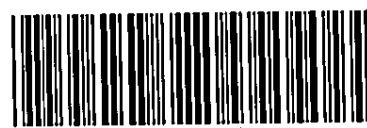




Company Registration No. 3674104

TOYOTA TSUSHO METALS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2008

WEDNESDAY



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COMPANIES HOUSE

TOYOTA TSUSHO METALS LIMITED

DIRECTORS

Mr Takeo Fujihara
Mr Alan Spinks
Mr Hideki Yanase
Mr Takashi Hirobe
Mr Hiroto Nakane
Mr Hideki Kondo
Mr Haruhiko Inoue

Company secretary Mr Takeo Fujihara

Registered office 63 Queen Victoria Street, London EC4N 4UA

Auditors PricewaterhouseCoopers LLP
Hay's Galleria
1 Hays Lane
London SE1 2RD

TOYOTA TSUSHO METALS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2008

Business review and principal activities

Toyota Tsusho Metals Limited ("the company") is a commodity broker and dealer. It 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 8. The profit for the year ended 31 March 2008 of £1,932,085 (2007: £736,274) will be transferred to reserves. The company began soft commodity broking in April 2007.

The directors are satisfied with the continued growth in business and profits during the year which saw a significant increase in volumes traded for clients. The directors monitor the performance of the company against budgets produced from business plans agreed upon annually.

Future outlook

The company continues to consolidate and develop its present metal activities and opened a Branch office in Nagoya, Japan in April 2007. It is also continuing to actively pursue its plans to expand into other futures markets and regions.

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 20.

Change in accounting policy

The company has adopted FRS 29 'Financial instruments: Disclosures'. The adoption of this standard represents a change in accounting policy and where applicable the comparative figures have been restated accordingly. There is no prior year adjustment to reserves resulting from adopting this standard, as its provisions relate to disclosure.

Dividends

The directors have recommended a final dividend payment of £275,000 in respect of the year ending 31 March 2008 and is to be approved by the shareholders at the AGM held on 26 June 2008. (31 March 2007: £242,000)

Political and charitable contributions

The company made no political or charitable contributions during the period (2007: £Nil)

TOYOTA TSUSHO METALS LIMITED

DIRECTORS' REPORT (continued)

Directors and directors' interests

The directors who held office during the year were as follows

Mr Takeo Fujihara	Executive
Mr Alan Spinks	Executive
Mr Takashi Hirobe	Non-executive (resigned 31 March 2008)
Mr Hideki Yanase	Non-executive (resigned 31 March 2008)
Mr Hiroto Nakane	Non-executive (appointed 27 April 2007)
Mr Hideki Kondo	Non-executive (appointed 31 March 2008)
Mr Haruhiko Inoue	Non-executive (appointed 31 March 2008)

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 that 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 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, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

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

Statement of disclosure of information to auditors

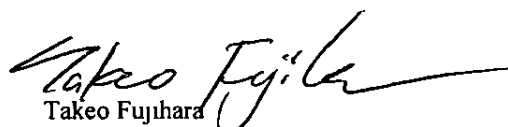
- So far the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- The directors have taken all necessary steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the companies auditors are aware of that information

TOYOTA TSUSHO METALS LIMITED
DIRECTORS' REPORT (continued)

Auditors

The auditors PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the annual general meeting

By order of the board


Takeo Fujihara
Company Secretary

26 June 2008

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 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, 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.

In addition, 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.

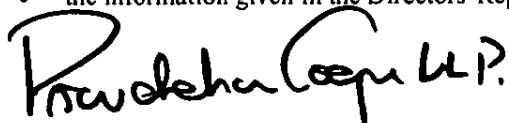
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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 2008 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



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

30 June 2008

TOYOTA TSUSHO METALS LIMITED
FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2008

	Note	31 March 2008 £	31 March 2007 £
TURNOVER	3	4,871,347	2,336,784
Administrative expenses		(2,470,680)	(1,575,082)
Other operating income		<u>128,152</u>	<u>161,713</u>
OPERATING PROFIT		2,528,819	923,415
Profit on sale of fixed asset investments	12	275,250	0
Interest receivable and similar income	7	480,306	475,450
Interest payable and similar charges	8	(168,741)	(194,910)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>3,115,634</u>	<u>1,203,955</u>
Taxation charge	9	<u>(941,549)</u>	<u>(367,681)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,174,085	836,274
Dividends	17	(242,000)	(100,000)
RETAINED PROFIT FOR THE YEAR	17	<u>1,932,085</u>	<u>736,274</u>

