eliminate the funding deficit revealed in the April 2012 valuation and to substantially cover the additional cost experienced by the Scheme in purchasing annuities. The scheme closed to future accrual of final salary benefits on 28 February 2015. Additional insured annuity contracts were purchased in the year ended 31 March 2016 to further reduce risks in the scheme. The company is planning to finalise the buy out of the pension scheme in the next financial year. The pension charge for the period in respect of employees was £nil (2016: £ nil).

18. Pension scheme (continued)

Defined benefit scheme (continued)

An interim valuation for this reporting period (for accounting purposes) was carried out by a qualified actuary. The major assumptions used for this valuation were:

		2017	2016
Discount rate (pre and post retirement)		2.50%	3.40%
RPI price inflation		3.40%	3.10%
CPI price inflation		2.40%	2.10%
Rate of increase for pensions in payment (LPI minimum 3% pa where CPI is used from April 2011)		3.25%	3.15%
Rate of increase for pensions in deferment		2.40%	2.10%
Life expectancy at age 60:			
Current pensioners	- Men	28.2	28.1
	- Women	30.9	30.8
Future pensioners now aged 40	- Men	29.7	29.6
	- Women	32.6	32.5

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 5.1%
Inflation assumption *	Increase/decrease by 0.25%	Increase/decrease by 2.2%
Post retirement mortality	Increase/decrease by 1 year	Increase/decrease by 4.2%

* The inflation sensitivity assumption allows for the impact on all inflation related assumptions (deferred revaluation and pension increases subject to relevant caps and floors).

Based on the above assumptions the surplus in the scheme at each assessment date was:

	2017 £'000	2016 £'000
Value of insured annuities	61,924	50,044
Fair value of other scheme assets	79	1,081
Total value of scheme assets	62,003	51,125
Present value of funded obligations (including insured annuities)	(61,924)	(50,044)
Surplus in the scheme	79	1,081
Adjustment for IAS 19 asset ceiling	(79)	(1,081)
Net pension asset recognised on the balance sheet	-	-

The net defined benefit pension asset recognised has been restricted to nil as the company does not have an unconditional right to the refund of the surplus from the scheme and will not obtain economic benefit from a reduction in future contributions.

18. Pension scheme (continued)

Defined benefit scheme (continued)

The fair value of the scheme's invested assets is set out below.

	2017 £'000	2016 £'000
Bonds	-	971
Cash	79	110
Insurance annuities	61,924	50,044
Total	62,003	51,125

The fair value of the bonds is based on quoted prices. Other assets are unquoted. The scheme does not invest in any of the company's own financial instruments or property occupied by, or other assets used by, the company.

Total income recognised in profit and loss

	2017 £'000	2016 £'000
Administration expenses	43	-
Net interest income on the net defined benefit liability/asset	(36)	(245)
Interest cost on adjustment for the IAS 19 asset ceiling	37	212
Total expense/(income)	44	(33)

Actual return on scheme assets:

	2017 £'000	2016 £'000
Actual gains/(losses) on scheme assets	12,013	(7,569)

Changes in the present value of the defined benefit obligation are as follows:

	2017 £'000	2016 £'000
Opening defined benefit obligation	50,044	52,407
Interest cost on funded obligations	1,683	1,638
Actuarial losses/(gains)	11,289	(1,530)
Disbursement	(1,092)	(2,471)
Closing defined benefit obligation	61,924	50,044

18. Pension scheme (continued)

Defined benefit scheme (continued)

Changes in the fair value of scheme assets are as follows:

	2017 £'000	2016 £'000
Opening fair value of Scheme assets	51,125	59,019
Interest income on assets	1,719	1,883
Sponsor contributions	-	2,146
Actuarial gains/(losses)	10,294	(9,452)
Disbursements	(1,092)	(2,471)
Administration expenses	(43)	-
Closing fair value of scheme assets	62,003	51,125

Analysis of recognised loss in other comprehensive income:

	2017 £'000	2016 £'000
Actual return less expected return on pension scheme assets	10,294	(9,452)
Experience gains arising on the scheme liabilities	-	240
Actuarial (losses)/gains arising from change in financial assumptions	(11,289)	1,290
Impact of change in irrecoverable surplus	1,039	5,743
	44	(2,179)
Deferred tax	-	-
Actuarial gain/(loss) recognised in other comprehensive income	44	(2,179)

The Scheme is currently in surplus on a funding basis and no regular or one-off deficit reduction contributions are due under the current scheme of contributions. The company is planning to complete the buy-out of the pension scheme in the next financial year. However, while management expects that the probability of the planned buy out going ahead is high it has assessed that as at 31 March 2017 the company retains both a legal and constructive obligation to the scheme. As such the company has not recognised a settlement in the year and has continued to recognise the scheme assets and liabilities.

The scheme closed to future accrual of final salary benefits on 28 February 2015. The company's best estimate of the contributions to be paid in respect of the scheme during the financial year ending 31 March 2018 is nil.

Defined contribution scheme

The company also operates a defined contribution scheme which began on 1 April 2003. The charge for the year (being the contributions made by the company) was £1.0 million (2016: £1.0 million). No amounts were accrued or prepaid as at 31 March 2017.

19. 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 MC Europe Holdings NV, a company incorporated in the Netherlands.

Copies of the group financial statements of the ultimate parent company can be obtained from Mitsubishi Corporation, 3-1 Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8086, Japan and are also available on Mitsubishi Corporation's website (www.mitsubishicorp.com). The immediate parent company does not prepare group financial statements.

20. Related party transactions

The disclosures below show transactions with related parties which are not wholly owned within the group headed by Mitsubishi Corporation. The company has taken advantage of the exemption from disclosing details of related party transactions available under FRS101 for transactions with other wholly owned group companies.

	Mozal		*Other related parties*	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Turnover	-	-	159	180
Purchases	-	-	-	92
Interest income	-	-	-	56
Trade and other receivables	-	-	42	96
Payables	10,756	8,381	-	13

The company purchased aluminium on normal commercial terms from Mozal s.a.r.l, which is an associate of the company's parent undertaking, Mitsubishi Corporation until May 2014. Thereafter the company changed its arrangement and purchases aluminium directly from the parent company, but remains as a settlement agent for the parent company with Mozal.

Contributions to the defined benefit pension scheme, which is also a related party of the company, have been disclosed in note 18.

21. Capital risk management and dividends

Capital risk management

The company manages its capital to ensure that it will be able to fund both its own day-to-day activities and those of its subsidiaries while continuing as a going concern. The capital structure of the company consists of net debt (bank loans, overdrafts and intercompany balances disclosed in note 14 after deducting cash and bank balances) and equity (comprising issued capital, reserves and retained earnings). The company is not subject to any externally imposed capital requirements and does not manage its capital on the basis of specific target gearing or leverage ratios.

Instead, each year the directors make an assessment of the valuation of the company's assets and liabilities using assumptions which are more prudent than those adopted for financial reporting purpose, taking into account unrealised gains and losses on assets and liabilities held at fair value and unrecognised contingent liabilities. Having made this assessment the company pays out all remaining retained earnings as dividends such that the company's equity should remain broadly stable over the long term. Any requirements for additional capital identified by the company through its ongoing cash flow forecasting are met through additional borrowings obtained from the wide range of facilities available to the company, both directly from external banks and from other group undertakings.

Dividends

Amounts recognised as distributions to equity holders in the year:

	2017 £'000	2016 £'000
Dividend for the year ended 31 March 2017 of 13.17772p per share (for year ended 31 March 2016: 13.50924p per share)	15,900	16,300
	15,900	16,300

22. Events after the balance sheet date

On 23 May 2017 the company's Board of Directors has approved the transfer of its 9.09% shareholding in Triland Metals Limited to its parent company, Mitsubishi Corporation at a price of £4.8 million. The gain of £3.3 million has been recognised in profit and loss of next financial year. After the transfer, Triland Metals Limited becomes 100% owned by Mitsubishi Corporation in Japan.

Company Registration No. 02214224

Mitsubishi Corporation International (Europe) Plc

Annual Report and Financial Statements

For the year ended 31 March 2018

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Mitsubishi Corporation International (Europe) Plc

Annual report and financial statements 2018

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Mitsubishi Corporation International (Europe) Plc

Annual report and financial statements 2018

Officers and professional advisers

Directors

I Kano
K Kawakami
J Nagase
N Suzuki
Y Katayama
K Ninomiya
G Williams
M Pratt
A Fraser
J Rogers

Secretary

H Hayakawa

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WC1V 6BA

Principal Bankers

Bank of America Merrill Lynch
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London
E14 5AQ

Solicitors

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Mitsubishi Corporation International (Europe) Plc

Strategic report

The Directors present their Strategic Report for the year ended 31 March 2018 in accordance with section 414C of the Companies Act 2006.

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

Review of the business and key performance indicators

Turnover for the year ended 31 March 2018 amounted to £746 million (2017: £511 million) and the gross profit percentage was 3.18% (2017: 3.38%). The increase in turnover was mainly due to a new crude oil trading business as well as an increase in metal transactions. Profit after taxation for the year ended 31 March 2018 amounted to £48.2 million (2017: £16.8 million), including dividend income of £6.3million (2017: £8.2million) from the company's European subsidiaries. The increase in profit after tax was mainly due to capital gains from the sale of several fixed asset investments, partly offset by the reduction in dividend income.

Other operating income net of expenses for the current year amounted to £14.2 million which is £6 million lower than the previous year. There was a slight increase by £0.8 million in service and management fee income. The company has recognised foreign exchange losses of £2.8 million (2017: gains of £0.8 million) and mark to market losses on forward contracts of £0.8 million (2017: gains of £1.7 million). The total dividend income received during the year including dividends from European subsidiaries and from other investments amounted to £7.4 million (2017: £13.3 million). The decrease was mainly due to a decrease in dividends from the European subsidiaries and the sale of fixed asset investments.

The inventory holding level has increased by approximately £25 million to £134 million as at 31 March 2018 compared to the prior year (2017: increase of £19 million to £109 million). The increase in inventories is mainly due to an increase in aluminium inventory levels. The proportion of current liabilities to current assets is 84.1% which is slightly higher than the previous year (2017: 83%).

During the year, the company has transferred several investments to its parent and associated company as well as a disposal to a third party. This is part of a strategic decision to streamline investments within the group. Please refer to note 11 for details.

The company has finalised the buy out of the pension scheme in the year since the scheme's liabilities have been settled with the insurance companies. A loss on settlement of £0.1 million (2017: £nil) has been recognised in the year. Please refer to note 18 for details.

Taking into account the challenging market conditions for commodities the company has continued to perform reasonably well during the year ended 31 March 2018. The directors expect that the company will continue to perform satisfactorily, although the prevailing market conditions present some challenges for the business. The directors remain committed to further strengthening internal controls and compliance to manage the risks to which the company is exposed.

Mitsubishi Corporation International (Europe) Plc

Strategic report

Principal risks and uncertainties and financial risk management objectives and policies

Because of the nature of the company's trading and business model, it is exposed to various risks, all of which are monitored and controlled. However these risks could potentially have a material impact on the company's performance. The principal areas of risk relate to credit risk, foreign exchange currency risk, interest rate risk, price risk and liquidity risk. These are discussed below and in more detail in notes 13 and 17 to the financial statements.

Price risk
Price risk is the risk that commodities that are bought at market price will fall in value before the company has been able to sell them. By the nature of its trading, the company is exposed to price risk.

This risk is managed and controlled in different ways. Where possible the company enters 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 are traded, there is a commodities exchange market. In this instance commodity futures are bought and sold to hedge physical trading positions.

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 primarily arises since trade in most cases requires extending credit to customers, without which many would not trade with the company.

This risk is managed through taking out credit insurance wherever possible and also having rigorous monitoring and investigation carried out by the risk management department.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The company trades in many products in many countries in different currencies and is 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 and loans, it is exposed to cash flow interest rate risk.

Fair value interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. A significant proportion of activity centres around funding made available to related parties, for which interest is charged at a market rate. Funding for this is borrowed and so a potential risk of movements in interest rates arises on both the borrowing and lending side.

As a matter of policy, risk is managed by ensuring that lending is on the same basis as borrowing so movements on one side are matched by movements on the other side.

Liquidity risk
Liquidity risk is the risk that the company will have insufficient short-term assets to finance short-term liabilities. The company has significant levels of short-term liabilities so it is open to liquidity risk.

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

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 risk positions that are taken. All significant foreign exchange risk should be hedged. Where price risk occurs this needs to be within pre-approved 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 International (Europe) Plc

Strategic report (continued)

Future prospects

While the directors do not anticipate any significant changes in the business in the near future, the current economic environment does present a challenge to the company in maintaining its performance.

The company has a close relationship with its parent company and follows the group's strategic plan whenever possible. The company will continue to take up new challenges and adapt to changes which best suit the group's development plan. It is considered that the company is in a good position to deal with these challenges. Internal controls that identify and manage risk exposures and good relationships with customers will continue to be fundamental management tools in the day-to-day business operations.

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

I Kano
Managing Director
1 August 2018

Mitsubishi Corporation International (Europe) Plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

Directors

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

H Hayashi (resigned 11 April 2018)
I Kano (appointed 11 April 2018)
K Kawakami (appointed 23 May 2017)
M Takada (resigned 31 March 2018)
A Kurosawa (resigned 1 September 2017)
M Kochi (resigned 31 March 2018)
N Suzuki (appointed 23 May 2018)
Y Katayama (appointed 23 May 2018)
K Ninomiya (appointed 23 May 2018)
J Nagase
G Williams
M Pratt
A Fraser
J Rogers

Dividends

The directors have recommended and paid a dividend of £16.8 million during the year (2017: £15.9 million).

Financial risk management objectives and policies and future prospects

Details of the company's financial risk management objectives and policies and future prospects can be found within the principal risks and uncertainties section of the Strategic Report and form part of this report by cross-reference.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. In addition the company has financing sources both from the group as well as third party banks. Accordingly, the company continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements.

