

Company Registration No. 02214224

Mitsubishi Corporation (UK) Plc

Report and Financial Statements

31 December 2004



Mitsubishi Corporation (UK) Plc

Report and financial statements 2004

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Mitsubishi Corporation (UK) Plc

Report and financial statements 2004

Officers and professional advisers

Directors

H Nakahara

O Noma

M Kojima

Secretary

T Kuniyoshi

Registered office

Mid City Place

71 High Holborn

London WC1V 6BA

Solicitors

Clifford Chance

Auditors

Deloitte & Touche LLP

Chartered Accountants

London

Mitsubishi Corporation (UK) Plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

Principal activities

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

Results and dividends

Profit for the year after taxation amounted to £2,521,000 (2003 – £1,160,000 profit).

The directors recommend that no dividend is paid this year (2003 – £nil).

Business development and future prospects

Results for the year were better than expected primarily because of the gain on disposal of an investment in Kelkoo S.A. However, generally trading conditions continue to be very competitive.

We anticipate trading conditions to be tough in the forthcoming year and expect our profit levels to be in line with the current year.

Directors and their interests

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

H Nakahara

H Nomura (resigned 11 May 2004)

O Noma (appointed 7 June 2004)

T Imai (appointed 7 June 2004, resigned 1 April 2005)

M Kojima (appointed 1 April 2005)

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

Charitable contributions

Contributions made to charities during the year amounted to £61,120 (2003 – £62,770).

Creditors

The company aims to make payment under agreed terms. During the year average payment was made in approximately 30 days (2003 – approximately 30 days).

Mitsubishi Corporation (UK) Plc

Directors' report (continued)

Auditors

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

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

A handwritten signature in black ink, appearing to read 'H. Nakahara', is written over the printed name.

H. Nakahara

Managing Director

8th APRIL 2005

Mitsubishi Corporation (UK) Plc

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

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

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

We have audited the financial statements of Mitsubishi Corporation (UK) plc for the year ended 31 December 2004 which comprise the profit and loss account, the balance sheet and the related notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

11 April 2005

Mitsubishi Corporation (UK) Plc

Profit and loss account Year ended 31 December 2004

	Note	2004 £'000	2003 Restated* £'000
Turnover	2	1,290,638	1,123,034
Cost of sales		(1,273,756)	(1,104,598)
Gross profit		16,882	18,436
Administrative expenses		(17,358)	(18,717)
Other operating income and expenses	6	2,897	3,137
Operating profit	4	2,421	2,856
Income from shares in group undertakings		171	388
Amounts written off fixed asset investments	5	-	(2,181)
Interest receivable and similar income	7	11,510	9,473
Interest payable and similar charges	8	(10,129)	(8,582)
Profit/(Loss) on ordinary activities before taxation		3,973	1,954
Tax on profit on ordinary activities	9	(1,452)	(794)
Profit on ordinary activities after taxation and retained profit for the financial year	18	2,521	1,160
Retained profit brought forward		16,321	15,161
Retained profit carried forward		18,842	16,321

* The Company has undertaken a review of the substance of its transactions. It was determined that a number of linked transactions, recognised as trading transactions in 2003, are in substance financing loans to third parties and should be presented as such in accordance with FRS 5 'reporting the substance of transactions'. This treatment has been adopted in 2004. The 2003 comparatives have been restated in order to be comparable. The restatement has no impact on gross profits in either year.

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

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

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

Mitsubishi Corporation (UK) Plc

Balance sheet As at 31 December 2004

	Note	2004 £'000	2003 £'000
Fixed assets			
Intangible assets	10	10	15
Tangible assets	11	1,057	1,710
Investments	12	21,060	21,508
		<u>22,127</u>	<u>23,233</u>
Current assets			
Stocks	13	88,980	92,460
Debtors			
Due within one year	14	528,221	493,191
Due after more than one year	14	1,720	8,492
Cash at bank and in hand		9,418	26,240
		<u>628,339</u>	<u>620,383</u>
Creditors: amounts falling due within one year	15	<u>(597,974)</u>	<u>(590,800)</u>
Net current assets		<u>30,365</u>	<u>29,583</u>
Total assets less current liabilities		<u>52,492</u>	<u>52,816</u>
Creditors: amounts falling due after more than one year	16	<u>-</u>	<u>(2,845)</u>
		<u>52,492</u>	<u>49,971</u>
Capital and reserves			
Called up share capital	17	33,650	33,650
Profit and loss account		18,842	16,321
Equity shareholders' funds	18	<u>52,492</u>	<u>49,971</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

