Mitsubishi International Corporation and Subsidiaries

(A Wholly-Owned Subsidiary of Mitsubishi Corporation)

Consolidated Financial Statements as of and for the Years Ended March 31, 2009 and 2008, and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mitsubishi International Corporation
New York, New York

We have audited the accompanying consolidated balance sheets of Mitsubishi International Corporation and subsidiaries (collectively, the "Company") (a wholly-owned subsidiary of Mitsubishi Corporation) as of March 31, 2009 and 2008, and the related consolidated statements of income, stockholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Mitsubishi International Corporation and subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

July 6, 2009

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of Mitsubishi Corporation)

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2009 AND 2008
(In thousands, except for share data)

ASSETS	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents (including time deposits of $315,133 in 2009 and $172,595 in 2008)	$ 378,815	$ 501,708
Marketable securities	52,956	79,971
Notes and loans receivable:		
Customers	24,617	42,900
Parent	361,024	1,008,184
Affiliated companies	11,102	11,000
Accounts receivable:		
Customers (after allowance for uncollectible accounts of $2,546 in 2009 and $2,271 in 2008)	387,524	788,856
Parent	357,553	356,830
Affiliated companies	64,360	87,050
Other	257,983	453,473
Merchandise inventories	887,199	701,125
Guaranty deposits and advances to suppliers	329,445	325,800
Deferred taxes	1,448	2,515
Prepaid expenses and other current assets	11,986	32,376
Total current assets	3,126,012	4,391,788
LONG-TERM LOANS RECEIVABLE FROM PARENT	143,713	29,875
NONCURRENT ADVANCES, RECEIVABLES AND OTHER ASSETS	124,021	119,221
INVESTMENTS:		
Investments in affiliated companies	214,900	187,513
Other investments	92,673	167,311
Total investments	307,573	354,824
PROPERTY AND EQUIPMENT — Net	44,764	89,603
DEFERRED TAXES	23,769	20,078
INTANGIBLE ASSETS	8,973	15,268
GOODWILL	14,774	38,234
TOTAL	$3,793,599	$5,058,891

(Continued)

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of Mitsubishi Corporation)

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2009 AND 2008
(In thousands, except for share data)

LIABILITIES AND STOCKHOLDER'S EQUITY	2009	2008
CURRENT LIABILITIES:		
Short-term debt:		
Parent	$ 106,000	$ 52,500
Other	589,294	892,307
Current maturities of long-term debt	75,022	108,658
Notes payable	24,892	11,024
Accounts payable and accrued expenses:		
Parent and affiliated companies	961,456	1,361,243
Trade creditors	363,511	726,954
Advances from customers	117,662	61,749
Lease liabilities and other	91,640	237,014
Total current liabilities	2,329,477	3,451,449
NONCURRENT LIABILITIES:		
Long-term debt	476,306	501,969
Noncurrent advances	49,837	83,090
Other long-term liabilities	70,998	39,994
Total noncurrent liabilities	597,141	625,053
COMMITMENTS AND CONTINGENCIES		
MINORITY INTEREST	11,526	26,971
STOCKHOLDER'S EQUITY:		
Common stock without par value (authorized — 750,000 shares in 2009 and 2008; issued and outstanding — 710,718 shares in 2009 and 2008)	448,363	448,363
Accumulated other comprehensive loss — net of tax:		
Net unrealized losses on available-for-sale securities	(8,524)	(6,572)
Foreign currency translation adjustments	(25,268)	(8,514)
Net unrealized losses on derivative instruments	(930)	(1,501)
Defined benefit and postretirement plans	(6,865)	(2,677)
Retained earnings	448,679	526,319
Total stockholder's equity	855,455	955,418
TOTAL	$ 3,793,599	$ 5,058,891

See notes to consolidated financial statements.

