

Company Registration No. 3674104

TOYOTA TSUSHO METALS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2007

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COMPANIES HOUSE

TOYOTA TSUSHO METALS LIMITED

DIRECTORS

Mr Takashi Hirobe

Mr Alan Spinks

Mr Hideki Yanase

Mr Takumi Shirai

Mr Takeo Fujihara

Mr Hirohito Haraguchi

Company secretary Mr Takashi Hirobe

Registered office 140 London Wall, London EC2Y 5DN

Auditors PricewaterhouseCoopers LLP
Southwark Towers
32 London Bridge Street
London SE1 9SY

TOYOTA TSUSHO METALS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2007

Business review and principal activities

Toyota Tsusho Metals Limited ("the company") is a metal broker and dealer and is an Associate Broker Clearing Member of The London Metal exchange (LME), a recognised investment exchange under the Financial Services and Markets Act 2000. The company is authorised and regulated by the Financial Services Authority ("FSA"). The results of the company are set out in detail on page 6. The profit for the year ended 31 March 2007 of £736,274 (2006 £173,082) will be transferred to reserves.

The directors are satisfied with the continued growth in business and profits during the year. There was a significant increase in volumes traded for clients. The directors do not use any KPI to monitor the performance of the company.

Future outlook

The company continues to consolidate and develop its present metal activities and has opened a Branch office in Nagoya, Japan. The company is actively pursuing its plans to expand into other futures markets and regions, and to this end began soft commodity broking in April 2007.

Financial risk management

The company's activities expose it to a variety of financial risks: price risk, credit risk, liquidity risk and cash flow and fair value interest rate risk. The company's overall risk management programme focuses on the unpredictability of relevant markets and seeks to minimise potential adverse effects on the company's financial performance. The risks are explained further in note 19.

Change in accounting policy

As explained in note 1(b), the company adopted FRS26 "Financial Instruments: Recognition and measurement". There was no impact on the profit and loss account.

Dividends

The directors have recommended a final dividend payment of £242,000 in respect of the year ending 31 March 2007 and is to be approved by the shareholders at the AGM held on 20 June 2007 (31 March 2006 £100,000).

Political and charitable contributions

The company made no political or charitable contributions during the period (2006 £Nil).

Directors and directors' interests

The directors who held office during the year were as follows:

Mr Takashi Hirobe	Executive	
Mr Alan Spinks	Executive	
Mr Hideki Yanase	Non-executive	
Mr Takeo Fujihara	Non-executive	(appointed 31 March 2006)
Mr Takumi Shirai	Non-executive	(resigned 3 April 2006)
Mr Hirohito Haraguchi	Non-executive	(resigned 27 January 2007)

TOYOTA TSUSHO METALS LIMITED

DIRECTORS' REPORT

On 13 April 2007 Mr Hirobe became non-executive director and Mr Fujihara became executive director

None of the directors had a disclosable interest in the shares of the company

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently in preparation of the financial statements. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ending 31 March 2007 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

Provision of information to auditors,

- (a) Executive directors have taken all steps necessary to make themselves aware of any relevant audit information and to establish that auditors are aware of that information
- (b) there is no relevant audit information that the auditors are unaware

Auditors

A resolution will be proposed at the next AGM to appoint PricewaterhouseCoopers LLP as auditors. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

Approved by the Board of Directors

and signed on behalf of the Board on 26th June 2007


Takeo Fujihara
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOYOTA TSUSHO METALS LIMITED

We have audited the financial statements of Toyota Tsusho Metals Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

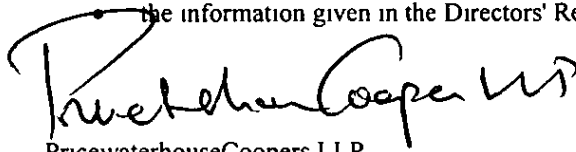
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOYOTA
TSUSHO METALS LIMITED (continued)**

Opinion

In our opinion

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

• the information given in the Directors' Report is consistent with the financial statements

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP', is written over the text of the third bullet point.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

26th June 2007

TOYOTA TSUSHO METALS LIMITED
PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2007

