Company Registration No. 3674104

TOYOTA TSUSHO METALS LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

TOYOTA TSUSHO METALS LIMITED

DIRECTORS

Mr Takeo Fujihara
Mr Alan Spinks
Mr Takuya Suehiro
Mr Hiroto Nakane
Mr Takashi Hirobe

Company secretary	Mr Takuya Suehiro
Registered office	63 Queen Victoria Street, London EC4N 4UA
Independent Auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

TOYOTA TSUSHO METALS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2012

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 post tax profit for the year ended 31 March 2012 of £1,285,342 (2011 £1,444,850) will be transferred to reserves

Given the market conditions during the last financial year, the directors are satisfied with both the level of growth in business and level of profit during the year The directors monitor the performance of the company against budgets produced from business plans agreed upon annually There are no other KPI measurements that the directors use

Future outlook

The company continues to consolidate and develop its present metal trading activities During the year the company commenced brokerage activity in soft commodities It still continues to actively pursue its plans to expand into other futures markets and regions

Principal risks

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 as explained further in note 18 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 company is also exposed to operational, foreign exchange and regulatory risk Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events The company operates in a control based environment and is reviewed annually by its parent company The company also complies with J-Sox procedures stipulated by the parent company Foreign exchange risk is the risk arising from adverse foreign exchange rates Regulatory risk is the risk associated with the potential for laws related to a given industry, country, or type of security to change and impact relevant investments Regulatory risk is also the risk of non-compliance The company uses its trade association membership and keeps abreast of current affairs to be aware of potential changes in regulatory requirements

J-SOX

From April 2009 it has been necessary for the company to comply with J-SOX requirements The company's s ystems and controls were tested during the year for compliance by periodic internal assessments, in accordance with group procedures The results of these tests are reported to the parent company and were found to be satisfactory

Dividends

The directors have recommended a final dividend payment of £210,000 (0 020 per share) in respect of the year ending 31 March 2012 and is to be approved by the shareholders at the AGM held on 27 June 2012 (31 March 2011 £735,000)

Political and charitable contributions

The company made no political or charitable contributions during the period (2011 £Nil)

TOYOTA TSUSHO METALS LIMITED

DIRECTORS' REPORT (continued)

Directors' and directors' interests

The directors who held office during the year and to the date of signing were as follows

Mr Takeo Fujihara	Executive (changed to non-executive 1 April 2012)
Mr Alan Spinks	Executive
Mr Hiroto Nakane	Non-executive
Mr Hideki Kondo	Non-executive (resigned 1 April 2012)
Mr Takashi Hirobe	Non-executive
Mr Takuya Suehiro	Executive (appointed 1 April 2012)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to auditors

In the case of each director in office at the date the directors' report is approved

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Pillar 3 Disclosure

Details of the company's unaudited Pillar 3 disclosures as required by Chapter 11 of FSA Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), are located on the company's website – www ttmetals com

Independent 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

Going Concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

By order of the board

Takuya Suehiro

Company secretary **27 June 2012**

Company Number· 3674104

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 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movements in Shareholders' Funds and the related notes on pages 8 to 28 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, 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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

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

F. Meijs

Fleur Meijs (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

29 June 2012

TOYOTA TSUSHO METALS LIMITED
FINANCIAL STATEMENTS

PROFIT AND LOSS ACCOUNT

	Note	31 March 2012 £	31 March 2011 £
TURNOVER	1d	**5,008,826**	4,989,802
Administrative expenses		**(3,418,240)**	(3,238,467)
Other operating income		**45,293**	49,524
OPERATING PROFIT		**1,635,879**	1,800,859
Dividend income	11	**105,000**	105,000
Interest receivable and similar income	6	**355,558**	79,945
Interest payable and similar charges	7	**(400,150)**	(13,397)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	**1,696,287**	1,972,407
Tax on profit on ordinary activities	8	**(410,945)**	(527,557)
PROFIT FOR THE FINANCIAL YEAR	16	**1,285,342**	1,444,850