STATEMENT OF TOTAL GAINS AND LOSSES for the year ended 31 March 2008

	Note	31 March 2008 £	31 March 2007 £
Profit for the financial year		1,932,086	736,274
Revaluation of available for sale investments	17	2,109,250	-
Transfer to profit and loss account	17	(275,250)	-
Total recognised gains and losses for the year		<u>3,766,086</u>	<u>736,274</u>

The notes on pages 8 to 25 form an integral part of these financial statements

TOYOTA TSUSHO METALS LIMITED
FINANCIAL STATEMENTS

BALANCE SHEET as at 31 March 2008

	Note	31 March 2008 £	31 March 2007 £
Fixed assets			
Tangible assets	10	108,849	54,314
Financial assets			
- Available for sale investments	12	2,131,620	297,620
		<u>2,240,469</u>	<u>351,934</u>
Current assets			
Financial assets			
- Derivative financial instruments	11	63,304,088	35,821,050
- Debtors	13	640,489	621,419
- Cash at bank and in hand	14	18,412,360	9,376,789
		<u>82,356,937</u>	<u>45,819,258</u>
Debtors - amounts falling due after one year			
- Derivative financial instruments	11	19,317,583	14,360,402
- Other Debtors	13	14,486	16,595
		<u>19,332,069</u>	<u>14,376,997</u>
Creditors - amounts falling due within one year	15	(73,438,739)	(38,759,442)
Net current assets		<u>8,918,198</u>	<u>7,059,816</u>
Creditors - amounts falling due after one year	11	(19,321,729)	(14,385,825)
Net assets		<u>11,169,007</u>	<u>7,402,922</u>
Capital and reserves			
Called up share capital	16	5,500,000	5,500,000
Profit and loss reserve	17	3,835,007	1,902,922
Available for sale investment reserve	17	1,834,000	-
Total shareholders' funds		<u>11,169,007</u>	<u>7,402,922</u>

TOYOTA TSUSHO METALS LIMITED
FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors on 26 June 2008

Signed on behalf of the Board of Directors


Director, T Fujihara

The notes on pages 8 to 25 form an integral part of these financial statements

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

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, applicable accounting standards and pronouncements of the Urgent Issues Task Force

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 29 'Financial instruments Disclosures' The adoption of this standard represents a change in accounting policy and where applicable the comparative figures have been restated accordingly There is no prior year adjustment to reserves resulting from adopting this standard, as its provisions relate to disclosure

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) 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 Except, the directors have chosen to disclose recharge costs payable to the parent and fellow subsidiary relating to staff costs only and derivative financial instruments relating to the group

e) Turnover

Turnover comprises commission and trading income and income from hedging of these positions, all 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 (j) below) and any associated contracts held for foreign exchange hedging purposes

f) Interest income and expense

Interest income and expense 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 2008

g) Fixed assets and depreciation

Depreciation is provided to write off the cost plus any associated delivery and labour charges 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

h) Taxation

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

i) 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

j) 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.

k) Derivative financial instruments

Derivatives are initially accounted for and measured at fair value on the date the contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement. The fair value of exchange traded and non exchange traded contracts is based on the market prices provided by the London Metal Exchange at the balance sheet date. All derivatives are included in assets when their value is positive and liabilities when their fair value is negative.

The fair value of forward currency contracts has been determined based on rates provided by the London Metal Exchange at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

l) 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

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

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

m) 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

n) Debtors

Debtors relate to accrued commission income and trade debtors Financial assets are recognised both initially and subsequently at fair value on the date the contract is entered into

o) Creditors

Financial liabilities are recognised initially at fair value on the date the contract is entered into Subsequently, with the exception of derivative financial liabilities, financial liabilities are measured at amortised cost

p) 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

2. SEGMENTAL ANALYSIS

Substantially the company's entire 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 2008

3. TURNOVER

	31 March 2008 £	31 March 2007 £
Commissions and Trading Income	3,340,926	314,791
Foreign Exchange gains on Hedging Activities	1,530,422	2,021,994
	<u>4,871,348</u>	<u>2,336,785</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after including

