

Company Registration No. 02214224

Mitsubishi Corporation (UK) Plc

Report and Financial Statements

31 December 2005

Mitsubishi Corporation (UK) Plc

Report and financial statements 2005

Contents	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibility statement	4
Independent auditors' report	5
Profit and loss account	7
Balance sheet	8
Notes to the accounts	9

Mitsubishi Corporation (UK) Plc

Report and financial statements 2005

Officers and professional advisers

Directors

H Nakahara
O Noma
M Kojima

Secretary

T Kuniyoshi

Registered office

Mid City Place
71 High Holborn
London WC1V 6BA

Solicitors

Clifford Chance LLP

Auditors

Deloitte & Touche LLP
Chartered Accountants
London

Mitsubishi Corporation (UK) Plc

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

Principal activities

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

Results and dividends

Profit for the year after taxation amounted to £2,008,000 (2004 – £2,521,000 profit).

The directors recommend that no dividend is paid this year (2004 – £nil).

Business development and future prospects

Results for the year were worse than expected largely because of a provision for a bad debt posted in respect of a customer. This was partly offset by an unexpected capital gain on disposal of an investment relating to ship chartering as well as a write back of prior year tax provisions. The underlying core trading results were mixed, some areas performed better than expected but others performed worse. However, generally trading conditions continue to be very competitive.

We anticipate trading conditions to be tough in the forthcoming year but our expectation is that trading results will be improved. Next year we will be changing our reporting period to 31 March and so will produce accounts for a 15 month period, to 31 March 2007.

Use of derivatives

The company has significant operations outside the UK and, as such, is exposed to movements in exchange rates. To protect cashflows against the high level of exchange rate risk, the company enters into forward exchange contracts to hedge foreign exchange exposures arising on forecast receipts and payments.

The company trades in many different types of commodities and is exposed to many risks. If a derivative market exists for the commodity being traded then the company will use that market to hedge the price risk, though the company does take risk positions subject to close monitoring and adhering to strict company rules.

Directors and their interests

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

H Nakahara
O Noma
M Kojima

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

Charitable contributions

Contributions made to charities during the year amounted to £69,000 (2004 – £61,120).

Mitsubishi Corporation (UK) Plc

Directors' report

Creditors

The company aims to make payment under agreed terms. During the year average payment was 30 days (2004 – approximately 30 days).

Auditors

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

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



H Nakahara

Managing Director

6th APRIL 2006

Mitsubishi Corporation (UK) Plc

Directors' responsibility statement

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare accounts for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which comply with the requirements of the Companies Act 1985.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

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

We have audited the financial statements of Mitsubishi Corporation (UK) Plc for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

Deloitte & Touche LLP

*Chartered Accountants and Registered Auditors
London*

10 April 2006

Mitsubishi Corporation (UK) Plc

Profit and loss account Year ended 31 December 2005

	Note	2005 £'000	2004 Restated* £'000
Turnover	2	1,141,803	997,764
Cost of sales		(1,125,042)	(980,882)
Gross profit		16,761	16,882
Administrative expenses		(17,085)	(17,358)
Other operating income and expenses	5	32	1,530
Operating (loss)/profit	4	(292)	1,054
Profit on disposal of investments	11	1,770	1,367
Income from shares in group undertakings		438	171
Interest receivable and similar income	6	13,941	11,510
Interest payable and similar charges	7	(14,102)	(10,129)
Profit on ordinary activities before taxation		1,755	3,973
Tax credit/(charge) on profit on ordinary activities	8	253	(1,452)
Profit on ordinary activities after taxation and retained profit for the financial year	16	2,008	2,521
Retained profit brought forward		18,842	16,321
Retained profit carried forward		20,850	18,842

* The Company has undertaken a review of the substance of its transactions. It was determined that a number of linked transactions, recognised as trading transactions in 2004 and in prior years, are in substance only one transaction and only one trading transaction should be recognised. This treatment has been adopted in 2005. The 2004 comparatives have been restated in order to be comparable. This restatement has no impact on gross profits or the balance sheet in either year.

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

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

It is not possible to determine the difference between the profit on ordinary activities before taxation and the profit for the current period stated above, and their historical cost equivalents. Given the nature of the business, the historical cost equivalent is not meaningful.