8th APRIL 2005.



H. Nakahara

Managing director

Mitsubishi Corporation (UK) Plc

Notes to the accounts

Year ended 31 December 2004

1. Accounting policies

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

Accounting convention

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

Group accounts

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

Cash flow statement

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

Intangible fixed assets

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

Tangible fixed assets

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

Investments

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

Derivative financial instruments

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

Stocks

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

Mitsubishi Corporation (UK) Plc

Notes to the accounts

Year ended 31 December 2004

1. Accounting policies (continued)

Turnover

Turnover is recognised at the point where delivery of goods is made. For those transactions where we take significant risk in terms of stock, pricing or credit, we recognise turnover as Principal. Where no significant risk passes to us and we act as either agent or broker then only the commission receivable is recorded as turnover.

Foreign exchange

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

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases. Further details are given in note 20 to the accounts. For operating leases where the company acts as lessor, the assets have been recorded as fixed assets and depreciated over their useful lives. Rental income is credited to the profit and loss account in equal instalments over the period of the lease.

Pension costs

The company operates both a defined benefit and a defined contribution pension scheme. For the defined benefit scheme the expected cost of providing pensions, as calculated periodically by a professionally-qualified actuary, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pensions cost is a substantially-level percentage of current and expected future pensionable payroll. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Further details of the schemes are given in note 21 to the accounts.

Taxation

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

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

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax assets and liabilities are not discounted.

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2004

2. Turnover

Turnover represents:

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

Turnover comprises:

	2004 £'000	2003 £'000
Principal	1,286,631	1,118,777
Agency	1,204	1,529
Brokerage	2,803	2,728
	<u>1,290,638</u>	<u>1,123,034</u>

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

3. Information regarding directors and employees

	2004 £'000	2003 £'000
Directors' emoluments:		
Other emoluments	<u>384</u>	<u>285</u>
Remuneration of the highest paid director	<u>181</u>	<u>128</u>

No pension contributions were made in respect of directors in the current or preceding year.

Average number of persons employed

Trading and administration	<u>133</u>	<u>144</u>
	£'000	£'000
Employee costs (excluding directors' emoluments)		
Wages and salaries	4,746	4,914
Social security costs	451	461
Other pension costs	1,450	605
Cost in respect of parent company's employees on secondment to Mitsubishi Corporation (UK) Plc	<u>3,662</u>	<u>4,040</u>
	<u>10,309</u>	<u>10,020</u>

Mitsubishi Corporation (UK) Plc

Notes to the accounts

Year ended 31 December 2004

4. Operating profit

Operating profit is stated after charging the following amounts:

	2004 £'000	2003 £'000
Depreciation of tangible fixed assets – owned assets	750	690
Amortisation of intangible fixed assets	5	5
Rentals under operating leases -other operating leases	1,442	1,153
Auditors' remuneration:		
Audit	118	108
Other fees	238	317
	<u> </u>	<u> </u>

5. Amounts written off fixed asset investments

In 2003 there was a charge posted due to the write-off of a number of our fixed asset investments which was deemed exceptional due to its size. There is no such exceptional loss to report this year. There are some smaller adjustments recorded this year on the carrying value of some investments, this is detailed further in Note 12. All such adjustments are reflected in other operating income and expenses as they are not considered exceptional.