Auditor

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 auditor is 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor 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

I Kano
Managing Director
1 August 2018

Directors' responsibilities statement

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), including FRS101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditor's report to the members of Mitsubishi Corporation International (Europe) Plc

Report on the audit of 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 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Mitsubishi Corporation International (Europe) Plc (the 'company') which comprise:

- the income statement;
- the statement of comprehensive income;
- the statement of changes in equity;
- the balance sheet; and
- the related notes 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

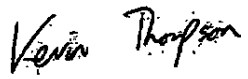
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Kevin Thompson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
14 August 2018

Mitsubishi Corporation International (Europe) Plc

Income statement
For the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Turnover	1, 2	745,833	511,328
Cost of sales		(722,145)	(494,052)
Gross profit		23,688	17,276
Administrative expenses		(31,617)	(30,873)
Other operating income and expenses	5	14,186	20,249
Operating profit	4	6,257	6,652
Dividend income from shares in group undertakings		6,512	11,073
Dividend income from other investments		902	2,206
Profit from sale of fixed asset investment	11	38,234	32
Loss from sale of fixed asset investment	11	(55)	-
Impairment of fixed asset investment	11	-	(280)
Interest income	6	585	262
Interest expense	7	(3,103)	(1,410)
Profit before taxation		49,332	18,535
Tax	8	(1,138)	(1,768)
Profit after taxation attributable to owners of the Company		48,194	16,767

Mitsubishi Corporation International (Europe) Plc

Statement of comprehensive income
For the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Profit for the financial year		48,194	16,767
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gains on pension scheme	18	69	44
UK deferred tax credit attributable to actuarial gains	18	-	-
Items that may be reclassified subsequently to profit or loss:			
(Losses)/gains arising on available for sale financial assets during the period	11	(1,407)	573
Movement on cash flow hedges	17	3	1
Tax relating to items that may be reclassified		239	(89)
Total other comprehensive (expense)/income for the period net of tax		(1,096)	529
Total comprehensive income for the period		47,098	17,296

Mitsubishi Corporation International (Europe) Plc

Statement of changes in equity
For the year ended 31 March 2018

	Notes	Called up share capital £'000	Revaluation reserve £'000	Hedging reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 April 2016		**120,658**	**686**	**(3)**	**15,896**	**137,237**
Profit for the period		-	-	-	16,767	16,767
Other comprehensive income for the period		-	484	1	44	529
Total comprehensive income for the period		-	**484**	**1**	**16,811**	**17,296**
Dividends payable	21	-	-	-	(15,900)	(15,900)
Balance at 31 March 2017		**120,658**	**1,170**	**(2)**	**16,807**	**138,633**
Profit for the period		-	-	-	48,194	48,194
Other comprehensive (expense)/income for the period		-	(1,167)	2	69	(1,096)
Total comprehensive (expense)/ income for the period		-	**(1,167)**	**2**	**48,263**	**47,098**
Dividends payable	21	-	-	-	(16,800)	(16,800)
Balance at 31 March 2018		**120,658**	**3**	**-**	**48,270**	**168,931**

Mitsubishi Corporation International (Europe) Plc

Balance sheet
As at 31 March 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Intangible assets	9	172	241
Property, plant and equipment	10	1,031	1,618
Investments	11	87,120	94,015
Derivative assets	17	28	171
Deferred tax assets	8	468	-
Other non-current asset	13	13	13
		88,832	96,058
Current assets			
Inventories	12	133,796	109,197
Trade and other receivables	13	359,642	145,348
Derivative assets	17	20,489	5,925
Cash and cash equivalents		2,223	2,786
		516,150	263,256
Current liabilities			
Bank loans and overdrafts	14	(3,506)	(6,894)
Trade and other payables	14	(422,506)	(193,069)
Derivative liabilities	17	(7,682)	(19,392)
Deferred income	14	(310)	(142)
		(434,004)	(219,497)
Net current assets		82,146	43,759
Total assets less current liabilities		170,978	139,817
Non-current liabilities			
Derivative liabilities	17	(89)	(177)
Deferred income	14	(1,958)	(971)
Deferred tax liabilities	8	-	(36)
		(2,047)	(1,184)
Net assets		168,931	138,633
Equity			
Share capital	15	120,658	120,658
Hedging reserve	15	-	(2)
Revaluation reserve	15	3	1,170
Profit and loss account	15	48,270	16,807
Equity attributable to owners of the company		168,931	138,633

The financial statements of Mitsubishi Corporation International (Europe) Plc registered number 02214224 were approved by the Board of Directors on 1 August 2018.

Signed on behalf of the Board of Directors

I Kano
Managing Director

Notes to the financial statements
For the year ended 31 March 2018

1. General information and accounting policies

a) General information

Mitsubishi Corporation International (Europe) Plc is incorporated in England, the United Kingdom under the Companies Act. The company is a public company limited by shares and the address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 to 3.

The company meets the definition of a qualifying entity under Financial Reporting Standard 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC). The company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the FRC incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to Company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments and inventories.

b) *Principal accounting policies*

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Group financial statements

These financial statements present information about the company as an individual undertaking and not about its group. Consolidated financial statements have not been prepared as the company is a wholly-owned subsidiary of Mitsubishi Corporation, a company incorporated in Japan and so is therefore exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare and deliver group financial statements.

Cash flow statement and disclosure exemptions

As permitted by FRS101, the company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective, presentation of comparative information in respect of certain assets, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group financial statements of Mitsubishi Corporation which are available to the public and can be obtained as set out in note 19.

Going concern

The company has policies in place to ensure the risks mentioned in the Strategic Report and Directors' Report and notes 13 and 17 are within management's scrutiny and control. The company has strong risk management and treasury functions to oversee the current trading environment to minimise the impact of such risks. In addition the company has financing sources both from the group as well as third party banks.

As discussed in the Review of the business and key performance indicators of the Strategic Report, the company has continued to perform reasonably well given the difficult market conditions for commodities during the year ended 31 March 2018. The company has a strong balance sheet with positive net current assets and shareholders' equity. The total borrowings of the company as at 31 March 2018 of £332.0 million (2017: £168.0 million) (bank loans, overdrafts and intergroup balances – see note 14) are short-term facilities.

1. **General information and accounting policies (continued)**

b) **Principal accounting policies (continued)**

Going concern (continued)

These are matched to a large extent against the aggregate of cash and cash equivalents of £2.2 million (2017: £2.8 million), trade receivables of £265.0 million (2017: £79.5 million) (see note 13), amounts receivable from other group companies of £72.5 million (2017: £40.9 million) (see note 13) which are on terms similar to the borrowings and inventories of £134 million (2017: £109.2 million) (see note 12), a large portion of which relates to commodities that are traded on international exchanges and therefore considered to be liquid and easily convertible to cash. The company has current and uncommitted bank borrowings and facilities of £1,895 million, the directors are of the opinion that these will remain available to the company for the foreseeable future.

Based on the above factors, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements.

Intangible assets

Software assets are valued at cost on acquisition and are amortised in equal annual amounts over their useful economic lives, estimated to be approximately three years. Amortisation expenses are recognised within administration expenses in profit and loss. Provision is made for any impairment.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. 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 four years and IT equipment has an estimated useful life of three years, 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 profit and loss.

Inventories

Inventories except aluminium 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.

All aluminium inventories are valued at fair value less costs to sell. This is determined at the quoted price of aluminium at the London Metal Exchange (LME) at the balance sheet date, plus the approximate market premium/discount published by *Metal Bulletin* at that date adjusted to take account of location of inventory. Location factors are determined based on actual transport costs incurred.

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 inventory, 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.

1. General information and accounting policies (continued)

b) Principal accounting policies (continued)

Other income

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 which are recognised on an accruals basis.

Dividend income from investments is recognised when the company's right to receive payment has been established.

Foreign exchange

The company's financial statements are presented in 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 profit and loss.

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 profit and loss in equal annual amounts over the period of the leases. For operating leases where the company acts as lessor, rental income is credited to profit and loss in equal instalments over the period of the lease.

Pension costs

The company operates both a defined benefit and a defined contribution pension scheme. The defined benefit scheme closed to future accrual of final salary benefits on 28 February 2015. The company has completed the buyout of the pension scheme in March 2018.

At 31 March 2017 the scheme held buy-in policy assets with three insurance companies to match its liabilities. During the year the scheme has settled its liabilities with these insurance companies, who are now wholly responsible for meeting all benefits payable. The liabilities extinguished on settlement have been calculated using assumptions based on market conditions at the relevant settlement dates.

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. These are included as part of staff costs. Past service costs are recognised immediately in profit and loss if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

For defined contribution schemes the amount charged to profit and loss 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.

1. **General information and accounting policies (continued)**

b) **Principal accounting policies (continued)**

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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in profit and loss, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Deferred taxation is provided in full on temporary 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. Temporary 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.

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

Investments

Investments are stated at cost less any provision for impairment in all cases where the ultimate holding company holds a majority stake, as the company has no control of the cash flows or the eventual selling price. All other investments, including investments held as current assets, are classified as available-for-sale and are stated at fair value except where the directors are of the opinion that the variability in the range of reasonable fair value measurements for the company's shares in these undertakings is significant and the probabilities of the various estimates within the range cannot be reasonably assessed, in which case the investment is stated at cost less provisions for impairment as an approximation to fair value. Changes in fair value are recognised in other comprehensive income, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in the net profit or loss for the period. Provisions for impairment are recognised in profit and loss.

1. General information and accounting policies (continued)

b) Principal accounting policies (continued)

Financial instruments (continued)

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.

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 accruals basis in profit and 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 measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded when the proceeds are 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 manage against any price risk exposure on its aluminium trading operations. However, the company does not apply hedge accounting under IAS39 'Financial Instruments: recognition and measurement' for these derivatives used to manage price risk on commodities. The company only uses derivative financial instruments for speculative purposes to a limited extent with board approval.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The company designates certain derivatives as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The company designates certain hedging instruments, which include derivatives, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis the company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in cash flows of the hedged item.

Note 17 sets out the details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in equity are also detailed in the statement of other comprehensive income.

1. General information and accounting policies (continued)

b) Principal accounting policies (continued)

Hedge accounting (continued)

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

The company also hedges the foreign currency exchange risks on certain investments (the 'hedged item') that are denominated in US dollars. Such investments are hedged against loans in the same foreign currency of the same value and similar maturity profile (the 'hedging instrument').

Fair value hedges that meet the hedge accounting criteria are accounted for as follows:

- The gain or loss from re-measuring the hedging instrument at fair value is recognised in profit and loss; and
- The carrying amount of the hedged item is adjusted through profit and loss for the gain or loss on the hedged item attributable to the hedged risk.

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 forecast 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 year.

c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Evaluating the substance of transactions and gross versus net presentation of revenue

The company and its employees undertake a very wide range of business activities. These involve trading in goods on the company's own account and as an intermediary on behalf of others, as well as performing a range of management, treasury and other services on behalf of other Mitsubishi group undertakings.

1. General information and accounting policies (continued)

c) Critical accounting judgements and key sources of estimation uncertainty (continued)

Evaluating the substance of transactions and gross versus net presentation of revenue (continued)

Management is required to exercise judgement in order to determine to what extent, if at all, the company is exposed to the significant risks and rewards of these business activities. This judgement determines whether the company should recognise revenue and profit at all, for example where transactions may have the legal form of a sale but do not expose the company to any significant risks and rewards of the underlying goods or services and whether the company should recognise revenue on a principal or agency basis, where the company is acting as an intermediary. Management judgement is also required to determine the appropriate revenue recognition policy to apply, for example where transactions have the legal form of a sale but where the substance of the transaction is that of an inventory lending or financing transaction.

In making these judgements, management considers the detailed guidance set out in IAS 18 Revenue and IAS 39 Financial instruments: recognition and measurement, in particular whether the company has received from, or transferred to, the counterparty the significant risks and rewards of the goods, services or financial instruments.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value measurements

The company has material assets and liabilities which are measured at fair value or fair value less costs to sell, most notably the company's derivatives and aluminium inventories. Fair value measurements are based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. In almost all cases where fair value accounting is applied the company has chosen not to apply the hedge accounting requirements of IAS 39 Financial instruments: recognition and measurement and as a result the full unrealised gains and losses resulting from the revaluation of these assets and liabilities at each reporting date are recognised directly in profit and loss.

Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to judgement, particularly where comparable market-based transactions rarely exist. Further details of the techniques applied, inputs used and the sensitivity to changes are given in notes 11 and 17 to the financial statements.

2. Turnover and revenue

An analysis of the Company's revenue is as follows:

	2018 £'000	2017 £'000
Sales of goods and services ("turnover")	745,833	511,328
Service and management fees income	18,589	17,789
Interest receivable and similar income (note 6)	585	262
Dividend income	7,414	13,279
Total revenue	772,421	542,658

An analysis of the company's turnover by type of transactions:

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:

	2018 £'000	2017 £'000
Principal	740,258	505,269
Agency	3,768	3,143
Brokerage	1,807	2,916
	745,833	511,328

An analysis of the Company's turnover by geographical market is set out below:

	2018 £'000	2017 £'000
From customers located within:		
United Kingdom	298,310	169,075
Europe other than United Kingdom	436,772	330,948
Others	10,751	11,305
	745,833	511,328

3. Information regarding directors and employees

	2018 £'000	2017 £'000
Directors' emoluments:		
Emoluments	1,958	1,965
Company contributions to money purchase pension scheme	51	61
	2,009	2,026

	No.	No.
Number of directors who are members of a money purchase pension scheme	2	2

	£'000	£'000
Remuneration of the highest paid director	1,047	901

	No.	No.
Average number of persons employed (including directors)		
Trading	78	76
Administration	86	92
	164	168

	£'000	£'000
Employee costs (excluding directors' emoluments)		
Wages and salaries	8,492	8,264
Social security costs	1,014	906
Pension costs	965	945
Cost in respect of parent company's employees on secondment	6,363	6,353
	16,834	16,468

4. Operating profit

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

	2018 £'000	2017 £'000
Depreciation of property, plant and equipment	796	794
Amortisation of intangible assets	164	143
Net rentals payable under operating leases - property (note 16)	2,322	1,984
Staff costs including directors	18,843	18,494
Net foreign exchange losses/(gains) (note 5)	2,817	(776)
Loss on disposal of property, plant and equipment	-	1
Impairment loss recognised on trade receivables	600	-
Reversal of impairment loss recognised on trade receivables	-	(32)
Fees payable to the company's auditor for the audit of the company's annual financial statements	214	195
Fee payable to the company's auditor and their associates for other services to the company		
– Audit-related assurance services	242	234
– Taxation compliance services	120	75
– Others/Pensions advice	1	3

5. Other operating income and expenses

	2018 £'000	2017 £'000
Service and management fees income	18,589	17,789
Net foreign exchange (losses)/gains	(2,817)	776
Other items of operating (expenses)/income	(1,586)	1,684
	14,186	20,249

Service and management fees include management, IT and other recharges to various group companies for services provided. Other items of operating income and expense consist mainly of fair value gains and losses on foreign exchange contracts, gains and losses on disposal of property, plant and equipment as well as movements in bad debt and other provisions.