All amounts relate to continuing operations There is no material difference between the profit on ordinary activities before tax and the profit for the financial year stated above on their historical cost convention

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	31 March 2012 £	31 March 2011 £
Profit for the financial year	16	**1,285,342**	1,444,850
Revaluation of available for sale investments	16	**14,634,974**	276,250
Total recognised gains and losses for the financial year		**15,920,316**	1,721,100

The notes on pages 10 to 28 form an integral part of these financial statements

TOYOTA TSUSHO METALS LIMITED

FINANCIAL STATEMENTS

BALANCE SHEET as at 31 March 2012

	Note	31 March 2012	31 March 2011
		£	£
Fixed assets			
Tangible assets	9	**79,840**	36,193
Financial assets			
- Available for sale investments	11	**16,302,500**	1,667,526
- Derivative financial instruments	10,12	**3,748,976**	3,911,839
- Other Debtors	12	**3,451**	6,266
		20,134,767	5,621,824
Current assets			
Financial assets			
- Derivative financial instruments	10	**39,580,121**	37,746,063
- Debtors	12	**12,852,303**	3,147,436
- Term deposits	13	**27,595,637**	15,236,382
- Cash at bank and in hand		**8,289,810**	6,549,506
		88,317,871	62,679,387
Creditors – amounts falling due within one year	14	**(73,131,430)**	(47,625,330)
Current Assets less Current Liabilities		**15,186,441**	15,054,057
Total Assets less Current Liabilities		**35,321,208**	20,675,881
Creditors - amounts falling due after more than one year	10,14	**(3,291,197)**	(3,831,186)
Net assets		**32,030,011**	16,844,695
Capital and reserves			
Called up share capital	15	**10,500,000**	10,500,000
Profit and Loss Account	16	**5,432,537**	4,882,195
Available for sale investment reserve	16	**16,097,474**	1,462,500
Total shareholders' funds		**32,030,011**	16,844,695

These financial statements were approved by the Board of Directors on 27 June 2012

Signed on behalf of the Board of Directors

Director, Takuya Suehiro

The notes on pages 10 to 28 form an integral part of these financial statements

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

1. ACCOUNTING POLICIES

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 2006, applicable accounting standards in the United Kingdom

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 Accounting policies have been applied consistently other than where new policies have been adopted

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

b) Cash flow statement

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

c) Related party transactions

Under Paragraph 3I 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

d) Turnover

Turnover comprises commission and trading income 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 Transactions are recognised in the profit and loss account on the date the trade is conducted

e) Interest income and expense

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

f) Tangible Fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation Cost includes the original purchase price of the asset and the cost attributed to bringing the asset to its working condition for its intended use

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 hardware and equipment	3 years
Fixtures and fittings	3 years

g) Taxation

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

h) 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 Net deferred tax 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

i) 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 at exchange rates ruling on the date the transaction is posted Gains or losses on translation are recognised in the profit and loss account for the period

j) 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 remeasurement is taken to the profit and loss account All derivatives are included in assets when their value is positive and liabilities when their fair value is negative after taking account of any master netting agreements in place

k) Available for sale investments

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 determine a reliable estimate of fair value, the amounts are held at cost

l) 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

m) Debtors

Debtors relate to accrued commission income and trade debtors Financial assets are recognised initially at fair value and subsequently measured at cost less impairment

n) 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

o) 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 profit and loss account 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 of way of penalty is recognised as an expense in the period in which termination takes place

p) Pension Cost

The company has a defined contribution staff pension plan The amount charged to the profit and loss account in respect of pension costs is the contributions payable for the period Differences between contributions payable for the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet

