



Report and Financial Statements

31 December 2010

DIRECTORS

M Arimune
K Hayashi
K Takeda
S Tsuda
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

The directors present their report and the group financial statements for the year ended 31 December 2010.

RESULTS AND DIVIDENDS

The group's profit for the year ended 31 December 2010 after taxation and minority interests, amounted to €5,058,000 (2009 – loss of €1,666,000).

The directors do not recommend the payment of a dividend (2009 - €nil).

PRINCIPAL ACTIVITIES

The group's principal activities during the year continued to be 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 due to increased requests from borrowing companies. The company operates through a network of European branches in France, Germany, and Italy.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Group's return to profitability and the positive trading performance for the year are welcome signs of the group having weathered the financial storms of the previous year, although uncertainties remain about the extent and strength of the economic recovery. Both trading volumes and gross profit were improved, and the directors are pleased to report that the year's financial results were ahead of initial expectations.

Group turnover increased by €168,777,000, gross profit was up by €6,421,000 and operating profit increased by €7,145,000 compared with the previous year. At the same time, a reduction in provisions and non-operating items contributed to a net improvement of €8,057,000 in the profit/(loss) before tax line.

Investments in associated companies made a net positive contribution in the current year against losses in the previous year in line with economic conditions and after the absence of provisions made by associates in 2009. Due to the higher level of trading profits, higher corporate tax charges across most branches led to an increase of €1,274,000 in the overall group tax charge, resulting in an effective corporate tax rate of 30% against the reported profit before tax.

When considering the combined effects of these various items, the resulting improvement in the bottom line of the profit and loss account amounted to a total of €6,724,000 when compared with the previous year.

With effect from 1 January 2010 the company assumed all of the business undertakings and employees of its wholly-owned subsidiary, Marubeni Specialty Chemicals (Europe) GmbH, pursuant to a Business Purchase and Assignment agreement entered into on 23 December 2009 following the acquisition on 19 June 2009 of the remaining 49% shares previously owned by the Group's ultimate parent company, Marubeni Corporation, for €2,123,000. This resulted in the company recording an increase in turnover of €65,079,000 in 2010 compared to 2009 and the transfer of 11 employees.

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 €7,145,000 as mentioned above, whilst net interest earned decreased slightly by €50,000 from €4,894,000 to €4,844,000 due to interest rates remaining at historical lows despite increased lending. This is nevertheless considered satisfactory in the current economic climate.

DIRECTORS' REPORT

Registered No. 1885084

Management's primary focus remains 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. For the year ended 31 December 2010 this growth amounted to €6,890,000, representing an increase of 5.1% for the year.

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 parent company continues to enjoy steady growth and profitable operations, and accordingly the directors believe that the group remains well positioned to continue to generate trading profits.

Principal risks and uncertainties

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 to reduce the principal risks and uncertainties 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 ongoing uncertainty 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.

Going concern

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

Corporate governance

The directors of Marubeni Corporation have established a system of corporate governance and internal control, which has been implemented throughout the worldwide group, and which is subject to continuous evaluation and improvement. At the heart of the control system is the Corporate Audit function, led by a Board of Corporate Auditors whose responsibilities include monitoring the actions of the directors and all aspects of compliance – not only with national and international laws and regulations, but also with issues of sound corporate governance, management responsibility and the promotion of corporate social and ethical responsibility throughout the organisation. Under the direction of the Board of Corporate Auditors, which includes two independent outside auditors, is an internal audit department which carries out a rolling programme of internal audits of domestic and foreign subsidiaries, including Marubeni Europe plc.

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 2010, there were 68 days' purchases outstanding in trade creditors (2009 - 57 days).

DIRECTORS' REPORT

Registered No. 1885084

DIRECTORS

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

M Arimune
A Watanabe
K Hayashi (appointed 01/03/2010)
K Takeda (appointed 01/04/2011)
S Tsuda (appointed 01/04/2011)
Y Nomura (resigned 01/04/2011)
T Hiroe (resigned 01/03/2010)

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 2006.

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

EVENTS AFTER THE BALANCE SHEET DATE

There have been no reportable events occurring since the balance sheet date.

CHARITABLE CONTRIBUTIONS

Charitable contributions to various organisations totalling €8,323 were made during the year (2009 - €5,018).

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 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

19 May 2011

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or 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 applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT to the members of Marubeni Europe plc

We have audited the financial statements of Marubeni Europe plc for the year ended 31 December 2010 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 explained more fully in the Statement of the Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

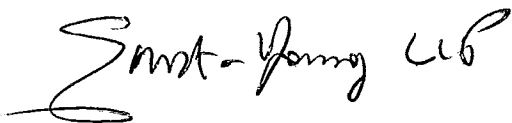
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT
to the members of Marubeni Europe plc

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



Eamonn McGrath (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

19 May 2011

Marubeni Europe plc

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> €000	<i>2009</i> €000
TURNOVER	2	675,679	506,902
Cost of sales		(640,009)	(477,653)
GROSS PROFIT		<u>35,670</u>	<u>29,249</u>
Administrative expenses		(32,206)	(32,167)
Other operating income		1,141	889
Interest receivable and similar income	6	12,206	14,948
Interest payable and similar charges	7	(7,362)	(10,054)
Impairment of fixed asset investments	11	(2,108)	(2,669)
GROUP OPERATING PROFIT	3	<u>7,341</u>	<u>196</u>
Share of operating profits /(losses) (excluding interest) of associates		184	(619)
Share of interest receivable of associates		9	20
Share of interest payable of associates		(16)	(31)
Share of operating profits /(losses) of associates		<u>177</u>	<u>(630)</u>
TOTAL OPERATING PROFIT /(LOSS): GROUP AND SHARE OF ASSOCIATES		<u>7,518</u>	<u>(434)</u>
Loss on disposal of fixed asset investments		(1)	(106)
PROFIT /(LOSS) BEFORE TAXATION		<u>7,517</u>	<u>(540)</u>
Taxation	8	(2,459)	(1,185)
PROFIT /(LOSS) FOR THE YEAR AFTER TAXATION		<u>5,058</u>	<u>(1,725)</u>
Minority interests - equity		-	59
PROFIT /(LOSS) FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY	20	<u><u>5,058</u></u>	<u><u>(1,666)</u></u>