Mitsubishi Corporation (UK) Plc

Balance sheet As at 31 December 2005

	Note	2005 £'000	2004 Restated* £'000
Fixed assets			
Intangible assets	9	6	10
Tangible assets	10	495	1,057
Investments	11	11,067	21,060
		<u>11,568</u>	<u>22,127</u>
Current assets			
Stocks	12	106,768	88,980
Debtors			
Due within one year	13	566,102	563,091
Due after more than one year	13	799	1,720
Cash at bank and in hand		7,331	9,418
		<u>681,000</u>	<u>663,209</u>
Creditors: amounts falling due within one year	14	<u>(638,068)</u>	<u>(632,844)</u>
Net current assets		<u>42,932</u>	<u>30,365</u>
Total assets less current liabilities		<u>54,500</u>	<u>52,492</u>
Net Assets		<u>54,500</u>	<u>52,492</u>
Capital and reserves			
Called up share capital	15	33,650	33,650
Profit and loss account		20,850	18,842
Equity shareholders' funds	16	<u>54,500</u>	<u>52,492</u>

* The Company has undertaken a review of the presentation of certain precious metal leasing contracts. It was determined that lease assets and lease liabilities should be presented gross in the balance sheet. The 2004 comparatives have been restated in order to be comparable. This restatement has no impact on profits or net assets in either year.

These financial statements were approved by the Board of Directors on 6th APRIL 2006.

Signed on behalf of the Board of Directors



H Nakahara

Managing director

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

1. Accounting policies

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

Accounting convention

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

Group accounts

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

Cash flow statement

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

Intangible fixed assets

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

Tangible fixed assets

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

Investments

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

Derivative financial instruments

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

Stocks

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

Turnover

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

Foreign exchange

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

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

1. Accounting policies (continued)

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases. Further details are given in note 18 to the accounts. For operating leases where the company acts as lessor, the assets have been recorded as fixed assets and depreciated over their useful lives. Rental income is credited to the profit and loss account in equal instalments over the period of the lease.

Pension costs

The company operates both a defined benefit and a defined contribution pension scheme. For the defined benefit scheme the expected cost of providing pensions, as calculated every three years by a professionally-qualified actuary, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pensions cost is a substantially-level percentage of current and expected future pensionable payroll. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. Further details of the schemes are given in note 19 to the accounts.

Taxation

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

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

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

Deferred tax assets and liabilities are not discounted.

2. Turnover

Turnover represents:

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

Turnover comprises:

	2005 £'000	2004 £'000
Principal	1,138,475	993,757
Agency	962	1,204
Brokerage	2,366	2,803
	<u>1,141,803</u>	<u>997,764</u>

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

2. Turnover (continued)

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

3. Information regarding directors and employees

	2005 £'000	2004 £'000
Directors' emoluments:		
Other emoluments	483	384
Remuneration of the highest paid director	201	181

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

	No.	No.
Average number of persons employed		
Trading and administration	127	133
	£'000	£'000
Employee costs (excluding directors' emoluments)		
Wages and salaries	4,331	4,746
Social security costs	461	451
Other pension costs	1,435	1,450
Cost in respect of parent company's employees on secondment to Mitsubishi Corporation (UK) Plc	3,452	3,662
	9,679	10,309

4. Operating profit

Operating profit is stated after charging the following amounts:

	2005 £'000	2004 £'000
Depreciation of tangible fixed assets – owned assets	670	750
Amortisation of intangible fixed assets	4	5
Rentals payable under operating leases -other operating leases	1,227	1,442
Rentals receivable under operating leases	151	113
Auditors' remuneration:		
Audit	129	118
Other fees	332	238

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

5. Other operating income and expenses

	2005 £'000	2004 £'000
Other operating income	14,931	11,107
Other operating expense	(14,899)	(9,577)
	<u>32</u>	<u>1,530</u>

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

6. Interest receivable and similar income

	2005 £'000	2004 £'000
Amounts receivable from group undertakings	11,440	9,066
Other interest receivable and similar income	2,501	2,444
	<u>13,941</u>	<u>11,510</u>

7. Interest payable and similar charges

	2005 £'000	2004 £'000
Interest on bank loans and overdrafts repayable within five years	788	944
Interest payable to group undertakings	12,854	8,902
Other interest payable	460	283
	<u>14,102</u>	<u>10,129</u>

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

8. Tax (credit)/charge on profit on ordinary activities

i) Analysis of tax charge on ordinary activities

	2005 £'000	2004 £'000
United Kingdom corporation tax at 30% (2004 – 30%)	279	1,648
Adjustment in respect of prior years	(532)	(196)
Double taxation relief	(98)	(40)
	<u>(351)</u>	<u>1,412</u>
Foreign tax for current period	98	40
	<u>(253)</u>	<u>1,452</u>

ii) Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK: 30% (2004: 30%). The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	<u>1,755</u>	<u>3,973</u>
Tax at 30% thereon:	(526)	(1,192)
Effects of:		
Income / Expenses not deductible for tax purposes	161	(474)
Provision against fixed asset investments	(3)	(20)
Capital allowances in excess of depreciation	(42)	(13)
United Kingdom dividend income	131	51
Prior year adjustments	532	196
	<u>253</u>	<u>(1,452)</u>
Current tax credit/(charge) for the year		

iii) Factors that may affect the future tax charge

A deferred tax asset has not been recognised in respect of timing differences relating to depreciation in excess of capital allowances (£327,528) as there is insufficient evidence that the asset will be recoverable in the foreseeable future.

iv) Tax effect of exceptional items

During the year the company disposed of some fixed asset investments realising a profit of £1,770,000. The tax effect of the disposal was to increase the tax charge by £303,000.

