



Report and Financial Statements

31 December 2008

# Marubeni Europe plc

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Registered No. 1885084

## **DIRECTORS**

M Arimune  
T Hiroe  
Y Nomura  
A Watanabe

## **SECRETARY**

J Matsuda

## **AUDITORS**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **SOLICITORS**

Clifford Chance LLP  
10 Upper Bank Street,  
London E14 5JJ

## **REGISTERED OFFICE**

River Plate House,  
7-11 Finsbury Circus,  
London EC2M 7AF

## DIRECTORS' REPORT

The directors present their report and the group financial statements for the year ended 31 December 2008.

### RESULTS AND DIVIDENDS

The group's profit for the year ended 31 December 2008 after taxation and minority interests, amounted to €4,422,000 (2007 Loss - €4,501,000).

The directors do not recommend the payment of a dividend (2007 - €nil).

### PRINCIPAL ACTIVITIES

The group's principal activities during the year were international trading in a broad range of industrial, agricultural and consumer goods, commodities, natural resources and investments, and the provision of financing, insurance, computer and other services related to this trading. Financing activities include the arrangement of group finance loans and deposits with other entities within the wider Marubeni group, which have increased during the year. The company operates through a network of European branches in France, Germany, and Italy.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The group achieved a satisfactory trading result for the year in spite of difficult trading conditions in many of its markets resulting from the worldwide economic downturn. Group operating profit increased by €2,187,000 over the previous year, and non-operating items contributed significantly to an improvement of €6,135,000 in the profit before tax line. This was largely due to gains on sales of fixed asset investments of €2,650,000 against losses of €1,096,000 in the previous year. The year ended 31 December 2007 was also severely affected by provisions of €8339,000, including €7,997,000 due to valuation losses experienced by a related investment company with exposure to 'sub-prime' assets.

Investments in associated companies made a positive contribution in the current year against losses in the previous year. After removing the effects of non-taxable items, the lower trading profits of the group led to a reduction in the group tax charge, which had a positive impact on net profit for the year of some €2,483,000. When considering the combined effects of these various items, the resulting improvement in the bottom line of the income statement amounted to a total of €8,923,000 over the previous year.

#### Business performance indicators

Due to the diversified nature of the group's activities, which cover many kinds of trading together with the financing of trade, the identification of key performance indicators is somewhat subjective. From a trading point of view, operating profit is considered significant, and from a financing perspective net interest earned is considered the best measure of performance. In the current year, the former measure increased by €2,187,000 as mentioned above, whilst net interest earned increased by €577,000 from €5,318,000 to €5,895,000, both of which are considered encouraging in the current economic climate.

Nevertheless management's primary focus is on the long-term prosperity of the company and group, their employees, and Marubeni's trading partners, so the main performance indicator over time is shown by the growth in net assets achieved through retained profits after tax.

#### Management of risk

The Marubeni group's business, in common with other general trading companies, is closely linked to its ultimate parent company and the wider Marubeni Corporation group with respect to trading transactions, ability to obtain funding and the reduction of credit risk. The directors believe that the group is well positioned to survive the current difficult trading conditions and continue to generate trading profits.

## DIRECTORS' REPORT

Having reviewed the group's liquid resources and borrowing facilities, and the financial strength of its balance sheet, the directors believe that the group has adequate resources to continue as a going concern. For this reason, the financial statements have, as usual, been prepared on that basis.

The directors recognise that the company and group face a wide range of financial and market risks in conducting their worldwide business activities. They consider the management of risk to be an important part of their function, and have put in place various strategies for the company and group undertakings, with the aim of limiting exposures to financial, exchange, credit, liquidity and cash-flow risks. These strategies include the use of hedging, insurance, diversification of trading activities, and the use of financial instruments to fix price or forecast foreign exchange requirements as they arise as more fully described in Note 15 of the financial statements. The directors have also implemented a comprehensive set of policies for business conduct and internal control. Given the current turmoil in financial markets, the directors believe that a strong system of internal controls, combined with a focus on compliance and risk management, will contribute to the long-term survival and prosperity of the group through this period of economic instability.

The directors intend to continue to promote core trading operations whilst also seeking new opportunities for investment and diversification within risk parameters acceptable to the group.

### **PAYMENT POLICY**

It is the company's policy to settle all debts with its creditors on a timely basis, taking account of the credit period given by each supplier. At 31 December 2008, there were 49 days' purchases outstanding in trade creditors (2007 - 41 days).

### **DIRECTORS**

The following served as directors of the company during the year and up to the date of signing these financial statements:

S Sonobe (resigned 01/04/2009)  
K Gunji (resigned 01/04/2009)  
S Muto (resigned 01/04/2009)  
T Hiroe  
Y Nomura (appointed 01/04/2009)  
M Arimune (appointed 01/04/2009)  
A Watanabe (appointed 01/04/2009)

### **DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

The company has arranged directors' and officers' liability insurance for all of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985.

There is no qualifying third party indemnity provision in force either during the year or as at the date of approving the directors' report

### **CHARITABLE CONTRIBUTIONS**

Charitable contributions totalling €5,049 were made during the year (2007 - €3,028).

### **DISCLOSURE OF INFORMATION TO THE AUDITORS**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each

DIRECTORS' REPORT

director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**AUDITOR**

A resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the Annual General Meeting.

By order of the board

J Matsuda  
Secretary

29 April 2009

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the group and the company and of the profit and loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether UK 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 group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT  
to the members of Marubeni Europe plc**

We have audited the group and parent company financial statements (the "financial statements") for the year ended 31 December 2008 which comprise the Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet and the related notes 1 to 24. 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**

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

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

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

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

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

**BASIS OF AUDIT OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 group's and the parent company's affairs as at 31 December 2008 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP  
Registered Auditor  
London

# Marubeni Europe plc

## GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 2008

	<i>Notes</i>	2008 €000	2007 €000
<b>TURNOVER</b>	2	688,340	701,049
Cost of sales		(647,137)	(650,095)
<b>GROSS PROFIT</b>		<u>41,203</u>	<u>50,954</u>
Administrative expenses		(45,593)	(49,774)
Other operating income		2,385	2,211
Interest receivable and similar income	6	27,088	23,727
Interest payable and similar charges	7	(21,193)	(18,409)
Amounts written off investments	11	(1,333)	(8,339)
<b>GROUP OPERATING PROFIT</b>	3	<u>2,557</u>	<u>370</u>
Share of operating profits/ (losses) (excluding interest) of associates		155	(55)
Share of interest receivable of associates		29	35
Share of interest payable of associates		(104)	(102)
Share of operating profits/ (losses) of associates		<u>80</u>	<u>(122)</u>
<b>TOTAL OPERATING PROFIT: GROUP AND SHARE OF ASSOCIATES</b>		<u>2,637</u>	<u>248</u>
Profit (Loss) on disposal of fixed asset investments	11	2,650	(1,096)
<b>PROFIT/ (LOSS) BEFORE TAXATION</b>		<u>5,287</u>	<u>(848)</u>
Taxation	8	(839)	(3,322)
<b>PROFIT/ (LOSS) FOR THE YEAR AFTER TAXATION</b>		<u>4,448</u>	<u>(4,170)</u>
Minority interests - equity		(26)	(331)
<b>PROFIT/ (LOSS) FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>	20	<u><u>4,422</u></u>	<u><u>(4,501)</u></u>

