Company Registration No. 3674104

TOYOTA TSUSHO METALS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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:	88 Wood Street, London EC2V 7DA
Independent Auditors:	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

TOYOTA TSUSHO METALS LIMITED
STRATEGIC REPORT

The directors present their strategic report on Toyota Tsusho Metals Limited (the "Company") and together with its subsidiary (the "Group") for the year ended 31 March 2014.

Business review

Toyota Tsusho Metals Limited ("the company") is a commodity broker and dealer, 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 Conduct Authority ("FCA"). In the financial year the company's subsidiary, Toyota Tsusho Markets Japan Ltd, commenced operations and the results of the Group are set out in detail on page 9. The post-tax profit for the year ended 31 March 2014 of £3,377,000 (2013: £24,290,000) 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, and of the balance sheet position. 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 or consider relevant to an understanding of the business.

Future outlook

The Group continues to consolidate and develop its present metal trading activities and continued to move forward with its brokerage activity in Precious Metal trading. The new subsidiary will provide the Group with a wider choice of client based in Japan and will enable further development of that market. The directors still continue to actively pursue plans to expand into other futures markets and regions.

Principal risks

The Group activities expose it to a variety of financial risks: price risk, credit risk, liquidity risk and cash flow risk and fair value interest rate risk as explained further in note 18. The Group'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 Group 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 Group 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 Group uses a trade association membership to assist in keeping abreast of current affairs in order to be aware of potential changes in regulatory requirements.

By order of the Board

Takuya Suehiro

Company secretary **27 June 2014**

Company Number: 3674104

TOYOTA TSUSHO METALS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the Company and the Group for the year ended 31 March 2014.

Branches outside the UK

The company has a Nagoya branch office in Japan which facilitates communication with non Japanese clients.

Future outlook

As already mentioned in the Strategic Report the Group continues to consolidate and develop its present metal trading activities and continued to move forward with its brokerage activity in Precious Metal trading. It still continues to actively pursue its plans to expand into other futures markets and region and the new subsidiary in Japan is expected to contribute to further growth in the Japanese client base.

Principal risks

As articulated in the Strategic Report, the group's activities expose it to a variety of risks, which are set out in the Strategic Report. Further details on financial risks are provided in note 18.

J-SOX

From April 2009 it has been necessary for the company to comply with J-SOX requirements. The company's systems 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.

Dividends

The directors have recommended a final dividend payment of £210,000 (£0.02 per share) in respect of the year ending 31 March 2014 and is to be approved by the shareholders at the AGM held on 27 June 2014 (31 March 2013: £210,000).

Political and charitable contributions

The company made no political or charitable contributions during the period (2013: £Nil).

Directors' and directors' interests

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

Mr Takuya Suehiro	Executive
Mr Alan Spinks	Executive
Mr Hiroto Nakane	Non-executive
Mr Takashi Hirobe	Non-executive
Mr Takeo Fujihara	Non-executive

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 Group and Company and of the profit or loss of the Group and 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 Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 has 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 FCA rules 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 Group and Company have 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 2014**

Company Number: 3674104

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

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2014 and of the group's 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and company financial statements (the "financial statements"), which are prepared by Toyota Tsusho Metals Limited, comprise:

- the group and company balance sheet as at 31 March 2014;
- the group profit and loss account and statement of total recognised gains and losses for the year then ended;
- the group and company reconciliation of movements in shareholders' funds for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 group's and 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 and Financial Statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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 ISAs (UK & 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.

H Daubeney

Henry Daubeney (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 June 2014

GROUP PROFIT AND LOSS ACCOUNT

	Note	31 March 2014 £000	31 March 2013 £000
TURNOVER	1e	**5,612**	4,027
Administrative expenses		**(4,838)**	(4,178)
Other operating income		**86**	65
OPERATING PROFIT/(LOSS)		**860**	(86)
Gain on sale of fixed asset investment	11a	**2,970**	32,280
Interest receivable and similar income	6	**382**	569
Interest payable and similar charges	7	**(388)**	(662)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	**3,824**	32,101
Tax on profit on ordinary activities	8	**(447)**	(7,810)
PROFIT FOR THE FINANCIAL YEAR	16	3,377	24,291

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.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	31 March 2014 £000	31 March 2013 £000
Profit for the financial year	16	**3,377**	24,291
Disposal of available for sale investment	16	**(2,955)**	-
Revaluation of available for sale investments	16	-	567
Total recognised gains and losses for the financial year		**422**	24,858

The notes on pages 11 to30 form an integral part of these financial statements.