Marubeni Europe plc

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 December 2010

	<i>Notes</i>	<i>2010</i> €000	<i>2009</i> €000
Profit / (Loss) for the year excluding share of losses of associates		4,916	(991)
Share of associates' profits/(losses) for the year		142	(675)
		<hr/>	<hr/>
PROFIT /(LOSS) FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		5,058	(1,666)
		<hr/>	<hr/>
Foreign exchange loss on retranslation of net assets of subsidiary undertakings		-	(157)
Foreign exchange profit on retranslation of net assets of associated undertakings		43	26
Actuarial profit/ (loss) on defined benefit pension liability	20	1,789	(1,497)
		<hr/>	<hr/>
		1,832	(1,628)
		<hr/>	<hr/>
TOTAL RECOGNISED GAINS /(LOSSES) RELATING TO THE YEAR		6,890	(3,294)
		<hr/> <hr/>	<hr/> <hr/>

Marubeni Europe plc

GROUP BALANCE SHEET

at 31 December 2010

	Notes	€000	2010 €000	€000	2009 €000
FIXED ASSETS					
Tangible fixed assets	10		1,563		1,976
Fixed asset investments:					
Investment in associates	11	1,420		1,299	
Other Investments	11	26,022		26,208	
			27,442		27,507
			29,005		29,483
CURRENT ASSETS					
Stocks	12		27,329		17,776
Loans receivable - amounts falling due:	13				
after more than one year		240,683		121,010	
within one year		457,703		404,231	
		698,386		525,241	
Other debtors - amounts falling due:	14				
after more than one year		1,013		71	
within one year		182,596		142,380	
		183,609		142,451	
Total debtors			881,995		667,692
Cash at bank and in hand			32,552		29,961
			941,876		715,429
CREDITORS: amounts falling due within one year	16		660,703		539,983
NET CURRENT ASSETS			281,173		175,446
TOTAL ASSETS LESS CURRENT LIABILITIES			310,178		204,929
CREDITORS: amounts falling due after more than one year	17		162,759		63,045
MINORITY INTEREST - EQUITY			-		4
NET ASSETS EXCLUDING PENSION LIABILITIES			147,419		141,880
PENSION LIABILITIES	22		4,542		5,893
NET ASSETS			142,877		135,987

Marubeni Europe plc

GROUP BALANCE SHEET

at 31 December 2010

	<i>Notes</i>	<i>2010</i> <i>€000</i>	<i>2009</i> <i>€000</i>
CAPITAL AND RESERVES			
Called up share capital	19	85,243	85,243
Share premium account	20	53,804	53,804
Capital reserve	20	(31,245)	(31,245)
Foreign exchange reserve	20	(3,131)	(3,174)
Profit and loss account	20	37,682	30,835
Other reserve	20	524	524
EQUITY SHAREHOLDERS' FUNDS	20	<u>142,877</u>	<u>135,987</u>

These financial statements were approved by the board of directors on 19 May 2011 and were signed on its behalf by:

S Tsuda
Director

A Watanabe
Director

Marubeni Europe plc

COMPANY BALANCE SHEET at 31 December 2010

	<i>Notes</i>	<i>€000</i>	<i>2010 €000</i>	<i>€000</i>	<i>2009 €000</i>
FIXED ASSETS					
Tangible fixed assets	10		1,563		1,943
Fixed asset investments	11,19		61,759		61,968
			<u>63,322</u>		<u>63,911</u>
CURRENT ASSETS					
Stocks	12		27,329		12,750
Loans receivable - amounts falling due:	13				
after more than one year		240,683		120,984	
within one year		457,703		404,231	
		<u>698,386</u>		<u>525,215</u>	
Other debtors - amounts falling due:	14				
after more than one year		1,013		-	
within one year		182,410		135,180	
		<u>183,423</u>		<u>135,180</u>	
Total debtors			881,809		660,395
Cash at bank and in hand			31,469		26,738
			<u>940,607</u>		<u>699,883</u>
CREDITORS: amounts falling due					
within one year	16		660,675		525,913
			<u>279,932</u>		<u>173,970</u>
NET CURRENT ASSETS			<u>343,254</u>		<u>237,881</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
CREDITORS: amounts falling due after more					
than one year	17		162,759		62,854
NET ASSETS EXCLUDING PENSION LIABILITIES			<u>180,495</u>		<u>175,027</u>
PENSION LIABILITIES	22		4,542		5,893
NET ASSETS			<u><u>175,953</u></u>		<u><u>169,134</u></u>

Marubeni Europe plc

COMPANY BALANCE SHEET at 31 December 2010

	<i>Notes</i>	<i>2010</i> <i>€000</i>	<i>2009</i> <i>€000</i>
CAPITAL AND RESERVES			
Called up share capital	19	85,243	85,243
Share premium account	20	53,804	53,804
Foreign exchange reserve	20	(575)	(575)
Profit and loss account	20	36,957	30,138
Other reserve	20	524	524
EQUITY SHAREHOLDERS' FUNDS	20	<u>175,953</u>	<u>169,134</u>

These financial statements were approved by the board of directors on 19 May 2011 and were signed on its behalf by:

S Tsuda
Director

A Watanabe
Director

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The group financial statements are presented in Euros and all values are rounded to the nearest thousand Euros (€000) except where otherwise indicated. The Euro is regarded as the group's functional currency.