6. Interest receivable and similar income

	2018 £'000	2017 £'000
Interest receivable from group undertakings	493	252
Bank and other interest receivable	92	10
	585	262

7. Interest payable and similar charges

	2018 £'000	2017 £'000
Interest on bank loans and overdrafts	642	429
Interest payable to group undertakings	2,461	980
Net interest expense on the defined benefit scheme	-	1
	3,103	1,410

8. Tax charge on profit on ordinary activities

(i) The tax charge comprises:

	2018 £'000	2017 £'000
United Kingdom corporation tax	1,587	1,647
Adjustment in respect of prior years	(184)	(81)
Total current tax	1,403	1,566
Deferred tax		
Origination and reversal of temporary differences	(265)	202
Total deferred tax	(265)	202
Total tax on profit on ordinary activities	1,138	1,768

(ii) The charge for the year can be reconciled to the income statement as follows:

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	49,332	18,535
Tax at 19% (2017: 20%) thereon:	(9,373)	(3,707)
Effects of:		
Expenses not deductible for tax purposes	(311)	(247)
Pension adjustment	-	(19)
Fixed asset temporary differences	(113)	(108)
Other temporary differences	214	(77)
Utilisation of capital items	238	-
United Kingdom dividend income	1,237	2,215
Other income not chargeable for tax purposes	22	88
Profit from disposal of investment not chargeable for tax purposes	6,764	6
Prior year adjustments	184	81
Total tax charge for the year	(1,138)	(1,768)

8. Tax charge on profit on ordinary activities (continued)

(iii) Tax recognised in other comprehensive income comprises:

In addition to the amount charged to profit and loss, the following amounts relating to tax have been recognised in other comprehensive income:

	2018 £'000	2017 £'000
Deferred tax		
Arising on income and expenses recognised in other comprehensive income		
Revaluation of available-for-sale financial assets	240	(89)
Revaluations of financial instruments treated as cash flow hedges	(1)	-
Total income tax recognised in other comprehensive income	239	(89)

(iv) Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon during the current and prior reporting period.

	Accelerated tax depreciation £'000	Others £'000	Revaluation of financial assets £'000	Retirement benefit obligations £'000	Total £'000
At 31 March 2017	32	72	(240)	100	(36)
Charge to profit or loss	90	275	-	(100)	265
Charge to other comprehensive income	-	-	239	-	239
At 31 March 2018	122	347	(1)	-	468

The company has approximately £0.8m (2017: £0.8m) capital losses as at the balance sheet date. The company has recognised a deferred tax asset in respect of timing differences relating to capital losses during the year as there is sufficient evidence that the asset will be recovered.

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2018 £'000	2017 £'000
Deferred tax liabilities	(1)	(240)
Deferred tax assets	469	204
	468	(36)

Finance Act No2 2015, which was substantively enacted on 26 October 2015, included provisions to reduce the rate of corporation tax of 19% with effect from 1 April 2017. In additional Finance Act 2016 include provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. Accordingly these rates have been applied when calculating deferred tax asset and liabilities as at 31 March 2018.

9. Intangible assets

	Software £'000
Cost	
At 31 March 2017	2,296
Additions	95
At 31 March 2018	2,391
Accumulated depreciation	
At 31 March 2017	2,055
Charge for the year	164
At 31 March 2018	2,219
Net book value	
At 31 March 2018	172
At 31 March 2017	241

10. Property, plant and equipment

	Vehicles £'000	Furniture, fixtures and fittings £'000	Office and IT equipment £'000	Total £'000
Cost				
At 31 March 2017	27	4,027	988	5,042
Additions	-	16	193	209
Disposals	-	(6)	(25)	(31)
At 31 March 2018	27	4,037	1,156	5,220
Accumulated depreciation				
At 31 March 2017	15	2,823	586	3,424
Charge for the year	7	583	206	796
Disposals	-	(6)	(25)	(31)
At 31 March 2018	22	3,400	767	4,189
Net book value				
At 31 March 2018	5	637	389	1,031
At 31 March 2017	12	1,204	402	1,618

11. Investments

	Shares in subsidiary undertakings £'000	Shares in other group undertakings £'000	Investment in associates £'000	Other investments £'000	Total £'000
Cost					
At 31 March 2017	87,100	2,382	2,672	4,849	97,003
Disposals	-	(2,288)	(2,490)	(3,442)	(8,220)
Fair value movement	-	-	-	(1,407)	(1,407)
Foreign currency revaluation	-	-	(182)	-	(182)
At 31 March 2018	87,100	94	-	-	87,194
Provision					
At 31 March 2017	-	74	2,463	451	2,988
Disposals	-	-	(2,490)	(451)	(2,941)
Additions	-	-	202	-	202
Foreign currency revaluation	-	-	(175)	-	(175)
At 31 March 2018	-	74	-	-	74
Net book value					
At 31 March 2018	87,100	20	-	-	87,120
At 31 March 2017	87,100	2,308	209	4,398	94,015

Shares in subsidiary undertakings

The shares in subsidiary undertakings represent the six European subsidiaries of the company located in Germany, Spain, Italy, Netherlands, France and Greece. All the subsidiaries' principal activities relate to general trading of commodities and the provision of services.

Shareholdings in subsidiaries are as follows:

Company name	Registered office and Country of incorporation	Shareholding %	£'000
Mitsubishi International G.m.b.H	Kennedydamm 19, 40476 Duesseldorf, Federal Republic of Germany	100	59,312
Mitsubishi France S.A.	3 Avenue Hoche 75008 Paris, France	100	15,072
Mitsubishi Italia S.p.A	Largo Toscanini, 1 20122 Milano, Italy	100	1,468
Mitsubishi Nederland B.V.	500 Beethovenstraat, 3rd floor, Beethovanstraat 514, 1082 PR, Amsterdam, The Netherlands	100	7,292
Mitsubishi Espana S.A.	Orense, 58 1-Planta 28020 Madrid, Spain	100	3,866
Mitsubishi Hellas A.E.E.	68 Vassilisis Sofias Avenue & 2 Aiginitou Street, GR.115 28 Athens, Greece	100	90
Total			**87,100**

In the opinion of the directors, there is no impairment to the carrying value of the subsidiaries.

11. Investments (continued)

Shares in other group undertakings

Company name	Registered office and Country of incorporation	Shareholding %	£	Class	Principal business activity
Green Power Development Fund Cooperatief U.A.	WTC, Tower H, Level 13, Zuidplein 110, 1077 XV Amsterdam, Netherlands	0.12	20,199	Special Member	Development of wind power projects
			20,199		

During the year the company has re-structured the investments in other group undertakings as follows:

The company transferred its shareholding in Triland Metals Limited and Princes Limited to its parent company, Mitsubishi Corporation in Japan, resulting in a profit on disposal of £35.6 million.

The company also transferred its shareholding in Mitsubishi Corporation LT Europe G.m.B.H. to an associated company in Japan with a small loss on disposal of £0.05 million.

The restructuring is part of a strategic decision to streamline investments within the group.

After the transfer, Green Power Development Fund Cooperatief U.A. is the only investment remaining in other group undertakings and represents non-controlling interests in the company. The share does not have a quoted market price in an active market. Given the lack of marketability of the shares and the fact that the company's investments in the shares do not give it control or significant influence over the cash flows or operating and financial policies of the investment the directors are of the opinion that the variability in the range of reasonable fair value measurements for the company's shares in the group undertakings is significant and the probabilities of the various estimates within the range cannot be reasonably assessed. As such the company has measured the investment at cost as an approximation to fair value.

Investment in associates

This represents an unlisted investment in an Irish associate, Deucalion MC Engine Leasing Ltd (DMCELL), which specialises in aircraft engine leasing in which the company has a 40% shareholding. During the year DMCELL has finalised its liquidation process and the company was dissolved in accordance with the investment plan.

Other investments

All other investments represent minority shareholdings in a number of businesses that the company invested in to augment its trading activities or the wider Mitsubishi group's long-term strategic goals.

The most significant other investment is the investment for approximately 1% share in Capula Investment Management LLP and Capula Management Ltd, a hedge fund manager and hedge fund management company respectively. During the year the company has sold its shareholding at a gain of approximately £2.6 million.

The company has written off the investment in Erb Autokredit AG, a company incorporated in Switzerland. This company went into bankruptcy and was fully impaired in 2003. The liquidation has been finalised and Erb Autokredit AG was dissolved in 2017.

12. Inventories

	2018 £'000	2017 £'000
Aluminium inventories held at fair value less costs to sell	125,458	104,807
Other inventories held at the lower of cost and net realisable value	8,338	4,390
Finished goods and goods for resale	133,796	109,197

13. Trade and other receivables

	2018 £'000	2017 £'000
Amounts due within one year:		
Trade receivables	266,526	80,520
Less: allowance for doubtful receivables	(1,563)	(1,027)
	264,963	79,493
Amounts owed by parent company and fellow subsidiary undertakings	72,517	40,942
Loans to third parties	5,891	7,423
VAT receivable	402	-
Prepayments	15,853	16,959
Accrued income	16	531
	359,642	145,348
Amounts due after more than one year:		
Other non-current asset	13	13
	13	13
Total trade and other receivables	359,655	145,361

All trade receivables 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 material interest rate risk.

The loans to fellow subsidiary undertakings have no fixed repayment terms. The loans carry interest at LIBOR plus an appropriate margin for group finance. In the opinion of the directors the carrying amount is a reasonable approximation of fair value. The loan to the associated company carries interest at the company's borrowing rate plus an appropriate margin.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Credit risk arises from trade receivables due to the fact that trading in most cases requires extending of credit to customers which otherwise may not trade with the company. The company's principal customers, suppliers and financial institutions with which it conducts business are spread across diverse geographical areas.

13. Trade and other receivables (continued)

Credit risk management (continued)

The company has stringent policies in place, managed by a specialist risk management team, which govern the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals in line with the company's delegation of authority. The company limits the credit risk by evaluating the potential counterparties before entering into transactions with them and continues to monitor and assess their creditworthiness after transactions have been initiated. Creditworthiness is assessed using information from various sources, an internal credit rating system and qualitative and quantitative data. The system of internal credit rating is based on statistical analysis, with customers being individually rated.

The company attempts to minimise credit risk through using credit insurance wherever considered appropriate and rigorous monitoring of receivables. Depending on the creditworthiness of the counterparty the company may require collateral in the form of guarantees, letters of credit and cash. As at 31 March 2018 the company has credit exposure of £50 million (31 March 2017: £36 million) covered by parent and third party guarantees in relation to its trade receivables. Credit exposure to any low rated single non-related counterparty or any group of counterparties having similar characteristics is not considered to be significant. The company defines counterparties as having similar characteristics if they are part of the same corporate group.

The company's maximum exposure to credit risk is largely limited to the carrying amount of its receivables, cash and derivatives.

Included in the company's trade receivables balance are debtors with a carrying amount of £nil (31 March 2017: £0.004 million) which are more than 30 days overdue at the reporting date for which the company has not provided since there has not been a significant change in credit quality and the company believes that the amounts are still recoverable.

Below is the table showing the movement in the provision against doubtful receivables which are aged from current to over one year. Specific provisions are made against receivables where the prospect of collection is foreseen as unlikely.

Movement in the allowance for doubtful receivables

	2018 £'000	2017 £'000
Balance at the beginning of the year	1,027	1,012
Exchange difference	(43)	47
Provision charged during the year	728	-
Provision reversed during the year	(149)	(32)
Balance as at end of the year	1,563	1,027

14. Trade and other payables

	2018 £'000	2017 £'000
Amounts falling due within one year		
Trade payables	87,453	22,094
Amounts owed to parent company and fellow subsidiary undertakings	328,456	161,154
Corporation tax	265	418
VAT payable	-	1,470
Other taxation and social security	400	495
Accruals	5,932	7,438
	422,506	193,069
Deferred income		
Amounts falling due within one year	310	142
Amounts falling due after more than one year	1,958	971
	2,268	1,113
Total trade and other payables including deferred income	424,774	194,182

All trade payables and amounts owed to the parent for trading transactions are due within one year and are non-interest bearing and therefore do not expose the company to material interest rate risk.

	2018 £'000	2017 £'000
Bank loans and overdrafts (unsecured)		
The borrowings are repayable as follows:		
On demand or within one year	3,506	6,894

Analysis of borrowings by currency

	US$ £'000	GBP £'000	JPY £'000
31 March 2018			
Bank loans	-	-	3,506
31 March 2017			
Bank loans	6,877	3	14

In the opinion of the directors the contracted interest rates for borrowings are not materially 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 17 to the income statements.

15. Called up share capital and revaluation reserve

	2018 £'000	2017 £'000
Called up, allotted and fully paid:		
120,658,154 (2017: 120,658,154) ordinary shares of £1 each	120,658	120,658

	2018 £'000	2017 £'000
Revaluation reserve	3	1,170

Revaluation reserve represents accumulated gains arising from available for sale investments.

	2018 £'000	2017 £'000
Hedging reserve	-	(2)

Hedging reserve represents the cumulative portion of gains and losses on cash flow hedge on forward foreign currency contracts.

Profit and loss reserve represents cumulative profit or losses net of dividends paid and other adjustments.

16. Operating lease commitments

At 31 March 2018, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings	
	2018 £'000	2017 £'000
Within one year	4,122	3,126
In the second to fifth years inclusive	16,487	12,503
After five years	14,426	14,066

The company has entered into an operating lease for its office premises. The lease is due to expire in 2026. The company subleases part of the office premises to fellow group companies over the same lease term.

The future minimum sublease payments expected to be received under non-cancellable sublease agreements as at 31 March 2018 is £13.4 million (2017: £11.5 million).

The gross rental expense charged to profit and loss is £4.1 million (2017: £2.8 million) with sub-lease income from the fellow group companies of £1.8 million (2017: £1.3 million). During the year the company has finalised the rent review with the landlord and the new rental is reflected in the income statement.

17. Derivatives and financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Financial risk management objectives

The company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets and monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The company seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles for the management of foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments. Compliance with policies and exposure limits is reviewed by management on a continuous basis. It is not the policy of the company to enter into these derivative positions on a speculative basis except to a very limited extent with board approval, and firm rules and procedures are in place to ensure that the company follows these policies and that the company risk position is properly managed.

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 to which the company is exposed. It is the company policy to 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 or highly probable forecast transaction.