(Concluded)

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
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CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED MARCH 31, 2009 AND 2008
(In thousands)

	2009	2008
REVENUES:		
Revenues from operating and other activities	$2,828,992	$2,401,772
Margins and commissions on operating transactions	102,633	117,119
Total revenues	2,931,625	2,518,891
OPERATING TRANSACTIONS — $9,479,979 in 2009 and $9,932,001 in 2008		
COST OF REVENUES FROM OPERATING AND OTHER ACTIVITIES	2,737,103	2,301,706
GROSS PROFIT	194,522	217,185
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(167,691)	(138,912)
INTEREST INCOME (Net of interest expense of $46,439 in 2009 and $86,767 in 2008)	4,449	26,065
GAIN ON MARKETABLE SECURITIES AND OTHER INVESTMENTS (Net of loss of $25,616 in 2009 and $7,101 in 2008)	9,942	3,710
PROVISION FOR DOUBTFUL ACCOUNTS	(31)	4,817
IMPAIRMENT LOSS ON GOODWILL	(9,821)	(2,654)
SUNDRY INCOME (Net of losses of $3,106 in 2009 and $29,003 in 2008)	20,366	22,742
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, MINORITY INTEREST AND EQUITY IN EARNINGS OF AFFILIATES	51,736	132,953
INCOME TAX PROVISION (BENEFIT):		
Current	36,864	52,184
Deferred	(7,818)	(2,953)
Total	29,046	49,231
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST AND EQUITY IN EARNINGS OF AFFILIATES	22,690	83,722
MINORITY INTEREST	(1,032)	(6,731)
EQUITY IN EARNINGS OF AFFILIATES (Net of losses $17,345 in 2009 and $4,709 in 2008)	4,641	13,926
Income from continuing operations	26,299	90,917
DISCONTINUED OPERATIONS:		
Loss from discontinued operations	(45,086)	(21,215)
Gain on disposal — net of operating losses during the period from January 1, 2009 through February 12, 2009	12,775	22,658
Income tax expense from discontinued operations	9,216	(3,899)
Minority interest in discontinued operations	14,466	6,849
(Loss) income from discontinued operations	(8,629)	4,393
NET INCOME	$ 17,670	$ 95,310

See notes to consolidated financial statements.

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
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CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
FOR THE YEARS ENDED MARCH 31, 2009 AND 2008
(In thousands, except for share data)

	Shares Outstanding	Common Stock	Accumulated Other Comprehensive (Loss) Income, Net of Tax	Retained Earnings	Total	Comprehensive Income (Loss)
BALANCES — April 1, 2007	710,718	$448,363	$(17,353)	$502,202	$933,212	
Comprehensive income:						
Net income				95,310	95,310	$ 95,310
Other comprehensive income (loss):						
Unrealized loss on available-for-sale securities — net of tax of $5,152			(7,728)			
Foreign currency translation adjustments			7,762			
Unrealized net losses on derivative instruments — net of tax of $582			(843)			
Defined benefit and postretirement plans — net of tax of $735			(1,102)			
Other comprehensive loss			(1,911)		(1,911)	(1,911)
Comprehensive income						$ 93,399
Cash dividends declared and paid				(71,193)	(71,193)	
BALANCES — March 31, 2008	710,718	448,363	(19,264)	526,319	955,418	
Comprehensive loss:						
Net income				17,670	17,670	$ 17,670
Other comprehensive income (loss):						
Unrealized loss on available-for-sale securities — net of tax of $1,301			(1,952)			
Foreign currency translation adjustments			(16,754)			
Unrealized net gains on derivative instruments — net of tax of ($381)			571			
Defined benefit and postretirement plans — net of tax of $2,792			(4,188)			
Other comprehensive loss			(22,323)		(22,323)	(22,323)
Comprehensive loss						$ (4,653)
Cash dividends declared and paid				(95,310)	(95,310)	
BALANCES — March 31, 2009	710,718	$448,363	$(41,587)	$448,679	$855,455	

See notes to consolidated financial statements.