	Note	31 March 2007 £	31 March 2006 £
TURNOVER	1(d)	2,336,784	1,580,309
Administrative expenses		(1,575,082)	(1,273,852)
Other operating income		<u>161,713</u>	<u>153,962</u>
OPERATING PROFIT		923,415	460,419
Interest receivable and similar income	6	475,450	262,577
Interest payable and similar charges	7	<u>(194,910)</u>	<u>(28,131)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,203,955	694,865
Taxation charge	8	<u>(367,681)</u>	<u>(221,783)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		836,274	473,082
Dividends	15	(100,000)	(300,000)
RETAINED PROFIT FOR THE YEAR	15	<u>736,274</u>	<u>173,082</u>

All amounts stated above are from continuing operations. There are no recognised gains or losses other than as stated in the profit and loss account. Accordingly, no separate statement of total recognised gains and losses has been presented.

There is no material difference between the results for the period stated above and their historical cost equivalents except as explained in note 1(l) "Revaluation of forward positions" on page 9.

The reconciliation of movements in shareholders' funds during the period is detailed in note 15.

The notes on pages 7 to 17 form an integral part of these financial statements.

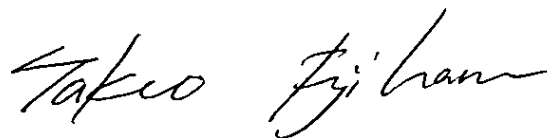
TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

	Note	31 March 2007 £	Restated 31 March 2006 £
FIXED ASSETS			
Tangible fixed assets	9	54,314	71,959
Investments available for sale	10	<u>297,620</u>	<u>297,620</u>
		351,934	369,579
CURRENT ASSETS: amounts falling due after one year			
Debtors		16,595	1,187
Derivative Financial Instruments	16	<u>14,360,402</u>	<u>21,789,963</u>
		14,376,997	21,791,150
CURRENT ASSETS amounts falling due in one year			
Derivative Financial Instruments	16	35,821,050	52,178,751
Debtors	11	621,419	242,614
Cash at bank and in hand	12	<u>9,376,789</u>	<u>6,889,547</u>
		45,819,258	59,310,912
CREDITORS: amounts falling due within one year	13	(1,006,292)	(4,337,137)
Derivative Financial Instruments	16	<u>(37,753,150)</u>	<u>(49,009,799)</u>
NET CURRENT ASSETS		7,059,816	5,963,976
CREDITORS. amounts falling due after one year			
Derivative Financial Instruments	16	(14,385,825)	(21,458,057)
NET ASSETS		<u>7,402,922</u>	<u>6,666,648</u>
CAPITAL AND RESERVES			
Called up share capital	14	5,500,000	5,500,000
Profit and loss reserve	15	1,902,922	1,166,648
EQUITY SHAREHOLDERS' FUNDS		<u>7,402,922</u>	<u>6,666,648</u>

These financial statements were approved by the Board of Directors on 26th June 2007

Signed on behalf of the Board of Directors

Director



The notes on pages 7 to 17 form an integral part of these financial statements

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

a) Basis of preparation

The financial statements have been prepared under the historical cost convention except, as modified by the revaluation of financial instruments in accordance with the Companies Act 1985 and applicable accounting standards

The results of the company are included within the consolidated financial statements of its ultimate parent company, Toyota Tsusho Corporation, which is incorporated in Japan

The principal accounting policies adopted are described below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year

b) Changes in accounting policies:

The company has adopted FRS 26, "Financial Instruments Recognition and Measurement" in these financial statements and has also reconsidered the application of the netting rules of FRS 25, "Financial Instruments Disclosure and Presentation" The comparative figures have been restated accordingly The effect of the change was to recognise all derivatives on a fair value basis and gross up all derivatives within debtors and creditors in the balance sheet, including classification of both, where necessary, to a non current portion There was no impact on the profit and loss account as all open positions were previously recorded on a mark to market basis and other positions were held on a back to back basis for customer facilitation purposes The impact of the change was to increase both long and short derivative positions at 31 March 2006 by £22,278,321, see note 16

c) Cash flow statement

In accordance with FRS 1 (Revised) the company has not prepared a cash flow statement as the cash flows of the company are consolidated in Toyota Tsusho Corporation, the ultimate parent company's accounts which are publicly available

d) Turnover

Turnover comprises commission and trading income, both of which are recognised in the profit and loss account on the date the trade is conducted Trading income also includes revaluation of forward metals positions (refer to Note 1 (l) below) and any associated foreign exchange hedging

e) Interest income and expenses

Interest income and expenses are recognised in the profit and loss account on an accruals basis