The company is exposed to certain risks and applies the appropriate hedge to match that risk. Where trading exposes the company to foreign exchange risk, forward exchange contracts are entered into to hedge the risk. If the company is exposed to credit risk it will, where appropriate, take out credit insurance to help manage that risk. Where it trades in commodities physically that are also traded on terminal markets it will use futures contracts to hedge any price exposure that it may have. A summary of the financial instruments of the company, by category, including the estimate of fair value is as follows:

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

At 31 March 2018

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Designated hedging relationships £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial assets							
Non-derivative assets	343,371	-	-	-	-	343,371	343,371
Derivative assets	-	-	-	-	20,517	20,517	20,517
Available-for-sale investments	-	20	-	-	-	20	20
Cash and cash equivalents	2,223	-	-	-	-	2,223	2,223
Sub-total	345,594	20	-	-	20,517	366,131	366,131
Financial liabilities							
Non-derivative liabilities	-	-	(92,800)	-	-	(92,800)	(92,800)
Derivative liabilities	-	-	-	-	(7,771)	(7,771)	(7,771)
Sub-total	-	-	(92,800)	-	(7,771)	(100,571)	(100,571)
Bank overdrafts and other loans							
Current	-	-	(326,615)	-	-	(326,615)	(326,615)
Total	345,594	20	(419,415)	-	12,746	(61,055)	(61,055)

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

At 31 March 2017

	Loans and receivables £'000	Available-for-sale £'000	Amortised cost £'000	Designated hedging relationships £'000	Held for trading £'000	Total carrying value £'000	Fair value £'000
Financial assets							
Non-derivative assets	128,389	-	-	-	-	128,389	128,389
Derivative assets	-	-	-	-	6,096	6,096	6,096
Available-for-sale investments	-	6,706	-	-	-	6,706	6,706
Cash and cash equivalents	2,786	-	-	-	-	2,786	2,786
Sub-total	131,175	6,706	-	-	6,096	143,977	143,977
Financial liabilities							
Non-derivative liabilities	-	-	(30,193)	-		(30,193)	(30,193)
Derivative liabilities	-	-	-	(3)	(19,569)	(19,572)	(19,572)
Sub-total	-	-	(30,193)	(3)	(19,569)	(49,765)	(49,765)
Bank overdrafts and other loans							
Current	-	-	(159,950)	-	-	(159,950)	(159,950)
Total	131,175	6,706	(190,143)	(3)	(13,473)	(65,738)	(65,738)

Please refer to note 11 for further disclosure on the fair value of available-for-sale investments. In the opinion of the directors, the carrying values of the financial instruments above approximate to the fair values.

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

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

	2018 £'000	2017 £'000
Assets:		
Current derivative assets		
- Currency derivatives	2,417	1,707
- Aluminium commodity contracts	18,072	4,218
	20,489	5,925
Non-current derivative assets		
- Currency derivatives	22	65
- Aluminium commodity contracts	6	106
	28	171
Liabilities:		
Current derivative liabilities		
- Currency derivatives	1,515	1,376
- Aluminium commodity contracts	6,167	18,016
	7,682	19,392
Non-current derivative liabilities		
- Currency derivatives	33	58
- Aluminium commodity contracts	56	119
	89	177

17. Derivatives and financial instruments (continued)

Financial risk management objectives (continued)

The fair values for currency derivatives were calculated using the closing price published in *The Financial Times* on the last working day of the month and forward point adjustment from Reuters also on the last working day. The fair values for commodity contracts were calculated using the applicable closing rates on the London Metal Exchange and the market premium published by *Metal Bulletin*.

Hedge accounting

While the company makes extensive use of derivative financial instruments to hedge the risks to which it is exposed, it applies hedge accounting under IAS 39 Financial instruments: recognition and measurement only in limited circumstances. The hedging transactions the company undertakes that are not recognised in profit and loss are cash flow hedges in respect of foreign exchange forward contracts and other financial instruments used to hedge variations in cash flows likely to arise out of changes in foreign currency exchange rates and commodity prices for highly probable forecast future transactions and firm commitments.

In addition, the company also uses a fair value hedge for its investment in an associate. The only risk hedged is foreign currency risk as this investment is US dollar denominated and is hedged by equivalent borrowings also denominated in US dollars. This investment has started to liquidate at the end of the previous financial year and no longer required for the fair value hedge in the current period. The total exchange gain recognised in profit and loss on this investment during the year as a result of this fair value hedge was £nil (2017: £347,000), offset by a loss of a similar amount on the loan.

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

	2018 £'000	2017 £'000
Aggregated losses on foreign exchange hedges	-	(3)
Net losses on foreign exchange hedges	-	(3)
Losses for the year deferred to other comprehensive income	-	(3)
Recycling of amounts from hedging reserve to profit and loss	3	4
Net gains for the year	3	1

As at 31 March 2018, there were two designated and effective cash flow hedges which have been deferred in other comprehensive income.

The following table details the forward foreign currency contracts outstanding as at the year end designated for cash flow hedges:

Outstanding contracts	Foreign currency		Contract value		Fair value	
	2018	2017	2018	2017	2018	2017
Cash flow hedges						
Buy US dollars	$'000	$'000	£'000	£'000	£'000	£'000
Less than three months	12	172	9	140	-	(3)
	12	172	9	140	-	(3)

Effectiveness testing is carried out on each cash flow hedge on inception and at the reporting dates. Management have assessed the above hedges to be highly effective.

17. Derivatives and financial instruments (continued)

Market risk

The company's activities expose it to the financial risks of changes in commodity price and foreign currency exchange rates. The company enters into a variety of derivative financial instruments to manage its exposure to commodity price and foreign currency risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk; and
- futures as traded on the exchanges to hedge against any price risk exposure on its aluminium trading operations.

The major commodity traded in the current year was aluminium. The company's risk management objective and strategy for undertaking the hedge is to eliminate any commodity price risk within a transaction in line with the company and departmental guidelines and rules concerning the internal risk position.

Market risk exposures are measured using sensitivity analysis, disclosed below. There has been no change to the company's exposure to market risks or the manner in which it manages and measures the risk over the last financial year.

(i) Commodity price risk exposure

The company utilises derivative contracts to hedge price fluctuation on aluminium. The company buys and sells commodity futures on the commodity exchanges as a means to hedge its price risk exposure. The futures are traded on a back-to-back basis with each physical contract and as a result very few speculative positions are held.

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

	Aluminium	
	£'000 Long	£'000 Short
31 March 2018	136,274	253,990
31 March 2017	73,942	149,422

These futures contracts cover a variety of settlement periods beyond the balance sheet date, the latest one being due for settlement in January 2019. 'Long' refers to the buying position of aluminium future contracts whereas 'Short' refers to the selling position of aluminium future contracts. The company has a notional 'short' position of approximately £6 million for copper future contracts as at year end.

The ranges that have been used in the fair value of the material commodity derivatives are as follows:

Aluminium: US$1,991 – US$2,031 per metric ton (2017: US$1,955 – US$1,989 per metric ton).

17. Derivatives and financial instruments (continued)

(ii) Commodity price sensitivity analysis

The sensitivity analysis demonstrates the potential impact on the company's profit due to the market and price risk associated with aluminium trading. The following sensitivity analysis has been carried out on the fair values of the commodity derivatives:

	2018 Impact on profit and loss	
	Lowest case (loss) £'000	Highest case (profit) £ '000
Aluminium futures	1,334	1,838
Total	1,334	1,838

	2017 Impact on profit and loss	
	Lowest case (loss) £'000	Highest case (profit) £ '000
Aluminium futures	2,310	9,964
Total	2,310	9,964

The highest and lowest cases were picked up from the highest and lowest monthly average premium, contango/backwardation and published market price data from the last three years. This is consistent with the data and calculations used by management in its internal risk management process.

Foreign currency risk

The company's treasury department will undertake cash management to ensure the foreign currency cash balances are maintained as working capital based on the estimate of future needs. When a transaction results in a foreign exchange exposure in any currency then this exposure is hedged by the treasury department. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

(i) Foreign Currency risk exposure

A significant portion of the company's earnings are denominated in foreign currencies. Consequently the company has significant risk in the translation of these earnings to its functional currency in sterling. The foreign currency profits before tax by major currency (other than sterling which comprise most of the company operating expenses) for the company are:

	2018 £'000	2017 £'000
US Dollar	17,696	17,279
Euro	6,695	7,959
Japanese Yen	354	780
	24,745	26,018

17. Derivatives and financial instruments (continued)

(i) Foreign Currency risk exposure (continued)

The company manages the foreign currency risk by regularly monitoring the net foreign currency earnings against current exchange rates to sterling. Additionally any changes to budgeted earnings figures are also taken into account. Where required, hedging action is undertaken and a report on the outstanding positions and valuations is presented to the management at each month end.

Monetary assets and liabilities by major foreign currency at the balance sheet date are:

	Monetary liabilities		Monetary assets	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
US Dollar	371,071	134,909	310,754	112,106
Euro	11,432	22,613	24,804	9,526
Japanese Yen	4,569	924	4,547	4,211
	387,072	158,446	340,105	125,843

(ii) Foreign currency sensitivity analysis

The following table shows the company's sensitivity to a 10% increase and decrease in sterling against the relevant foreign currencies. The sensitivity analysis demonstrates the impact to the company profit and loss as a result of the change in foreign currency exchange rates based on the earnings and the value of foreign currency monetary assets and liabilities shown above.

Sensitivity analysis profit/(loss) impact:

	10% weakening in £ against other currency		10% weakening in £ against other currency	
	2018 £'000 On net monetary items	2018 £'000 On earnings	2017 £'000 On net monetary items	2017 £'000 On earnings
US Dollar	(6,702)	1,966	(2,534)	1,920
Euro	1,337	744	(1,309)	884
Japanese Yen	(2)	39	365	87
Total impact (loss)/profit	(5,367)	2,749	(3,478)	2,891

For a 10% strengthening of sterling against the relevant currency, there would be an almost equal and opposite impact on the earnings and on the monetary items in the balance sheet.

17. Derivatives and financial instruments (continued)

(iii) Foreign currency contracts

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 marketplace that the physical transaction takes place in.

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

	GBP £'000	USD £'000	EUR £'000	JPY £'000
31 March 2018	103,802	157,357	30,805	-
31 March 2017	108,402	136,679	35,404	3,859

These arrangements are designed to address significant exchange exposures that the company has for contracted commitments. The vast majority are due to mature within twelve months of the balance sheet date. A very small number extend beyond then, the latest one maturing in October 2019.

At 31 March 2018 the fair value of the company's currency derivatives is estimated to be a net asset of £0.5 million (2017: net asset of £1.1 million). These contracts are valued using pricing techniques involving assumptions based on observable market data to determine the expected settlement amount, which is the present value of the difference between the contract rate and the current forward rate multiplied by the notional currency amount, taking into account the need for adjustments for credit risk. This comprises £0.5 million (2017: £1.1 million) relating to booked transactions, being accounts receivable and short-term borrowing and this year the amount of effective cash flow hedges which have been deferred in other comprehensive income was nil (2017: £3,000) as discussed above under hedge accounting.

Listed below are the exchange rate ranges used in calculating the fair value as at 31 March 2018 for the key currencies held as derivatives.

US Dollars – Euro	1.2298 – 1.2883	(2017: 1.0696 – 1.1317)
US Dollars – Sterling	1.4028 – 1.4089	(2017: 1.2505 – 1.2548)

The company also acts as agent for its fellow subsidiaries and parent company in contracting foreign exchange forward contracts. These foreign exchange contracts are not included on the company's balance sheet on the basis that the company is only acting as agent and does not bear the significant risks and rewards of these instruments other than the fixed agency commission that is recognised as income as earned. The fair value of such contracts as at 31 March 2018 was a loss of £23,725,671 (2017: gain of £29,835,744).

Interest rate risk

The company in its normal course of business requires funding to finance its commodity trading operations. It is exposed to interest rate risk predominantly because of the mismatch between the value of floating rate assets, mainly consisting of cash flows from inventories and receivables versus fixed rate liabilities. The company's interest risk management policy is to hedge the overall floating rate exposure by using fixed rate borrowings of a similar short-term duration. Longer dated assets over 1 year in duration are normally matched by borrowings obtained from a fellow group undertaking.

17. Derivatives and financial instruments (continued)

Interest rate risk (continued)

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

As at 31 March 2018	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Non-interest bearing £'000	Total £'000
Assets:						
Cash at bank and in hand	2,223	-	-	-	-	2,223
Loans to third parties	5,891	-	-	-	-	5,891
Amounts owed by parent company and fellow subsidiary undertakings	40,855	-	-	-	31,662	72,517
Amount owed by associates	-	-	-	-	-	-
Liabilities:						
Bank loans and overdrafts	3,506	-	-	-	-	3,506
Amounts owed to parent company and fellow subsidiary undertakings	323,109	-	-	-	5,347	328,456

As at 31 March 2017	Less than one year £'000	Between one and two years £'000	Between two and five years £'000	More than five years £'000	Non-interest bearing £'000	Total £'000
Assets:						
Cash at bank and in hand	2,786	-	-	-	-	2,786
Loans to third parties	7,423	-	-	-	-	7,423
Amounts owed by parent company and fellow subsidiary undertakings	17,832	-	-	-	23,641	41,473
Amount owed by associates	-	-	-	-	-	-
Liabilities:						
Bank loans and overdrafts	6,894	-	-	-	-	6,894
Amounts owed to parent company and fellow subsidiary undertakings	153,056	-	-	-	8,098	161,154

Contracted interest rates on cash at bank and deposit range from -0.40% to nil%.

Contracted interest rates on loans to third parties and amounts owed by parent company and fellow subsidiary undertakings range from Libor +0.20% to Libor + 0.30%.

17. Derivatives and financial instruments (continued)

Interest rate risk (continued)

Contracted interest rates on bank loans and amounts owed to parent company and fellow subsidiary undertakings range from Libor -0.125% to Libor +0.30%.

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 2018.

Liquidity risk

The financing requirements of the company are predominantly short-term in nature and therefore liquidity management is one of the key risks that the company faces. The company manages its financing requirement and hence its liquidity risk with the aid of a cash-flow forecast that is continuously updated to reflect the actual requirement in each currency. Where appropriate the company seeks to match the duration of liabilities to the underlying assets so as to minimise liquidity risk.

The company meets its financing requirements mainly through a combination of inter-group loans and reserves. The company also has access to uncommitted facilities from a range of banks.