TOYOTA TSUSHO METALS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

GROUP AND COMPANY BALANCE SHEET

	Note	Group		Company	
		31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
		£000	£000	**£000**	£000
Fixed assets					
Tangible assets	9	**216**	319	**197**	319
Financial assets					
Available for sale investments	11a	**1,440**	4,395	**1,440**	4,395
Derivative financial instruments	10,12	**2,982**	3,063	**2,982**	3,063
Other Debtors	12	**11**	2	**11**	2
Investment in subsidiary undertakings	11b	**-**	-	**734**	741
		4,649	7,779	**5,364**	8,520
Current assets					
Financial assets					
Derivative financial instruments	10	**69,391**	80,854	**69,391**	80,854
Debtors	12	**62,052**	20,968	**61,831**	20,968
Term deposits	13	**34,100**	59,100	**34,100**	59,100
Cash at bank and in hand		**10,988**	7398	**10,312**	6,659
		176,531	168,320	**175,634**	167,581
Creditors: amounts falling due within one year	14	**(132,600)**	(128,909)	**(132,529)**	(128,909)
Current Assets less Current Liabilities		**43,931**	39,411	**43,105**	38,672
Total Assets less Current Liabilities		**48,580**	47,190	**48,469**	47,192
Creditors: amounts falling due after more than one year	10,14	**(4,165)**	(2,987)	**(4,165)**	(2,988)
Net assets		**44,415**	44,203	**44,304**	44,203
Capital and reserves					
Called up share capital	15	**10,500**	10,500	**10,500**	10,500
Profit and Loss Account	16	**32,680**	29,513	**32,569**	29,513
Available for sale investment reserve	16	**1,235**	4,190	**1,235**	4,190
Total shareholders' funds		**44,415**	44,203	**44,304**	44,203

These financial statements were approved by the Board of Directors on 27 June 2014.

Signed on behalf of the Board of Directors

Director, Takuya Suehiro

The notes on pages 11 to 30 form an integral part of these consolidated financial statements

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), comprising of United Kingdom Accounting Standards and applicable law.

As detailed in the Directors' Report, the going concern assumption has been used in preparing these financial statements.

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. The financial statements are prepared under the historical cost convention modified to include the revaluation of certain financial assets and liabilities.

b) Basis of consolidation

The Group financial statements consolidate the assets, liabilities and results of the Company and its one subsidiary. The subsidiary is fully consolidated from the date on which control was established by the Group. The accounting policies adopted by the subsidiary are consistent with those of the Company. Inter-group transactions and balances are eliminated upon consolidation.

c) Cash flow statement

In accordance with Financial Reporting Standard 1 (Revised 1996) 'Cash Flow Statements' the Group is not required to present a cash flow statement in these financial statements. A cash flow statement is included in the publicly available consolidated financial statements of the ultimate parent company, Toyota Tsusho Corporation.

d) Related party transactions

As a wholly owned subsidiary of Toyota Tsusho Corporation whose financial statements are publicly available, the Group is exempt under paragraph 3c) of Financial Reporting Standard 8 'Related Party Disclosures' from the requirement to disclose certain related party transactions in these financial statements. Any related parties other than those covered by this exemption are disclosed.

e) Turnover

Turnover comprises commission and trading income. Commissions earned on fulfilling customer orders are recognised on an accruals basis. Trading income is made up of realised and unrealised gains and losses from the trading of forward metal contracts and other financial instruments designated as fair value through profit and loss.

f) Interest income and expense

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

g) 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 on a straight line basis over their estimated useful economic lives as follows:

Fixtures and fittings	3-5 years
Computer equipment	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. 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.