	Note	31 March 2008 £	Restated 31 March 2007 £
Auditors' remuneration			
Audit		56,000	42,900
Other services – taxation		5,525	5,500
All other services		3,070	1,500
Rent		45,471	44,844
Depreciation	10	53,770	49,505
Loss on write-off of fixed assets	10	5,127	-
Staff costs	6	1,621,395	662,438
Recharged staff costs payable to parent company and fellow subsidiary	6	248,999	230,844
Foreign exchange loss		18,245	15,039
Gain on sale of available for sale investment	17	(275,250)	-

5. REMUNERATION OF DIRECTORS

	31 March 2008 £	31 March 2007 £
Directors' emoluments	<u>626,987</u>	<u>363,732</u>

The directors of the company did not receive any remuneration under long term incentive schemes or any shares in the company (2007 £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 (see note 4). These amounts are included within administrative expenses. The

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

aggregate emoluments paid to or receivable by the highest paid director were £550,435 (2007 £243,732) No amounts were contributed to any pension scheme on behalf of the highest paid director

6. 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 2008	Restated 31 March 2007
Operational staff	6	6
Administrative staff	4	2
	<u>10</u>	<u>8</u>

Comparative numbers have been re-stated to include staff charged from the parent and fellow subsidiary company This is a change since the company only included directly hired staff in staff numbers in the prior year financial statements

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	1,231,123	588,686
Social security costs	141,273	73,752
	<u>1,372,396</u>	<u>662,438</u>
Recharged costs paid to parent company and fellow subsidiary	248,999	230,844
	<u>1,621,394</u>	<u>893,282</u>

The prior year recharge costs paid to parent company and fellow subsidiary have been restated in order to remove non staff related costs The company does not operate a pension scheme

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	31 March 2008 £	31 March 2007 £
Interest receivable on bank deposits	424,851	475,450
Other Interest Receivable	55,455	-
	<u>480,306</u>	<u>475,450</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	31 March 2008 £	31 March 2007 £
Bank overdrafts and loans	26,770	81,493
Amounts payable to group undertakings	113,626	112,310
Other interest	28,345	1,107
	<u>168,741</u>	<u>194,910</u>

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of the charge in the period

	31 March 2008	31 March 2007
	£	£
UK corporation tax current period at 30% (2007 30%)	941,549	367,681

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% (2007 30%) The timing difference is explained below

	31 March 2008	31 March 2007
	£	£
Current tax reconciliation		
Profit on ordinary activities before tax	3,115,635	1,203,955
Current tax at 30% (2007 30%)	934,690	361,186
Effects of		
Expenses not deductible for tax purposes	6,859	6,495
Total current tax charge (see a)	941,549	367,681
Effective tax rate	30.22%	30.54%

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 £14,569 (2007 £14,472) The standard rate of corporation tax in the UK changes to 28% with effect from 1 April 2008

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer hardware & equipment £	Total £
Cost at 1 April 2007	1,582	198,329	199,911
Additions	22,212	91,221	113,433
Assets written off	-	(166,229)	(166,229)
At 31 March 2008	23,794	123,321	147,115
Depreciation			
At 1 April 2007	1,582	144,015	145,597
Charge for the period	1,851	57,047	58,898

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

Assets written off	-	(166,229)	(166,229)
At 31 March 2008	<u>3,433</u>	<u>34,833</u>	<u>38,266</u>
Net book value 31 March 2008	<u>20,361</u>	<u>88,488</u>	<u>108,849</u>
Net book value 31 March 2007	<u>-</u>	<u>54,314</u>	<u>54,314</u>

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

11. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative transactions	2008		2007	
	Assets £	Liabilities £	Assets £	Liabilities £
Forwards, Futures & options positions	81,315,887	(73,582,434)	49,307,134	(51,909,805)
Forward foreign exchange positions	1,305,784	(16,486,887)	874,318	(229,170)
Total	82,621,671	(90,069,321)	50,181,452	(52,138,975)
Current portion	63,304,088	70,747,592	35,821,050	(37,753,150)
Non current portion	19,317,583	19,321,729	14,360,402	(14,385,825)
Due to/from parent company:				
Current portion	190,733	24,454,521	11,449,453	(23,808,289)
Non current portion	20	6,955,554	3,739,070	(12,818,982)

Forwards, futures and options positions include metal and coffee forward and options contracts 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 forward, futures & options positions. As is normal in the market place, settlements are made on a net basis as they fall due.