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 408 of the Companies Act 2006.

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 a maximum of 40 years	Straight line, zero 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 including the residual value are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Fixed asset investments

Fixed asset investments are valued at cost, less any impairment in value. Fixed asset investments are reviewed for impairment when there are indicators that the carrying amount may not be recoverable.

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.

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

1. ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from sale of goods is recognised upon the transfer of title of goods. Revenue from services, which predominantly comprise support services to other members of the Marubeni Group, is recognised evenly over the earning period. Interest revenue is recognised as interest accrues at the effective rates. Dividend income 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 and Finance 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. Income from direct financing leases is recognised by the amortisation of unearned income over the lease term at a constant periodic rate of return on the net investment.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

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 related deferred taxation (where appropriate), is presented within provisions for liabilities 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 movements in 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.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

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.

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
<i>Turnover comprises:</i>		
Principal sales	662,070	494,393
Other sales and commissions	13,609	12,509
	<u>675,679</u>	<u>506,902</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:

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Auditors' remuneration	582	663
Depreciation (Note 10)	620	653
Operating lease rentals - land and buildings	2,602	2,590
- others	85	112
	<u> </u>	<u> </u>

The remuneration of the auditors is further analysed as follows:

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Audit of the financial statements	263	272
Other fees to auditors - audit of the group pension schemes	8	8
- local statutory audits for associates (subsidiaries)	15	97
- taxation services	129	147
- corporate finance services	13	12
- other services	154	127
	<u>582</u>	<u>663</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

3. OPERATING PROFIT (continued)

Included in the audit of the financial statements figure of €15,000 above are amounts payable to associates of the auditors in respect of the company's associates (subsidiaries).

4. DIRECTORS' REMUNERATION

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Aggregate remuneration in respect of qualifying services	1,644	1,345
	<u> </u>	<u> </u>
The amounts in respect of the highest paid director were as follows:		
Aggregate remuneration	722	397
	<u> </u>	<u> </u>
The Directors' pension arrangements are disclosed in Note 22.		

5. STAFF COSTS

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Wages and salaries	17,243	15,360
Social security costs	1,676	1,562
Other pension costs	805	569
	<u> </u>	<u> </u>
	19,724	17,491
	<u> </u>	<u> </u>

The average monthly number of employees during the year was made up as follows:

	<i>2010</i>	<i>2009</i>
	<i>No.</i>	<i>No.</i>
Trading	82	84
Administration	58	60
	<u> </u>	<u> </u>
	140	144
	<u> </u>	<u> </u>

In addition, 38 (2009 - 33) 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.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2010

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Loans receivable and other debtors	35	1,057
Amounts receivable from group undertakings	9,947	11,329
	<u>9,982</u>	<u>12,386</u>
Income from shares in group undertakings	1,316	1,719
Income from unlisted trade investments	753	749
Bank deposit interest	155	94
	<u>12,206</u>	<u>14,948</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Bank loans and other loans wholly repayable within five years	3,406	4,878
Bank loans not wholly repayable within five years	383	413
Amounts payable to group undertakings	3,500	4,670
Net interest paid on pension scheme	73	93
	<u>7,362</u>	<u>10,054</u>

8. TAXATION

The taxation charge is made up as follows:

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Current tax:		
UK corporation tax	386	-
Tax under provided in prior years (UK)	-	79
	<u>386</u>	<u>79</u>
Overseas tax		
Withholding tax on dividends	110	261
Overseas corporate taxes	2,058	789
Tax under provided in prior years (overseas)	34	11
	<u>2,588</u>	<u>1,140</u>
Group current tax	2,588	1,140
Share of associates' current tax	35	45
	<u>2,623</u>	<u>1,185</u>
Deferred tax:		
Overseas deferred tax – origination and reversal of timing differences	(164)	-
	<u>2,459</u>	<u>1,185</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

8. TAXATION (continued)

Factors affecting current tax charge (reconciliation of tax)

The tax assessed on the profit/(loss) on ordinary activities for the year is higher (2009 - higher) than the standard rate of corporation tax for the region in which the company operates of 30.1% (2009 – 28.5%). The differences are reconciled below:

	2010	2009
	€000	€000
Profit/(loss) on ordinary activities before tax	7,517	(540)
Profit/ (loss) before tax multiplied by relevant rate (1) of corporation tax to reflect results of European operations (30.1%) (2009 – 28.5%)	2,263	(154)
Timing differences	12	(55)
Non-deductible loss on investments	614	761
Non-taxable income and other differences	(410)	(325)
Effect of unutilised losses of overseas branches and consolidated group companies	-	607
Overseas withholding taxes	110	261
Net effect of tax under provided in prior years	34	90
Total current tax	2,623	1,185

(1) The relevant tax rate is 30.1% (2009 – 28.5%). 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.

Deferred Tax

Group and company

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

	2010	2009
	€000	€000
Deferred tax asset (current) on timing differences for accounting provisions	112	-
Deferred tax asset (non-current) on German pension liability (according to German regulations)	52	-

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

	2010	2009
	€000	€000
Timing differences on unclaimed capital allowances	1,006	957
Pension scheme liability (UK scheme)	337	799
Pension scheme liability (German scheme)	780	714
Other	171	197
	2,294	2,667

There are deferred tax assets of €2,294,000 (2009 – €2,667,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

8. TAXATION (continued)

Following the UK government's 2011 Budget announcement, under the Provisional Collection of Taxes Act the rate of UK Corporation Tax was reduced from 28% to 26% with effect from 1 April 2011. The unrecognised deferred tax assets have all been calculated at 27%, the rate substantively enacted at the balance sheet date.