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

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after including

	Note	31 March 2012 £	31 March 2011 £
Auditors' remuneration			
Audit services		**63,000**	60,800
Other services – taxation		**7,400**	6,250
All other services		**1,600**	1,600
Rent		**162,188**	157,404
Operating Leases		**123,100**	123,100
Depreciation	9	**32,075**	36,385
Staff costs	5	**1,820,741**	1,747,782
Recharged staff costs payable to parent company and fellow subsidiary	5	**219,087**	220,301

4 REMUNERATION OF DIRECTORS

	31 March 2012 £	31 March 2011 £
Directors' emoluments	**602,385**	**650,657**

The directors of the company did not receive any remuneration under long term incentive schemes or any shares in the company (2011 £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 5) These amounts are included within administrative expenses The aggregate emoluments paid to or receivable by the highest paid director were £364,097 (2011 £430,356) No amounts were contributed to any pension scheme on behalf of the highest paid director

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 2012	31 March 2011
Operational staff	9	7
Administrative staff	7	6
	16	13

The above does not include non-executives outlined on Page 4

The aggregate payroll costs of these persons were as follows

	£	£
Wages and salaries	1,644,154	1,593,663
Social security costs	176,587	154,119
	1,820,741	1,747,782
Recharged staff costs payable to parent company and fellow subsidiary	219,087	220,301
	2,039,828	1,968,083

The company has a defined contribution staff pension plan to which individuals can make voluntary contributions The company contributed £21,137 in the financial year (2011 £14,680)

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	31 March 2012 £	31 March 2011 £
Bank deposit interest	**350,881**	74,794
Interest owed by group undertakings	**971**	78
Other interest	**3,706**	5,073
	355,558	79,945

7 INTEREST PAYABLE AND SIMILAR CHARGES

	31 March 2012 £	31 March 2011 £
Bank loan and overdraft interest	**391,729**	12,885
Other interest	**8,421**	512
	400,150	13,397

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of the charge in the period

	31 March 2012 £	31 March 2011 £
UK corporation tax current period at 26% (2011 28%)	**410,945**	527,557

b) Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 26% (2011 28%) The timing difference is explained below

Current tax reconciliation	**31 March 2012**	31 March 2011
	£	£
Profit on ordinary activities before tax	**1,696,287**	1,972,407
Current tax at 26% (2011 28%)	**441,034**	552,274
Effects of		
Double Tax Relief and Overseas Tax	**(5,158)**	143
Expenses not deductible for tax purposes	**4,594**	4,540
Impact of non-taxable income	**(27,300)**	(29,400)
Capital Allowances and adjustments	**(2,225)**	0
Total current tax charge (see a)	**410,945**	527,557
Effective tax rate	**24.23%**	26 75%

A resolution passed by Parliament on 26 March 2012 reduced the main rate of Corporation Tax to 24% from 1 April 2012 In addition a number of changes to the UK Corporation tax system were announced in the March 2012 UK Budget statement Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is expected to be included in the Finance Act 2012 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 22% by 1 April 2014 These further changes have not been substantively enacted at the balance sheet date and therefore, are not included in these financial statements

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 £19,364 (2011 £23,072)

The effect on the changes outlined above are expected to be enacted in the Finance Act 2012 would be to reduce the potential deferred tax asset This would decrease profits by £807 This decrease in the potential deferred tax asset is due to the reduction in the corporation tax rate from 24% to 23% with effect from 1 April 2013

The proposed reductions of the main rate of corporation tax by 1% per year to 22% by 1 April 2014 are expected to be enacted separately each year The overall effect of the further changes from 24% to 22%, if these applied to the potential deferred tax balance at the balance sheet date would be to further reduce the potential deferred tax asset by an additional £807