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

9. Intangible assets

	Patents, licences and concessions £'000
Cost	
At 1 January 2005	24
At 31 December 2005	24
Accumulated amortisation	
At 1 January 2005	14
Charge for the year	4
At 31 December 2005	18
Net book value	
At 31 December 2005	6
At 31 December 2004	10

Intangible assets represent an assigned concession.

10. Tangible fixed assets

	Plant and machinery £'000	Furniture, fixtures and fittings £'000	Office equipment £'000	Total £'000
Cost				
At 1 January 2005	243	1,886	4,649	6,778
Additions	-	9	99	108
At 31 December 2005	243	1,895	4,748	6,886
Accumulated depreciation				
At 1 January 2005	92	1,325	4,304	5,721
Charge for the year	40	425	205	670
At 31 December 2005	132	1,750	4,509	6,391
Net book value				
At 31 December 2005	111	145	239	495
At 31 December 2004	151	561	345	1,057

Plant and machinery relates to items held for use in operating leases.

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

11. Investments held as fixed assets

	Shares in subsidiary undertakings £'000	Shares in other group undertakings £'000	Shares in participating interests £'000	Other investments other than loans £'000	Total £'000
Cost					
At 1 January 2005	390	22,377	228	2,005	25,000
Additions	-	1,622	-	-	752
Foreign exchange	14	112	-	-	126
Disposals	-	(11,802)	(228)	(634)	(11,794)
At 31 December 2005	404	12,309	-	1,371	14,084
Provision					
At 1 January 2005	167	2,218	165	1,390	3,940
Additions	5	78	-	-	83
Write back provision	-	-	-	-	-
Foreign exchange	-	-	-	-	-
Disposals	-	(207)	(165)	(634)	(1,006)
At 31 December 2005	172	2,089	-	756	3,017
Net book value					
At 31 December 2005	232	10,220	-	615	11,067
At 31 December 2004	223	20,159	63	615	21,060

Shares in subsidiary undertaking

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

£250,000 represents a 100% shareholding and equivalent voting rights in Buckingham Ventures Limited, a company incorporated in Great Britain. The company acts as a holding company for Celvibe Ltd. As at the year end there is a provision of £172,000 against Buckingham Ventures Limited.

£104,000 represents a 100% shareholding in Sazanka Corporation a company incorporated in Great Britain. The company no longer trades. The original investment was US\$173,000. The movement of £14,000 represent foreign currency movement.

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

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

11. Investments held as fixed assets (continued)

Shares in other group undertakings

Company Name	Country of incorporation	Shareholding %	Shareholding £	Principal business activity
Diamond Seafoods (UK) Limited	United Kingdom	20	200,000	Trading in seafood
Princes Limited	United Kingdom	10	700,000	Trading in canned Foodstuff
MCSi Limited	United Kingdom	20	1,490,000	Printing and Photography
Triland Metals Limited	United Kingdom	9.09	880,001	Metal brokerage
ERB Autokredit AG	Switzerland	10	450,735	Motor vehicle Finance
MLP UK Ltd	United Kingdom	0.69	70,000	Printing and lithographic distributor
Tredia Europe Limited	United Kingdom	20	120,000	Clothing importer
HFSA Investments BV	The Netherlands	20	8,398,197	Holding Company

During the year shares in Ellenita Ltd (original cost US\$255,000) and Lunita Ltd (original cost US\$255,000) were sold at a profit. Also sold during the year were shares held in the Bow Bells House Investment companies (Total cost £10,783,500). On the sale the company was able to write back the provision of £65,000 that had been posted at the end of the previous year.

Results and net assets of associates

	Year ended	Total of the company's share capital and reserves £'000	Profit/(loss) of the company for the year £'000
Diamond Seafoods (UK) Limited	31 December 2004	3,927	598
Tredia Europe Limited	31 December 2004	348	(250)
MCSi Limited	31 December 2002	<u>(4,342)</u>	<u>(7,131)</u>

MCSi Limited is in liquidation.

All the above investments are unlisted.