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2009 AND 2008
(In thousands)

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 17,670	$ 95,310
Adjustment to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	22,678	38,076
Goodwill impairment	24,450	2,654
Realized gain on marketable securities and other investments — net	(9,942)	(3,710)
Gain on disposal of discontinued operations	(12,775)	(22,658)
Loss on sale of property and equipment	11	238
Provision for doubtful accounts and other losses	31	(4,700)
Deferred income taxes	(4,248)	(1,990)
Equity in earnings of affiliates — net — less dividends received	10,077	2,832
Minority interest	(13,211)	(118)
Unrealized gain on commodity derivative contracts	(221,273)	(16,308)
Other	(2,438)	(1,598)
Changes in operating assets and liabilities:		
Notes receivable	34,552	(14,625)
Accounts receivable	545,664	(369,165)
Merchandise inventories	(165,049)	(263,223)
Guaranty deposits and advances to suppliers	(19,209)	(6,537)
Prepaid expenses and other current assets	14,016	(43,751)
Noncurrent advances, receivables and other assets	20,931	40,141
Notes payable	13,868	2,400
Accounts payable and accrued expenses	(571,771)	676,655
Accrued income taxes	-	(1,167)
Other long-term liabilities	(28,092)	(34,936)
Net cash (used in) provided by operating activities	(344,060)	73,820
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of marketable securities	108,052	319,192
Purchases of marketable securities	(34,462)	(296,004)
Investments in affiliated companies	(57,125)	(35,917)
Proceeds from sales of affiliated companies	46,026	-
Proceeds from sales of other investments	14,352	14,102
Purchases of other investments	(8,378)	(18,575)
Acquisition of new businesses	(39,073)	-
Proceeds from sales of property and equipment	3,784	11,204
Purchases of property and equipment	(9,809)	(8,856)
Proceeds from sales of discontinued operations	2,664	63,331
Proceeds from investment-related loans	615,449	94,922
Purchases of investment-related loans	(100,212)	(454,183)
Net cash provided by (used in) investing activities	541,268	(310,784)

(Continued)

MITSUBISHI INTERNATIONAL CORPORATION AND SUBSIDIARIES
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CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2009 AND 2008
(In thousands)

	2009	2008
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of short-term debt	$ 108,621	$ 16,430,671
Repayment of short-term debt	(334,973)	(15,836,605)
Proceeds from issuance of long-term debt	114,147	105,524
Repayment of long-term debt	(112,949)	(143,305)
Debt issuance costs	-	(5,596)
Dividends	(95,310)	(71,193)
Minority interest	(2,324)	2,892
Net cash (used in) provided by financing activities	(322,788)	482,388
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,687	(24)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(122,893)	245,400
CASH AND CASH EQUIVALENTS — Beginning of year	501,708	256,308
CASH AND CASH EQUIVALENTS — End of year	$ 378,815	$ 501,708
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION — Cash paid during the year for:		
Interest	$ 58,472	$ 108,888
Income taxes	$ 42,318	$ 43,947

See notes to consolidated financial statements. (Concluded)

1. SIGNIFICANT ACCOUNTING POLICIES

Business Description and Principles of Consolidation — Mitsubishi International Corporation is a wholly-owned subsidiary of Mitsubishi Corporation (the "Parent"), Tokyo, Japan.

The consolidated financial statements include the accounts of Mitsubishi International Corporation and its wholly-owned and majority-owned subsidiaries (collectively, the "Company"). All intercompany accounts and transactions have been eliminated. Consolidation of an entity is also assessed pursuant to Financial Accounting Standards Board ("FASB") Interpretation ("FIN") No. 46, *Consolidation of Variable Interest Entities*, as amended by FIN No. 46 (Revised 2003).

The Company is engaged in various business activities, such as trading activities, financing for customers and suppliers relating to such trading activities, and organizing and coordinating industrial projects through their business networks. The Company's operations are principally in the following areas: business innovation, industrial finance, fuels, metals, machinery, chemicals, living essentials and financial services, each having a diverse customer base.