TOYOTA TSUSHO METALS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2012

9 TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer hardware & equipment £	Total £
Cost at 1 April 2011	32,854	174,641	207,495
Additions	3,641	72,080	75,721
Disposals	0	(8,101)	(8,101)
At 31 March 2012	**36,495**	**238,620**	**275,115**
Depreciation			
At 1 April 2011	31,344	139,958	171,302
Disposals	0	(8,101)	(8,101)
Charge for the period	1,972	30,103	32,075
At 31 March 2012	**33,316**	**161,960**	**195,276**
Net book value 31 March 2012	**3,180**	**76,660**	**79,840**
Net book value 31 March 2011	1,510	34,683	36,193

10. DERIVATIVE FINANCIAL INSTRUMENTS

	2012		2011	
Derivative transactions	**Assets £**	**Liabilities £**	Assets £	Liabilities £
Forwards, Futures and options positions	**33,238,193**	**(41,949,166)**	41,592,087	(36,214,346)
Forward foreign exchange positions	**10,090,904**	**(330,460)**	65,815	(2,451,617)
Total	**43,329,097**	**(42,279,626)**	41,657,902	(38,665,963)
Current portion	**39,580,121**	**(38,988,428)**	37,746,063	(34,834,777)
Non current portion	**3,748,976**	**(3,291,197)**	3,911,839	(3,831,186)
Due to/from parent company.				
Current portion	**1,185,742**	**(16,666,924)**	4,190,499	(9,387,720)
Non current portion	**2,062,142**	**(777,490)**	1,181,633	(1,986,013)

Forwards, futures and options positions include metal 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 exchange traded, non exchange traded contracts, and foreign currency transactions is based on the market prices, including FX rates, provided by the London Metal Exchange as at the balance sheet date Other relevant data such as discount rates, is provided by LCH Clearnet All fair value movements have been included in turnover for the year ended 31 March 2012, which totals £3,076,739 (2011 £3,120,724)

11. AVAILABLE FOR SALE INVESTMENTS

	31 March 2012 £	31 March 2011 £
Shares in		
LME (Holdings) Limited "A" shares	**11,340,000**	1
LME (Holdings) Limited "B" shares	**1,400,000**	1,462,500
LCH Clearnet Group Ltd	**3,562,500**	205,026
	16,302,500	1,667,526

The Directors believe the carrying value of the investments is supported by the fair value The impact of a 10% increase or decrease in this valuation has been assessed in Note 18

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 in December 2001 followed by a bonus issue of a further 50,000 shares in March 2002 During the period a competitive bid was held for LME A shares which were purchased in an arm's length transaction The Directors believe that a value of £37 80 best represents the fair value of the shares held at the balance sheet date The valuation technique is based on the transaction price of £42 per share observed in the market, adjusted to account for the lack of marketability of the shares The company also received during the year a dividend of £105,000 (2011 £105,000)

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 be held by Category one and two clearing members The objective of the LME is to encourage new applicants to the Exchange to purchase shares from existing members to achieve the minimum required shareholding During FY08 and FY09, the company sold its additional 5,000 shares recognising a profit of £275,250 and £81,000 respectively

There has been trading of the "B" shares on the secondary market Where a buyer enters the market, but no existing member is willing to sell their surplus shares, the LME will issue new shares at a price determined by its B share committee In February 2012, the Exchange issued shares to a new applicant at a price of £70 per share While this price reflects an approximation of the fair value as the company has reached its minimum required shareholding, it would only be able to realise the investment if it were to cease its membership of the LME In light of this, the directors believe it appropriate to apply a discount factor to the price to reflect the inherent illiquidity of the shareholding While this exercise is subjective by its nature, the directors believe a valuation of £56 per share appropriately combines the latest available price and the illiquidity of the shares

LCH.Clearnet Group Ltd

There is an investment of 250,000 Ordinary Shares of one Euro fully paid up in LCH Clearnet During the period a third party made an offer to purchase 100% of the shares held by the entity in LCH Clearnet This offer was accepted by the entity prior to the year end The Directors believe that a value of £14 25 best represents the fair value of the shares held in LCH Clearnet The valuation technique is based on the offer price of 19 Euro per share plus a further 1 Euro per share in five years time, adjusted to incorporate the uncertainty of the proposed deal which is currently subject to regulatory approval