## Marubeni Europe plc

### GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2008

	<i>Notes</i>	<i>2008</i> €000	<i>2007</i> €000
Profit/ (loss) for the year excluding share of losses of associates		4,366	(4,311)
Share of associates' profits/ (losses) for the year		56	(190)
		<hr/>	<hr/>
<b>PROFIT / (LOSS) FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY</b>		<b>4,422</b>	<b>(4,501)</b>
		<hr/>	<hr/>
Foreign exchange loss on retranslation of net assets of subsidiary undertakings		(247)	(109)
Foreign exchange loss on retranslation of net assets of associated undertakings		(83)	(24)
Actuarial (loss)/gain on defined benefit pension liability	22	(960)	956
Decrease in deferred tax asset on defined benefit pension liability		-	(317)
Reversal of deferred tax asset on pension liability	8	(426)	-
		<hr/>	<hr/>
		(1,716)	506
		<hr/>	<hr/>
<b>TOTAL RECOGNISED GAINS /(LOSSES) RELATING TO THE YEAR</b>		<b>2,706</b>	<b>(3,995)</b>
		<hr/> <hr/>	<hr/> <hr/>

# Marubeni Europe plc

## GROUP BALANCE SHEET

at 31 December 2008

	<i>Notes</i>	2008 €000	2007 €000
<b>FIXED ASSETS</b>			
Tangible fixed assets	10	2,499	2,175
Fixed asset investments:			
Investment in associates	11	417	489
Other Investments	11	30,558	19,397
		<u>30,975</u>	<u>19,886</u>
		<u>33,474</u>	<u>22,061</u>
<b>CURRENT ASSETS</b>			
Stocks	12	29,387	25,028
Loans receivable - amounts falling due:	13		
after more than one year		81,728	70,919
within one year		457,539	367,760
		<u>539,267</u>	<u>438,679</u>
Other debtors - amounts falling due:	14		
after more than one year		1,247	-
within one year		196,736	144,097
		<u>197,983</u>	<u>144,097</u>
Total debtors		737,250	582,776
Cash at bank and in hand		15,214	27,989
		<u>781,851</u>	<u>635,793</u>
<b>CREDITORS: amounts falling due within one year</b>	16	626,824	483,215
<b>NET CURRENT ASSETS</b>		<u>155,027</u>	<u>152,578</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>188,501</u>	<u>174,639</u>
<b>CREDITORS: amounts falling due after more than one year</b>	17	45,960	35,352
<b>MINORITY INTEREST - EQUITY</b>		2,198	2,453
<b>NET ASSETS EXCLUDING PENSION LIABILITIES</b>		<u>140,343</u>	<u>136,834</u>
<b>PENSION LIABILITIES</b>	22	4,185	3,382
<b>NET ASSETS</b>		<u><u>136,158</u></u>	<u><u>133,452</u></u>

# Marubeni Europe plc

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## GROUP BALANCE SHEET

at 31 December 2008

		2008	2007
	<i>Notes</i>	€000	€000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	85,243	85,243
Share premium account	20	51,681	51,681
Capital reserve	20	(32,245)	(32,245)
Foreign exchange reserve	20	(3,043)	(2,713)
Profit and loss account	20	33,998	30,962
Other Reserves	20	524	524
<b>EQUITY SHAREHOLDERS' FUNDS</b>	20	<u>136,158</u>	<u>133,452</u>

Y Nomura  
Director

A Watanabe  
Director

29 April 2009

# Marubeni Europe plc

## COMPANY BALANCE SHEET

at 31 December 2008

	<i>Notes</i>	<i>€000</i>	<i>2008</i> <i>€000</i>	<i>€000</i>	<i>2007</i> <i>€000</i>
<b>FIXED ASSETS</b>					
Tangible fixed assets	10		2,052		603
Fixed asset investments	11,19		67,769		55,916
			69,821		56,519
<b>CURRENT ASSETS</b>					
Stocks	12		22,208		14,700
Loans receivable - amounts falling due:	13				
after more than one year		81,693		70,880	
within one year		457,539		367,760	
			539,232	438,640	
Other debtors - amounts falling due:	14				
within one year		187,235		132,823	
			187,235	132,823	
Total debtors			726,467		571,463
Cash at bank and in hand			12,514		22,980
			761,189	609,143	
<b>CREDITORS: amounts falling due</b>					
within one year	16		613,432		463,177
			147,757	145,966	
<b>NET CURRENT ASSETS</b>					
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			217,578		202,485
<b>CREDITORS: amounts falling due after more</b>					
than one year	17		45,789		34,824
<b>NET ASSETS EXCLUDING PENSION LIABILITIES</b>			171,789		167,661
<b>PENSION LIABILITIES</b>	22		4,185		3,382
<b>NET ASSETS</b>			167,604	164,279	

# Marubeni Europe plc

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## COMPANY BALANCE SHEET at 31 December 2008

	<i>Notes</i>	<i>2008</i> €000	<i>2007</i> €000
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	85,243	85,243
Share premium account	20	51,681	51,681
Capital reserve	20	-	-
Foreign exchange reserve	20	(575)	(575)
Profit and loss account	20	30,731	27,406
Other Reserves	20	524	524
<b>EQUITY SHAREHOLDERS' FUNDS</b>	20	<u>167,604</u>	<u>164,279</u>

Y Nomura  
Director

A Watanabe  
Director

29 April 2009

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The pensions disclosures in Note 22 have been updated from the prior year in order to comply with amendments to FRS17 published by the Accounting Standards Board. There has been no impact on the financial statements from these changes.

#### *Basis of consolidation*

The group financial statements consolidate the results of Marubeni Europe plc (“the company”) and its subsidiary undertakings, as summarised in Note 11, together “the group”, made up to 31 December each year using the acquisition method. No separate profit and loss account is prepared for Marubeni Europe plc as provided by Section 230(3) of the Companies Act 1985.

Undertakings, other than subsidiary undertakings, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associated undertakings and are accounted for using the equity method. The group financial statements include the appropriate share of these companies’ results and reserves based on audited financial statements or management accounts for each year.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

	<i>Depreciation rate (%) or period</i>	<i>Method</i>
Leasehold land and buildings	over the lease term, up to maximum of 40 years	Straight line, 0% residual value
Motor vehicles	25.0% to 36.9% per annum	Reducing balance, 5% residual value
Fixtures and fittings	10.9% to 68.4% per annum	Reducing balance, 5% residual value
Computer equipment	31.9% to 68.4% per annum	Reducing balance, 5% residual value
Computer software	over 3 to 5 years	Straight line, zero residual value

(Purchased software, including associated installation and modification costs)

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Fixed asset investments*

Fixed asset trade investments are initially valued at cost, less any impairment in value. They are reviewed for impairment if events or changes in circumstances indicate their carrying value may not be recoverable.

#### *Current asset investments*

Current asset investments are stated at the lower of cost and net realisable value.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost represents amounts incurred in bringing each product to its present location and condition and is calculated on a weighted average basis. Net realisable value is based on selling price less further costs expected to be incurred to disposal.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

1. ACCOUNTING POLICIES (continued)

**Revenue recognition**

Turnover is derived as the net amount receivable exclusive of value added tax for goods and services supplied. Income from sales is recognised upon the transfer of title of goods. Income from services is recognised evenly over the earning period. Revenue is recognised as interest accrues at the effective rates. For dividends, revenue is recognised when the group's right to receive payment is established.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over onto replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

*Company*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions or at the contracted rate if the transaction is covered by a forward foreign currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. Such differences are taken to the profit and loss account. Exchange gains and losses on long term monetary items are also included in the profit and loss account. Exchange differences arising on the retranslation of opening net assets and retranslation of results for the year in respect of overseas branches are taken directly to reserves.

*Group*

The net assets of the relevant foreign enterprises are translated at the rate of exchange ruling at the balance sheet date. Profits and losses of these enterprises are translated at average exchange rates for the year. The exchange difference arising on the retranslation of opening net assets and retranslation of results for the year are taken directly to reserves. All other translation differences are taken to the profit and loss account.