Further reductions to the main rate are proposed to reduce the rate by 1 % per annum to 23 % by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

9. PROFIT 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 2010 is €5,030,000 (2009 - profit €904,000).

10. TANGIBLE FIXED ASSETS

<i>Group</i>	<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>
Cost:						
At 1 January 2010	1,754	170	1,353	1,001	60	4,338
Additions	-	51	41	106	53	251
Disposals	-	(11)	(359)	(132)	(26)	(528)
At 31 December 2010	1,754	210	1,035	975	87	4,061
Depreciation:						
At 1 January 2010	685	58	867	696	56	2,362
Provided during the year	327	35	128	119	11	620
Disposals	-	(11)	(318)	(129)	(26)	(484)
At 31 December 2010	1,012	82	677	686	41	2,498
Net book value:						
At 31 December 2010	742	128	358	289	46	1,563
At 1 January 2010	1,069	112	486	305	4	1,976

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2010

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>
Cost:						
At 1 January 2010	1,754	170	1,170	1,001	60	4,155
Additions	-	51	41	106	53	251
Disposals	-	(11)	(176)	(132)	(26)	(345)
At 31 December 2010	1,754	210	1,035	975	87	4,061
Depreciation:						
At 1 January 2010	685	58	717	696	56	2,212
Provided during the year	327	35	128	119	11	620
Disposals	-	(11)	(168)	(129)	(26)	(334)
At 31 December 2010	1,012	82	677	686	41	2,498
Net book value:						
At 31 December 2010	742	128	358	289	46	1,563
At 1 January 2010	1,069	112	453	305	4	1,943

11. FIXED ASSET INVESTMENTS

Group

	<i>Associated undertakings €000</i>	<i>Trade investments €000</i>	<i>Total €000</i>
Cost:			
At 1 January 2010	1,299	41,703	43,002
Exchange difference on retranslation	43	-	43
Additions	-	2,238	2,238
Disposals	-	(350)	(350)
Change in status from subsidiary to associate	4	-	4
Share of profit retained by associated undertakings	142	-	142
Dividends received from associated undertakings	(68)	-	(68)
At 31 December 2010	1,420	43,591	45,011
Provisions:			
At 1 January 2010	-	(15,495)	(15,495)
Increase in provisions	-	(2,108)	(2,108)
Removed on disposal	-	34	34
At 31 December 2010	-	(17,569)	(17,569)
Net book value:			
At 31 December 2010	1,420	26,022	27,442
At 1 January 2010	1,299	26,208	27,507

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

11. FIXED ASSET INVESTMENTS (continued)

Company

	<i>Subsidiary undertakings</i>	<i>Associated undertakings</i>	<i>Trade investments</i>	<i>Total</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Cost:				
At 1 January 2010	34,074	1,202	43,979	79,255
Additions	-	-	2,238	2,238
Disposals	(282)	-	(350)	(632)
Change in status from subsidiary to associate	(4)	4	-	-
At 31 December 2010	33,788	1,206	45,867	80,861
Provisions:				
At 1 January 2010	(1,512)	(180)	(15,595)	(17,287)
Increase in provisions	-	-	(2,108)	(2,108)
Removed on disposal	259	-	34	293
At 31 December 2010	(1,253)	(180)	(17,669)	(19,102)
Net book value:				
At 31 December 2010	32,535	1,026	28,198	61,759
At 1 January 2010	32,562	1,022	28,384	61,968

Group and company

Disposals of shares in group companies and their investments during the year resulted in gains of €3,000 (€3,000 after tax), and losses of €2,000 (€2,000 after tax) (2009 – losses of €106,000 [-€106,000 after tax] gains of €nil).

The company holds 20% or more of the equity of the following unlisted companies at 31 December 2010:

<i>Name of Company</i>	<i>Country of Incorporation if not United Kingdom</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>	<i>Accounting year end</i>
Subsidiary undertakings:				
Hadis Export-Import GmbH	Germany	Ordinary shares 100%	General trading	31 December
Marubeni Specialty Chemicals (Europe) GmbH*	Germany	Ordinary shares 100%	In liquidation	31 December
Associated undertakings:				
Marubeni Pulp and Paper Sales (Europe) GmbH	Germany	Ordinary shares 40%	In liquidation	31 December
Yokohama Austria GmbH	Austria	Ordinary shares 27%	Tyre distribution	31 December
I. Marubeni s.r.o.	Czech Republic	Ordinary shares 20%	Engineering and Construction	31 December
Marubeni (Hungary) Engineering and Construction Kft	Hungary	Ordinary shares 20%	Engineering and Construction	31 December
Marnix Europe Limited		Ordinary shares 20%	Insurance consultant	31 December

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

11. FIXED ASSET INVESTMENTS (continued)

*Within 2010, all of the business undertakings of Marubeni Specialty Chemicals (Europe) GmbH were transferred to Marubeni Europe plc, and the company is in the process of being liquidated.

12. STOCKS

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Goods for resale	7,039	9,350	7,039	4,324
Merchandise in transit	20,290	8,426	20,290	8,426
	<u>27,329</u>	<u>17,776</u>	<u>27,329</u>	<u>12,750</u>

13. LOANS RECEIVABLE

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Within one year:				
Wholly due within one year from				
- fellow subsidiary undertakings	448,046	382,937	448,046	382,937
- due from unrelated parties	-	1,177	-	1,177
Current portion of long term loans receivable				
- fellow subsidiary undertakings	9,650	20,104	9,650	20,104
- due from unrelated parties	7	13	7	13
	<u>457,703</u>	<u>404,231</u>	<u>457,703</u>	<u>404,231</u>
After more than one year:				
- fellow subsidiary undertakings	207,544	90,252	207,544	90,252
- due from unrelated parties	33,139	30,758	33,139	30,732
	<u>240,683</u>	<u>121,010</u>	<u>240,683</u>	<u>120,984</u>
	<u>698,386</u>	<u>525,241</u>	<u>698,386</u>	<u>525,215</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.