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

f) Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Computer software and hardware	3 years
Furniture and Fittings	3 years

g) Software consultancy and development costs

Payments in respect of software consultancy and development costs are charged against the profit and loss account in the period in which they are incurred, except in certain circumstances when it is considered more appropriate to capitalise these costs and depreciate them over the estimated useful life of the hardware with which they are associated

h) Investments: available for sale

Available for sale assets are designated as available for sale and are initially recognised at cost. They are subsequently held at fair value. Gains and losses arising from changes in fair value are included as a separate component of equity until sale when the cumulative gain or loss is transferred to the profit and loss account. Where it is not possible to identify a reasonable estimate of fair value the amounts are held at cost.

i) Taxation

The company provides for taxation using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

j) Deferred taxation

Deferred taxation provided at anticipated tax rates and on a non-discounted basis, is recognised in respect of all timing differences, arising from transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, which have occurred at the balance sheet date. Assets are recognised on this basis only where they are regarded as more likely than not to be recoverable by reference to anticipated levels of future taxable profits.

k) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Income and expenses in foreign currencies have been translated into sterling using average exchange rates during the year. Gains or losses on translation are recognised in the profit and loss account for the period.

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

l) Derivative financial instruments

Derivative financial instruments are classified as "Financial instruments at fair value through profit or loss" Gains and losses arising from fair value movements are recorded directly in the profit and loss account Fair values are obtained from prices quoted in active markets as provided by brokers and the London Metal Exchange All derivatives are included in assets when their fair value is positive and liabilities when their fair value is negative Purchases and sales of derivatives are recognised on trade date

m) Related Party Transactions

Under Paragraph 3(c) of FRS 8 'Related Party Disclosures' the Company has taken advantage of the exemptions permitted for related party transactions as a result of being a wholly owned subsidiary of a Group, Toyota Tsusho Corporation, where the Parent prepares consolidated financial statements which include the Company and which are publicly available

n) Leased Assets

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place

o) Netting

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amount and there is an intention to settle on a net basis, or to reduce the asset and liability simultaneously

2 SEGMENTAL ANALYSIS

Substantially all of the company's turnover is generated from a single class of business, namely broking and dealing for clients in metal derivatives Also, in the opinion of the directors, the company, including its branch, trades with customers in a single international market Therefore, no business or geographic segmental information has been provided

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging

	31 March 2007 £	31 March 2006 £
Auditors' remuneration		
Audit	42,900	42,900
Other services – taxation	5,500	1,875
All other services	1,500	1,556
Rent	44,844	42,120
Depreciation	49,505	43,391
Staff costs	662,438	461,804
Recharged costs payable to parent company and fellow subsidiary	286,380	276,427
Exchange loss	15,039	13,085

4 REMUNERATION OF DIRECTORS

	31 March 2007 £	31 March 2006 £
Directors' emoluments	<u>363,732</u>	<u>360,576</u>

The directors of the company did not receive any remuneration under long term incentive schemes or any shares in the company (2006 £nil) The emoluments of certain directors are paid by Toyota Tsusho UK Limited, a fellow subsidiary company, which recharges the amount to the company as a management fee These amounts are included within administrative expenses The aggregate emoluments paid to or receivable by the highest paid director were £243,732 No amounts were contributed to any pension scheme on behalf of the highest paid director

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

5 STAFF COSTS

The average number of full time equivalent persons employed by the company (including executive directors) during the year analysed by category, was as follows