**Operating leases**

Rentals paid under operating leases payable and received under operating leases receivable are charged or credited to income on a straight line basis over the lease term. Any benefits arising from an incentive received are allocated over the shorter of the lease term or a period ending on a date from which the prevailing market rental is payable.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

1. ACCOUNTING POLICIES (continued)

*Pensions*

The group, in conjunction with other fellow subsidiary undertakings, operates a defined benefit pension scheme in the UK, which requires contributions to be made to a separately administered fund. Any increase in the present value of the liabilities expected to arise from employee service in the period is charged against operating profit and included as part of staff costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

Pension scheme assets are measured using market values and liabilities are measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred taxation, is presented within provisions for liabilities and charges on the face of the balance sheet.

The company operates unfunded defined benefit pension arrangements in overseas branches which are accounted for in the same way as the UK scheme.

*Cash flow statement*

As a subsidiary of Marubeni Corporation, which publishes group financial statements, the company has taken advantage of the exemption permitted by FRS 1 from the requirement to prepare a cash flow statement.

*Derivative instruments*

The group uses forward foreign currency contracts to reduce exposure to foreign exchange rates. The group also uses interest rate swaps to adjust interest rate exposures.

The group considers its derivative instruments qualify for hedge accounting when certain criteria are met.

*Forward foreign currency contracts*

The criteria for forward foreign currency contracts are:

- the instrument must be related to a firm foreign currency commitment;
- it must involve the same currency as the hedged item; and
- it must reduce the risk of foreign currency exchange movements on the group's operations.

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed future transaction, are not recognised until the transaction occurs.

The group considers its derivative instruments qualify for hedge accounting when they are matched to a corresponding transaction and, accordingly, gains and losses on the hedging instrument are recognised at the same time as gains and losses on the hedged transaction.

*Interest rate swaps*

The criteria for interest rate swaps are:

- the instrument must be related to an asset or liability; and
- it must change the character of the interest rate by converting a variable rate to a fixed rate or vice versa.

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

### 1. ACCOUNTING POLICIES (continued)

Interest differentials are recognised by accruing with net interest payable. Interest rate swaps are not revalued to fair value or shown on the group balance sheet at the year end. If they are terminated early, the gain/ loss is spread over the remaining maturity of the original instrument.

### 2. TURNOVER AND SEGMENTAL INFORMATION

Turnover represents the invoiced amount of goods sold and accruals for services provided which fall within the group's ordinary activities, all of which are continuing.

	2008	2007
	€000	€000
<i>Turnover comprises:</i>		
Principal sales	674,461	686,522
Other sales and commissions	13,879	14,527
	<u>688,340</u>	<u>701,049</u>

No geographical analysis of turnover, pre-tax result or net assets is given as in the opinion of the directors, to provide such information would be seriously prejudicial to the interests of the group.

Marubeni Europe plc purchases, distributes and markets a wide variety of industrial, agricultural and consumer goods, commodities, natural resources and capital equipment to a multitude of industries, and provides financing, insurance, computer and other services related to this trade.

The group operates on a worldwide basis and derives its income from these trading service activities. The directors are of the opinion that its total general trading business constitutes one class of activity. Accordingly its turnover and pre-tax result have not been broken down into classes of activity.

### 3. OPERATING PROFIT

This is stated after charging:

	2008	2007
	€000	€000
Auditors' remuneration	904	773
Depreciation	948	569
Operating lease rentals - land and buildings	3,207	4,597
- others	100	106
	<u>904</u>	<u>773</u>

The remuneration of the auditors is further analysed as follows:

	2008	2007
	€000	€000
Audit of the financial statements	321	383
Other fees to auditors - audit of the group pension schemes	9	10
- local statutory audits for associates (subsidiaries)	120	119
- taxation services	357	40
- corporate finance services	13	14
- other services	84	207
	<u>904</u>	<u>773</u>

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

### 3. OPERATING PROFIT (continued)

Included in the audit of the financial statements figure of €321,000 above are amounts payable to associates of the auditors in respect of the company's branches.

### 4. DIRECTORS' REMUNERATION

	2008 €000	2007 €000
Aggregate emoluments in respect of qualifying services	1,404	1,622
The amounts in respect of the highest paid director were as follows:		
Aggregate emoluments	637	472
The Directors' pension arrangements are disclosed in Note 22.		

### 5. STAFF COSTS

	2008 €000	2007 €000
Wages and salaries	17,038	16,924
Social security costs	1,805	2,168
Other pension costs	1,069	1,218
	19,912	20,310
The average monthly number of employees during the year was made up as follows:		
	2008 No.	2007 No.
Trading	100	110
Administration	66	69
	166	179

In addition, 31 (2007 - 31) personnel employed by Marubeni Corporation were seconded to work for the group during the year. The salary costs of these personnel, which are included in the above figures, are borne by Marubeni Europe plc.

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2008	2007
	€000	€000
Loans receivable and other debtors	3,014	953
Amounts receivable from group undertakings	21,147	18,996
	<u>24,161</u>	<u>19,949</u>
Income from shares in group undertakings	1,144	1,515
Income from unlisted trade investments	484	1,136
Bank deposit interest	1,274	1,055
Interest earned on pension scheme assets	25	72
	<u>27,088</u>	<u>23,727</u>

### 7. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	€000	€000
Bank loans and other loans wholly repayable within five years	7,320	2,896
Bank loans not wholly repayable within five years	456	1,812
Amounts payable to group undertakings	13,417	13,701
	<u>21,193</u>	<u>18,409</u>

### 8. TAXATION

The taxation charge is made up as follows:

	2008	2007
	€000	€000
Current tax:		
UK corporation tax	-	537
Tax (over)/under provided in prior years (UK)	(367)	96
Less: double taxation relief on dividend income	-	(142)
	<u>(367)</u>	<u>491</u>
Overseas tax		
Withholding tax on dividend	-	142
Overseas corporate taxes	994	2,839
Tax (over)/under provided in prior years (overseas)	(43)	13
	<u>584</u>	<u>3,485</u>
Group current tax	584	3,485
Share of associates' current tax	24	68
	<u>608</u>	<u>3,553</u>
Deferred tax:		
Overseas deferred tax – origination and reversal of timing differences	231	(231)
	<u>839</u>	<u>3,322</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

**8. TAXATION** (continued)

***Factors affecting current tax charge (reconciliation of tax)***

The tax assessed on the profit on ordinary activities for the year is lower (2007 - higher) than the standard rate of corporation tax for the region in which the company operates of 30.0% (2007 – 39.3%). The differences are reconciled below:

	2008	2007
	€000	€000
Profit / (Loss) on ordinary activities before tax	5,287	(848)
Profit / (Loss) before tax multiplied by relevant rate (1) of corporation tax to reflect results of European operations (30.0%) (2007 – 39.3%)	1,586	(333)
Timing differences	(15)	(343)
Non-taxable (gain)/loss provision on investments	(453)	3,248
Permanent and other differences	(100)	872
Net effect of tax (over)/under provided in prior years	(410)	109
Total current tax	608	3,553

- (1) The relevant tax rate is 30.0% (2007 – 39.3%). This reflects the fact that the company has branches across Europe - significantly in Germany, Italy, and France, where profits are taxed at rates which are higher than the UK rate of Corporation Tax. The decrease in the relevant tax rate is attributable to decreases in effective tax rates in European jurisdictions, particularly in Germany, where the 2008 Business Tax Reform led to a reduction of 10.55% in effective corporate income tax

***Deferred Tax***

***Group and company***

Deferred tax assets have been recognised in the Balance Sheets in respect of the pension fund liability as set out in Notes 1 and 22. The year-end provision at 31 December is as follows:

	2008	2007
	€000	€000
Deferred tax asset (current) on timing difference for accounting provision	-	231
Deferred tax asset (non-current) on UK pension liability	-	426
	=====	=====
		€000
Deferred tax asset on UK pension liability at 1 January 2008		426
Reversal of deferred tax asset during the year		(426)
		-----
Deferred tax asset on UK pension liability at 31 December 2008		-
		=====

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

### 8. TAXATION (continued)

The deferred tax assets not recognised in the financial statements are as follows:

	2008	2007
	€000	€000
Timing differences on unclaimed capital allowances	1,012	1,155
Pension scheme liability	501	-
	<u>1,513</u>	<u>1,155</u>

There are deferred tax assets of €1,513,000 (2007 – €1,155,000) arising from timing differences on unclaimed UK capital allowances and on the net liability on the UK defined benefit pension scheme, which have not been recognised in the financial statements due to uncertainty surrounding the availability of suitable taxable profits against which these could reverse in the future.