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 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.

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 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.

l) Available for sale investments

Available for sale assets are those intended to be held for an undefined period of time. They are initially recognised at fair value plus any transaction costs that are directly attributable to the acquisition. 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 for management to determine a reliable estimate of fair value, the amounts are held at cost less impairment.

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. These have determinable payments which are not quoted in an active market and are classified as loans and receivables. They are measured at amortised cost using the effective interest rate method.

o) Creditors

All 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 using the effective interest rate method.

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 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.

q) Pension Cost

The Group and 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 Group and 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 2014 £000**	31 March 2013 £000
Auditors' remuneration:			
Audit services		**101**	66
Other services – taxation		**12**	13
All other services		**2**	2
Rent		**276**	149
Depreciation	9	**129**	65
Staff costs	5	**2,087**	1,761
Recharged staff costs payable to parent company and fellow subsidiary	5	**212**	146

4. REMUNERATION OF DIRECTORS

	31 March 2014 £	31 March 2013 £
Directors' emoluments	**378**	276

The directors of the company did not receive any remuneration under long term incentive schemes or any shares in the company (2013: £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 £268,000 (2013: £168,000). 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 2014	31 March 2013
Operational staff	**13**	12
Administrative staff	**11**	10
	24	22

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

The aggregate payroll costs of these persons were as follows:

	£000	£000
Wages and salaries	**1,893**	1,625
Social security costs	**194**	136
	2,087	1,761
Recharged staff costs payable to parent company and fellow subsidiary	**212**	146
	2,299	1,907

The company has a defined contribution staff pension plan to which individuals can make voluntary contributions. The company contributed £24,000 in the financial year. (2013: £18,000).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	31 March 2014 £000	31 March 2013 £000
Bank deposit interest	**372**	569
Other interest	**10**	0
	382	569

7. INTEREST PAYABLE AND SIMILAR CHARGES

	31 March 2014	31 March 2013
	£000	£000
Bank loan and overdraft interest	**385**	650
Other interest	**3**	12
	388	662

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of the charge in the period

	31 March 2014	31 March 2013
	£000	£000
UK corporation tax current period at 23% (2013: 24%)	**447**	7,810

b) Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013: 24 %). The timing difference is explained below:

Current tax reconciliation	31 March 2014	31 March 2013
	£000	£000
Profit on ordinary activities before tax	**3,824**	32,100
Current tax at 23% (2013: 24 %)	**879**	7,704
Effects of:		
Prior years tax adjustments	**(362)**	0
Expenses not deductible for tax purposes	**10**	101
Capital Gains	**612**	7,747
Impact of non-taxable income	**(683)**	(7,747)
Foreign Income/Tax	**(25)**	0
Capital Allowances and adjustments	**16**	5
Total current tax charge (see a)	**447**	7,810

Effective tax rate	**11.68%**	24.33%

During the year, a change .in the main UK corporation tax rate from 23% to 21% was substantively enacted on 2 July 2013 and became effected from 1 April 2014. A further reduction to the main UK corporation tax rate to 20% effective from 1 April 2015 was also enacted on this date. Deferred tax reflected in these financial statements have been measured at 20%, which was the rate substantively enacted at the balance sheet date.

There is an unrecognised deferred tax asset of £17k (2013- £21k) in respect of differences between depreciation and capital allowances.

9. TANGIBLE FIXED ASSETS

	Group			Company		
	Fixtures & fittings £000	Computer equipment £000	Total £000	Fixtures & fittings £000	Computer equipment £000	Total £000
Cost at 1 April 2013	295	201	496	295	201	496
Additions	6	27	33	5	2	7
Disposals	(33)	(9)	(42)	(33)	(9)	(42)
At 31 March 2014	268	219	487	267	194	461
Depreciation						
At 1 April 2013	56	121	177	56	121	177
Disposals	(33)	(9)	(42)	(33)	(9)	(42)
Charge for the period	88	48	136	88	41	129
At 31 March 2014	111	160	271	111	153	264
Net book value 31 March 2014	157	59	216	156	41	197
Net book value 31 March 2013	239	80	319	239	80	319