	31 March 2007	31 March 2006
Operational staff	5	4
Administrative staff	2	2
	<u>7</u>	<u>6</u>

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	588,686	413,162
Social security costs	<u>73,752</u>	<u>48,642</u>
	662,438	461,804
Recharged costs paid to parent company and fellow subsidiary	<u>230,844</u>	<u>213,937</u>
	<u>893,282</u>	<u>675,741</u>

Comparative numbers have been re-stated to exclude non-staff related costs from the recharged amount
The company does not operate a pension scheme

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	31 March 2007 £	31 March 2006 £
Interest receivable on bank deposits	<u>475,450</u>	<u>262,577</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	31 March 2007 £	31 March 2006 £
Bank overdrafts and loans	81,493	28,131
Amounts payable to group undertakings	112,310	-
Other interest	1,107	-
	<u>194,910</u>	<u>28,131</u>

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

8 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of the charge in the period

	31 March 2007	31 March 2006
	£	£
UK corporation tax current period at 30% (2005 30 %)	367,681	212,797
Adjustment in respect of prior periods	-	8,986
	<u>367,681</u>	<u>221,783</u>

b) Factors affecting the tax charge for the current period

The current tax charge for the period is higher than the standard rate of corporation tax in the UK of 30% (2005 30%) The timing difference is explained below

	31 March 2007	31 March 2006
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	1,203,955	694,865
Current tax at 30% (2005 30%)	361,186	208,459
Effects of		
Adjustments in respect of prior periods	-	8,988
Expenses not deductible for tax purposes	6,495	4,336
Accelerated capital allowances / other timing differences		-
Total current tax charge (see a)	<u>367,681</u>	<u>221,783</u>
Effective tax rate	<u>30.54%</u>	<u>31.92%</u>

c) Factors that may affect future tax charges

Deferred tax assets have not been recognised to the extent that they are not regarded as recoverable in the foreseeable future The unrecognised asset relating to differences between depreciation and capital allowances is £14,472 (2006 £32,919)

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

9 TANGIBLE FIXED ASSETS

	Fixtures and fittings	Computer hardware & equipment	Total
	£	£	£
Cost at 1 April 2006	1,582	166,469	168,051
Additions during the year	-	31,860	31,860
At 31 March 2007	1,582	198,329	199,911
Depreciation			
At 1 April 2006	1,582	94,510	96,092
Charge for the period	-	49,505	49,505
At 31 March 2007	1,582	144,015	145,597
Net book value 31 March 2007	-	54,314	54,314
Net book value 31 March 2006	-	71,959	71,959

10 INVESTMENTS AVAILABLE FOR SALE

	31 March 2007 £	31 March 2006 £
Shares in		
LME (Holdings) Limited	1	1
LCH Clearnet Group Ltd	297,619	297,619
	297,620	297,620

The company received 250,000 shares of 10 pence each as part of de-mutualisation process of the London Metal Exchange Ltd in December 2001. The shares are registered in the books at a nominal value of £1 as no consideration was paid by the company. The investment of 362,903 Ordinary Shares of one Euro, fully paid in LCH Clearnet, is stated at cost in the balance sheet at the year end. The investments are stated at cost in the balance sheet as it is not possible to determine a reasonable fair value.

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

11 DEBTORS. amounts falling due within one year

	31 March 2007 £	31 March 2006 £
Other debtors	24,058	13,947
Amount due to group undertaking	91,525	40,031
Prepayments & accrued income	163,836	57,636
LCH members default fund	342,000	131,000
	<u>621,419</u>	<u>242,614</u>

12 CASH AT BANK AND IN HAND

	31 March 2007 £	31 March 2006 £
Term deposits maturing within one month	8,242,972	5,457,000
Cash at bank	1,133,817	1,432,547
	<u>9,376,789</u>	<u>6,889,547</u>

13 CREDITORS. amounts falling due within one year

	31 March 2007 £	31 March 2006 £
Bank overdraft	100,314	3,645,825
Amounts owed to group undertakings	89,450	59,616
Taxation	175,178	195,025
Group relief payable	60,288	-
Accruals and deferred income	581,062	436,671
	<u>1,006,292</u>	<u>4,337,137</u>