### 9. PROFIT /(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The profit dealt with in the financial statements of the parent company, Marubeni Europe plc, for the year ended 31 December 2008 is €4,711,000 (2007 - Loss €4,764,000).

### 10. TANGIBLE FIXED ASSETS

Group

	<i>Leasehold land and buildings</i>	<i>Motor vehicles</i>	<i>Fixtures and fittings</i>	<i>Computer equipment</i>	<i>Computer software</i>	<i>Total</i>
	€000	€000	€000	€000	€000	€000
Cost:						
At 1 January 2008	367	230	8,154	1,747	99	10,597
Additions	1,499	31	296	263	2	2,091
Disposals	(124)	(38)	(5,015)	(944)	(42)	(6,163)
At 31 December 2008	<u>1,742</u>	<u>223</u>	<u>3,435</u>	<u>1,066</u>	<u>59</u>	<u>6,525</u>
Depreciation:						
At 1 January 2008	223	138	6,434	1,535	92	8,422
Provided during the year	260	37	489	158	4	948
Disposals	(124)	(27)	(4,225)	(926)	(42)	(5,344)
At 31 December 2008	<u>359</u>	<u>148</u>	<u>2,698</u>	<u>767</u>	<u>54</u>	<u>4,026</u>
Net book value:						
At 31 December 2008	<u>1,383</u>	<u>75</u>	<u>737</u>	<u>299</u>	<u>5</u>	<u>2,499</u>
At 1 January 2008	<u>144</u>	<u>92</u>	<u>1,720</u>	<u>212</u>	<u>7</u>	<u>2,175</u>

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

### 10. TANGIBLE FIXED ASSETS (continued)

*Company*

	<i>Leasehold land and buildings €000</i>	<i>Motor vehicles €000</i>	<i>Fixtures and fittings €000</i>	<i>Computer equipment €000</i>	<i>Computer software €000</i>	<i>Total €000</i>
<b>Cost:</b>						
At 1 January 2008	367	230	4,013	1,747	99	6,456
Additions	1,499	31	293	263	2	2,088
Disposals	(124)	(38)	(3,311)	(944)	(42)	(4,459)
At 31 December 2008	1,742	223	995	1,066	59	4,085
<b>Depreciation:</b>						
At 1 January 2008	223	138	3,865	1,535	92	5,853
Provided during the year	260	37	145	158	4	604
Disposals	(124)	(27)	(3,305)	(926)	(42)	(4,424)
At 31 December 2008	359	148	705	767	54	2,033
<b>Net book value:</b>						
At 31 December 2008	1,383	75	290	299	5	2,052
At 1 January 2008	144	92	148	212	7	603

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2008

**11. FIXED ASSET INVESTMENTS**

*Group*

	<i>Associated undertakings €000</i>	<i>Trade investments €000</i>	<i>Total €000</i>
Cost:			
At 1 January 2008	489	30,890	31,379
Exchange difference on retranslation	(83)	-	(83)
Additions	-	14,658	14,658
Liquidation	-	(80)	(80)
Disposals	-	(2,084)	(2,084)
Share of profits retained by associated undertakings	56	-	56
Dividends received from associated undertakings	(45)	-	(45)
At 31 December 2008	<u>417</u>	<u>43,384</u>	<u>43,801</u>
Provisions			
At 1 January 2008	-	(11,493)	(11,493)
Increase in provisions	-	(1,333)	(1,333)
At 31 December 2008	<u>-</u>	<u>(12,826)</u>	<u>(12,826)</u>
Net book value:			
At 31 December 2008	<u>417</u>	<u>30,558</u>	<u>30,975</u>
At 1 January 2008	<u>489</u>	<u>19,397</u>	<u>19,886</u>

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

### 11. FIXED ASSET INVESTMENTS (continued)

#### Company

	<i>Subsidiary undertakings</i>	<i>Associated undertakings</i>	<i>Trade investments</i>	<i>Total</i>
	€000	€000	€000	€000
<b>Cost:</b>				
At 1 January 2008	36,455	1,875	29,232	67,562
Liquidation	-	-	(80)	(80)
Additions	-	-	14,658	14,658
Disposals	(1,019)	-	(426)	(1,445)
At 31 December 2008	<u>35,436</u>	<u>1,875</u>	<u>43,384</u>	<u>80,695</u>
<b>Provisions:</b>				
At 1 January 2008	-	(153)	(11,493)	(11,646)
Increase in provisions	-	-	(1,333)	(1,333)
Decrease in provisions	-	53	-	53
At 31 December 2008	<u>-</u>	<u>(100)</u>	<u>(12,826)</u>	<u>(12,926)</u>
<b>Net book value:</b>				
At 31 December 2008	<u>35,436</u>	<u>1,775</u>	<u>30,558</u>	<u>67,769</u>
At 1 January 2008	<u>36,455</u>	<u>1,722</u>	<u>17,739</u>	<u>55,916</u>

#### Group and company

Disposals of shares in group companies and their investments during the year resulted in gains of €2,667,000 (€2,533,650 after tax), loss €nil (2007 gains €nil, loss - €1,096,000).

The company holds 20% or more of the equity of the following unlisted companies at 31 December 2008:

<i>Name of Company</i>	<i>Country of Incorporation if not Great Britain</i>	<i>Proportion of voting rights and Holding</i>	<i>shares held</i>	<i>Nature of business</i>	<i>Accounting year end</i>
<b>Subsidiary undertakings:</b>					
Fujifilm Hungary Kft.	Hungary	Ordinary shares	100%	Fujifilm distribution	31 December
Hadis Export-Import GmbH	Germany	Ordinary shares	100%	General trading	31 December
Marubeni (Hungary) Engineering And Construction Kft	Hungary	Ordinary shares	100%	Engineering and Construction	31 December
I. Marubeni s.r.o.	Czech Republic	Ordinary shares	100%	Engineering and Construction	31 December
Image Ukraine CJSC	Ukraine	Ordinary shares	70%	Fujifilm distribution	31 December
Marubeni Specialty Chemicals Europe GmbH	Germany	Ordinary shares	51%	Chemicals trading	31 December

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

### 11. FIXED ASSET INVESTMENTS (continued)

#### Associated undertakings:

Marubeni Pulp and Paper					
Sales Europe GmbH	Germany	Ordinary shares	40%	Paper distribution	31 December
Yokohama Austria GmbH	Austria	Ordinary shares	27%	Tyre distribution	31 December
Comaboko SA*	France	Ordinary shares	20%	Foods distribution	31 December
Marnix Europe Limited		Ordinary shares	20%	Insurance consultant	31 December

\*There is a written agreement to sell this investment to the majority shareholder in 2009.

### 12. STOCKS

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
	€000	€000	€000	€000
Goods for resale	22,715	19,333	15,536	9,005
Merchandise in transit	6,672	5,695	6,672	5,695
	<u>29,387</u>	<u>25,028</u>	<u>22,208</u>	<u>14,700</u>

### 13. LOANS RECEIVABLE

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
	€000	€000	€000	€000
Within one year:				
Wholly due within one year from fellow subsidiary undertakings	446,281	336,549	446,281	336,549
Current portion of long term loans receivable				
- fellow subsidiary undertakings	10,289	30,247	10,289	30,247
- due from unrelated parties	969	964	969	964
	<u>457,539</u>	<u>367,760</u>	<u>457,539</u>	<u>367,760</u>
After more than one year:				
- fellow subsidiary undertakings	81,127	69,312	81,127	69,312
- due from unrelated parties	601	1,607	566	1,568
	<u>539,267</u>	<u>438,679</u>	<u>539,232</u>	<u>438,640</u>

Loans receivable due after more than one year represents amounts due from trading customers and fellow subsidiaries, mostly bearing interest rates related to LIBOR and due for repayment over the period up to the year 2018.