Most of the Company's subsidiaries and affiliated companies maintain their fiscal year end at March 31st, while the remaining subsidiaries maintain their fiscal year end at December 31st. These December 31st subsidiaries are consolidated into the Company's financial statements with a three-month lag period.

Revenue Recognition — The Company's revenue recognition policies are as follows:

Revenues from Operating and Other Activities — Revenues from operating activities include revenues related to various trading transactions in which the Company acts as a principal, carries commodity inventory, and makes a profit or loss on the spread between bid and asked prices for commodities. These revenues include sales of non-ferrous metals, machinery, chemicals, food products and general consumer merchandise. Revenues from other activities include system developments and implementations, technical support services and sales of other industrial products.

Revenues from sales of various products are recognized at the time the delivery conditions are met. These conditions are usually considered to have been met when the goods are received by the customer or title to the goods is transferred and any future obligations are perfunctory and do not affect the customer's final acceptance of the arrangement. Revenues from services are recorded when the contracted services are rendered to third-party customers pursuant to the agreements.

Margins and Commissions on Operating Transactions — Margins and commissions on operating transactions include revenues from various trading transactions in which the Company acts as a principal or an agent. Through its trading activities, the Company facilitates its customers' purchases and sales of commodities and other products and charges a commission for this service. The Company also facilitates conclusion of the contracts between manufacturers and customers and deliveries of the products between suppliers and customers. Revenues from such transactions are recognized when the contracted services are rendered to third-party customers pursuant to the agreements.

Operating transactions as presented in the accompanying consolidated statements of income is a voluntary disclosure and represents the gross transaction volume or the aggregate nominal value of the sales contracts in which the Company acts as principal or agent, but excludes contract value in which the Company serves as broker. When the Company serves as principal or agent, it is responsible for the payment of the inventory purchase price and the collection of the sales proceeds. As a broker, however, the Company earns a commission, without involvement in cash payments or cash collections. Operating transactions should not be construed as equivalent to, or a substitute or a proxy for, revenues or as an indicator of the Company's operating performance, liquidity or cash flows generated by operating, investing or financing activities. The Company has included the operating transactions information because similar Japanese trading companies have generally used it as an industry benchmark. As such, management believes operating transactions is a useful supplement to the results of operations information for users of the consolidated financial statements.

Additionally, gross profit represents gross margin (revenues less cost of revenues) on transactions in which the Company acts as principal and commissions on transactions in which the Company serves as agent or broker. This presentation conforms to industry practice for Japanese trading companies.

Cash Equivalents — For purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Marketable Securities — In accordance with Statement of Financial Accounting Standards ("SFAS") No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, the Company classifies its investments as available-for-sale, based on the Company's intent with respect to those securities. Available-for-sale investments are carried at fair value with unrealized gains and losses recorded, net of tax, as accumulated other comprehensive income (loss), which is a component of stockholder's equity.

During the years ended March 31, 2009 and 2008, the proceeds from sales and maturities of marketable securities were $108,052 and $319,192, respectively. The gross realized gains on such securities for the years ended March 31, 2009 and 2008, amounted to $0 and $10,812, respectively. The gross realized losses on the securities for the years ended March 31, 2009 and 2008, amounted to $19,877 and $6,460, respectively. The basis on which cost was determined in computing the realized gains and losses is specific identification. The gross unrealized losses on the securities that were not deemed to be other-than-temporary were $14,785 and $14,962, respectively at March 31, 2009 and 2008. The gross unrealized gains were not significant as of March 31, 2009 and 2008. The changes in net unrealized holding gains and losses on the securities that were included in earnings for the years ended March 31, 2009 and 2008, were losses of $4,873 and $69, respectively.

As of March 31, 2009, investments in marketable debt securities have remaining maturities primarily between 2 months and 5 years. The Company had the ability and the intent to hold non-current marketable securities for more than the Company's operating cycle which is twelve months.