€655,590,000 (2009 - €493,293,000) of loans receivable from group related 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 2010

14. DEBTORS

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
<i>Within one year</i>				
Trade debtors	111,956	95,405	111,956	88,243
Net investment in finance leases	351	-	351	-
Advances on merchandise	435	334	435	334
Amounts due from subsidiary undertakings	-	-	-	177
Amounts due from associated undertakings	6	255	6	255
Amounts due from parent company	33,710	14,889	33,710	14,889
Amounts due from fellow subsidiary undertakings	24,743	22,377	24,743	22,377
Prepayments and accrued income	1,192	777	1,192	777
Other debtors	10,091	8,343	9,905	8,128
Deferred tax asset – current	112	-	112	-
	<u>182,596</u>	<u>142,380</u>	<u>182,410</u>	<u>135,180</u>
<i>After more than one year</i>				
Net investment in finance leases	961	-	961	-
Trade debtors	-	71	-	-
Deferred tax asset – non current	52	-	52	-
	<u>1,013</u>	<u>71</u>	<u>1,013</u>	<u>-</u>
	<u><u>183,609</u></u>	<u><u>142,451</u></u>	<u><u>183,423</u></u>	<u><u>135,180</u></u>

The maturity of the net investment in finance lease is as follows:

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
<i>Gross investment</i>				
Within one year	420	-	420	-
Within two to five years	1,036	-	1,036	-
Less finance income allocated for future periods	(144)	-	(144)	-
<i>Net investment</i>				
Within one year	351	-	351	-
Within two to five years	961	-	961	-
	<u>1,312</u>	<u>-</u>	<u>1,312</u>	<u>-</u>
	<u><u>1,312</u></u>	<u><u>-</u></u>	<u><u>1,312</u></u>	<u><u>-</u></u>

€16,002,000 (2009 - €11,655,000) 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, 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.

The group participates in a cash pooling scheme along with selected European based fellow subsidiaries of Marubeni Corporation in order to maximise net interest earned on cash reserves.

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. Although no new medium term notes were issued in 2010, the group maintains the facility to utilise this funding option in suitable market conditions.

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 the 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.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2010

15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

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 became tighter during the prior year, the group still has coverage for €68,268,000 of its trade debtors, excluding balances owed by governments.

At 31 December 2010 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	16,165	5,861	24,379	46,405	6,315	-	27,128	33,443
US Dollars	90,814	573,410	13,428	677,652	61,273	594,828	23,671	679,772
Japanese Yen	-	1,884	24,852	26,736	-	-	28,885	28,885
Euro	19,648	22,678	141,925	184,251	-	-	72,923	72,923
Others	-	84	4,085	4,169	56	-	3,633	3,689
Total	126,627	603,917	208,669	939,213	67,644	594,828	156,240	818,712

At 31 December 2009 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	17,107	11,230	21,864	50,201	6,978	-	28,054	35,032
US Dollars	80,864	414,531	44,957	540,352	59,815	391,410	15,427	466,652
Japanese Yen	-	214	24,843	25,057	-	-	24,785	24,785
Euro	7,243	23,341	63,624	94,208	-	-	68,595	68,595
Others	-	222	13,043	13,265	64	-	4,161	4,225
Total	105,214	449,538	168,331	723,083	66,857	391,410	141,022	599,289

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 (2009 - same). The non-interest bearing liabilities, which consist primarily of trade creditors and amounts due to group companies, have an average life of 68 days (2009 – 57 days). The non-interest bearing assets, which consist primarily of trade debtors, have an average life of 92 days (2009 – 95 days). Financial liabilities classified as fixed interest rate include both short-term loans and long term loans which extend to 2018.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2010

15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

At 31 December 2010, 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 in years</i>	<i>Average interest rate</i>	<i>Average life in years</i>	
	<i>%</i>	<i>years</i>	<i>%</i>	<i>years</i>	
Sterling	2.6	2	Sterling	5.6	4
US Dollars	4.4	2	US Dollars	4.2	2
Japanese Yen	-	-	Japanese Yen	-	-
Euro	3.1	4	Euro	-	-
Others	-	-	Others	1.0	1

At 31 December 2009, 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 in years</i>	<i>Average interest rate</i>	<i>Average life in years</i>	
	<i>%</i>	<i>years</i>	<i>%</i>	<i>years</i>	
Sterling	2.6	2	Sterling	5.63	5
US Dollars	4.54	3	US Dollars	4.22	3
Japanese Yen	-	-	Japanese Yen	-	-
Euro	4.03	4	Euro	-	-
Others	-	-	Others	0.85	1

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:

	<i>2010</i>	<i>2009</i>
<i>Primary financial instruments</i>	<i>Book value</i>	<i>Book value</i>
	<i>€000</i>	<i>€000</i>
<i>Assets</i>		
Cash and short term deposits	32,552	29,961
Debtors (excluding prepayments)	182,253	141,673
Loans receivable	698,386	525,241
Fixed asset investments	26,022	26,208
	<u>939,213</u>	<u>723,083</u>
	<u><u> </u></u>	<u><u> </u></u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	2010	2009
	<i>Book value</i>	<i>Book value</i>
	<i>€000</i>	<i>€000</i>
<i>Liabilities</i>		
In one year or less, or on demand	655,953	536,435
In more than one year but not more than two	28,267	14,393
In more than two years, but not more than five	21,846	45,704
In more than five years	112,646	2,757
	<u>818,712</u>	<u>599,289</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

	2010		2009	
	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
<i>Derivative financial instruments held to hedge commodity exposure on expected future sales and purchases</i>				
Commodity market contracts	-	(3,341)	-	(4,362)

The aggregate unrecognised gains and losses on these contracts were: Gains €370,000; Losses-€3,711,000 (2009 - Gains €525,000; Losses- €4,887,000). All of the unrecognised gains and losses are short term in nature and therefore realised within the following year.