The fair value of forward and option contracts is based on the market price of comparable instruments as at balance sheet date, as provided by the relevant exchange. The fair value of forward currency contracts has been determined based on market forward exchange rates as at the balance sheet date. All fair value amounts have been included in the profit and loss account for the year ended 31 March 2008.

12. AVAILABLE FOR SALE INVESTMENTS

	31 March 2008 £	31 March 2007 £
Shares in		
LME (Holdings) Limited "A" shares	1	1
LME (Holdings) Limited "B" shares	1,834,000	-
LCH Clearnet Group Ltd	297,619	297,619
	2,131,620	297,620

LME (Holdings) Limited "A" shares

The company received 250,000 "A" shares of 10 pence each as part of de-mutualisation process of the London Metal Exchange Ltd in December 2001. The shares are carried at a nominal value of £1 as no consideration was paid by the company.

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

LME (Holdings) Limited "B" shares

In May 2006 the company received 30,000 "B" shares in LME (Holdings) Ltd for which no consideration was paid. It is a requirement of the LME that 25,000 "B" shares must be held by Category one and two LME clearing members and as a consequence the company will retain such a number. The company sold 3,800 shares during the year and recorded a profit of £275,250 which was transferred from the AFS Reserve to the profit and loss account (see Note 17). The 26,200 shares held at year end are stated at £70.00 per share.

LCH.Clearnet Group Ltd

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 as it is not possible to determine a reasonable fair value.

13 DEBTORS

	31 March 2008 £	31 March 2007 £
Amounts due less than one year:		
Amount due to group undertaking	63,063	91,525
Prepayments & accrued income	299,296	163,836
LCH members default fund	237,000	342,000
Other debtors	41,130	24,058
	<u>640,489</u>	<u>621,419</u>
Amounts due greater than one year:		
Other debtors	<u>14,486</u>	<u>16,595</u>

There are no concentrations of credit risk (Note 20) amongst debtors. No debtors are past their due date or impaired at year end.

14. CASH AT BANK AND IN HAND

	31 March 2008 £	31 March 2007 £
Term deposits maturing within one month	8,511,801	8,242,972
Cash at bank	9,900,559	1,133,817
	<u>18,412,360</u>	<u>9,376,789</u>

The fair value of short term deposits is equal to their presented book value.

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

15. CREDITORS: amounts falling due within one year

	31 March 2008	31 March 2007
	£	£
Bank overdraft	1,105,566	100,314
Amounts owed to group undertakings	-	89,450
Taxation and Social Security	437,639	175,178
Group relief payable	-	60,288
Other creditors	28,349	-
Accruals	1,119,593	581,062
Derivative Financial Instruments (Note 11)	70,747,592	37,753,150
	<u>73,438,739</u>	<u>38,759,442</u>

16. CALLED UP SHARE CAPITAL

	31 March 2008	31 March 2007
	£	£
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>

Share Capital constitutes the managed capital of the Company. This consists entirely of permanent share capital reserves (primarily retained profit & loss), all of which qualify for inclusion as financial resources for regulatory purposes. The Company is authorised and regulated by the Financial Services Authority ("FSA"), and is subject to the FSA's minimum capital standards and requirements as applicable to UK Non-ISD Firms. These require, inter alia, that a minimum ratio of Capital available to risk weighted Capital Requirements of 100% is maintained at all times. In addition there are concentration and liquidity mismatch calculations and reporting requirements.

The Company's sets of objectives, policies and processes relating to the management of capital, and for ensuring that the FSA's minimum capital standards are met. FSA requirements are fully incorporated into capital management objectives, policies and processes. The major risk categories considered by both the FSA and the Company are those pertaining to Credit Risk, Market Risk and Operational Risk.

All FSA capital requirements imposed on the Company during the year were met.