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

12. Stocks

	2005 £'000	2004 £'000
Finished goods and goods for resale	106,768	88,980

13. Debtors

	2005 £'000	2004 Restated* £'000
Amounts due within one year:		
Trade debtors	126,354	115,731
Amounts owed by parent company and fellow subsidiary undertakings	360,415	397,926
Loans to third parties	12,062	12,375
Other debtors	59,830	34,870
VAT	4,350	-
Corporation Tax	360	-
Prepayments and accrued income	2,731	2,189
	<u>566,102</u>	<u>563,091</u>
Amounts due after more than one year:		
Trade debtors	220	220
Amounts owed by parent company and fellow subsidiary undertakings	579	1,500
	<u>799</u>	<u>1,720</u>
Total debtors	<u>566,901</u>	<u>564,811</u>

* The Company has undertaken a review of the presentation of certain precious metal leasing contracts. It was determined that lease assets and lease liabilities should be presented gross in the balance sheet. The 2004 comparatives have been restated in order to be comparable. This restatement has no impact on profits or net assets in either year. The other debtors balance above represents the precious metal lease assets.

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

14. Creditors: amounts falling due within one year

	2005 £'000	2004 Restated* £'000
Bank loans and overdrafts (unsecured)	28,450	3,372
Trade creditors	184,530	98,049
Amounts owed to parent company and fellow subsidiary undertakings	420,818	522,081
Corporation tax	-	1,410
Other taxation and social security	216	208
Other creditors	325	1,871
Accruals and deferred income	3,729	5,853
	<u>638,068</u>	<u>632,844</u>

* The Company has undertaken a review of the presentation of certain precious metal leasing contracts. It was determined that lease assets and lease liabilities should be presented gross in the balance sheet. The 2004 comparatives have been restated in order to be comparable. This restatement has no impact on profits or net assets in either year. Precious metal lease liabilities of £58,912,000 (2004: £35,861,000) are included within amounts owed to parent company and fellow subsidiary undertakings. The other creditor balance above represents third party precious metal lease liabilities.

15. Called up share capital

	2005 £'000	2004 £'000
Authorised:		
50,000,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid:		
33,650,000 ordinary shares of £1 each	<u>33,650</u>	<u>33,650</u>

16. Reconciliation of movements in equity shareholders' funds

	2005 £'000	2004 £'000
Profit for the financial year	2,008	2,521
Opening equity shareholders' funds	<u>52,492</u>	<u>49,971</u>
Closing equity shareholders' funds	<u>54,500</u>	<u>52,492</u>

Mitsubishi Corporation (UK) Plc

Notes to the accounts Year ended 31 December 2005

17. Contingent liabilities

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

	2005 £'000	2004 £'000
Commitments to honour the repayment of loan obligations	<u>191</u>	<u>172</u>

18. Operating lease commitments

At 31 December 2005, the company was committed to making the following payments during the next year in respect of operating leases:

	2005 Land and buildings £'000	2004 Land and buildings £'000
Leases which expire: In more than five years	<u>1,354</u>	<u>1,208</u>

19. Derivatives not included at fair value

The company enters into forward currency exchange contracts to hedge foreign exchange exposures arising on forecast receipts and payments.

At 31 December 2005, the company had outstanding forward currency exchange contracts with a fair value of £30,468,000.

Mitsubishi Corporation (UK) Plc

Notes to the accounts

Year ended 31 December 2005

20. Pension scheme

Defined benefit scheme

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

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

The defined benefit scheme is administered by Trustees who are appointed by the Principal Employer. They are advised by Buck consultants Limited and an appointed actuary. The defined benefit scheme's assets are managed by Barclays Global Investors.

In November 2000 the Accounting Standards Board issued FRS17 "Retirement Benefits" replacing SSAP24 "Accounting for Pension Costs". The company has now fully implemented FRS17.

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

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

As stated above the last full actuarial valuation was undertaken as at 01 April 2003. Since that date, a funding update has been undertaken using the projected unit funding method as at 31 December 2005. This was not a full actuarial valuation and the only changes have been to the financial assumptions to take into account changes in market rates. This review states the assets of the scheme on a market value basis would secure 89% of the liabilities of the scheme.

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

The pension charge for the year in respect of employees was £1,332,162 (2004 - £1,377,247).

No amounts were accrued or prepaid as at 31 December 2005 (2004 - £nil).

Defined contribution scheme

The company also operates a defined contribution scheme which began on 1 April 2002. The charge for the period (being the contributions made by the company) was £103,068 (2004 - £72,890). No amounts were accrued or prepaid as at 31 December 2005.

Mitsubishi Corporation (UK) Plc

Notes to the accounts

Year ended 31 December 2005

21. Immediate and ultimate parent company

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

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

22. Related party transactions

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