14 CALLED UP SHARE CAPITAL

	31 March 2007 £	31 March 2006 £
Authorised, allotted, called up and fully paid 5,500,000 ordinary shares of £1 each	<u>5,500,000</u>	<u>5,500,000</u>

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Issued Share Capital £	Profit and Loss Account £	Total 2007 £	Total 2006 £
At 1 April	5,500,000	1,166,648	6,666,648	6,493,566
Profit for the year	-	836,274	836,274	473,082
Dividend paid	-	(100,000)	(100,000)	(300,000)
At 31 March	5,500,000	1,902,922	7,402,922	6,666,648

A dividend of £242,000 in respect of the year ended 31 March 2007 will be paid in the financial year ending March 2008 as approved at the Annual General Meeting

16 DERIVATIVE FINANCIAL INSTRUMENTS

	Fair value			
	2007		2006 Restated	
	Assets £	Liabilities £	Assets £	Liabilities £
Forward metal positions	49,307,134	(51,909,805)	72,814,280	(70,459,382)
Forward foreign exchange positions	874,318	(229,170)	1,154,434	(8,474)
Total	50,181,452	(52,138,975)	73,968,714	(70,467,856)
Current portion	35,821,050	(37,753,150)	52,178,751	(49,009,799)
Non current portion	14,360,402	(14,385,825)	21,789,963	(21,458,057)
Of the above				
Due to/from parent company: > 1year	3,739,070	(12,818,982)	9,376,899	(19,646,659)
< 1year	11,449,453	(23,808,289)	8,229,140	(42,838,363)

Forward metal contracts are entered into in the normal course of operations. The maturity dates range from one day to five years. The forward foreign exchange contracts are entered into in order to match settlement amount and maturity of metal positions. As is normal in the market place, settlements are made on a net basis as they fall due. All fair value amounts have been included in the profit and loss account for the year ended 31 March 2007.

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

17 COMMITMENTS AND CONTINGENCIES

There were no material capital commitments or contingencies at the end of the financial year (2005 nil)

18 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2007 the company had an annual commitment under a cancellable operating agreement expiring as follows

	2007	2006
	£	£
Within one year	42,684	42,684

19 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks price risk, credit risk, liquidity risk and cash flow and fair value interest rate risk The company's overall risk management programme focuses on the unpredictability of relevant markets and seeks to minimise potential adverse effects on the company's financial performance

Price risk The Company's principal business involves acting as a broker in metal derivatives and it holds positions mainly on a back to back basis with clients and brokers Open trading positions held by the Company are small and largely result from client facilitation activities Where open positions exist the Company is exposed to adverse price movement in the price of commodities in which it trades and holds positions Trading limits have been set that take into account each commodity's volatility These limits are monitored on a daily basis against both mark to market movement and position structure On a daily basis LCHClearnnet communicate the current fair value of all derivatives financial assets and liabilities traded by the company

Credit risk The company operates in a market that is largely driven by providing credit to counterparties The company has credit policies in place to ensure it deals only with counterparties of suitable credit standing Lines granted are reviewed at least on an annual basis and all counterparty positions are monitored at least on a daily basis against lines granted The only significant concentration of credit risk which may occur relates to the balances with the ultimate parent company (see note 16 for year end balances)

Liquidity risk The company has in place adequate availability of funding facilities to enable it to manage its business

Foreign exchange risk Where the Company contracts in a foreign currency, forward contracts are used to reduce the exposure of the Company to a minimum level

Cash flow and fair value interest rate risk The company has an excess of current assets over current liabilities and is exposed to minimal cash flow interest rate risk Surplus cash is invested on term

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2007

deposits of up to one month The average effective interest rate on these deposits at 31 March 2007 was 5% (2006 4%) Interest is not charged or incurred on outstanding derivative asset and liabilities with brokers or clients

20 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking of the company is Toyota Tsusho Corporation, a company incorporated in Japan A copy of the group accounts may be obtained from Toyota Tsusho Corporation, Toyota Building, 9-8 Meiki 4 – chome, Nakamura-ku, Nagoya 450-8575, Japan The immediate and ultimate parent company cannot alter these accounts after they have been signed