The Company reviews its investment securities portfolio on a quarterly basis to identify and evaluate investments that have indications of possible other-than-temporary impairment. Such securities are written down to their fair value when there is impairment in value that is other than temporary. The determination of whether or not other-than-temporary impairment exists is a matter of judgment. Factors considered in determining whether a loss is temporary include the length of time and the extent to which fair value has been less than the cost basis, the financial condition and credit quality of the security issuer, and the Company's ability and intent to hold the investment securities for a period of time sufficient to allow for any anticipated recovery in market value.

During the year ended March 31, 2009, the Company determined that certain unrealized losses on available-for-sale debt securities were indicative of other-than-temporary impairment, primarily due to evidence indicative of credit quality issues. For the years ended March 31, 2009 and 2008, the Company recorded impairment losses of $14,662 and $321, respectively on such available-for-sale debt securities, which were included in “Gain on marketable securities and other investments, net” in the accompanying consolidated statements of income.

Inventories — Inventories, except for certain commodities inventories that are accounted for at fair value in accordance with Accounting Research Bulletin No. 43, *Restatement and Revision of Accounting Research Bulletins*, are stated at the lower of cost (principally on the moving-average basis or a specific-identification basis) or market value.

Investments — The equity method of accounting is used for investments in affiliated companies over which the Company has significant influence, but does not have effective control. Significant influence is generally deemed to exist when the Company has an ownership interest in the voting stock of the investee of between 20% and 50%, although other factors, such as representation on the investee’s Board of Directors, voting rights and the impact of commercial arrangements, are also considered in determining whether the equity method of accounting is appropriate. The Company records its percentage of earnings (losses) from affiliated companies in “Equity in earnings of affiliates” in the consolidated statements of income.

A number of entities in which the Company holds less than 20% have been accounted for on the equity method due to significant influence achieved by combined interests held by the Parent or other affiliates.

The cost method of accounting is used for investments in which the Company has less than a 20% ownership interest, and the Company does not have the ability to exercise significant influence. These investments are carried at cost and are adjusted only for other-than-temporary declines in fair value. The Company tests for impairment in every quarter and recorded impairment charges of $5,011 and $359 for the years ended March 31, 2009 and 2008, respectively, which were included in “Gain on marketable securities and other investments, net” in the accompanying consolidated statements of income.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of — The Company reviews long-lived assets, other than goodwill, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired because the carrying amount exceeds the gross cash flows, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. The Company recognized an impairment loss of $391 on its long-lived assets for the year ended March 31, 2008. There was no such impairment for the year ended March 31, 2009.

Property and Equipment — Property and equipment are recorded at cost less accumulated depreciation and amortization.

Business Combinations — In accordance with SFAS No. 141, *Business Combinations*, all business combinations initiated after June 30, 2001, are accounted for by the purchase method. Goodwill is the excess of the purchase price, including acquisition-related expenses, over the value assigned to the net tangible and identifiable intangible assets acquired. Pursuant to SFAS No. 142, *Goodwill and Other Intangible Assets*, goodwill and intangible assets with indefinite useful lives are no longer amortized, but instead tested for impairment at least annually, as well as when an event triggering impairment may have occurred.

Goodwill Impairment — Pursuant to the provisions of SFAS No. 142, goodwill is no longer amortized, but instead is measured for impairment at least annually or when events indicate that impairment exists.

Goodwill impairment is determined using a two-step process. Goodwill is allocated to various reporting units, which are either the operating segment or one reporting level below the operating segment. As of March 31, 2009, the Company's reporting units for purposes of applying the provisions of SFAS No. 142 reside in the Company's Corporate segment. The first step of the goodwill impairment test is to compare the fair value of each reporting unit to its carrying amount to determine if there is potential impairment. If the fair value of the reporting unit is less than its carrying value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value was the purchase price paid to acquire the reporting unit.