6. Other operating income and expenses

	2004 £'000	2003 £'000
Other operating income	12,474	16,366
Other operating expense	(9,577)	(13,229)
	<u>2,897</u>	<u>3,137</u>

Other operating income and expenses includes management and IT recharges to various group companies for services provided and provision for doubtful receivables as well as the gross amounts relating to Foreign exchange gains and losses.

7. Interest receivable and similar income

	2004 £'000	2003 £'000
Amounts receivable from group undertakings	9,066	7,090
Other interest receivable and similar income	2,444	2,383
	<u>11,510</u>	<u>9,473</u>

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2004

8. Interest payable and similar charges

	2004 £'000	2003 £'000
Interest on bank loans and overdrafts repayable within five years	944	3,109
Interest payable to group undertakings	8,902	5,277
Other interest payable	283	196
	<u>10,129</u>	<u>8,582</u>

9. Tax on profit on ordinary activities

i) Analysis of tax charge on ordinary activities

	2004 £'000	2003 £'000
United Kingdom corporation tax at 30% (2003 – 30%)	1,648	1,493
Adjustment in respect of prior years	(196)	(699)
Double taxation relief	(40)	(42)
	<u>1,412</u>	<u>752</u>
Foreign tax for current period	40	42
	<u>1,452</u>	<u>794</u>

ii) Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2003: 30%). The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	<u>3,973</u>	<u>1,954</u>
Tax at 30% thereon:	(1,192)	(586)
Effects of:		
Expenses not deductible for tax purposes	(474)	(360)
Provision against fixed asset investments	(20)	(654)
Capital allowances in excess of depreciation	(13)	39
United Kingdom dividend income	51	69
Prior year adjustments	196	698
Current tax charge for the year	<u>(1,452)</u>	<u>(794)</u>

iii) Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to depreciation in excess of capital allowances (£217k) nor other short term timing differences (£45k) as there is insufficient evidence that the asset will be recoverable in the foreseeable future.

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2004

10. Intangible assets

	Patents, licences and concessions £'000
Cost	
At 1 January 2004	24
At 31 December 2004	24
Accumulated amortisation	
At 1 January 2004	9
Charge for the year	5
At 31 December 2004	14
Net book value	
At 31 December 2004	10
At 31 December 2003	15

Intangible assets represent an assigned concession.

11. Tangible fixed assets

	Plant and machinery £'000	Furniture, fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2004	243	1,854	4,584	6,681
Additions	-	32	65	97
At 31 December 2004	243	1,886	4,649	6,778
Accumulated depreciation				
At 1 January 2004	27	901	4,043	4,971
Charge for the year	65	424	261	750
At 31 December 2004	92	1,325	4,304	5,721
Net book value				
At 31 December 2004	151	561	345	1,057
At 31 December 2003	216	953	541	1,710

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2004

12. Investments held as fixed assets

	Shares in subsidiary undertakings £'000	Shares in other group undertakings £'000	Shares in participating interests £'000	Other investments other than loans £'000	Total £'000
Cost					
At 1 January 2004	397	21,375	2,836	2,673	27,281
Additions	-	1,023	-	-	1,023
Foreign exchange	(7)	(21)	-	-	(28)
Disposals	-	-	(2,608)	(668)	(3,276)
At 31 December 2004	390	22,377	228	2,005	25,000
Provision					
At 1 January 2004	158	2,298	1,879	1,438	5,773
Additions	9	207	-	-	216
Write back provision	-	(266)	-	-	(266)
Foreign exchange	-	(21)	-	-	(21)
Disposals	-	-	(1,714)	(48)	(1,762)
At 31 December 2004	167	2,218	165	1,390	3,940
Net book value					
At 31 December 2004	223	20,159	63	615	21,060
At 31 December 2003	239	19,077	957	1,235	21,508

Shares in subsidiary undertaking

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

£250,000 represents a 100% shareholding and equivalent voting rights in Buckingham Ventures Limited, a company incorporated in Great Britain. The company acts as a holding company for Celvibe Ltd. As at the year end there is a provision of £167,000 against Buckingham Ventures Limited.