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Issued Share Capital £	Available for sale Investment Reserve £	Profit and Loss Account £	Total 2008 £	Total 2007 £
At 1 April	5,500,000	-	1,902,922	7,402,922	6,666,648
Profit for the year	-	-	2,174,085	2,174,085	836,274
Revaluation	-	2,109,250	-	2,109,250	-
Transfer to P&L	-	(275,250)	-	(275,250)	-
Dividend paid	-	-	(242,000)	(242,000)	(100,000)
At 31 March	5,500,000	1,834,000	3,835,007	11,169,007	7,402,922

A dividend of £275,000 in respect of the year ended 31 March 2008 will be paid in the financial year ending 31 March 2009 as approved at the Annual General Meeting

18. COMMITMENTS AND CONTINGENCIES

At the end of the financial year the company had a commitment for a further two years under a software licence agreement (2007 nil) There were no other material capital commitments or contingencies at the end of the financial year (2007 nil)

19. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2008 the company had an annual service and tenancy commitment under a cancellable operating agreement expiring as follows

	31 March 2008 £	31 March 2007 £
Within one year	123,387	42,684

20. 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 by making daily measurements and comparing with limits set down

Price risk:

The Company's principal business involves acting as a broker and dealer in commodity derivatives and it holds positions primarily on a back to back basis with clients and brokers Open trading positions

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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 marked to market movement and position structure. On a daily basis LCHClearnnet communicate the current fair price of all derivatives financial assets and liabilities traded by the company.

A 1% change in these prices would have resulted in a net change of £74,477 in the market value of open derivative contracts at 31 March 2008.

Credit risk:

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions and from derivative financial instruments exposure to counterparties. 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 company calls margin for cover should net exposures covered by netting agreements, exceed the lines granted. It considers its dealings with the present range commodities as one class of financial asset.

The company has determined that concentration risk can arise through exposure to any one counterparty or counterparty group, from the industry segment those counterparties are involved in, and from geographic region. At the balance sheet date the company had an exposure to LCHClearnnet of £49,790,425. There was no concentration exposure to either geographic region or industry segment at the balance sheet. The total credit facilities granted to Exchanges, broker, group companies and external clients is shown below together with the amount of net exposure, as mentioned above utilised at the balance sheet date. There were no impaired exposures and no counterparty had exceeded its credit limit at the balance sheet.

31 March 2008		31 March 2007	
Credit Facility £	Utilised £	Credit Facility £	Utilised £
88,876,580	8,191,152	56,650,747	4,957,395

Liquidity risk:

Prudent liquidity risk management implies maintaining sufficient cash, cash equivalent, deposits and adequate bank facilities readily available to fund its day to day business. Funding levels are reviewed at least annually by the company and its parent company and account taken of business plans and market levels to ensure an appropriate level of facilities are available.

The table below analyses the company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual

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maturity date Derivative balances are presented at their carrying values, as the net impact of discounting variation margin is not significant

At 31 March 2008	On Demand	Less than three months	Less than one year	Over 1 year
Bank overdraft	1,105,566	-	-	-
Accruals	-	1,119,593	-	-
Other creditors	-	28,349	-	-
Derivative financial instruments	9,791,443	24,500,902	36,432,495	19,321,729
	10,897,009	25,648,844	36,432,495	19,321,729

At 31 March 2007	On Demand	Less than three months	Less than one year	Over 1 year
Bank overdraft	100,314	-	-	-
Accruals	-	581,062	-	-
Other creditors	-	-	-	-
Derivative financial instruments	3,236,470	14,420,258	20,096,422	14,385,825
	3,336,784	15,001,320	20,096,422	14,385,825

Foreign exchange risk:

The company is exposed to movement in United States dollar (dollar) and sterling exchange rates because it operates mainly in dollar denominated commodities and reports the financial statements in sterling

Management has set a policy that where the company contracts in a currency other than dollar, that contract is immediately covered with respect to the dollar The company is also required to sell its dollar income stream for sterling on a monthly basis The company has receivables and payables in non sterling currencies and the resulting currency exposure within net assets are exposed to currency translation risk

An increase of 5% change in respect of spot exchange rates to sterling at the balance sheet date would have resulted in a credit to profit and loss on translation difference in respect of net currency assets of £16,000, whilst a 5% decrease in the spot exchange rate to sterling of 5% would have resulted in a debit of £10,000

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	31 March 2008 £
USD	(22,783,240)
Sterling	0
Yen	30,156,513
Euro	74,379
	<u>7,447,652</u>

The information required for year ended 2007 cannot be ascertained to give disclosure on the same basis as year end 2008

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 deposits normally of up to one month. Interest is not charged or incurred on outstanding derivative asset and liabilities with brokers or clients.

The average effective interest rate on these deposits at 31 March 2008 was 5% (2007 5%)

A plus or minus 1% change in sterling interest rates on deposits held at the balance date would have resulted in a change of £233 to the profit and loss account.

21. 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.