10. DERIVATIVE FINANCIAL INSTRUMENTS

Group and Company

	2014		2013	
Derivative transactions	**Assets £000**	**Liabilities £000**	Assets £000	Liabilities £000
Forwards, Futures and options positions	**65,664**	**(64,431)**	53,582	(73,766)
Forward foreign exchange positions	**6,709**	**(1,387)**	30,335	(2,307)
Total	72,373	(65,818)	83,917	(76,073)
Current portion	**69,391**	**(61,653)**	80,854	(73,085)
Non current portion	**2,982**	**(4,165)**	3,063	(2,988)
Due from/to affiliated companies:				
Current portion	**10,762**	**(11,643)**	17,044	(19,213)
Non current portion	**560**	**(257)**	348	(2,141)

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 2014, which totals £6,404,000 (2013: £7,760,000)

11a) AVAILABLE FOR SALE INVESTMENTS – GROUP AND COMPANY

	31 March 2014	31 March 2013
Shares in	**£000**	£000
LME (Holdings) Limited "B" shares	**1,440**	1,440
LCH.Clearnet Group Limited	**-**	2,955
	1,440	4,395

LME (Holdings) Limited "B" shares

In May 2006 the company received 30,000 "B" shares in LME Holdings Limited 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.

There is 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 March 2013 the Exchange issued shares to a new applicant at a price of £72 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 £57.60 per share appropriately combines the latest available price and the illiquidity of the shares.

LCH.Clearnet Group Limited

The company received Euro 3,500,000 in May 2013 based on the offer price of Euro 14 per share and this was in exchange for the company's entire holding of 250,000 ordinary shares.

11b) INVESTMENT IN SUBSIDIARY UNDERTAKINGS

During the prior year Toyota Tsusho Markets Japan Limited (TTMJ) was established as a Subsidiary in Japan with ordinary share capital of JPY 105,000,000 equivalent of £734,000.

12. DEBTORS

	Group		Company	
	31 March 2014	31 March 2013	**31 March 2014**	31 March 2013
Amounts falling due within one year:	**£000**	£000	**£000**	£000
Trade debtors	**51,550**	11,398	**51,550**	11,398
Amount due from affiliated companies	**8,302**	8,073	**8,155**	8,073
Prepayments and accrued income	**689**	961	**619**	961
LCH members default fund	**1,379**	231	**1,379**	231
Other debtors	**132**	305	**128**	305
	62,052	20,968	**61,831**	20,968

	Group		Company	
Amounts falling due after more than one year	**31 March 2014 £000**	31 March 2013 £000	**31 March 2014 £000**	31 March 2013 £000
Derivative financial instruments (see note 10)	**2,982**	3,063	**2,982**	3,063
Other debtors	**11**	2	**11**	2
	2,993	3,065	**2,993**	3,065

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

Group and Company

	31 March 2014 £000	31 March 2013 £000
Term deposits: less than 3 months	**34,100**	59,100
	34,100	59,100

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

14. CREDITORS: Amounts falling due within one year

	Group		Company	
	31 March 2014 £000	31 March 2013 £000	**31 March 2014 £000**	31 March 2013 £000
Bank loans and overdrafts	**52,156**	40,483	**52,156**	40,483
Trade creditors	**16,397**	6,657	**16,397**	6,657
Derivative financial instruments (see note 10)	**61,653**	73,085	**61,653**	73,085
Taxation and social security	**1,172**	7,793	**1,119**	7,793
Other creditors and accruals	**1,222**	891	**1,204**	891
	132,600	128,909	**132,529**	128,909

	Group		Company	
Amounts falling due after more than one year	**31 March 2014 £000**	31 March 2013 £000	**31 March 2014 £000**	31 March 2013 £000
Derivative financial instruments (see note 10)	**4,165**	2,988	**4,165**	2,988
	4,165	2,988	**4,165**	2,988