£90,000 represents a 100% shareholding in Sazanka Limited, a company incorporated in Great Britain. The principal activity of the company is the trading of metal. The investment was US\$173,000 and is held in US\$ on the accounts with US \$ borrowing. The movement of £7,000 represent foreign currency movement.

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

Mitsubishi Corporation (UK) Plc

Notes to the accounts

Year ended 31 December 2004

12. Investments held as fixed assets (continued)

Shares in other group undertakings

Company Name	Country of incorporation	Shareholding %	Shareholding £	Principal business activity
Diamond Seafoods (UK) Limited	United Kingdom	20	200,000	Trading in seafood
Princes Limited	United Kingdom	10	700,000	Trading in canned Foodstuff
MCSi Limited	United Kingdom	20	1,490,000	Printing and Photography
Triland Metals Limited	United Kingdom	9.09	880,001	Metal brokerage
Ellenita Limited	United Kingdom	15	133,103	Shipping
Lunita Limited	United Kingdom	15	133,103	Shipping
ERB Autokredit AG	Switzerland	10	450,735	Motor vehicle Finance
MLP UK Ltd	United Kingdom	0.69	70,000	Printing and lithographic distributor
Bow Bells House Investment	United Kingdom	30	9,913,500	Redevelopment of Offices
Tredia Europe Limited	United Kingdom	20	120,000	Clothing importer
HFSA Investments BV	South Africa	10.8	8,286,221	Holding Company

Participating interests

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

During the course of the year shares in ERB Finanz-und leasing AG were sold. The original cost was £2,608,000 against which we had provided £1,714,000.

The remainder of the balance of £62,500 represents an investment of a 25% holding in Mit-Sun International Trading Limited, a company incorporated in Jersey. The company's principal activity is trading in foodstuffs.

Other investments other than loans

During the year shares in Kelkoo S.A (original cost £620,789) were sold at a profit. Oto Exchange (Original cost £47,843) was finally liquidated with us receiving no liquidation proceeds. Full provision against the original cost was made in prior years.

Mitsubishi Corporation (UK) Plc

Notes to the accounts

Year ended 31 December 2004

12. Investments held as fixed assets (continued)

Results and net assets of associates

	Year ended	Total of share capital and reserves £'000	Profit/(loss) for the year £'000
Diamond Seafoods (UK) Limited	31 December 2004	3,927	598
Mit-Sun International	31 December 2003	922	46
Tredia Europe Limited	31 December 2003	598	(70)
Bow Bells House	31 December 2003	33,857	(147)
MCSi Limited	31 December 2002	(4,342)	(7,131)

MCSi Limited is currently in liquidation.

All the above investments are unlisted.

13. Stocks

	2004 £'000	2003 £'000
Finished goods and goods for resale	88,980	92,460

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2004

14. Debtors

	2004 £'000	2003 Restated* £'000
Amounts due within one year:		
Trade debtors	115,731	135,015
Amounts owed by parent company and fellow subsidiary undertakings	397,926	326,886
Loans to third parties	12,375	24,644
Prepayments and accrued income	2,189	6,646
	<u>528,221</u>	<u>493,191</u>
Amounts due after more than one year:		
Trade debtors	220	219
Amounts owed by parent company and fellow subsidiary undertakings	1,500	8,273
	<u>1,720</u>	<u>8,492</u>
Total debtors	<u>529,776</u>	<u>501,683</u>

* The Company has undertaken a review of the substance of its transactions. It was determined that a number of linked transactions, recognised as trading transactions in 2003, are in substance financing loans to third parties and should be presented as such in accordance with FRS 5 'reporting the substance of transactions'. This treatment has been adopted in 2004. The 2003 comparatives have been restated in order to be comparable. The restatement has no impact on the total debtor balance in either year.