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

	2010		2009	
	<i>Book value</i>	<i>Fair value</i>	<i>Book value</i>	<i>Fair value</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Currency and/or interest rate swaps	-	(1,545)	-	1,106

The aggregate unrecognised gains and losses on these contracts were: Gains €217,000; Losses -€1,762,000 (2009 - Gains €1,527,000; Losses -€421,000), respectively. The unrecognised gains and losses are both short-term and long term in nature, losses of -€30,000 (gains nil) will be realised within the following year losses of -€1,732,000 and gains of €217,000 will be realised after 1 year in periods ranging from November 2012 to December 2015. Unrecognised gains of €1,527 (losses nil) reported in 2009 were realised within 2010. Unrecognised losses of -€421,000 reported in 2009 will be realised on maturity in periods ranging from November 2011 to November 2013.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2010

15. DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS (continued)

	2010		2009	
	<i>Book</i>	<i>Fair</i>	<i>Book</i>	<i>Fair</i>
	<i>value</i>	<i>value</i>	<i>value</i>	<i>value</i>
	€000	€000	€000	€000
<i>Derivative financial instruments held to hedge the currency exposure on expected future sales</i>				
Forward foreign currency contracts	-	(537)	-	(106)
	=====	=====	=====	=====

The aggregate unrecognised gains and losses on these contracts were: Gains €125,000; Losses -€662,000 (2009 - Gains €47,000; Losses -€153,000), respectively. All of the unrecognised gains and losses are short-term in nature and are therefore realised within the following year.

Gains of €2,099,000 and losses of €5,040,000 on commodity market contracts currency and interest rate swaps and foreign currency contracts that were unrecognised at 31 December 2009 have been recognised in the Profit and Loss Account for the year ended 31 December 2010. Long term unrecognised losses of -€421,000, gains nil, on currency and interest rate swaps over one year will be recognised in the Profit and Loss Account on maturity, which ranges from November 2011 to November 2013.

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 in accordance with the accounting policies disclosed in note 1. 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:

	2010	2009
	€000	€000
Expiring in more than one year but not more than two years	388,000	359,000
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

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 31 December 2010, the net foreign currency monetary assets in €000s were:

Functional currency of group operation:	<i>Euro</i>
Euros	-
US Dollars	26,490
Sterling	244
Japanese Yen	(1,511)
Other	120
	<u>25,343</u>

As at 31 December 2009, the net foreign currency monetary assets in €000s were:

Functional currency of group operation:	<i>Euro</i>
Euros	-
US Dollars	60,062
Sterling	436
Japanese Yen	812
Other	120
	<u>61,430</u>

16. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Bank loans - wholly due within one year	48,995	45,357	48,995	45,357
- current portion of long term loans	15,505	3,938	15,505	3,938
Notes payable	-	30,352	-	30,352
Trade creditors	27,501	23,031	27,501	23,031
Amount due to parent company	91,366	67,028	91,366	67,028
Amounts due to subsidiary undertakings	-	-	14	7
Amounts due to associated companies	1,933	1,919	1,933	1,919
Amounts due to fellow subsidiary undertakings	464,146	345,062	464,146	345,062
Corporation tax	2,256	(473)	2,256	(473)
Other taxation and social security	1,481	2,284	1,481	2,284
Deferred income	260	286	260	286
Other creditors	4,443	16,987	4,401	2,910
Accrued expenses	2,817	4,212	2,817	4,212
	<u>660,703</u>	<u>539,983</u>	<u>660,675</u>	<u>525,913</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2010

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

	<i>2010</i>	<i>Group</i>	<i>2010</i>	<i>Company</i>
	<i>€000</i>	<i>2009</i>	<i>€000</i>	<i>2009</i>
		<i>€000</i>		<i>€000</i>
Bank loans	162,759	62,854	162,759	62,854
Other creditors	-	191	-	-
	<u>162,759</u>	<u>63,045</u>	<u>162,759</u>	<u>62,854</u>
	<u><u>162,759</u></u>	<u><u>63,045</u></u>	<u><u>162,759</u></u>	<u><u>62,854</u></u>

18. LOANS PAYABLE

	<i>2010</i>	<i>Group</i>	<i>2010</i>	<i>Company</i>
	<i>€000</i>	<i>2009</i>	<i>€000</i>	<i>2009</i>
		<i>€000</i>		<i>€000</i>
Amounts falling due:				
in one year or less or on demand	499,713	365,061	499,713	365,061
in more than one year but not more than two years	28,267	14,393	28,267	14,393
in more than two years but not more than five years	21,846	45,704	21,846	45,704
in more than five years	112,646	2,757	112,646	2,757
	<u>662,472</u>	<u>427,915</u>	<u>662,472</u>	<u>427,915</u>
less: included in creditors: amounts falling due within one year	(499,713)	(365,061)	(499,713)	(365,061)
	<u>162,759</u>	<u>62,854</u>	<u>162,759</u>	<u>62,854</u>
	<u><u>162,759</u></u>	<u><u>62,854</u></u>	<u><u>162,759</u></u>	<u><u>62,854</u></u>

There were two bank loans (2009 - two) due in equal annual instalments extending over more than five years. Final maturities and terms of the two loans are October 2017 and April 2018 at interest rates of 5.35% and 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.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

19. SHARE CAPITAL (continued)

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.

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, within the shareholders' fund, 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 02/10 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.