€537,697,000 (2007 - €438,147,000) of loans receivable from group parties are guaranteed by the group's parent company, Marubeni Corporation. All loans receivable from fellow subsidiary undertakings are included in the above guaranteed amount.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

**14. DEBTORS**

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
	€000	€000	€000	€000
<i>Within one year</i>				
Trade debtors - amounts falling due within one year	114,467	112,991	100,708	98,549
Advances on merchandise	3,916	1,396	3,916	1,396
Amounts due from subsidiary undertakings	-	-	4,940	4,284
Amounts due from associated undertakings	5,399	5,789	5,399	5,789
Amounts due from parent company	8,204	11,372	8,204	11,372
Amounts due from fellow subsidiary undertakings	53,596	6,307	53,596	6,307
Prepayments and accrued income	835	1,786	835	1,786
Other debtors	10,319	4,225	9,637	3,109
Deferred tax asset current	-	231	-	231
	<u>196,736</u>	<u>144,097</u>	<u>187,235</u>	<u>132,823</u>
<i>After more than one year</i>				
Trade debtors - amounts falling due after more than one year	1,247	-	-	-
	<u>1,247</u>	<u>-</u>	<u>-</u>	<u>-</u>

€11,501,000 (2007 €12,619,000) of group and company trade debtors have been guaranteed by the group's parent company, Marubeni Corporation.

**15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS**

The group's financial instruments, other than short term debtors and creditors and derivatives, comprise fixed asset investments, bank loans, other loans to and from related and unrelated parties, Euro medium-term notes, commercial paper, cash, time deposits and fixed asset investments (excluding investments in associates). The main purpose of these financial instruments is to raise and manage finance for the group's trading operations. This activity has increased during the year. The group also makes trade investments in other group companies at the request of Marubeni Corporation. The group also enters into derivative transactions (principally interest rate swaps, currency swaps, forward currency exchange contracts and commodity futures contracts). The purpose of these transactions is to manage the interest rate, currency and commodity price risks arising from the group's operations and its sources of finance.

It is the group's policy not to engage in trading in financial instruments. Derivative financial instruments are solely used for hedging purposes.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, foreign currency risk, credit risk and commodity market price risk. The board considers these risks, and agrees policies for managing each of them, in order to ensure the long-term stability of the group's operations.

***Interest Rate Risk***

The group borrows in various currencies, normally in order to meet specific lending or investment opportunities, at predominantly floating rates of interest, except where fixed rate assets are to be funded. Where necessary the group then uses interest rate swaps to generate the desired interest profile and to manage the group's exposure to interest rate fluctuations. The group's policy continues to be to maintain a broadly matched profile between fixed and floating interest rate exposures.

***Liquidity Risk***

The group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, commercial paper and Euro medium-term notes and group funding, at the same time seeking to obtain funding at favourable borrowing rates. Details of the group's long-term debt are summarised in note 18.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

**Foreign Currency Risk**

As a result of the significant international transactions in US dollars, Japanese yen and other foreign currencies, and the fact that the parent's functional currency is euro, the group's balance sheet can be significantly affected by movements in exchange rates. However, the group takes steps to reduce the potential for such effects by managing its currency exposures through the use of spot and forward currency exchange contracts, by maintaining asset and liability exposures in matched currencies, and by the use of currency swap contracts.

**Commodity Market Price Risk**

By the very nature of its activities, the group's investments and traded commodities are exposed to market price fluctuations. Certain derivative contracts are entered into for the purpose of hedging against these market price movements.

**Credit Risk**

Group policies are aimed at minimising the risk that counterparties may fail to discharge their financial obligations to the group. The means of reducing credit risk are through the use of credit insurance, and a policy of only granting deferred payment terms to customers who demonstrate an appropriate payment history or otherwise satisfy credit worthiness criteria. A parent company guarantee may be required for group funding loans as disclosed in note 13. In addition, trade debtors may also be guaranteed by the parent company as disclosed in note 14. Although the availability of credit insurance has become tighter during the year, the group still has coverage for over 80% of its trade debtors, excluding balances owed by governments.

At 31 December 2008 foreign currency and interest rate exposures of the group were:

	<i>Financial assets</i>				<i>Financial liabilities</i>			
	<i>Fixed interest rate</i>	<i>Floating interest rate</i>	<i>Non-interest bearing</i>	<i>Total</i>	<i>Fixed interest rate</i>	<i>Floating interest rate</i>	<i>Non-interest bearing</i>	<i>Total</i>
	€000	€000	€000	€000	€000	€000	€000	€000
Sterling	7,090	4,834	32,416	44,340	7,090	-	14,634	21,724
US Dollars	94,339	415,361	26,200	535,900	73,002	452,367	15,021	540,390
Japanese Yen	-	327	30,944	31,271	-	6,272	24,962	31,234
Euro	7,671	23,653	117,483	148,807	-	-	70,005	70,005
Others	-	768	21,101	21,869	82	-	4,294	4,376
<b>Total</b>	<b>109,100</b>	<b>444,943</b>	<b>228,144</b>	<b>782,187</b>	<b>80,174</b>	<b>458,639</b>	<b>128,916</b>	<b>667,729</b>

At 31 December 2007 foreign currency and interest rate exposures of the group were:

	<i>Financial assets</i>				<i>Financial liabilities</i>			
	<i>Fixed interest rate</i>	<i>Floating interest rate</i>	<i>Non-interest bearing</i>	<i>Total</i>	<i>Fixed interest rate</i>	<i>Floating interest rate</i>	<i>Non-interest bearing</i>	<i>Total</i>
	€000	€000	€000	€000	€000	€000	€000	€000
Sterling	5,800	1,924	19,859	27,583	4,743	678	12,793	18,214
US Dollars	60,321	343,979	39,797	444,097	37,267	314,004	18,738	370,009
Japanese Yen	-	20,933	5,212	26,145	-	18,150	1,989	20,139
Euro	12	32,508	83,566	116,086	-	8,120	83,196	91,316
Others	-	660	13,042	13,702	125	-	14,740	14,865
<b>Total</b>	<b>66,133</b>	<b>400,004</b>	<b>161,476</b>	<b>627,613</b>	<b>42,135</b>	<b>340,952</b>	<b>131,456</b>	<b>514,543</b>

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2008

**15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS** (continued)

The above disclosures include all short-term debtors and creditors and equity trade investments. The floating rate assets and liabilities are based on LIBOR rates (2008 - same). The non-interest bearing liabilities, which consist primarily of trade creditors and amounts due to group companies, have an average life of 63 days (2008 – 73 days). The non-interest bearing assets, which consist primarily of trade debtors, have an average life of 91 days (2007 – 73 days). Financial liabilities classified as fixed interest rate includes both short-term loans and long term loans which extend to 2018.

