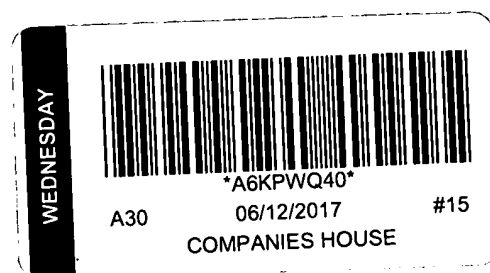


MKI (U.K.), LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017



MKI (U.K.), LTD

COMPANY INFORMATION

Directors	Tsutomu Cho Masanori Mori Takanori Kunikata
Registered number	07769021
Registered office	8th & 9th Floors, 1 St.Martin's Le Grand London EC1A 4AS
Trading address	8th & 9th Floors, 1 St.Martin's Le Grand London EC1A 4AS
Independent auditor	Deloitte LLP Statutory Auditor 2 New Street Square London EC4A 3BZ

MKI (U.K.), LTD

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MKI (U.K.), LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

The directors present their annual report and the audited financial statements of MKI (UK), LTD (the "Company") for the year ended 31 March 2017.

Results and dividends

The profit for the year, after taxation, amounted to £294,335 (2016 : £319,322).

A dividend of £326,000 (2016: £319,000) was approved by the board of directors and paid after the year end.

Directors

The directors who served during the year were:

Tsutomu Cho
Yoshihiro Iwata (resigned 30 June 2016)
Masanori Mori
Takanori Kunikata (appointed 1 July 2016)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

Details of significant events since the balance sheet date are contained in note 8 to the financial statements.

Auditor

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small Companies Exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Tsutomu Cho
Director

Date: 24 November 2017

MKI (U.K.), LTD

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

The directors are responsible for preparing the Directors' report and the audited financial statements of MKI (UK), LTD in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements of MKI (UK), LTD for each financial year. Under that law the directors have elected to prepare the audited financial statements of MKI (UK), LTD in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the audited financial statements of MKI (UK), LTD unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these audited financial statements of MKI (UK), LTD, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

MKI (U.K.), LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MKI (U.K.), LTD

We have audited the financial statements of MKI (U.K.), Ltd for the year ended 31 March 2017 which comprise the Statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

MKI (U.K.), LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MKI (U.K.), LTD (CONTINUED)

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' report and take advantage of the small companies exemption from the requirement to prepare a Strategic report.



Alan Chaudhuri (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 24 November 2017

MKI (U.K.), LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £	2016 £
Turnover		1,441,050	1,440,526
Cost of sales		(889,413)	(849,175)
Gross profit		<u>551,637</u>	<u>591,351</u>
Administrative expenses		(182,402)	(199,059)
Operating profit		<u>369,235</u>	<u>392,292</u>
Other Income		-	7,875
Profit before tax		<u>369,235</u>	<u>400,167</u>
Tax on profit		(74,900)	(80,845)
Profit for the year		<u><u>294,335</u></u>	<u><u>319,322</u></u>

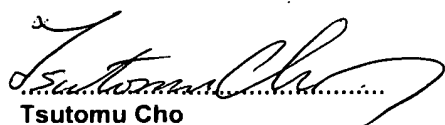
MKI (U.K.), LTD
REGISTERED NUMBER:07769021

BALANCE SHEET
AS AT 31 MARCH 2017

	Note		2017 £	2016 £
Current assets				
Debtors: amounts falling due within one year	4	301,184	257,696	
Cash at bank and in hand	5	592,864	521,110	
		<u>894,048</u>	<u>778,806</u>	
Creditors: amounts falling due within one year	6	(336,972)	(197,065)	
Net current assets			<u>557,076</u>	<u>581,741</u>
Total assets less current liabilities			<u>557,076</u>	<u>581,741</u>
Net assets			<u><u>557,076</u></u>	<u><u>581,741</u></u>
Capital and reserves				
Called up share capital	7	200,000	200,000	
Profit and loss account		357,076	381,741	
Shareholders' funds			<u><u>557,076</u></u>	<u><u>581,741</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 November 2017.