15. CALLED UP SHARE CAPITAL

	31 March 2014 £000	31 March 2013 £000
Authorised, allotted, called up and fully paid		
10,500,000 ordinary shares of £1 each	**10,500**	10,500

Share capital constitutes the managed capital of the Company. Called up share capital and the profit and loss account on the balance sheet 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. There was no subordinated loan drawn down at the financial year end. (2013: £20, 000,000) as per note 14 above. The Company is authorised and regulated by the Financial Conduct Authority ("FCA"), and is subject to the FCA'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 FCA requirements are fully incorporated into capital management objectives, policies and processes. The major risk categories considered by both the FCA and the Company are those pertaining to Credit Risk, Market Risk, Regulatory Risk and Operational Risk.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	Issued Share Capital £000	Available for sale Investment Reserve £000	Profit and Loss Account £000	Total 2014 £000	Total 2013 £000
At 1 April	10,500	4,190	29,513	44,203	32,030
Profit for the financial year	-	-	3,377	3,377	24,291
Disposal of AFS investment	-	(2,955)		(2,955)	-
Revaluation of AFS investment	-	-	-	-	(567)
Transfer to P&L	-	-	-	-	(11,341)
Dividend paid			(210)	(210)	(210)
At 31 March	10,500	1,235	32,680	44,415	44,203

Company	Issued Share Capital £000	Available for sale Investment Reserve £000	Profit and Loss Account £000	Total 2014 £000	Total 2013 £000
At 1 April	10,500	4,190	29,513	44,203	32,030
Profit for the financial year	-	-	3,266	3,266	24,291
Disposal of AFS investment	-	(2,955)		(2,955)	-
Revaluation of AFS investment	-	-	-	-	(567)
Transfer to P&L	-	-	-	-	(11,341)
Dividend paid			(210)	(210)	(210)
At 31 March	10,500	1,235	32,569	44,304	44,203

A dividend of £210,000 (£0.02 per share) respect of the year ended 31 March 2014 will be proposed in the financial year ending 31 March 2015 subject to approval at the Annual General Meeting.

17. OTHER COMMITMENTS AND CONTINGENCIES

At the end of the financial year the Group had no commitments under software licence agreements (2013: £120,000). There were no other material capital commitments or contingencies at the end of the financial year (2013: £nil).

18. FINANCIAL RISK MANAGEMENT

The Group'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 Group'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. During the year the Group ceased a Value at Risk (VaR) measurement due to a change of system vendors and therefore no disclosure is made for the current year and the Directors are satisfied, given the nature of the Group's activities, that it is not necessary to do so. In the prior year, the Group included Value at Risk (VAR) disclosure in the financial statement.

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 2014.

AFS investments:

A 10% change in the price of the available for sale investment detailed in note 11a above would have resulted in a net change of £144,000 (2013: £440,000) in the carrying market value of the assets at 31 March 2014.

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 Group operates in a market that is largely driven by providing credit to counterparties.

The Group 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 Group 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 Group 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 Group continues to have a major part of its business in Asia. The company had zero exposure to a clearing house. (2013: £4,126,000). 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 £689,000 (2013: £961,000) 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 £81,087,000 (2013: £12,936,000). This includes zero to a Clearing House, £5,430,000 to Banks and £78,662,000 to Others.

Liquidity risk:

Liquidity risk is the risk that the Group 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 Group 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 Group. The facilities cover funding for daily operational requirements of the company 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 2014 The Group	Less than three months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 3 years	Total
	£000	£000	£000	£000	£000
Assets					
Derivative financial instruments	41,877	7,585	9,167	2,422	61,051
Derivative financial instruments - due from affiliated entities	3,776	2,639	4,347	560	11,322
Trade debtors	50,533	-	-	-	50,533
Trade debtors – due from affiliated entities	1,018	-	-	-	1,018
Other debtors	132	-	-	-	132
Term deposits	34,100	-	-	-	34,100
Cash at bank and in hand	11,663	-	-	-	11,663
TOTALS	143,099	10,224	13,514	2,982	169,819
Liabilities					
Derivative financial instruments	35,072	9,212	5,726	3,908	53,918
Derivative financial instruments - due to affiliated entities	8,517	1,462	1,664	257	11,900
Trade creditors	16,397	-	-	-	16,397
Bank Loans and overdrafts	52,156	-	-	-	52,156
Other creditors	1,671	-	-	-	1,671
TOTALS	113,813	10,674	7,390	4,165	136,132