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

20. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital €000</i>	<i>Share premium €000</i>	<i>Capital reserve €000</i>	<i>Foreign exchange reserve €000</i>	<i>Profit and loss account €000</i>	<i>Other reserve €000</i>	<i>Total €000</i>
Group							
At 1 January 2009	85,243	51,681	(32,245)	(3,043)	33,998	524	136,158
Loss for the year	-	-	-	-	(1,666)	-	(1,666)
Exchange differences on retranslation of net assets of foreign enterprises	-	-	-	(131)	-	-	(131)
Increase in share premium (Note 19)	-	2,123	-	-	-	-	2,123
Reduction in Capital reserve	-	-	1,000	-	-	-	1,000
Actuarial loss on pension liability	-	-	-	-	(1,497)	-	(1,497)
At 31 December 2009	85,243	53,804	(31,245)	(3,174)	30,835	524	135,987
Profit for the year	-	-	-	-	5,058	-	5,058
Exchange differences on retranslation of net assets of foreign enterprises	-	-	-	43	-	-	43
Actuarial gain on pension liability	-	-	-	-	1,789	-	1,789
At 31 December 2010	85,243	53,804	(31,245)	(3,131)	37,682	524	142,877
Company							
At 1 January 2009	85,243	51,681	-	(575)	30,731	524	167,604
Profit for the year	-	-	-	-	904	-	904
Increase in share premium (Note 19)	-	2,123	-	-	-	-	2,123
Actuarial loss on pension liability	-	-	-	-	(1,497)	-	(1,497)
At 31 December 2009	85,243	53,804	-	(575)	30,138	524	169,134
Profit for the year	-	-	-	-	5,030	-	5,030
Actuarial gain on pension liability	-	-	-	-	1,789	-	1,789
At 31 December 2010	85,243	53,804	-	(575)	36,957	524	175,953

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

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

21. CONTINGENT LIABILITIES AND COMMITMENTS

At 31 December 2010 the group had annual commitments under non-cancellable operating leases over land and buildings as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Operating leases which expire:				
In less than one year	1	91	77	92
Within two to five years	2,402	2,200	37	52
	<u>2,403</u>	<u>2,291</u>	<u>114</u>	<u>144</u>

At 31 December 2010 the company had annual commitments under non-cancellable operating leases over land and buildings as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>	<i>€000</i>	<i>€000</i>
Operating leases which expire:				
In less than one year	1	91	77	92
Within two to five years	2,402	2,200	37	52
	<u>2,403</u>	<u>2,291</u>	<u>114</u>	<u>144</u>

The company entered into a joint guarantee with Marubeni Corporation to guarantee trading and other obligations of fellow subsidiaries. At 31 December 2010 contingent liabilities in respect of fellow subsidiaries were €48,629,000 (2009 - €50,301,000).

As at 31 December 2010, the company is accountable for 74% of the net pension liabilities of the UK multi-employer pension scheme, for which it is the principal sponsoring employer. Effectively, the company also has a contingent liability in respect of this scheme should other participating employers be unable to meet their own obligations.

The company has given undertakings to make contributions, if required, up to a maximum of €10,000,000 in an investment fund. As at 31 December 2010, a total of €8,686,000 (2009 - €7,892,000) has been invested, and is included in trade investments.

In 2006, the company was named as a joint defendant with Marubeni Corporation (“MC”) in a civil case in Indonesia in which a total claim of US\$10 million was filed. The action related to certain loan transactions conducted by the company on behalf of its parent, MC. Although the case was initially found in favour of the plaintiff, MC filed an appeal in a higher Indonesian court, which has now rejected the plaintiff’s entire claim. In 2010, the company was also named as a joint defendant with MC in two new litigations filed by the same group in relation to the same loan transactions. Initial court hearings have begun in both litigations with the mandatory mediation failing in both cases. These actions will also be defended through the Indonesian courts. Management are of the opinion that it is not probable a liability will arise. Additionally, MC has confirmed that it will indemnify the company and its officers for any costs or liabilities arising from the new litigation.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2010

22. PENSION COMMITMENTS

Summary of pension commitments (group and company)

	2010 €000	2009 €000
UK Scheme	1,248	2,854
Overseas branches	3,294	3,039
	<u>4,542</u>	<u>5,893</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 scheme is a final salary scheme and is open to UK employees of the company.

The pension cost of the scheme is determined with the advice of a qualified independent actuary on the basis of at least triennial valuations, using the projected unit method. 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 2010 was €1,248,000. 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 31 December 2010. The most recent triennial full actuarial valuation has not yet been completed.

Reconciliation of the present value of the defined benefit obligation

	2010 €000	2009 €000
Present value of defined benefit obligation at beginning of year	14,225	9,670
Additional DB obligation due to cessation of employer*	-	660
Service cost (employer cost)	295	243
Interest cost	827	706
Members' contributions	88	89
Actuarial (gain)/loss on scheme liabilities	(2,049)	2,101
Foreign currency exchange rate changes	430	1,070
Benefits paid	(351)	(314)
Present value of defined benefit obligation at end of year	<u>13,465</u>	<u>14,225</u>

*A participating employer in the UK pension scheme has withdrawn from the scheme and - as of the balance sheet date - had not yet made contributions to settle its portion of the scheme deficit on withdrawal, pending completion of a withdrawal arrangement. The portions of both liabilities and assets attributable to the withdrawing company have temporarily been allocated to remaining employers in the scheme pro rata to their respective shares of the liabilities, as shown above and below. Additional contributions received in future from the withdrawing company will be allocated on the same basis.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2010

22. PENSION COMMITMENTS (continued)

Reconciliation of fair value of scheme assets

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Fair value of scheme assets at start of year	11,371	7,880
Additional fair value of assets due to cessation of employer*	-	543
Expected return on scheme assets	754	613
Actuarial (loss)/gain on scheme assets	(418)	1,243
Contributions by the company	440	444
Contributions by the members	88	89
Benefits paid	(351)	(314)
Foreign currency exchange rate changes	333	873
	<u>12,217</u>	<u>11,371</u>

Analysis of amount charged to operating profit

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Current service cost	295	243
Interest on obligation	827	706
Expected return on scheme assets	(754)	(613)
	<u>368</u>	<u>336</u>