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2004

15. Creditors: amounts falling due within one year

	2004 £'000	2003 £'000
Bank loans and overdrafts (unsecured)	3,372	78,090
Trade creditors	100,911	65,522
Amounts owed to parent company and fellow subsidiary undertakings	486,220	442,316
Corporation tax	1,410	1,034
Other taxation and social security	208	258
Accruals and deferred income	5,853	3,580
	<u>597,974</u>	<u>590,800</u>

16. Creditors: amounts falling due after more than one year

	2004 £'000	2003 £'000
Amounts owed to fellow subsidiary undertakings	<u>-</u>	<u>2,845</u>

17. Called up share capital

	2004 £'000	2003 £'000
Authorised:		
50,000,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid:		
33,650,000 ordinary shares of £1 each	<u>33,650</u>	<u>33,650</u>

18. Reconciliation of movements in equity shareholders' funds

	2004 £'000	2003 £'000
Profit for the financial year	2,521	1,160
Opening equity shareholders' funds	<u>49,971</u>	<u>48,811</u>
Closing equity shareholders' funds	<u>52,492</u>	<u>49,971</u>

19. Contingent liabilities

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

	2004 £'000	2003 £'000
Commitments to honour the repayment of loan obligations	<u>172</u>	<u>186</u>

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

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2004

20. Operating lease commitments

At 31 December 2004, the company was committed to making the following payments during the next year in respect of operating leases:

	2004 £'000	2003 £'000
	Land and buildings	Land and buildings
Leases which expire:		
In more than five years	1,208	1,208

21. Pension schemes

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

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

The defined benefit scheme is administered by Trustees who are appointed by the Principal Employer. They are advised by Mellon Human Resources and Investor Solutions Limited and an appointed actuary. The defined benefit scheme's assets are managed by Barclays Global Investors and Fidelity Pensions Management.

The company also operates a defined contribution scheme which began on 1 April 2002. The charge for the period (being the contributions made by the company) was £72,890 (2003 - £51,547). No amounts were accrued or prepaid as at 31 December 2004.

The pension costs quoted below relate only to the defined benefit scheme.

SSAP 24

The company currently accounts for pensions under SSAP 24. An actuarial valuation is performed every three years as required by SSAP 24, the latest as at 1 April 2003. The results of the 2003 valuation showed an MFR funding level of 81.7%. The on going valuation, which was performed using the Projected Unit Funding method, showed that the assets of the defined benefit scheme, on a market-value basis, amounted to £12,791,000 and were sufficient to secure 63.1% of the liabilities of the Scheme based on projected final salaries. The main assumptions used in the valuation were an investment return of 7.50% before retirement and 5.25% after retirement, salary increases of 4.00% per annum and increases in pensions in payment of 3.00% per annum for pre-April 1997 accruals and 3.250% per annum for post-April 1997 accruals.

The charge for the year in the profit and loss account represents contributions made by the company in accordance with the advice of the actuary and the Schedule of Contributions. The deficit in the Scheme impacted the company through adjustments to the company's contributions to the Scheme, which comprised "special contributions" in a fixed amount of £850,086 (designed to amortize the past service deficit, revealed by the valuation, over a period of approximately 11 years) and a "Standard Contribution Rate" of 16.4% of basic salaries.

The pension charge for the year in respect of employees was £1,377,247 (2003 - £553,732).

No amounts were accrued or prepaid as at 31 December 2004 (2003 - £nil).

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Notes to the accounts

Year ended 31 December 2004

21. Pension schemes (continued)

FRS17

In November 2000 the Accounting Standards Board issued FRS17 "Retirement Benefits" replacing SSAP24 "Accounting for Pension Costs". The full implementation of FRS17 has been deferred, although certain disclosures are required in the transition period for periods ending on or after 22 June 2001. These further disclosures are included below.

The company believes it is not possible to determine its share of the underlying assets and liabilities of the defined benefit scheme on a consistent and reliable basis. Under these circumstances FRS17 requires that the scheme should be accounted for as if it were a defined contribution scheme and the profit and loss charge set equal to the contributions due over the accounting period. This information, and information relating to the funding of the scheme is provided in the SSAP24 disclosures above.

22. Immediate and ultimate parent company

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

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

23. Related party transactions

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