At 31 March 2014 The Company	Less than three months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 3 years	Total
	£000	£000	£000	£000	£000
Assets					
Derivative financial instruments	41,877	7,585	9,167	2,422	61,051
Derivative financial instruments - due from affiliated entities	3,776	2,639	4,347	560	11,322
Trade debtors	50,533	-	-	-	50,533
Trade debtors – due from affiliated entities	1,018	-	-	-	1,018
Other debtors	127	-	-	-	127
Term deposits	34,100	-	-	-	34,100
Cash at bank and in hand	10,987	-	-	-	10,987
TOTALS	142,418	10,224	13,514	2,982	169,138
Liabilities					
Derivative financial instruments	35,072	9,212	5,726	3,908	53,918
Derivative financial instruments -due to affiliated entities	8,517	1,462	1,664	257	11,900
Trade creditors	16,397	-	-	-	16,397
Bank Loans and overdrafts	52,156	-	-	-	52,156
Other creditors	1,618	-	-	-	1,618
TOTALS	113,760	10,674	7,390	4,165	135,989

At 31 March 2013 Group and Company	Less than three months	Between 3 and 6 months	Between 6 and 12 months	Between 1 and 3 years	Total
	£	£	£	£	£
Assets					
Derivative financial instruments	28,262	17,693	17,855	2,714	66,524
Derivative financial instruments – due from parent	8,562	6,612	1,870	348	17,394
Trade debtors	11,398	-	-	-	11,398
Other debtors	8,073	-	-	-	8,073
Term deposits	1,192	51	23	2	1,268
Cash at bank and in hand	59,100	-	-	-	59,100
TOTAL	123,246	24,356	19,747	3,065	170,414
Liabilities					
Derivative financial instruments	26,308	13,068	14,496	846	54,718
Derivative financial instruments - due to parent	6,472	3,795	8,946	2,141	21,354
Trade Creditors	6,657	-	-	-	6,657
Bank loans and overdrafts	40,483	-	-	-	40,483
Other creditors	7,793	-	-	-	7,793
TOTAL	87,712	16,863	23,442	2,988	131,005

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 gain to profit and loss on translation difference in respect of net currency assets of £2,000 (2013- £408,000) whilst a 5% decrease in the spot exchange rate to sterling would have resulted in a loss of £20,000 (2013 £360,000).

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

	31 March 2014 £000	31 March 2013 £000
USD	**1,716**	7,667
Yen	**(2,046)**	(7,995)
Euro	**(88)**	52
	(418)	(276)

Interest rate risk:

The Group and the company have an excess of current assets over current liabilities and are 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 for the company at 31 March 2014 was 1.67% (2013: 0.96 %).

An increase or decrease of 1% in interest rates on deposits and loans held at the balance sheet date for the company would have resulted in a net gain to the profit and loss account of £169,000 (2013: £346,000) in respect of an increase in rate, and a loss of £167,000 in respect of a decrease (2013: £440,000).

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 2014. 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 £62,366,000 and £73,524,000 (see note 10). Level 2 assets and liabilities are respectively £10,007,000 and £7,706,000 (see note 10). 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 B shares of £1,440,000 are fair valued at year end using management's best effort valuation methods (see note 11a), are classified as level 3. There has been a movement in level 3 on the prior year of £2,955,000 (2013 £11,908,000).

All derivative positions held by the group are in the name of the Company. As such, the amounts disclosed above in respect of the Company are also applicable to the Group.

19. DIVIDENDS

The directors are proposing a final dividend in respect of the financial year ending 31 March 2014 of £0.02 per share which will absorb £210,000 of shareholders funds to be paid on 30 June 2014: £210,000).

20. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

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