An analysis of the liquidity profile of the company's financial liabilities is as follows:

2018	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans and overdrafts	(3,506)	-	-	(3,506)
Other loans	(323,109)	-	-	(323,109)
Related interest	(673)	-	-	(673)
Non-derivative liabilities	(92,800)	-	-	(92,800)
Derivative liabilities	(7,682)	(89)	-	(7,771)
Total	(427,770)	(89)	-	(427,859)

2017	Within one year £'000	Between one and two years £'000	Between two and five years £'000	Total £'000
Bank loans and overdrafts	(6,894)	-	-	(6,894)
Other loans	(153,056)	-	-	(153,056)
Related interest	(151)	-	-	(151)
Non-derivative liabilities	(30,193)	-	-	(30,193)
Derivative liabilities	(19,392)	(177)	-	(19,569)
Total	(209,686)	(177)	-	(209,863)

17. Derivatives and financial instruments (continued)

Fair value measurements recognised in the balance sheet

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2018			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	-	20,517	-	20,517
Available-for-sale financial assets				
Unquoted equities	-	-	20	20
Total	-	20,517	20	20,537
Financial liabilities at FVTPL				
Derivative financial liabilities	-	7,771	-	7,771
Total	-	7,771	-	7,771

	2017			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at FVTPL				
Derivative financial assets	-	6,096	-	6,096
Available-for-sale financial assets				
Unquoted equities	-	-	6,706	6,706
Total	-	6,096	6,706	12,802
Financial liabilities at FVTPL				
Derivative financial liabilities	-	19,569	-	19,569
Total	-	19,569	-	19,569

17. Derivatives and financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets:

	Available-for-sale Unquoted equities	
	2018 £'000	2017 £'000
Opening balance	6,706	6,133
Total losses or gains:		
- fair value movement in other comprehensive income	(1,407)	573
- disposals	(5,279)	-
Closing balance	20	6,706

The table above only includes financial assets. There were no financial liabilities subsequently measured at fair value on Level 3 fair value measurement bases. All gains and losses included in the statement of comprehensive income relate to unquoted equities held at the balance sheet date and are reported as fair value movements in investments (note 11).

Netting arrangements

The company enters into netting agreements with counterparties to manage the credit and settlement risks associated with all its derivatives. These netting agreements and similar arrangements enable the company and its counterparties to settle cash flows on a net basis and set-off liabilities against available assets in the event that either party is unable to fulfil its contractual obligations. Gross notional amounts of the company's derivatives are set out above in the sections of this note relating to the risk the derivatives are used to manage.

18. Pension scheme

Defined benefit scheme

The Mitsubishi Corporation Retirement Benefits Scheme ("the defined benefit scheme") is a funded defined benefit pension scheme. The scheme operated for the benefit of the employees of Mitsubishi Corporation International (Europe) Plc and provided benefits linked to salary at retirement or earlier date of leaving service until the scheme closed to future accrual of benefits on 28 February 2015.

The charge for the year in profit and loss represents the interest cost and expected return on assets as measured through the actuarial valuation for the year and administration expenses.

An actuarial valuation was normally performed every three years, the latest as at 1 April 2012. This revealed a funding deficit versus the actuarial provisions for the Scheme's liabilities of £5.6million. Following this the Trustees of the Scheme reviewed their investment policy in consultation with the company. It was decided to reduce risks in the scheme by purchasing bulk annuities and deferred annuities to cover pensions in payment and deferred pensions. This was funded by a combination of the sale of other scheme investments and a single company contribution of £8.0 million in December 2012. The contribution was part of a Recovery Plan dated 3 December 2012 that was designed to both eliminate the funding deficit revealed in the April 2012 valuation and to substantially cover the additional cost experienced by the Scheme in purchasing annuities. The scheme closed to future accrual of final salary benefits on 28 February 2015. Additional insured annuity contracts were purchased in the year ended 31 March 2016 to further reduce risks in the scheme. The company has finalised the buy out of the pension scheme in the year since the scheme's liabilities have been settled with the insurance companies. A loss on settlement of £0.1 million (2017: £nil) has been recognised in the year.

18. Pension scheme (continued)

Defined benefit scheme (continued)

An interim valuation for this reporting period (for accounting purposes) was carried out by a qualified actuary. The major assumptions used for this valuation were:

			2018	2017
Discount rate (pre and post retirement)			2.60%	2.50%
RPI price inflation			3.30%	3.40%
CPI price inflation			2.30%	2.40%
Rate of increase for pensions in payment (LPI minimum 3% pa where CPI is used from April 2011)			3.25%	3.25%
Rate of increase for pensions in deferment			2.30%	2.40%
Life expectancy at age 60:				
Current pensioners	-	Men	28.2	28.2
	-	Women	30.9	30.9
Future pensioners now aged 40	-	Men	29.7	29.7
	-	Women	32.6	32.6

As the scheme has no liabilities at 31 March 2018 the assumptions are only used in assessing the settlement during the year.

The surplus in the scheme at each assessment date was:

	2018 £'000	2017 £'000
Value of insured annuities	-	61,924
Fair value of other scheme assets	11	79
Total value of scheme assets	11	62,003
Present value of funded obligations (including insured annuities)	-	(61,924)
Surplus in the scheme	11	79
Adjustment for IAS 19 asset ceiling	(11)	(79)
Net pension asset recognised on the balance sheet	-	-

The net defined benefit pension asset recognised has been restricted to nil as the company does not have an unconditional right to the refund of the surplus from the scheme.

18. Pension scheme (continued)

Defined benefit scheme (continued)

The fair value of the scheme's invested assets is set out below.

	2018 £'000	2017 £'000
Cash	11	79
Insurance annuities	-	61,924
Total	11	62,003

The scheme does not invest in any of the company's own financial instruments or property occupied by, or other assets used by, the company.

Total income recognised in profit and loss

	2018 £'000	2017 £'000
Losses on settlement	69	-
Administration expenses	39	43
Net interest income on the net defined benefit liability/asset	(2)	(36)
Interest cost on adjustment for the IAS 19 asset ceiling	2	37
Total expense	108	44

Actual return on scheme assets:

	2018 £'000	2017 £'000
Actual gains on scheme assets	535	12,013

Changes in the present value of the defined benefit obligation are as follows:

	2018 £'000	2017 £'000
Opening defined benefit obligation	61,924	50,044
Interest cost on funded obligations	1,259	1,683
Actuarial (gains)/losses	(725)	11,289
Disbursement	(1,090)	(1,092)
Liabilities extinguished on settlements	(61,368)	-
Closing defined benefit obligation	-	61,924

18. Pension scheme (continued)

Defined benefit scheme (continued)

Changes in the fair value of scheme assets are as follows:

	2018 £'000	2017 £'000
Opening fair value of Scheme assets	62,003	51,125
Interest income on assets	1,261	1,719
Sponsor contributions	39	-
Actuarial (losses)/gains	(726)	10,294
Disbursements	(1,090)	(1,092)
Administration expenses	(39)	(43)
Assets distributed on settlements	(61,437)	-
Closing fair value of scheme assets	11	62,003

Analysis of recognised gain in other comprehensive income:

	2018 £'000	2017 £'000
Actual return less expected return on pension scheme assets	(726)	10,294
Experience gains arising on the scheme liabilities	725	-
Actuarial losses arising from change in financial assumptions	-	(11,289)
Impact of change in irrecoverable surplus	70	1,039
	69	44
Deferred tax	-	-
Actuarial gain recognised in other comprehensive income	69	44

The scheme closed to future accrual of final salary benefits on 28 February 2015. At 31 March 2017 the scheme held buy-in policy assets with three insurance companies to match its liabilities. Over the course of the year the scheme has settled its liabilities with the insurance companies, who are now wholly responsible for meeting all benefits payable. At 31 March 2018 the scheme has no liabilities remaining. At 31 March 2018 the scheme held no invested assets. The only asset related to a small trustee bank account balance.

Defined contribution scheme

The company also operates a defined contribution scheme which began on 1 April 2003. The charge for the year (being the contributions made by the company) was £1.0 million (2017: £1.0 million). No amounts were accrued or prepaid as at 31 March 2018.

19. 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 MC Europe Holdings NV, a company incorporated in the Netherlands. The registered office of the company is Mid City Place, 71 High Holborn, London, WC1V 6BA, United Kingdom.

Copies of the group financial statements of the ultimate parent company can be obtained from Mitsubishi Corporation, 3-1 Marunouchi 2-Chome, Chiyoda-ku, Tokyo 100-8086, Japan and are also available on Mitsubishi Corporation's website (www.mitsubishicorp.com). The immediate parent company does not prepare group financial statements.

20. Related party transactions

The disclosures below show transactions with related parties which are not wholly owned within the group headed by Mitsubishi Corporation. The company has taken advantage of the exemption from disclosing details of related party transactions available under FRS101 for transactions with other wholly owned group companies.

	Mozal		Other related parties	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Turnover	-	-	227	159
Purchases	-	-	-	-
Interest income	-	-	-	-
Trade and other receivables	-	-	66	42
Payables	29,491	10,756	-	-

The company purchased aluminium on normal commercial terms from Mozal s.a.r.l, which is an associate of the company's parent undertaking, Mitsubishi Corporation until May 2014. Thereafter the company changed its arrangement and purchases aluminium directly from the parent company, but remains as a settlement agent for the parent company with Mozal.

Contributions to the defined benefit pension scheme, which is also a related party of the company, have been disclosed in note 18.

21. Capital risk management and dividends

Capital risk management

The company manages its capital to ensure that it will be able to fund both its own day-to-day activities and those of its subsidiaries while continuing as a going concern. The capital structure of the company consists of net debt (bank loans, overdrafts and intercompany balances disclosed in note 14 after deducting cash and bank balances) and equity (comprising issued capital, reserves and retained earnings). The company is not subject to any externally imposed capital requirements and does not manage its capital on the basis of specific target gearing or leverage ratios.

Instead, each year the directors make an assessment of the valuation of the company's assets and liabilities using assumptions which are more prudent than those adopted for financial reporting purpose, taking into account unrealised gains and losses on assets and liabilities held at fair value and unrecognised contingent liabilities. Having made this assessment the company pays out all remaining retained earnings as dividends such that the company's equity should remain broadly stable over the long term. Any requirements for additional capital identified by the company through its ongoing cash flow forecasting are met through additional borrowings obtained from the wide range of facilities available to the company, both directly from external banks and from other group undertakings.

Dividends

Amounts recognised as distributions to equity holders in the year:

	2018 £'000	2017 £'000
Dividend for the year ended 31 March 2018 of 13.92365p per share (for year ended 31 March 2017: 13.17772p per share)	16,800	15,900
	16,800	15,900

Mitsubishi Corporation International (Europe) Plc - UK
GAAP Balance Sheet

Account	Total as at 30 September 2018 Balance (£'000)
Cash on hand and deposits (except time deposits)	7,372
Time deposits	
Notes receivable-trade (Consoli-sub.)	0
Notes receivable-trade (Other)	197,810
Notes receivable-trade (Total)	197,810
Account receivable-trade (Consoli-sub.)	10,078
Account receivable-trade (Other)	273,811
Account receivable-trade (Total)	283,889
Short-term investment	
Merchandise and supplies (*)	160,185
Real estate held for resale or development, Construction in process for resale (*)	
Biological assets - current	
Advanced payment to suppliers (Consoli-sub.) (*)	0
Advanced payment to suppliers (Other) (*)	
Advanced payment to suppliers (Total) (*)	0
Current prepaid expenses (Consoli-sub.)	26
Current prepaid expenses (Other)	1,266
Current prepaid expenses (Total)	1,292
Miscellaneous accounts receivable (Consoli-sub.)	4,118
Miscellaneous accounts receivable (Other)	46
Miscellaneous accounts receivable (Total)	4,164
Short-term loan receivable (Consoli-sub.)	35,887
Short-term loan receivable (Other)	6,366
Short-term loan receivable (Total)	42,253
Current maturities of long-term loans (Consoli-sub.)	0
Current maturities of long-term loans (Other)	
Current maturities of long-term loans (Total)	0
Derivative assets-current (Consoli-sub.)	3,648
Derivative assets-current (Other)	8,085

Derivative assets-current (Total)	11,733
Lease receivables-current (Consoli-sub.)	0
Lease receivables-current (Other)	
Lease receivables-current (Total)	0
Other current assets-financial assets (Consoli-sub.)	0
Other current assets-financial assets (Other)	26
Other current assets-financial assets (Total)	26
Other current assets-non financial assets	71
Non current assets held for sale	
Deferred income tax assets-current	461
Allowance for doubtful receivables-current	-1,753
CURRENT ASSETS TOTAL	707,503
Property, plant and equipment (At cost)	5,223
Property, plant and equipment (Accumulated depreciation)	-4,559
Property, plant and equipment - net	664
Investment property (At cost)	
Investment property (Accumulated depreciation)	
Investment property-net	0
Investments	87,121
Other non current assets-financial assets (Consoli-sub.)	0
Other non current assets-financial assets (Other)	
Other non current assets-financial assets (Total)	0
Long-term loan receivable (Consoli-sub.)	0
Long-term loan receivable (Other)	
Long-term loan receivable (Total)	0
Other non current receivables (Consoli-sub.)	0
Other non current receivables (Other)	
Other non current receivables (Total)	0
Non current impaired receivables (Consoli-sub.)	0
Non current impaired receivables (Other)	
Non current impaired receivables (Total)	0
Allowance for doubtful receivables-non current	
Intangible assets (At cost)	2,468
Intangible assets (Accumulated amortization)	-2,296
Intangible assets - net	172
Non-current prepaid expenses	
Biological assets - non current	
Derivative assets - non current (Consoli-sub.)	14
Derivative assets - non current (Other)	96

Derivative assets - non current (Total)	110
Lease receivables - non current (Consoli-sub.)	0
Lease receivables - non current (Other)	
Lease receivables - non current (Total)	0
Other non current assets-non financial assets	
Deferred income tax assets - non current	
Goodwill	
NON-CURRENT ASSETS TOTAL	88,067
TOTAL ASSETS	795,570

Mitsubishi Corporation International (Europe) Plc - UK GAAP Balance Sheet

Account	Total as at 30 September 2018 Balance (£'000)
Notes payable-trade (Consoli-sub.)	0
Notes payable-trade (Other)	
Notes payable-trade (Total)	0
Account payable (Consoli-sub.)	45,546
Account payable (Other)	135,933
Account payable (Total)	181,479
Short-term borrowings (Consoli-sub.)	459,069
Short-term borrowings (Other)	4,537
Short-term borrowings (Total)	463,606
Current maturities of long-term borrowings (Consoli-sub.)	0
Current maturities of long-term borrowings (Other)	
Current maturities of long-term borrowings (Total)	0
Commercial paper	
Short-term debentures (Consoli-sub.)	0
Short-term debentures (Other)	
Short-term debentures (Total)	0
Debentures redeemable within one year (Consoli-sub.)	0
Debentures redeemable within one year (Other)	
Debentures redeemable within one year (Total)	0
Miscellaneous account payable (Consoli-sub.)	5,208
Miscellaneous account payable (Other)	273
Miscellaneous account payable (Total)	5,481
Accrued expenses (Consoli-sub.)	0
Accrued expenses (Other)	2,924
Accrued expenses (Total)	2,924
Accrued interest expenses (Consoli-sub.)	439
Accrued interest expenses (Other)	203
Accrued interest expenses (Total)	642
Accrued bonus	829
Income tax payable	42
Advanced receipt from customers (Consoli-sub.) (*)	0