12. DEBTORS

	31 March 2012 £	31 March 2011 £
Amounts falling due within one year:		
Trade debtors	**3,373,872**	2,030,621
Amount due from group undertakings	**8,083,293**	0
Deferred Income	**170,539**	0
Prepayments and accrued income	**526,021**	618,867
LCH members default fund	**383,000**	182,000
Other debtors	**315,578**	315,948
	12,852,303	3,147,436
Amounts falling due after more than one year.		
Derivative financial instruments (see note 10)	**3,748,976**	3,911,839
Other debtors	**3,451**	6,266
	3,752,427	3,918,105

Concentration of credit risk is disclosed in Note 18 No trade debtors are past their due date or impaired at year end

13. TERM DEPOSITS

	31 March 2012 £	31 March 2011 £
Term deposits less than 3 months	**27,595,637**	15,236,382
	27,595,637	15,236,382

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

14. CREDITORS· Amounts falling due within one year

	31 March 2012	31 March 2011
	£	£
Bank loans and overdrafts	21,757,054	0
Trade Creditors	11,034,025	11,288,331
Derivative financial instruments (see note 10)	38,988,428	34,834,777
Amounts owed to parent	0	3,163
Taxation and Social Security	241,913	250,152
Accruals	1,110,010	1,248,907
	73,131,430	47,625,330
Amounts falling due after more than one year.		
Derivative financial instruments (see note 10)	3,291,197	3,831,186

15. CALLED UP SHARE CAPITAL

	31 March 2012	31 March 2011
	£	£
Authorised, allotted, called up and fully paid		
10,500,000 ordinary shares of £1 each	10,500,000	10,500,000

Share capital constitutes the managed capital of the Company Called up share capital and the profit and loss account on the balance s heet qualify for inclusion as financial resources for regulatory purposes

In addition, the company can call on subordinated loans from third parties to supplement regulatory capital if required and during the year drew down funds under facilities provided for this purpose At the year end the subordinated loan drawn down was £21,000,000 (2011 £NIL) as per note 14 above 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 –MIFID 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 and is measured on a daily basis

The Company's 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, Regulatory Risk and Operational Risk

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

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Issued Share Capital £	Available for sale Investment Reserve £	Profit and Loss Account £	Total 2012 £	Total 2011 £
At 1 April	10,500,000	1,462,500	4,882,195	16,844,695	16,236,595
Profit for the financial year	-	-	1,285,342	1,285,342	1,444,850
Revaluation-LCH Clearnet	-	3,357,475	-	3,357,475	-
Revaluation-LME	-	11,277,499	-	11,277,499	276,250
Transfer to P&L	-	-	-	-	-
Dividend paid	-	-	(735,000)	(735,000)	(1,113,000)
At 31 March	10,500,000	16,097,474	5,432,537	32,030,011	16,844,695

A dividend of £210,000 (£0 020 per share) respect of the year ended 31 March 2012 will be proposed in the financial year ending 31 March 2013 subject to approval at the Annual General Meeting

17. OTHER COMMITMENTS AND CONTINGENCIES

At the end of the financial year the company had three commitments under software licence agreements Two for a further year totalling £83,100 (2011 two years totalling £166,200) and the other for four years totalling £160,000 (2011 five years totalling £200,000) There were no other material capital commitments or contingencies at the end of the financial year (2011 nil)

18. 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 by the Directors of the company As in previous financial years a VaR methodology was used to monitor market risk (including FX risk) providing company level exposure using both Historical and Monte Carlo simulations at a 95% confidence level and a 1 day holding period The simulations including backtesting are calculated on a daily basis The company's Historical VaR (including FX risk) at the year end was $11,814 (2011 $3,205) The average daily VaR for the year was $17,355