Tsutomu Cho

Director

The notes on pages 8 to 12 form part of these financial statements.

MKI (U.K.), LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	200,000	62,419	262,419
Comprehensive income for the year			
Profit for the year	-	319,322	319,322
Total comprehensive income for the year	-	319,322	319,322
Total transactions with owners	-	-	-
At 1 April 2016	200,000	381,741	581,741
Comprehensive income for the year			
Profit for the year	-	294,335	294,335
Total comprehensive income for the year	-	294,335	294,335
Dividends: Equity capital	-	(319,000)	(319,000)
Total transactions with owners	-	(319,000)	(319,000)
At 31 March 2017	200,000	357,076	557,076

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies

1.1 General Information and principal activities

MKI (U.K.), Ltd is a private limited company incorporated in England and Wales. The address of the registered office is 8th & 9th Floors, 1 St. Martin's Le Grand, London EC1A 4AS.

The principal activity of the company was that of the provision of services, being IT consulting and technical support to Group companies.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

MKI (U.K.), Ltd meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

Where relevant, equivalent disclosure have been made in the group accounts of Mitsui & Co., Ltd. The group accounts of Mitsui & Co., Ltd. are available to the public and can be obtained as set out in note 8.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company accounting policies.

The following principal accounting policies have been applied:

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)

1.4 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.5 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.6 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

1.7 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)

1.8 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of comprehensive income within 'other operating income'.

1.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.10 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2015 to continue to be charged over the period to the first market rent review rather than the term of the lease.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)

1.11 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2. Auditor's remuneration

	2017	2016
	£	£
Fees payable to the Company's auditor and its associates in respect of:		
Audit of the Company's annual accounts	11,010	15,800
Other services relating to taxation	5,000	5,000
	<u>16,010</u>	<u>20,800</u>

3. Employees

The average monthly number of employees, including directors, during the year was 7 (2016: 7).

4. Debtors

	2017	2016
	£	£
Trade debtors	277,155	227,827
Other debtors	449	524
Prepayments and accrued income	23,580	20,967
Corporation tax	-	8,378
	<u>301,184</u>	<u>257,696</u>

5. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	592,864	521,110
	<u>592,864</u>	<u>521,110</u>

MKI (U.K.), LTD**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017****6. Creditors: Amounts falling due within one year**

	2017	2016
	£	£
Trade creditors	28,301	34,964
Amounts owed to group undertakings	80,844	40,822
Corporation tax	74,900	-
Taxation and social security	135,517	99,877
Accruals and deferred income	17,410	21,402
	<u>336,972</u>	<u>197,065</u>

	2017	2016
	£	£
Other taxation and social security		
PAYE/NI control	110,884	75,342
VAT control	24,633	24,535
	<u>135,517</u>	<u>99,877</u>

7. Share capital

	2017	2016
	£	£
Shares classified as equity		
Authorised, allotted, called up and fully paid		
200,000 Ordinary Shares shares of £1 each	<u>200,000</u>	<u>200,000</u>

8. Post balance sheet events - Dividend on equity shares

The Company proposed final dividends for the year ended 31 March 2017 of £326,000 (£1.63 per ordinary share, 2016: £1.60 per ordinary share) on 16th June 2017.

The proposed final dividend was approved by the shareholders on 16th June 2017.

9. Controlling party

The company's immediate parent undertaking is Mitsui Knowledge Industry Co., Ltd, a company registered and incorporated in Japan, and ultimate parent undertaking is Mitsui & Co., Ltd, a company registered and incorporated in Japan.

A copy of the Group financial statements can be obtained from the Company's registered office at 1-3, Marunouchi 1 -chome, Chiyoda-ku, Tokyo 100-8631, Japan, Nippon Life Marunouchi Garden Tower.