Advanced receipt from customers (Other) (*)	1,723
Advanced receipt from customers (Total) (*)	1,723
Deferred income (Consoli-sub.)	23
Deferred income (Other)	307
Deferred income (Total)	330
Derivative liabilities-current (Consoli-sub.)	619
Derivative liabilities-current (Other)	4,063
Derivative liabilities-current (Total)	4,682
Lease obligation-current (Consoli-sub.)	0
Lease obligation-current (Other)	
Lease obligation-current (Total)	0
Provisions - current	88
Other current liabilities-financial liabilities (Consoli-sub.)	0
Other current liabilities-financial liabilities (Other)	
Other current liabilities-financial liabilities (Total)	0
Other current liabilities-non financial liabilities	5,008
Liabilities associated with non current assets held for sale	
Deferred income tax liabilities - current	1
CURRENT LIABILITIES TOTAL	666,835
Long-term borrowings (Consoli-sub.)	0
Long-term borrowings (Other)	
Long-term borrowings (Total)	0
Long-term debentures (Consoli-sub.)	0
Long-term debentures (Other)	
Long-term debentures (Total)	0
Allowance for post retirement benefit (for Employee)	
Reserve for director's retirement program or post retirement benefit other than pension	
Derivative liabilities-non current (Consoli-sub.)	0
Derivative liabilities-non current (Other)	42
Derivative liabilities-non current (Total)	42
Lease obligation-non current (Consoli-sub.)	0
Lease obligation-non current (Other)	
Lease obligation-non current (Total)	0
Provisions - non current	
Other non current liabilities-financial liabilities (Consoli-sub.)	0
Other non current liabilities-financial liabilities (Other)	
Other non current liabilities-financial liabilities (Total)	0
Other non current liabilities-non financial liabilities	1,827

Deferred income tax liabilities - non current	
NON CURRENT LIABILITIES TOTAL	1,869
LIABILITY TOTAL	668,704
Inter-office account	
Capital stock	120,658
Capital surplus	
Revaluation surplus	
Legal reserve	
Other reserve	
Unappropriated retained earnings	6,203
Net unrealized gains or losses on investments	3
Unrealized gains or losses on derivatives	2
Foreign currency translation adjustments	
Defined Benefit Pension Plans	
Less Treasury stock	
SHAREHOLDERS' EQUITY TOTAL	126,866
Noncontrolling interest	
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	795,570

MC Europe Holdings NV - Dutch GAAP Balance Sheet

Account	Total as at 30 September 2018 Balance (GBP)
Fixed assets	
Investment in affiliated company	125,251,039.68
Current assets	
Short-term loans	77,332,066.12
Cash in banks	61,061.76
Accrued income	40,443.57
Accounts receivable	0.00
Total assets	**202,684,611.13**
Current liabilities	
VAT receipts	0.00
Accounts payable tax	-10,058.66
Accrued expenses	-17,343 90
Accounts payable	-77,014.00
Shareholder's equity	
Retained earnings	-1,087.34
Retained earnings current period	-48,256,130.81
Capital Surplus	-4,556,531.00
Capital Stock	-149,766,445.42
Total liabilities and shareholder equity	**-202,684,611.13**

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THE COMPANIES ACTS 1985 AND 2006

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION
OF
MITSUBISHI CORPORATION INTERNATIONAL (EUROPE) PLC

(As altered by Resolutions passed on 11th March 1988, 28th October 1992, 15th March 1994, 27th March 1995, 13th March 2009, 29 January 2010 and 2 July 2010)

PRELIMINARY

1 The marginal notes hereto shall not affect the construction hereof, and in these Articles unless there be something in the subject or context inconsistent therewith -

"The Acts" means the Companies Act 1985 and the Companies Act 2006 including any statutory modification or re-enactment thereof for the time being in force

"These Articles" means these Articles of Association or other articles of association of the Company from time to time in force

"Director" means a director for the time being of the Company

"The Holder" in relation to shares means the Member whose name is entered in the Register of Members as the holder of the shares

"The Office" means the registered office for the time being of the Company

"The Seal" means the Common Seal of the Company, and includes the official seal (if any) kept by the Company by virtue of Section 40 of the Companies Act 1985

"Secretary" means the Secretary of the Company and includes an assistant or deputy secretary, and any person appointed by the Directors to perform the duties of the Secretary

Expressions referring to writing shall be construed as including references to printing lithography, photography, and other modes of representing or reproducing words in a visible form

Words and expressions defined in the Acts shall, unless the context otherwise requires, have the same meanings in these Articles

2 None of the regulations contained in Table "A" in the Schedule to the Companies (Tables A to F) Regulations 1985 (or any amendments thereto) or the model articles for public companies shall apply to the Company except so far as embodied in any of the following Articles, which shall be the regulations for the management of the Company

LIABILITY OF MEMBERS

3 The liability of the Members of the Company is limited to the amount, if any, unpaid on the Shares held by them

CHANGE OF NAME

4 Subject to the provisions of the Companies Act 2006, the Directors may by resolution change the name of the Company

5 * * * * *

(A) The Directors shall have unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities or other shares of the Company to such persons, at such times and generally on such terms and conditions as the Directors may determine The authority hereby conferred shall, subject to Section 80(7) of the Companies Act 1985, be for a period expiring on the First day of January 1993 unless renewed, varied or revoked by the Company in the General Meeting

(B) The Directors shall be entitled under the authority conferred by sub-paragraph (A) of this Article or under any renewal thereof to make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority

6 So long as the Directors are generally authorised to exercise all or any of the powers of the Company to allot relevant securities, they may allot equity securities as if the pre-emption rights of existing shareholders relating thereto set out in Section 89(1) of the Companies Act 1985 did not apply to such allotment in accordance with Section 95(1) of the same Act

7 Subject to the provisions of the Acts and without prejudice to any rights attached to any existing shares, any share may be issued with such rights or such restrictions as the Company may by Ordinary Resolution determine

8 Subject to the provisions of the Acts, the Company may issue shares which are to be redeemed or are to be liable to be redeemed at the option of the Company or the Holder on such terms and in such manner as may be provided by the Articles

9 In addition to all other powers of paying commission, the Company may exercise the powers of paying commissions conferred by the Acts Subject to the provisions of the Acts, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other

10 Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and (except only as by these Articles or by law otherwise provided) the Company shall not be bound or recognised any interest in any share except an absolute right to the entirety thereof in the Holder

VARIATION OF RIGHTS

11 Unless otherwise provided by the rights attached to any shares, those rights shall be deemed to be varied by the reduction of the capital paid up on those shares and by the allotment of further shares ranking in priority thereto for payment of a dividend or in respect of capital, but shall not be deemed to be varied by the creation or issue of further shares which do not confer on the Holders thereof voting rights more favourable than those conferred by such first mentioned shares and which rank pari passu therewith or subsequent thereto

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SHARE CERTIFICATES

12 Every Member shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the Directors may determine Every certificate shall be under the Seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon But the Company shall not be bound to register more than four persons as the joint holders of any share (except in the case of the executors or trustees of a deceased member) not to issue more than one certificate for shares held jointly by several persons and delivery of a certificate for a share to one joint Holder shall be a sufficient delivery to all the Holders

13 If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed without payment on such terms (if any) as to evidence and indemnity and payment of the expenses incurred by the Company in investigating evidence as the Directors may determine, and (in the case of defacement or wearing-out) on delivery up of the old certificates

LIEN

14 The Company shall have a first and paramount lien on every share (whether a fully paid share or not) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share The Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article The Company's lien on a share shall extend to all moneys payable thereon or in respect thereof

15 The Company may sell, in such manner as the Directors determine, any share on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, and is not paid within fourteen clear days after notice has been given to the holder of the share, or the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the share may be sold

16 To give effect to a sale the Directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser The transferee shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale

17 The net proceeds of the sale, after payment of the costs thereof, shall be applied in payment of so much of the amount for which the lien exists as is presently payable, and any residue, shall (upon surrender to the Company for cancellation of the Certificate for the shares sold and subject to a lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale

CALLS ON SHARES AND FORFEITURE

18 Subject to the terms of allotment of any shares, the Directors may make calls upon the Members in respect of any moneys unpaid thereon (whether in respect of nominal value or premium) and each member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares A Call may be required to be paid by instalments A Call may before receipt by the Company of any sum due thereunder, be revoked in whole or in part and payment of a Call may in whole or in part be postponed A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof of the call was made

19 A Call shall be deemed to have been made at the time when the resolution of the Directors authorising the Call was passed

20 The joint holders of a share shall be jointly and severally liable to pay all Calls in respect therefore

21 If a Call remains unpaid after it has been due and payable, the person from whom the sum is due shall pay interest on the unpaid sum from the day it became due until it is paid at such ate as may be fixed by the terms of allotment of the share or if no rate is so fixed, at the appropriate rate (as defined by Section 107 of the Companies Act 1985) but the Directors may waive payment of the interest wholly or in part

22 Any sum which by or pursuant to the terms of the allotment of a share becomes due and payable on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a Call, shall for the purposes of these Articles be deemed to be a Call, and if it is not paid when due all the provisions of these Articles as to payment of interest and expenses, lien, forfeiture, sale or otherwise shall apply as if that sum had become due and payable by virtue of a Call

23 The Directors may, on the allotment of shares, differentiate between the allottees or Holders as to the amount of Calls to be paid and the times of payment

24 If a Call remains unpaid after it had become due and payable the Directors may give notice to the person from whom it is due requiring payment of the amount unpaid, together with any interest which may have accrued

25 The notice shall name a day (not earlier than fourteen clear days from the date the notice is given) on or before which and the place where payment required by the notice is to be made and shall state that if the notice is not complied with the shares in respect of which the Call was made will be liable to be forfeited

26 If the notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors and the forfeiture shall include all dividends or other monies payable in respect of the forfeited shares and not paid before the forfeiture

27 Subject to the provisions of the Act, a forfeited share may be sold, re-allocated or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the Holder, or to any other person, and at any time before a sale, re-allotment or other disposition the forfeiture may be cancelled on such terms as the Directors think fit Where for the purposes of its disposal a forfeited share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the share to that person

28 A person any of whose shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the Certificate for the shares forfeited, but shall remain liable to the Company for all moneys which, at the date of forfeiture, were payable by him to the Company in respect of those shares, with interest at such rate as may be fixed by the terms of allotment of the share or in the notice of the Call or, if no rate is fixed, at the appropriate rate (as defined in Section 107 of the Companies Act 1985), from the date of forfeiture until payment, but the Directors may waive payment wholly or in part of enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal

29 A statutory declaration by a Director of the Secretary that a share has been forfeited on a specified date, shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good tile to the share, and the person to whom the share is

disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity of invalidity in the proceedings in reference to the forfeiture or disposal of the share

TRANSFER OF SHARES

30 The instrument of transfer of a share may be in any usual form or in any other form which the Directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee

31 The Directors may, in their absolute discretion refuse to register the transfer or receipt the renunciation of a share, whether or not it is a fully paid share, but if they do so, they shall, within two months after the date on which the transfer or form of renunciation was lodged with the Company, send to the transferee or renouncee notice of the refusal, together with the reasons for the refusal The Board shall provide the transferee with such further information about the reasons for the refusal as the transferee may reasonably request

32 The Directors may also decline to recognise any instruction of transfer unless it -

(a) is duly stamped, is lodged at the Office or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer

(b) is in respect of only one class of share, and

(c) is in favour of not more than four transferees

33 The registration of transfers of shares or of any class of shares may be suspended at such times *and for such periods (not exceeding thirty days in any year) as the Directors may determine*

34 No fee shall be charged for the registration of any transfer, or other document relating to or affecting the title to any share

35 The Company shall be entitled to retain any instrument of transfer which is registered to or affecting the title to any share

TRANSMISSION OF SHARES

36 If a Member dies the survivor or survivors where the deceased was a Joint Holder, and the legal personal representatives of the deceased where he was a sole or only survivor of Joint Holders, shall be the only persons recognised by the Company as having any title to his interest, but nothing herein contained shall release the estate of a deceased Holder (whether sole or joint) from any liability in respect of any share which has been jointly held by him

37 A person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as the Directors may properly require, elect either to become the Holding of the share or to have some person nominated by him registered as the transferee If he elects to become the Holder, he shall give notice to the Company that he so elects If he elects to have another person registered he shall execute an instrument of transfer of the shares to that person All the provisions of the Articles relating to the transfer of shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the Member and the death or bankruptcy of the Member had not occurred

38 A person becoming entitled to a share by reason of the death or bankruptcy of a Member shall have the same rights to which he would be entitled if he were the Holder of the share, except that he shall not, before being registered as the Holder of the share, be entitled in respect of it to

receive notice or to attend or vote at any meeting of the Company or at any separate meeting of the Holders of any class of shares in the Company

CONVERSION OF SHARES INTO STOCK

39 The Company may by Ordinary Resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination

40 A holder of stock may transfer it as if the shares from which the stock arose had not been converted, or as near thereto as circumstances admit, and the Directors may fix the minimum amount of stock transferable at any amount not exceeding the nominal amount of any share from which any part of the stock arose

41 A holder of stock shall have the same right as if he held the shares from which the stock arose, but no rights (except participation in the assets and profits of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that right

42 The Articles applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder"

ALTERATION OF SHARE CAPITAL

43 The Company may by Ordinary Resolution -

(a) increase its share capital by new shares of such amount as the resolution prescribes,

(b) consolidate and divide all or any of its shares into shares of larger amount than its existing shares,

(c) subject to the provisions of the Act, sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting in sub-division, any of them may have any preference or advantage as compared with the others, and

(d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled

44 Whenever as a result of a consolidation of shares any Members would become entitled to fractions of a share, the Directors may, on behalf of those Members sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Act, the Company) and distribute the proceeds of sale in due proportion among those Members and, the Directors may authorise some person to execute an instrument of transfer of the shares, to or in accordance with the directions of, the purchaser The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale

45 Subject to the provisions of the Act, the Company may by Special Resolution reduce its share capital, any capital redemption reserve and any share premium account in any way The Company may also by Ordinary Resolution cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled

46 Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares) and make a payment in respect of the redemption or purchase of its own shares out of distributable profits of the Company or the proceeds of a fresh issue of shares

GENERAL MEETINGS

47 The Board shall convene and the Company shall hold Annual General Meetings in accordance with the Acts

48 The Directors may call General Meetings If there are not within the United Kingdom sufficient Directors to form a quorum, any Director or any Member of the Company may call a General Meeting

NOTICE OF GENERAL MEETINGS

49 An Annual General Meeting shall be called by twenty-one clears days' notice All other General Meetings shall be called by not less than 14 days' clear notice The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given but a General Meeting may be called by shorter notice than that specified in this Article if it is so agreed by a majority in number of the Members having a right to attend and vote, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right

The notice shall specify the time and place of the Meeting and the general nature of the business to be transacted and, in the case of an Annual General Meeting, shall specify the Meeting as such

Subject to the provisions of the Articles and to any restriction imposed on any shares, the notice shall be given to all the Members, to all the persons entitled to a share in consequence of the death or bankruptcy of a Member and auditors

50 The accidental omission to give notice of a Meeting to, or the non-receipt of notice of a Meeting by any person entitled to receive notice shall not invalidate the proceedings at that Meeting

PROCEEDINGS AT GENERAL MEETINGS

51 No business other than the appointment of the Chairman of the meeting shall be transacted at any Meeting unless a quorum is present when the Meeting proceeds to transact that business One qualifying person entitled to vote shall be a quorum

A qualifying person means

(i) an individual who is a member of the Company,

(ii) a person authorized to act as the representative of a corporation in relation to the meeting, or

(iii) a person appointed as proxy of a member in relation to the meeting

52 If such a quorum is not present within half an hour from the time appointed for the Meeting or if during a Meeting a quorum ceases to be present, the Meeting shall stand adjourned to the same day in the next week, at the same time and place or to such day and at such time and place as the Directors may determine If at the adjourned Meeting a quorum is not present within fifteen minutes from the time appointed for the Meeting, the Meeting shall be dissolved

53 The Chairman if any, of the Board of Directors or in his absence, some other Director nominated by the Directors shall preside as Chairman of the Meeting, but if neither the Chairman nor such other Director be present within fifteen minutes after the time appointed for holding the Meeting or if neither of them is willing to act, the Directors present shall elect one of their number to be Chairman and, if there is only one director present and willing to act, he shall be Chairman

54 If no Director is willing to act as Chairman, or if no Director is present within fifteen minutes after the time appointed for holding the Meeting, the Members present and entitled to vote shall choose one of their number to be Chairman

55 A Director shall, notwithstanding that he is not a Member, be entitled to attend and speak at any General Meeting and at any separate Meeting of the Holders of any class of shares in the Company

56 The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting) adjourn the Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting other than business which might properly have been transacted at the Meeting had the adjournment not taken place It shall not be necessary to give any notice of an adjourned Meeting

57 A resolution put to the vote of the Meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is duly demanded by the Chairman or by any Member present in person or by proxy and entitled to vote

Unless a poll is duly demanded a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the Minutes of the Meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against the resolution

The demand for a poll may, before the poll is taken, be withdrawn with the consent of the Chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made

58 A poll shall be taken in such manner as the Chairman directs and he may appoint scrutineers (who need not be Members) and fix a place and time for declaring the result of the poll The result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded

59 In the case of equality of votes, whether on a show of hands or on a poll, the Chairman shall be entitled to a casting vote, whether or not he is otherwise entitled to vote

60 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith A poll demanded on any other question shall be taken either forthwith or at such later time and as such place as the Chairman directs not being more than thirty days from the conclusion of the Meeting The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll was demanded If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the Meeting shall continue as if the demand had not been made

61 No notice need be given of a poll not taken forthwith if the time and place at which it is taken are announced at the Meeting at which it is demanded In any other case, seven clear days notice at the least shall be given specifying the place, the day and the time at which the poll is to be taken

62 A resolution in writing executed by or on behalf of each Member who would have been entitled to vote upon it if it had been proposed at a General Meeting at which he was present shall be as effectual as it if had been passed at a General Meeting duly convened and held and may consist of several documents in the like form each signed by or on behalf of one or more Members If such a resolution in writing is described as a Special Resolution, it shall have the effect accordingly

VOTES OF MEMBERS

63 Subject to any rights or restrictions attached to any shares, on a show of hands every qualifying person (as defined in Article 51) who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative or proxy, not being himself a Member entitled to vote, shall have one vote, and on a poll every Member shall have one vote for every £1 00 in nominal value of the shares of which he is the Holder

64 In the case of Joint Holders the vote of the senior who tenders a vote whether in person, or by proxy, shall be accepted to the exclusion of the votes of the other Joint Holders, and seniority shall be determined by the order in which the names of the Holders stand in the Register of Members

65 A Member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, or on a show of hands, vote by proxy Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the Meeting or Adjourned Meeting at which the right to vote is to be executed and in default the right to vote shall not be exerciseable

66 No Member shall, unless the Directors otherwise determine, be entitled to vote at any General Meeting, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid

67 No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is tendered, and every vote not disallowed at the Meeting shall be valid Any objection made in due time shall be referred to the Chairman whose decision shall be final and conclusive

68 On a poll votes may be given either personally or by proxy, and a Member entitled to more than one vote need not, if he votes, use all the votes or cast all the votes he uses in the same way The instrument appointing a proxy shall be in writing in any usual form or in any other form which the Directors may approve and shall be executed by the appointor or by his agent authorised in writing, or if the appointor is a corporation, shall be either under its seal, or executed by an officer or agent so authorised A Member may appoint more than one proxy to attend on the same occasion in relation to a Meeting, provided that each proxy is entitled to exercise the rights attached to a different share or shares held by the Member Deposit of an instrument of proxy shall not preclude a Member from attending and voting at the Meeting or at any adjournment thereof

69 The instruments appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Directors may -

(a) be deposited at the office or such other place within the United Kingdom as is specified in the notice convening the Meeting or in any instrument of proxy sent out by the Company in relation to the Meeting not less than 48 hours before the time for holding the Meeting or Adjourned Meeting at which the person named in the instrument proposes to vote, or

(b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll, or

(c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the Meeting at which the poll was demanded to the Chairman or the Secretary or to any director,

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid

70 A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the company at the office or at such other place at which the instrument of proxy was duly deposited before the commencement of the Meeting or the Adjourned Meeting at which the vote is given or the poll

demanded or (in the case of a poll taken otherwise than on the same day as the Meeting or Adjourned Meeting) the time appointed for taking the poll

NUMBER OF DIRECTORS

71 Unless otherwise determined by Ordinary Resolution of the Company the number of Directors (other than Alternate Directors) shall not be subject to any maximum but shall be not less than two

ALTERNATE DIRECTORS

72 Any Director (other than an alternate Director) may appoint any other Director, or any other person approved by resolution of the Directors and willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him

73 An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of directors of which his appointor is a member, to attend and vote at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate Director But it shall not be necessary to give notice of such a meeting to an alternative Director who is absent from the United Kingdom

74 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director, but, if a Director retires but is re-appointed or deemed to have been re-appointed at the meeting at which he retires, any appointment of an alternative Director made by him which was in force immediately prior to his retirement shall continue after his re-appointment

75 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Directors making or revoking the appointment or in any other manner approved by the Directors

76 Save as otherwise provided in the Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him

BORROWING POWERS

77 The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and subject to Section 80 of the Companies Act 1985 to issue debentures, debenture stock and other securities as security for any debt, liability or obligation of the Company or of any third party

POWERS OF DIRECTORS

78 Subject to the provisions of the Act, the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company No alteration of the Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given The powers given by this Article shall not be limited by any special power given to the Directors by the Articles and a meeting of Directors at which a quorum is present may exercise all powers exerciseable by the Directors

79 The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers

DELEGATION OF DIRECTORS' POWERS

80 The Directors may delegate any of their powers to any committee consisting of one or more Directors They may also delegate to any Managing Director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him Any such delegate may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their powers and may be revoke or altered Subject to any such conditions, the proceedings of a committee with two or more Member shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying

APPOINTMENT AND RETIREMENT OF DIRECTORS

81 No person other than a Director retiring at the Meeting shall be appointed or re-appointed a Director at any General Meeting unless -

(a) he is recommend by the Directors, or

(b) not less than three nor more than twenty-one clear days before the date appointed or the Meeting, notice executed by a Member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or re-appointed, be required to be included in the Company's Register of Directors together with notice executed by that person of his willingness to be appointed or re-appointed

82 The Company may by Ordinary Resolution appoint any person to be a Director either to fill a vacancy or as an additional Director provide the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors

83 The Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director, provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors A Director so appointed shall hold office only until the next following Annual General Meeting, and if not then reappointed shall vacate office at the conclusion of the Meeting or upon the appointment at the Meeting of another person in his place

84 No person shall be or become incapable of being appointed a Director by reason only of his having attained the age of seventy or any other age nor shall any special notice be required in connection with the appointment or the approval of the appointment of such person, and no Director shall vacate his office at any time by reason only of the fact that he has attained the age of seventy or any other age

85 The holder or holders of a majority in nominal value of such part of the issued share capital of the Company as confers the right for the time being to attend and vote at General Meetings of the Company may at any time or from time to time by memorandum in writing signed by or on behalf of him or them and left at or sent to the Office remove any Director from office or appoint any person to be a Director Such removal or appointment shall (in the absence of contrary provision in the relevant memorandum) take effect forthwith upon delivery of the memorandum to the office or on the date specified therein

REMUNERATION OF DIRECTORS

86 The Directors shall be entitled to such remuneration as the Company may by Ordinary Resolution determine, and unless the Resolution provides otherwise, the remuneration shall be deemed to accrue from day to day

DIRECTORS' EXPENSES

87 The Directors shall be entitled to be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or General Meetings or separate meetings of the Holders of any classes of shares or of debentures of the Company or otherwise in connection with the discharge of their duties

88 Subject to the provisions of the Acts, the Directors may appoint one or more of their number to the office of Managing Director or to any other executive office under the Company, and may enter into an agreement or arrangement with any Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director Any such appointment ore agreement may be made upon such terms as the Directors determine and they may remunerate any such Director for his services as they think fit Any such appointment to an executive office shall determine if the holder ceases to be a Director but without prejudice to any claim to damages for breach of the contract of service between the Director and the Company

DIRECTORS' DECLARATION OF INTERESTS

89

(a) A Director who is in any way, whether directly or indirectly interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other Directors before the Company enters into the transaction or arrangement in accordance with the Acts

(b) A Director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other Directors as soon as reasonably practicable in accordance with the Acts, unless the interest has already been declared under Article 89(a)

(c) Subject, where applicable, to the disclosures required under Article 89(a) and 89(b), and to any terms and conditions imposed by the Directors in accordance with Article 90, a Director shall be entitled to vote in respect of any proposed or existing transaction or arrangement with the Company in which he is interested and if he shall do so his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present

A Director need not declare his interest under Article 89(a) and (b) as the case may be

(i) if it cannot reasonably be regarded as likely to give rise to a conflict of interest,

(ii) if the Director is not aware of it, although for this purpose a Director is treated as being aware of matters of which he ought reasonably to be aware,

(iii) if, or to the extent that, the other directors are already aware of it, and for this purpose the Directors are treated as aware of anything of which they ought reasonably to be aware, or

(iv) if, or to the extent that, it concerns the terms of his service contract that have been, or are to be, considered at the board meeting

Following the declaration of a matter by a Director in accordance with this Article the Director will not infringe any duty he owes the Company by virtue of sections 171-177 of the Companies Act 2006 provided he acts in accordance with any terms imposed by the Directors in accordance with Article 90 and the Director shall not be accountable to the Company for any benefit which he derives from the transaction or arrangement and no contract shall be liable to be avoided on such grounds

DIRECTORS' CONFLICT OF INTERESTS

90 The Directors may authorise, to the fullest extent permitted by law

(i) any matter which would otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties) (a "situational conflict"), and

(ii) a Director to accept or continue in any office, employment or position in addition to his office as a Director of the Company and without prejudice to the generality of paragraph (i) of this subarticle may authorise the manner in which a conflict of interest arising out of such office, *employment or position may be dealt with, either before or at the time that such a conflict of* interest arises,

Any authorisation under this Article 90 will only be effective if

(A) the Director shall have declared the nature and extent of his interest to the other Directors,

(B) the matter in question shall have been proposed by any Director for consideration at a meeting of Directors in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine,

(C) the Director in question and any other interested Director are not counted in the quorum at any board meeting at which such matter, or such office, employment or position, is approved, and

(D) the matter is agreed to without their voting or would have been agreed to if their votes had not been counted

In authorising a conflict the Directors may decide that if a Director has obtained any *information through his involvement in the conflict otherwise than as a Director of the* Company and in respect of which he owes a duty of confidentiality to another person the Director is under no obligation to

(a) disclose such information to the Directors or to any Director or other officer or employee of the company,

(b) use or apply any such information in performing his duties as a Director,

where to do so would amount to a breach of that confidence

Following authorisation of a matter by the Directors in accordance with this Article the Director will not infringe any duty he owes the Company by virtue of sections 171-177 of the Companies Act 2006 provided he acts in accordance with any terms imposed by the directors in relation to the conflict and the Director shall not be accountable to the Company for any benefit which he derives from that matter or that office, employment of position and no contract shall be liable to be avoided on such grounds

Notwithstanding any other provisions of these Articles, there will be no breach of any duty relating to conflicts of interest by a Director, in relation to a situational conflict, if the situational conflict in question arises from the Director in question having a duty in relation to, or having an interest as an employee, director, consultant, member or partner of an Affiliate For the purposes of the preceding sentence, "Affiliate" means, in relation to the Company

(i) a body corporate, partnership or other entity of any sort which Controls, is Controlled by, or is under common Control with, the Company, or

(ii) an investment fund, partnership or any other person the assets of which are under the management of the Company or any person falling within paragraph (1) of this definition,

and "Control" and "Controlled" shall be determined by reference to the provisions of s 416 Income and Corporation Taxes Act 1988

DIRECTORS' GRATUITIES AND PENSIONS

91 The Directors may provide benefits, whether by the payment of gratuities or pensions by insurance or otherwise, for any Director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he cease to hold such office or employment) contribute to any fund and pay premiums for the purchase or provisions of any such benefit

DISQUALIFICATION AND REMOVAL OF DIRECTORS

92 The office of a Director shall be vacated if

(a) he ceases to be a Director by virtue of any provision of the Acts, or he becomes prohibited by law from being a Director, or