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 held by the Company 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 LCH Clearnet communicate the current fair price of all exchange traded derivatives financial assets and liabilities traded by the company

At the year end the company had no outright positions with very limited unmatched date exposure and as a result was not exposed to significant risk from a change in market value of open derivative contracts at 31 March 2012

AFS investments:

A 10% change in the price of the available for sale investments detailed in note 11 above would have resulted in a net change of £1,630,250 (2011 £146,250) in the carrying market value of the assets at 31 March 2012

Credit risk:

Credit risk arises from a counterparty defaulting on a contractual obligation involving cash and cash equivalents, deposits with banks and financial institutions, and from derivative financial instruments (DFI) transactions In particular, the company operates in a market that is largely driven by providing credit to counterparties
The company has credit policies and procedures in place under its Adequate Credit Management Policy (ACMP) and this helps ensure it deals only with counterparties of suitable credit standing After considering a counterparty's financial results and other relevant data, all applications for credit lines are submitted to the parent company's credit committee for formal approval, or rejection Such lines granted are advised to the counterparty and are reviewed at least on an annual basis 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 Although at the year end there was no significant financial, geographic or industry concentration, the company continues to have a major part of its business in Asia The company had exposure to a clearing house of £8,286,514 (2011 £17,634,684) There were no impaired exposures The amount that best represents the company's exposure to credit risk at the year end, without taking account of collateral or other credit enhancements, was equivalent to the current assets as disclosed on the balance sheet less prepayments and accrued income of £526k (2011 £619k) as disclosed in note 12 Management, however, have in place master netting agreements that reduce the credit exposure significantly and through the netting of assets and liabilities in the event of a default After taking account of the netting provisions and collateral held in respect of DFI, the company's overall maximum credit exposure in respect of DFI would be would be £26,743,946 (2011 £21,342,419) This includes £8,286,514 to a Clearing House, £13,146,566 to Banks and £7,678,421 to Others

Liquidity risk.

Liquidity risk is the risk that the company is unable to meet its financial obligations as they fall due Prudent liquidity risk management requires maintaining sufficient cash, cash equivalent, deposits and adequate bank facilities readily available to fund the company's day to day business Funding levels are reviewed at least annually by the company and its parent company and account taken of both business plans and market levels to ensure an appropriate level of uncommitted bank facilities are available to support the business To achieve this, significant parent support by way of guarantees is provided to the banks that provide these facilities to the company The facilities cover funding for daily operational requirements to LCH Clearnet, and subordinated loan funding when required for regulatory capital purposes At the balance sheet date the company had adequate unutilised facilities

The table below analyses the company's total financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date

At 31 March 2012	Less than three months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
	£	£	£	£	£	£	£
Assets							
Derivative financial instruments	22,526,455	9,577,760	6,183,468	1,776,201	-	-	40,063,884
Derivative financial instruments - due by parent	859,230	351	432,856	1,972,775	-	-	3,265,212
Trade debtors	3,373,872	-	-	-	-	-	3,373,872
Trade debtors – due by parent	8,083,293	-	-	-	-	-	8,083,293
Other debtors	1,012,388	35,655	19,547	3,454	-	-	1,071,044
Term deposits	27,595,637	-	-	-	-	-	27,595,637
Cash at bank and in hand	8,289,810	-	-	-	-	-	8,289,810
TOTALS	71,740,685	9,613,766	6,635,871	3,752,430	-	-	91,742,752
Liabilities							
Derivative financial instruments	15,274,136	3,858,078	3,189,292	2,513,706		-	24,835,212
Derivative financial instruments -due to parent	9,940,133	3,986,029	2,740,761	777,491		-	17,444,414
Trade creditors	11,034,025	-	-	-	-	-	11,034,025
Bank Loans and overdrafts	21,757,054	-	-	-	-	-	21,757,054
Other creditors	241,913	-	-	-	-	-	241,913
TOTALS	58,247,261	7,844,107	5,930,053	3,291,196	-	-	75,312,618