At 31 December 2008, the fixed rate assets and liabilities had the following weighted average lives and weighted average interest rates:

	<i>Financial assets</i>			<i>Financial liabilities</i>	
	<i>Average interest rate</i>	<i>Average life</i>		<i>Average interest rate</i>	<i>Average life</i>
	<i>rate</i>	<i>in</i>		<i>rate</i>	<i>in</i>
	<i>%</i>	<i>years</i>		<i>%</i>	<i>years</i>
Sterling	5.89	5	Sterling	5.63	5
US Dollars	5.11	3	US Dollars	5.00	5
Japanese Yen	-	-	Japanese Yen	-	-
Euro	4.02	5	Euro	-	-
Others	-	-	Others	2.88	1

At 31 December 2007, the fixed rate assets and liabilities had the following weighted average lives and weighted average interest rates:

	<i>Financial assets</i>			<i>Financial liabilities</i>	
	<i>Average interest rate</i>	<i>Average life</i>		<i>Average interest rate</i>	<i>Average life</i>
	<i>rate</i>	<i>in</i>		<i>rate</i>	<i>in</i>
	<i>%</i>	<i>years</i>		<i>%</i>	<i>years</i>
Sterling	6.09	5	Sterling	5.96	1
US Dollars	5.5	4	US Dollars	5.43	5
Japanese Yen	-	-	Japanese Yen	-	-
Euro	3.5	1	Euro	-	-
Others	-	-	Others	5.2	1

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

*Fair values of financial assets and financial liabilities*

Set out below is a comparison by category of book values and fair values of the group's financial assets and financial liabilities as at 31 December:

	2008	2007
	<i>Book value</i>	<i>Book value</i>
	€000	€000
<i>Primary financial instruments</i>		
<i>Assets</i>		
Cash and short term deposits	15,214	27,989
Debtors (excluding prepayments)	197,148	141,548
Loans receivable	539,267	438,679
Fixed Asset Investments	30,558	19,397
	<u>782,187</u>	<u>627,613</u>
	<u><u>782,187</u></u>	<u><u>627,613</u></u>
<i>Liabilities</i>		
In one year or less, or on demand	621,769	479,719
In more than one year but not more than two	4,075	2,444
In more than two years, but not more than five	30,519	15,333
In more than five years	11,366	17,047
	<u>667,729</u>	<u>514,543</u>
	<u><u>667,729</u></u>	<u><u>514,543</u></u>

In the opinion of the directors the fair value of primary financial instruments is materially equal to book value, with variable interest bearing short term loans accounting for the majority of this balance.

*Derivative financial instruments*

	2008		2007	
	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
	€000	€000	€000	€000
<i>Derivative financial instruments held to hedge commodity exposure on expected future sales and purchases</i>				
Commodity market contracts	-	1,643	-	(1,158)

The aggregate unrecognised gains and losses on these contracts were; Gains - €2,474,000 Losses - €831,000 (2007 Gains - Nil, Losses - €1,158,000).

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

*Derivative financial instruments held to manage the currency and interest rate profile*

	2008		2007	
	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
	€000	€000	€000	€000
Currency and/or interest rate swaps	-	14,459	-	(7)

The aggregate unrecognised gains and losses on these contracts were; 2008 Gains €15,662,000 Losses - €1,203,000 (2007 Gains €216,000 Losses -€223,000).All of the unrecognised gains and losses are short-term in nature and are therefore realised within the following year except for gains of €5,713,000 and losses of €655,000 which will be realised after 1 year.

	2008		2007	
	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
	€000	€000	€000	€000

*Derivative financial instruments held to hedge the currency exposure on expected future sales*

Forward foreign currency contracts	-	(4,169)	-	60
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The aggregate unrecognised gains and losses on these contracts were €234,000 (2007 - €407,000) and €4,403,000 (2007 - €347,000), respectively. All of the unrecognised gains and losses are short-term in nature and are therefore realised within the following year.

Market values and broker's valuations where appropriate, have been used to determine the fair value of commodity market contracts, interest rate swaps and forward foreign currency contracts. The unrecognised gains and losses on instruments used for hedging, as disclosed above, are expected to be recognised on maturity. All such gains and losses will be offset by corresponding gains and losses on the underlying positions to which they relate in each functional currency.

*Borrowing facilities*

The group has various borrowing facilities available to it. The undrawn committed facilities available at 31 December are as follows:

	2008	2007
	€000	€000
Expiring in more than one year but not more than two years	364,000	340,020

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

**15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)**

The table below shows the group's currency exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposure comprises the monetary assets and liabilities of the group that are not denominated in the functional currency of the operating unit involved. The table does not take into account the currency derivatives the group uses to hedge its currency exposures.

As at the 31 December 2008 net foreign currency monetary assets/(liabilities) in €000s

Functional currency of group operation:	<i>Euro</i>
Euros	-
US Dollars	38,644
Sterling	(2,678)
Japanese Yen	(80)
Other	1,825
	<u>37,711</u>

As at the 31 December 2007 net foreign currency monetary assets/(liabilities) in €000s

	<i>Euro</i>
Euros	-
US Dollars	63,568
Sterling	332
Japanese Yen	5,862
Other	(1,626)
	<u>68,136</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<i>Group</i>		<i>Company</i>	
	2008	2007	2008	2007
	€000	€000	€000	€000
Bank loans - wholly due within one year	98,562	41,028	98,562	41,028
- current portion of long term loans	3,904	2,444	3,904	2,444
Notes payable	56,480	6,152	56,480	6,152
Trade creditors	18,281	27,322	18,281	31,563
Amount due to parent company	68,040	45,924	68,040	45,924
Amounts due to subsidiary undertakings	-	-	259	879
Amounts due to associated companies	1,582	92	1,582	92
Amounts due to fellow subsidiary undertakings	353,180	320,984	353,180	320,984
Corporation tax	(161)	215	(161)	215
Other taxation and social security	2,550	2,307	2,447	2,307
Deferred income	-	204	-	204
Other creditors	19,351	32,546	5,803	7,378
Accrued expenses	5,055	3,997	5,055	4,007
	<u>626,824</u>	<u>483,215</u>	<u>613,432</u>	<u>463,177</u>

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

### 17. CREDITORS: amounts falling due after more than one year

	<i>2008</i>	<i>Group</i>	<i>2008</i>	<i>Company</i>
	<i>€000</i>	<i>2007</i>	<i>€000</i>	<i>2007</i>
		<i>€000</i>		<i>€000</i>
Bank loans	45,789	34,824	45,789	34,824
Other creditors	171	528	-	-
	<u>45,960</u>	<u>35,352</u>	<u>45,789</u>	<u>34,824</u>

### 18. LOANS PAYABLE

	<i>2008</i>	<i>Group</i>	<i>2008</i>	<i>Company</i>
	<i>€000</i>	<i>2007</i>	<i>€000</i>	<i>2007</i>
		<i>€000</i>		<i>€000</i>
Amounts falling due:				
in one year or less or on demand	436,462	43,472	436,462	43,472
in more than one year but not more than two years	3,904	2,444	3,904	2,444
in more than two years but not more than five years	30,519	15,333	30,519	15,333
in more than five years	11,366	17,047	11,366	17,047
	<u>482,251</u>	<u>78,296</u>	<u>482,251</u>	<u>78,296</u>
less: included in creditors: amounts falling due within one year	(436,462)	(43,472)	(436,462)	(43,472)
	<u>45,789</u>	<u>34,824</u>	<u>45,789</u>	<u>34,824</u>

There were three bank loans (2007 - four) due in equal annual instalments extending over more than five years. Final maturities and terms of the three loans range from January 2014 to January 2018 at interest rates of 3.66% to 5.96%. The company's obligations in respect of short term and long term bank loans are all supported by guarantees, letters of awareness or a keep-well agreement from the ultimate parent company.

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS at 31 December 2008

### 19. SHARE CAPITAL

	2008	2007	2008	<i>Authorised</i> 2007
	<i>No.</i>	<i>No.</i>	€000	€000
Ordinary shares of £1 each				
At 1 January and 31 December	110,000,000	110,000,000	177,023	177,023
	=====	=====		
Ordinary shares of 1 Euro each				
At 1 January and 31 December	102,000,000	102,000,000	102,000	102,000
	=====	=====		
Total authorised share capital			279,023	279,023
			=====	=====
			<i>Allotted, called up and fully paid</i>	
	2008	2007	2008	2007
	<i>No.</i>	<i>No.</i>	€000	€000
Ordinary shares of £1 each				
At 1 January and 31 December	36,163,314	36,163,314	58,197	58,197
	=====	=====		
Ordinary shares of 1 Euro each				
At 1 January and 31 December	27,045,567	27,045,567	27,046	27,046
	=====	=====		
Total issued share capital			85,243	85,243
			=====	=====

Ordinary shares of £1 each are translated to Euros at 1.60928, being the exchange rate ruling at the time of converting the functional currency to Euros.