(b) he becomes bankrupt or makes any arrangement or composition with his creditor generally, or

(c) he is, or may be, suffering from mental disorder and either -

(i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Heath Act 1983 or, in Scotland, an application for admission under the Mental Heath (Scotland) Act 1984, or

(ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or the person to exercise powers with respect of his property or affairs, or

(d) not being a Director who has agreed to serve as a Director for a fixed term, he resigns his office by notice to the company, or

(e) he shall for more than six months have been absent without permission of the Directors from meetings of Directors held during that period and his Alternate Director (if any) shall not during such period have attended any such Meetings in his stead, and the Directors resolve that his office be vacated

PROCEEDINGS OF DIRECTORS

93 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit A Director may, and the Secretary on the requisition of a Director shall, at any time call a Meeting of the Directors It shall not be necessary to give notice of a Meeting to any Director who is absent from the United Kingdom Questions arising at a meeting shall be decided by a majority of votes In case of an equality of votes, the Chairman shall have a second or casting vote A Director who is also an Alternate Director shall be entitled, in the absence of his appointor, to a separate vote on behalf of his appointor in addition to his own vote

94 The quorum for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed at any other number shall be two A person who holds office only as an alternate Director, shall, if his appointor is not present, be counted in the quorum

95 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but if the number of Directors is less than the number fixed as the quorum the continuing Directors or Director may act only for the purpose of filling vacancies or of calling a General Meeting

96 The Directors may appoint one of their number to be the Chairman of the Board of Directors and may at any time remove him from that office Unless he is unwilling to do so, the Director so appointed shall preside at every meeting of Directors at which his is present But if there is no Director holding that office, or if the Director holding it is unwilling to preside or is not present within five minutes after the time appointed for the Meeting, the Directors present may appoint one of their number to be Chairman of the Meeting

97 All acts done by a Meeting of Directors, or of a Committee of Directors, or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director of that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and have been entitled to vote

98 A Resolution if writing, signed by all the Directors entitled to receive notice of a Meeting of Directors or of a Committee of the Directors, shall be as valid and effectual as if it has been passed at a Meeting of the Directors or (as the case may be) a Committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors, but a resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by a Director who as appointed and alternate Director it need not be signed by the alternative Director in that capacity

99 A Director or his alternate may participate in a meeting of the board or a committee of the board through the medium of conference telephone or similar form of communication equipment, *including electronic means if all persons participating in the meeting are able to hear and speak to* each other throughout the meeting A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote at the meeting

100 Save as otherwise provided by the Articles, a Director shall not vote at any Meeting of Directors or any Committee of Directors on any Resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs -

(a) the Resolution relates to the giving to him of a guarantee, security or indemnity in respect of money lent or an obligation incurred by him for the benefit of the Company or any of its subsidiaries,

(b) the Resolution relates to the giving to a third party of any guarantee, security of indemnity in respect of an obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility, in whole or part and whether alone or jointly with others, under a guarantee or indemnity or the giving of security,

(c) his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other securities of the Company or any of its subsidiaries or by virtue of his being, or intending to become, a participant in the underwriting or sub underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries or subscription, purchase or exchange,

(d) the Resolution relates in any way to a retirement benefit scheme which has been approved or is conditional upon approval by the Board of Inland Revenue for taxation purposes

For the purposes of this Article, an interest of a person who is, for any purpose of the Acts (excluding any statutory modification thereof not in force when this regulation becomes binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be

treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise

101 A Director shall not be counted in the quorum present at a Meeting in relation to a Resolution on which is not entitled to vote

102 The Company may by Ordinary Resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the Articles prohibiting a Director from voting at a Meeting of Directors or of a Committee of Directors

103 Where proposals are under consideration concerning the appointment of two or more Directors to offices or employment with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each Director separately and (provided he is not for another reason precluded from voting) each of the Directors concerned shall be entitled to vote, and be counted in the quorum, in respect of each Resolution except that concerning his own appointment

104 If any questions arises at a Meeting of Directors or a Committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the Meeting, be referred to the Chairman of the Meeting and his ruling in relation to any Director other than himself shall be final and conclusive

SECRETARY

105 Subject to the provisions of the Act, the Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they think fit, and any Secretary so appointed may be removed by them

MINUTES

106 The Directors shall cause Minutes to be made in books kept for the purpose -

(a) of all appointments of officers made by the Directors,

(b) of the names of the Directors present at each Meeting of the Directors and of any Committee of the Directors,

(c) of all proceedings of Meetings of the Company, of the holders of any class of shares in the Company, and of the Directors and of Committees of Directors

THE SEAL

107 The Seal shall only be used by the authority of the Directors or of a Committee of Directors authorised by the Directors The Directors may determine who shall sign any instrument to which the Seal is affixed, and unless otherwise so determined every such instrument shall be signed by a Director and by the Secretary or by at least two Directors or by one Director in the presence of a witness who attests the signature

DIVIDENDS

108 Subject to the provisions of the Acts, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Directors

109 Subject to the provisions of the Acts, the Directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution

If the share capital is divided into different classes, the Directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares

which confer preferential rights with regard to divided, but no interim divided shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear The Directors may also pay at intervals settled by them, any dividend payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment Provided that the Directors act in good faith, they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights

110 Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid Subject as aforesaid, *all dividends shall be apportioned and paid proportionately to the amount paid up on* the shares during any portion or portions at the period in respect of which the dividend is paid, but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly

111 The Directors may deduct from a dividend or other monies payable to any member on or in respect of a Share any monies presently payable by him to the Company in respect of that share

112 Any General Meeting declaring a dividend may, upon the recommendation of the Directors, direct that it shall be satisfied wholly or partly by the distribution of assets Where any difficulty arrives in *regard to such distribution, the Directors may settle the same, and in particular may issue* fractional certificates and fix the value so fixed for the distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees

113 Any dividend or other monies payable on or in respect of a share may be paid by cheque sent by post to the registered address of the person entitled, or if two or more persons are Holders of the share or are jointly entitled to it by reason of the death or bankruptcy of a Holder, to the registered address of that one of those persons who is first named in the Register of Members or to such person and to such address as the person or persons entitled may in writing direct Every such cheque shall be made payable to the order of the person to whom it is sent or to such other person as the person or persons entitled may in writing direct, and payment of the cheque shall be a good discharge to the Company Any joint Holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other monies payable on or in respect of the share

114 No dividend or other monies payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share

115 Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owning by the Company

ACCOUNTS

116 The accounting records of the Company shall be open to the inspection of any officer of the Company No Members shall (as such) have any right of inspecting any accounting records or other book of documents of the Company except as conferred by statute or authorised by the Directors or by Ordinary Resolution of the Company

CAPITALISATION OF PROFITS

117 The Directors may with the authority of an Ordinary Resolution of the Company -

(a) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve,

(b) appropriate the sum resolved to be capitalised to the Members who would have been entitled to it were distributed by way of dividend and in the same proportions and apply such sum on their behalf, either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up the full unissued shares or debentures of the Company of a nominal amount equal to such sum, and allot the shares or debentures credited as fully paid, to those members, or as they may direct, in those proportions or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and any profits which are not available for distribution may, for the purpose of this Article, only be applied in paying up on unissued shares to be issued to Members credited as fully paid and provided that in the case where any sum is applied in paying amounts for the time being unpaid on any shares of the Company or in paying up in full debentures of the aggregate of the called up share capital of the Company and its undistributable reserves and would not be reduced below the aggregate by the payment thereof as shown in the latest audited accounts of the Company or such other accounts as may be relevant,

(c) resolve that any shares so allotted to any Member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid rank for divided only to the extent that such partly-paid shares rank for dividend,

(d) make such provisions by the issue of fractional certificates or by payment in case or otherwise as they determine in the case of shares or debentures becoming distributable under this Article in fractions

(e) authorise any person to enter on behalf of all the Members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they may be entitled upon such capitalisation (any agreement made under such authority being binding on all such Members), and

(f) generally do all acts and things required to give effect to the Resolution

118 Any notice to be given to or by any person pursuant to the Articles shall be in writing, except that a notice calling a meeting of the Directors need not be in writing

119 The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the Member at his registered address or by leaving it at that address In the case of joint holders of a share, all notices shall be given to the joint Holder whose name stands first in the Register of Members in respect of the joint holding and notice so given shall be sufficient notice to all the joint Holders Any Member whose registered address is not within the United Kingdom and who shall give to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have noticed given to him at that address, but otherwise no such Member, shall be entitled to receive any notice from the Company

120 A Member present, either in person or by proxy, at any Meeting of the Company shall be deemed to have received notice of the Meeting, and, where requisite, of the purposes for which it was called

121 Every person who becomes entitled to any share shall be bound by any notice in respect of that share which, before his name is entered in the Register of Members, has been given to the person from whom he derives his title to the share

122 Any notice sent to any Member by the Company by post, shall be deemed to have been given on the day following that on which the envelope containing it is posted, and in proving the giving of notice it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted

123 Any notice delivered or sent by post to the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member be then dead, bankrupt, mentally disordered or (being a corporation) in liquidation, and whether or not the Company has notice of the death, bankruptcy, mental disorder or liquidation, be deemed to have been given in respect of any share registered in the name of the Member as sole or joint Holder and such notice shall be deemed a sufficient notice to all persons interested (whether jointly with or as claiming through or under him) in the share

WINDING UP

124 If the Company is wound up, the liquidator may, with the sanction of an Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members in specie the whole or any part of the assets of the Company and may, for that purpose set such value as he deems fair upon any assets and may determine how the division shall be carried out as between the Members of different classes of members The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Members as he, with the like sanction, determines, but no Member shall be compelled to accept any assets upon which this is a liability

PROVISIONS FOR EMPLOYEES

125 The Company shall exercise the power conferred upon it by Section 719 of the Companies Act 1985 only with the prior sanction of a Special Resolution If at any time the capital of the Company is divided into different classes of shares, the exercise of such power as aforesaid shall be deemed to be a variation of the rights attached to each class of shares and shall accordingly require the prior consent in writing of the holders of three-fourths in nominal value of the issued shares of each class or the prior sanction of a Special Resolution passed at a separate Meeting of the Holders of the shares of each class duly convened and held

INDEMNITIES

126 The Company may

(a) indemnify any Director of the Company against any liability, and

(b) indemnify any Director of the Company that is a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006) for employees (or former employees) of the Company (or of an associated body corporate) against liability incurred in connection with the Company's activities as trustee of the scheme

This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Acts or by any other provision of law

NOTICES

127 Any notice to be given to or by any person pursuant to these Articles shall be in writing or given using electronic communication A document is validly sent to the Company if it is sent in electronic form in accordance with Schedule 4, Part 3 of the Companies Act 2006

Mitsubishi Corporation International (Europe) Plc

Company Number 02214224
Registered Office Mid City Place, 71 High Holborn, London, WC1V 6BA

NOTICE OF ANNUAL GENERAL MEETING
MITSUBISHI CORPORATION INTERNATIONAL (EUROPE) PLC
(the "**Company**")

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting ("**Meeting**") of the Company will be held at the registered office on 2 July 2010 at 10 00am to transact the following business

SPECIAL RESOLUTION

THAT the Articles of Association of the Company be amended by including the following additional clause after clause 98

"99 A Director or his alternate may participate in a meeting of the board or a committee of the board through the medium of conference telephone or similar form of communication equipment, including electronic means if all persons participating in the meeting are able to hear and speak to each other throughout the meeting A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote at the meeting "

ORDINARY RESOLUTIONS

1 THAT Deloitte & Touche LLP be reappointed as the Company's auditors to hold office from the conclusion of this meeting until the conclusion of the next meeting at which accounts are laid before the Company

2 THAT the directors be authorised to agree the remuneration of the Company's auditors

3 THAT the Company's annual accounts for the financial year ended 31 March 2010 together with the directors' report and auditor's report on those accounts be received and adopted

4 THAT a final dividend of £15,332,000 be declared in respect of the year ended 31 March 2010 to be paid in two separate installments of £7,666,000 the first of which is to be paid on 30th July 2010 and the second of which is to be paid at a later date, contingent upon the financial condition of the Company

5 TO reappoint the following director who had been appointed by the board

Mr Kenji Suzuki

6 TO reappoint the following director who had been appointed by the board

Mr Yasuhiko Kitagawa

By order of the board of directors

Mitsubishi Corporation International (Europe) Plc

Company Number 02214224
Registered Office Mid City Place, 71 High Holborn, London, WC1V 6BA

Date 2 July 2010

Signed by

Jason Stevens, Company Secretary

NOTES

1 As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form A proxy need not be a shareholder of the Company.

2 You may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares Should you wish to appoint more than one proxy please return this form and attach to it a schedule detailing the names of the proxies you wish to appoint, the number of shares each proxy will represent and the way in which you wish them to vote on the resolutions that are proposed

3 To be valid, the form of proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority must be lodged at the offices of the Company by hand or sent by post so as to be received **not less than 48 hours before the time fixed for the holding of the meeting** or any adjournment thereof (as the case may be)

4 The completion and return of a form of proxy will not preclude you from attending the Meeting and voting in person

Mitsubishi Corporation International (Europe) Plc

Company Number 02214224
Registered Office Mid City Place 71 High Holborn London, WC1V 6BA

MITSUBISHI CORPORATION INTERNATIONAL (EUROPE) PLC
(the "Company")

Minutes of an Annual General Meeting the Company held at the registered office on 2 July 2010 at 10.00 am

1 **CHAIRPERSON**

Mr Tetsuro Terada was appointed Chairperson of the meeting

2. ***NOTICE AND QUORUM***

2 1 IT WAS NOTED that, with a representative of MC Europe Holdings N V (Mr Terada) being present, a quorum was present and the meeting would accordingly proceed to business

2 2 There was produced to the meeting a notice (the "**Notice**") (Exhibit A) convening the meeting and, with the consent of all members present, the Notice was taken as read

2 3 The Chairperson announced that all the members of the Company having the rights to vote at the meeting had consented to the meeting being held at short notice

2 4 The Chairperson produced to the meeting the annual report and financial statements of the Company for the year ended 31 March 2010, together with the directors' report and auditor's report on those accounts (Exhibit B), as well as a copy of the Articles of Association of the Company changes proposed by the Board of Directors of the Company (Exhibit C)

3. **RESOLUTIONS**

SPECIAL RESOLUTION

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Mr Kenji Suzuki

6 TO reappoint the following director who had been appointed by the board

Mr Yasuhiko Kitagawa

1. CLOSE

There was no further business and the Chairperson declared the meeting closed

Chairperson