TOYOTA TSUSHO METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2012

At 31 March 2011	Less than three months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
	£	£	£	£	£	£	£
Assets							
Derivative financial instruments	20,183,170	9,008,436	4,363,958	2,730,206	-	-	36,285,770
Derivative financial instruments – due by parent	2,554,590	747,185	888,724	1,181,633	-	-	5,372,132
Trade debtors	2,030,621	-	-	-	-	-	2,030,621
Other debtors	910,149	27,969	10,865	6,266	-	-	955,249
Term deposits	15,236,382	-	-	-	-	-	15,236,382
Cash at bank and in hand	6,549,506	-	-	-	-	-	6,549,506
TOTAL	47,464,418	9,783,590	5,263,547	3,918,105	-	-	66,429,660
Liabilities							
Derivative financial instruments	16,381,163	7,126,574	1,939,320	1,845,173	-	-	27,292,230
Derivative financial instruments - due to parent	4,412,768	1,941,838	3,033,114	1,986,013	-	-	11,373,733
Trade Creditors	11,291,494	-	-	-	-	-	11,291,494
Bank loans and overdrafts	0	-	-	-	-	-	0
Other creditors	250,152	-	-	-	-	-	250,152
TOTAL	32,335,577	9,068,412	4,972,434	3,831,186	-	-	50,207,609

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 charge to profit and loss on translation difference in respect of net currency assets of £71,683 (2011- £154,691) whilst a 5% decrease in the spot exchange rate to sterling would have resulted in a gain of £79,228 (2011 £170,975)

The foreign exchange exposure of the company, net of forward FX hedges, is as follows

	31 March 2012 £	31 March 2011 £
USD	**2,034,279**	21,648,543
Yen	**(537,786)**	(18,418,762)
Euro	**8,840**	18,737
	1,505,333	3,248,518

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 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 2012 was 0 65% (2011 0 49%)

An increase or decrease of 1% in interest rates on deposits and loans held at the balance sheet date would have resulted in a net gain to the profit and loss account of £168,862 (2011 £5,105) in respect of an increase in rate, and a loss of £166,550 in respect of a decrease (2011 £2,688)

Fair value hierarchy

The company has disclosed their derivative positions under the three tier hierarchy for fair value measurement as required under FRS 29 Financial instruments, disclosures for the year ended 31 March 2012 Level 1 relates to positions where quoted (unadjusted) prices are readily observable and obtainable for identical assets and liabilities in an active market Level 2 relates to positions which require input (other than quoted prices included within level 1) that are observable for the asset and the liability, either directly (prices) or indirectly (derived from prices) Level 3 relates to positions which require inputs for the asset and liability that are not based on observable market data

The company has determined it has futures and options positions which are classified as level 1, and metal forward and FX positions classified as level 2 The total of Level 1 assets and liabilities is respectively £25,626,964 and £30,622,371 (see note 10) Level 2 assets and liabilities are respectively £17,702,133 and £11,657,255 (see note10) All prices are derived from quotes or other information from the London Metal Exchange or LCH Clearnet Ltd Additionally, the company has determined that Available for Sale assets of LME A and B shares and LCH Clearnet shares of £16,302,500 which are fair valued at year end using management's best effort valuation methods (see note 11), are classified as level 3 There has been a movement in level 3 on the prior year of £14,634,974 (2011 £276,250)

19. DIVIDENDS

The directors are proposing a final dividend in respect of the financial year ending 31 March 2012 of 0 02p per share which will absorb £210,000 of shareholders funds to be paid on 30th June 2012 (2011 £735,000)

20. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking and controlling party of the company is Toyota Tsusho Corporation, a company incorporated in Japan A copy of the group financial statements may be obtained from Toyota Tsusho Corporation, Toyota Building, 9-8 Meiki 4 – chome, Nakamura-ku, Nagoya 450-8575, Japan