On 29<sup>th</sup> March 2006, the company issued one Ordinary 1 Euro share to Marubeni Corporation at a premium of €38,490,999, which was credited to the share premium account. The share was issued in exchange for all the shares held by Marubeni Corporation in three subsidiaries - Marubeni Iberia S.A. ("MI"), Marubeni France S.A. ("MF") and Marubeni Deutschland GmbH ("MD"). Marubeni Europe had previously acquired all of the trading net assets of these subsidiaries upon the establishment of branch offices in 1999. In exchange for their net assets, each subsidiary company had received new shares in Marubeni Europe totalling 4,095,345 of the £1 shares and all 24,705,258 of the €1 shares then in issue. These shares in Marubeni Europe were the only significant assets in each subsidiary. By acquiring 100% of the shares in the three subsidiaries on 29 March 2006 Marubeni Europe gained control of 28,800,603 (42.8%) of its own issued shares, the remainder all being held by Marubeni Corporation.

Management intends to liquidate all three subsidiaries and cancel all the shares held by them, leaving Marubeni Corporation as the sole shareholder. The first such liquidation – of MI – was completed on 30 September 2006, when its assets, consisting principally of its 389,114 £1 shares in Marubeni Europe, were transferred back to Marubeni Europe for cancellation, which occurred on 8 March 2007. The second liquidation – of MF – was completed on 23 March 2007. The 3,706,231 £1 shares it held in Marubeni Europe were also transferred back to Marubeni Europe for cancellation as described below. The liquidation of MD, which holds 24,705,258 €1 shares in Marubeni Europe, commenced in December 2008 but due to statutory notice periods is not yet complete.

The effect of these transactions is that, as at 31 December 2006, Marubeni Europe held 389,114 of its own £1 shares surrendered by MI, and indirectly controlled a further 3,706,231 £1 shares and 24,705,258 €1 shares through its investments in MF and MD respectively.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

**19. SHARE CAPITAL** (continued)

At an extraordinary general meeting on 8 March 2007, a special resolution of shareholders approved the cancellation of the shares received from MI and, subject to and conditional on its liquidation, MF. On 27 March 2007, MF was duly liquidated, and the shares previously held by MI and MF were subsequently cancelled.

Presentation in the company balance sheets: In 2006 shares in Marubeni Europe received from MI were not included in the balance sheet as an investment but debited at the book value (cost) of the shares to a specially created capital reserve, a separate component of shareholders' funds, to reflect the fact that the shares were subsequently cancelled in March 2007.

On cancellation of 4,095,345 shares in Marubeni Europe received from MI and MF ("cancelled shares") in March 2007, the company recorded a debit to share capital matched by a credit to a specially created other reserve, a separate component of shareholder's funds, which does not form part of the distributable reserves of the company. A transfer from this reserve to the profit and loss account was made to the extent that net assets received in exchange for the original issue of the cancelled shares represented qualifying consideration as defined in section 3.11 of Technical Release Tech 01/08 issued by the Institute of Chartered Accountants in England and Wales.

In 2006 shares in MF and MD were shown as fixed asset investments at their acquisition cost. Following liquidation of MF, the company's investment in MF ceased to exist and its book value was recorded as a debit in the profit and loss account section of shareholder's funds, representing a realised loss on liquidation.

Presentation in the group balance sheets: For 2006 shares in MF and MD were eliminated on consolidation because their net assets consisted primarily of the shares they held in Marubeni Europe. To reflect the substance of these cross-shareholdings, the book values (cost) of the shares in MF and MD were debited to a capital reserve, a separate component of shareholders' funds, to reflect the fact that the shares have been or will be cancelled.

The liquidation of MF in March 2007 resulted in a reduction of the capital reserve balance. The remaining balance represents the book value of the company's investment in MD, which is currently in liquidation.

# Marubeni Europe plc

## NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

### 20. RECONCILIATION OF SHAREHOLDERS' FUNDS

	<i>Share capital</i> €000	<i>Share premium</i> €000	<i>Capital reserve</i> €000	<i>Foreign exchange reserve</i> €000	<i>Profit and loss account</i> €000	<i>Other Reserve</i> €000	<i>Total</i> €000
<b>Group</b>							
At 1 January 2007	91,834	51,681	(38,598)	(3,076)	35,110	-	136,951
(Loss) for the year	-	-	-	-	(4,501)	-	(4,501)
Cancellation of Shares	(6,591)	-	-	496	-	6,591	496
Realisation of profit on cancellation of shares	-	-	-	-	6,067	(6,067)	-
Exchange differences on retranslation of net assets of foreign enterprises	-	-	-	(133)	-	-	(133)
Reserve for share cancellation	-	-	6,353	-	-	-	6,353
Write down of investments	-	-	-	-	(6,353)	-	(6,353)
Actuarial gain on pension liability	-	-	-	-	956	-	956
Associated deferred tax	-	-	-	-	(317)	-	(317)
At 31 December 2007	85,243	51,681	(32,245)	(2,713)	30,962	524	133,452
Profit for the year	-	-	-	-	4,422	-	4,422
Exchange differences on retranslation of net assets of foreign enterprises	-	-	-	(330)	-	-	(330)
Actuarial (loss) on pension liability	-	-	-	-	(960)	-	(960)
Reversal of deferred tax asset	-	-	-	-	(426)	-	(426)
At 31 December 2008	85,243	51,681	(32,245)	(3,043)	33,998	524	136,158
<b>Company</b>							
At 1 January 2007	91,834	51,681	(591)	(1,071)	31,817	-	173,670
(Loss) for the year	-	-	-	-	(4,764)	-	(4,764)
Cancellation of Shares	(6,591)	-	-	496	-	6,591	496
Realisation of profit cancellation of shares	-	-	-	-	6,067	(6,067)	-
Reserve for share cancellation	-	-	591	-	(591)	-	-
Write down of investments	-	-	-	-	(5,762)	-	(5,762)
Actuarial gain on pension liability	-	-	-	-	956	-	956
Associated deferred tax	-	-	-	-	(317)	-	(317)
At 31 December 2007	85,243	51,681	-	(575)	27,406	524	164,279
Profit for the year	-	-	-	-	4,711	-	4,711
Actuarial (loss) on pension liability	-	-	-	-	(960)	-	(960)
Reversal of deferred tax asset	-	-	-	-	(426)	-	(426)
At 31 December 2008	85,243	51,681	-	(575)	30,731	524	167,604

In the opinion of the Directors, the Other Reserve is non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2008

**21. CONTINGENT LIABILITIES AND COMMITMENTS**

At 31 December 2008 the group had annual commitments under non-cancellable operating leases over land and buildings as set out below:

	Land and Buildings		Other	
	2008 €000	2007 €000	2008 €000	2007 €000
Operating leases which expire:				
In less than one year	172	549	100	78
Within two to five years	2,391	945	32	20
In more than five years	-	2,085	-	29
	<u>2,563</u>	<u>3,579</u>	<u>132</u>	<u>127</u>

At 31 December 2008 the company had annual commitments under non-cancellable operating leases over land and buildings as set out below:

	Land and Buildings		Other	
	2008 €000	2007 €000	2008 €000	2007 €000
Operating leases which expire:				
In less than one year	172	549	100	78
Within two to five years	2,280	725	32	20
In more than five years	-	2,085	-	29
	<u>2,452</u>	<u>3,359</u>	<u>132</u>	<u>127</u>

The company has guaranteed trading and other obligations of fellow subsidiaries and third parties. At 31 December 2008 contingent liabilities in respect of third parties were €2,115,000 (2007- €2,108,000).