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

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Actuarial gain/(loss) recognised in Statement of Total Recognised Gains and Losses	1,631	(858)
Effect of restatement of opening net pension deficit due to cessation of employer	-	(117)
	<u>1,631</u>	<u>(975)</u>

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

	<i>2010</i>	<i>2009</i>
	<i>€000</i>	<i>€000</i>
Cumulative loss recognised in Statement of Total Recognised Gains and Losses since 1 January 2002	(71)	(1,702)
	<u>(71)</u>	<u>(1,702)</u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2010

22. PENSION COMMITMENTS (continued)

Scheme assets:

	%	<i>Fair Value At 31/12 2010 €000</i>	%	<i>Fair Value At 31/12 2009 €000</i>	%	<i>Fair Value At 31/12 2008 €000</i>
	<i>of asset</i>		<i>of asset</i>		<i>of asset</i>	
Equities	62.6%	7,646	61.8%	7,027	54.7%	4,310
Bonds	15.9%	1,944	16.6%	1,888	17.9%	1,411
Gilts	21.4%	2,618	21.1%	2,399	26.8%	2,112
Other	0.1%	9	0.5%	57	0.6%	47
Total scheme assets		12,217	100%	11,371	100%	7,880
Expected rate of return on scheme assets		6.5%		6.35%		6.53%

The expected rate of return on assets assumption is the weighted average return on the individual asset classes in which the scheme held investments at the balance sheet date.

Actual return on scheme assets

	<i>2010 €000</i>	<i>2009 €000</i>
Actual return on scheme assets	336	1,856

Principal actuarial assumptions at the balance sheet date

	<i>2010</i>	<i>2009</i>
Discount rate	5.5%	5.60%
Expected return on scheme assets at the end of the year	6.5%	6.35%
Rate of increase in salaries	3.2%	3.20%
Price inflation*	3.5%	3.50%
Pension increases linked to price inflation subject to a maximum of 5% pa:	3.4%	3.50%
Post-retirement mortality:		
Current pensioners at 65 – male	22.4	22.4
Current pensioners at 65 – female	24.8	24.9
Future pensioners at 65 – male	24.3	24.4
Future pensioners at 65 – female	26.7	26.7

*In July 2010, the Government announced its intention that future statutory minimum pension indexation would be measured by the Consumer Prices Index, rather than the Retail Prices Index. This has been reflected in the Company's assumptions and included in actuarial gains on assumptions in the reported figures. The change only affects a small proportion of the Fund's benefits and so the impact of the change on the Fund's liabilities is small.

NOTES TO THE FINANCIAL STATEMENTS
at 31 December 2010

22. PENSION COMMITMENTS (continued)

History of assets, liabilities and actuarial gains and losses

	2010	2009	2008	2007	2006
	€000	€000	€000	€000	€000
Fair Value of Assets	12,217	11,371	7,880	11,516	11,789
Present value of defined benefit obligation	13,465	14,225	9,670	13,037	14,266
Deficit	(1,248)	(2,854)	(1,790)	(1,521)	(2,477)
Experience gain/(loss) on scheme liabilities Amount (€000s)	2,228	286	(169)	683	249
Difference between the expected and actual return on scheme assets Amount (€000s)	(415)	1,243	(2,000)	(108)	152

Estimated contributions

The employer's best estimate of contributions to be paid to the scheme by the company next year is €436,000. This amount is consistent with the schedule of contributions approved by the actuary.

The employer's best estimate of contributions to be paid to the scheme by employees next year is €88,000.

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 2010 was €450,000 (2009 - €270,000). The accrued provisions for retirement benefits under these schemes as at 31 December 2010 were €3,294,000 (2009 - €3,039,000).

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 2010 using the following assumptions:

Discount rate 4.7% (2009 - 5.1%) and increase in salaries 3.0% (2009 - 3.0%).

The current service cost for the year in respect of the scheme was €148,000 (2009 - €113,000), the interest cost was €113,000 (2009 - €118,000) and the accumulated year-end accrued pension liability at 31 December 2010 included in pension liabilities was €2,775,000 (2009 - €2,379,000). There were benefit payments of €105,000 (2009: €175,000) and actuarial profit of €158,000 (2009 loss: €522,000).

NOTES TO THE FINANCIAL STATEMENTS

at 31 December 2010

23. RELATED PARTY TRANSACTIONS

The Group and Company has taken advantage of the exemption afforded by paragraph 3(c) of FRS 8 - Related Party Disclosures - as revised in December 2008 not to disclose transactions with related parties where the related party is wholly owned within the Marubeni Corporation group, of which the Company is a wholly owned subsidiary.

During the year, the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding are as follows:

	<i>Sales to related parties €000</i>	<i>Purchases from related parties €000</i>	<i>Amounts owed from related parties €000</i>	<i>Amounts owed to related parties €000</i>
Transactions with subsidiary undertakings				
2010	-	-	1,106	6
2009	603	76	9,787	-
Transactions with affiliated companies				
2010	42,630	-	29,920	-
2009	36,880	3,055	26,331	-

Details of the level of ownership, which Marubeni Corporation has in the above-mentioned entities, are as follows:

	<i>Ownership %</i>
<i>Subsidiary undertakings</i>	
Cia Iguacu de Café Soluvel	63.72
Marubeni Cement & Construction Materials Co., Ltd	90.00
<i>Affiliated companies</i>	
Yokohama Austria	27.00
Shanghai Wai-Hong International Logistics Co., Ltd	25.00
P.T. Emblem Asia	21.80
Yokohama Iberia S.A.	49.00
Yokohama Reifen GmbH	25.00
MaruEnergy Caribbean, Ltd.	50.00

24. ULTIMATE PARENT COMPANY

The immediate and 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.