The company has given undertakings to make contributions, if required, up to a maximum of €12,000,000 in two investment funds as follows:

Fund A - At 31 December 2008, a total of €1,461,000 (2007 - €1,484,000) has been invested, and is included in trade investments.

Fund B - At 31 December 2008, a total of €7,814,000 (2007 - €5,703,000) has been invested, and is included in trade investments.

The company has been named as a joint defendant with Marubeni Corporation ("MC") in a civil case in Indonesia in which a total claim of US\$10 million has been filed. The action relates to certain loan transactions conducted by the company on behalf of its parent, MC. The case was initially found in favour of the plaintiff, but Marubeni has filed an appeal in a higher Indonesian court. MC has confirmed that it will indemnify the company and its officers for any costs or liabilities arising from the litigation.

NOTES TO THE FINANCIAL STATEMENTS  
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22. PENSION COMMITMENTS

Summary of pension commitments (group and company)

	2008	2007
	€000	€000
UK Scheme	1,790	1,521
Deferred tax thereon (Note 8)	-	(426)
Overseas branches	2,395	2,287
	<u>4,185</u>	<u>3,382</u>

**UK Defined Benefit Pension Scheme**

Marubeni Europe plc, in conjunction with other Marubeni group companies in the UK, operates a funded defined benefit pension scheme for the group's qualifying employees in the UK. The assets of the scheme are held separately from those of the group.

The pension cost of the scheme is determined with the advice of a qualified independent actuary on the basis of at least triennial valuations. The pension cost and the following disclosures are based on an apportionment of liabilities in respect of deferred and pensioner members that were employed by employers who no longer have active members among employers that currently have active members. The total deficit of the scheme at 31 December 2008 was €1,790,000. The most recent full actuarial valuation was carried out as at 1 April 2007, with an updated valuation for the purposes of FRS17 performed on the 31 December 2008.

**Reconciliation of the present value of the defined benefit obligation**

	2008	2007
	€000	€000
Present value of defined benefit obligation at beginning of year	13,037	14,266
Service cost (Employer Cost)	317	332
Interest cost	701	688
Members' contributions	102	100
Actuarial (gain) on scheme liabilities	(1,040)	(778)
Foreign currency exchange rate changes	(3,190)	(1,363)
Benefits paid	(257)	(342)
Past Service cost	-	134
	<u>9,670</u>	<u>13,037</u>

NOTES TO THE FINANCIAL STATEMENTS  
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22. PENSION COMMITMENTS (continued)

**Reconciliation of fair value of scheme assets**

	2008	2007
	€000	€000
Fair value of scheme assets at start of year	11,516	11,789
Expected return on scheme assets	726	760
Actuarial gain (loss) on scheme assets	(2,000)	(108)
Contributions by the company	464	466
Contributions by the members	102	100
Benefits paid	(257)	(465)
Foreign currency exchange rate changes	(2,671)	(1,026)
	<u>7,880</u>	<u>11,516</u>

**Analysis of amount charged to operating profit**

	2008	2007
	€000	€000
Current service cost	317	332
Interest on obligation	701	688
Expected return on scheme assets	(726)	(760)
Past service cost	-	134
	<u>292</u>	<u>394</u>

**Analysis of amount recognised in Statement of Total Recognised Gains and Losses**

	2008	2007
	€000	€000
Actuarial (loss) / gain recognised in Statement of Recognised Gains and Losses	(960)	957
	<u>(960)</u>	<u>957</u>

**Cumulative amount of actuarial gains and losses recognised in Statement of Total Recognised Gains and Losses**

	2008	2007
	€000	€000
Cumulative (loss) / gain recognised in Statement of Recognised Gains and Losses since 1 January 2002	(727)	233
	<u>(727)</u>	<u>233</u>

NOTES TO THE FINANCIAL STATEMENTS  
at 31 December 2008

22. PENSION COMMITMENTS (continued)

Scheme assets:

	%	Fair Value	%	Fair Value	%	Fair Value
	of asset	At 31/12 2008	of asset	At 31/12 2007	of asset	At 31/12 2006
		€000		€000		€000
Equities	54.7%	4,310	62.0%	7,135	62.7%	7,394
Bonds	17.9%	1,411	16.0%	1,851	16.0%	1,889
Gilts	26.8%	2,112	21.4%	2,464	20.7%	2,438
Other	0.6%	47	0.6%	66	0.6%	68
Total scheme assets	100%	7,880	100%	11,516	100%	11,789
Expected rate of return on scheme assets		6.53%		6.75%		7.04%

Actual return on scheme assets

	2008	2007
	€000	€000
Actual return on scheme assets	(1,274)	652

Principal actuarial assumptions at the balance sheet date

	2008	2007
Discount rate	6.20%	5.80%
Expected return on scheme assets at the end of the year	6.53%	6.75%
Rate of increase in salaries	3.20%	3.40%
Price inflation	3.00%	3.20%
Pension increases linked to price inflation subject to a maximum of 5% pa:	3.00%	3.20%
Post-retirement mortality		
Current pensioners at 65 – male	22.3	22.2
Current pensioners at 65 – female	24.8	24.7
Future pensioners at 65 – male	24.3	24.2
Future pensioners at 65 – female	26.7	26.6

**22. PENSION COMMITMENTS** (continued)

**History of assets, liabilities and actuarial gains and losses**

	2008	2007	2006	2005	2004
Fair Value of Assets	7,880	11,516	11,789	10,336	8,541
Present value of defined benefit obligation	9,670	13,037	14,266	14,883	12,461
Surplus / (deficit)	(1,790)	(1,521)	(2,477)	(4,547)	(3,920)
Experience gain / (loss) on scheme liabilities Amount (€'000s)	(169)	68	249	473	547
Difference between the expected and actual return on scheme assets Amount (€'000s)	(1,636)	(108)	152	951	279

**Estimated contributions**

The employer's best estimate of contributions to be paid to the scheme by the company next year is €454,000.

The employer's best estimate of contributions to be paid to the scheme by employees next year is €92,000.

**Directors' Pension arrangements**

The directors are members of an overseas pension scheme in Japan and are not members of the UK scheme. No contributions to the scheme in Japan are paid by Marubeni Europe plc, and no benefits are remitted to the UK. The overseas scheme is funded by the parent company, Marubeni Corporation.

**Overseas Branches' Unfunded Defined Benefit Pension Schemes**

The company operates unfunded defined benefit pension arrangements for its overseas branches, in accordance with local legal requirements. The total cost to Marubeni Europe plc of these schemes for the year ended 31 December 2008 was €265,000 (2007 - €61,000). The accrued provisions for retirement benefits under these schemes as at 31 December 2008 were €2,395,000 (2007 - €2,287,000).

The most significant of such overseas pension schemes is operated in Germany for staff employed locally by the German branch. The directors obtained an actuarial valuation as at 31 December 2008 using the following assumptions:

Discount rate 6.64% (2007:6.0%) and Increase in salaries 3.0% (2007: 3.0%)

The current service cost for the year in respect of the scheme was €113,000 (2007 - €136,000), the interest cost was €118,000 (2007 - €95,000) and the accumulated year-end accrued pension liability at 31 December 2008 included in pension liabilities was €1,801,000 (2007 - €1,618,000).

**23. RELATED PARTY TRANSACTIONS**

In accordance with FRS 8, Marubeni Europe plc is exempt from disclosing transactions with fellow Marubeni Corporation group companies because it is at least 90% owned by its parent undertaking, which produces publicly available group financial statements.

**24. ULTIMATE PARENT COMPANY**

The ultimate parent company and controlling party is Marubeni Corporation, which is incorporated in Japan. Copies of Marubeni Corporation's financial statements, which represent the only group in which this group's financial statements are included, can be obtained from Marubeni Corporation's head office at 4-2 Ohtemachi 1-Chome, Chiyoda-ku, Tokyo, Japan.