Determining the fair value of a reporting unit under the first step of the goodwill impairment test and determining the fair value of individual assets and liabilities of a reporting unit under the second step of the goodwill impairment test is judgmental in nature and often involves the use of significant estimates and assumptions. These estimates and assumptions could have a significant impact on whether or not an impairment charge is recognized and also the extent of such charge. The Company's estimates of fair value utilized in goodwill and other indefinite lived intangible asset tests may be based upon a number of factors, including assumptions about the projected future cash flows, discount rate, and growth rate, determination of market comparables, technological change, economic conditions or changes in the business operations. Such changes may result in impairment charges recorded in future periods.

Amortization of Intangibles — Intangible assets include primarily customer relationships, trademarks and employment agreements. Such intangible assets are amortized on a straight-line basis over their estimated useful lives, which are generally four to twenty years.

Derivative Instruments — In accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities* and FAS No. 149, *Amendment of Statement on Derivative Instruments and Hedging Activities*, all derivative instruments are recognized and measured at fair value as either assets or liabilities in the consolidated balance sheets.

The Company uses derivative instruments to manage exposures to foreign currency and interest rate risks. Interest rate swaps are utilized to hedge interest rate exposures. Cross-currency interest rate swaps are utilized to hedge both the currency and interest rates exposure to help facilitate borrowings made in foreign currencies, gaining access to additional sources of financing, to be converted into U.S. dollar obligations.

In addition, the Company has foreign exchange forward contracts that have been entered into principally to manage its exposure to transaction and translation risk associated with certain assets, obligations and commitments denominated in foreign currencies. Such contracts have not been designated as fair value hedges for accounting purposes and are marked-to-market with changes in fair value recognized in earnings.

In the normal course of business, the Company enters into commodity forward and futures contracts to reduce its exposures to price fluctuations on certain of its long-term commitments and inventory positions in such commodities (principally aluminum, precious metals, coffee and cocoa, each of which is traded on a terminal market).

The Company has presented in the consolidated balance sheets assets and liabilities related to its leased precious metal positions. The amounts related to precious metal lease positions consist of assets of $148,024 and $404,455 and liabilities of $148,024 and $404,455 as of March 31, 2009 and 2008, respectively. The balances have been included in "Accounts receivable: Other", "Accounts payable and accrued expenses: Lease liabilities and other", and "Accounts payable and accrued expenses: Parent and affiliated companies".

Income Taxes — Income taxes are accounted for in accordance with SFAS No. 109, *Accounting for Income Taxes*. Under this statement, temporary differences between the financial and income tax bases of assets and liabilities are recognized as deferred income taxes, using enacted tax rates applicable to the periods in which the differences are expected to effect taxable income. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be recognized.

The Company adopted the provisions of FIN No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109* ("FIN No. 48"), as of April 1, 2007. This interpretation clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS No. 109. FIN No. 48 prescribes detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions. Tax positions must meet a more likely than not recognition threshold to be recognized upon the adoption of FIN No. 48 and in subsequent periods. This interpretation also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The adoption of FIN No. 48 did not have a significant impact on the Company's consolidated financial statements. See Note 7 for the effect of the adoption of this interpretation on the Company's consolidated financial statements.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant judgment and estimates are required in the determination of the allowances against accounts receivables, inventories and deferred tax assets, assumptions used in the calculation of pension and other long-term employee benefit accruals, legal and other accruals for contingent liabilities, and the determination of the carrying value of long-lived assets, among other items. Actual results could differ from those estimates.

Concentration Risk — The Company in the normal course of business is a party to various financial instruments. The Company engages in operating transactions with a significant number of customers in a wide variety of industries, and the Company's receivables from and guarantees to such parties are broadly diversified. Consequently, in management's opinion, no significant concentration of credit risk exists for the Company. Credit risk exposure of these financial instruments in the event of counterparty nonperformance is controlled through credit approvals, limits and monitoring procedures based on the credit policies.

Foreign Currency Transactions — Assets and liabilities of foreign subsidiaries have been translated at current exchange rates at the balance sheet date, and related revenues and expenses have been translated at average exchange rates in effect during the period. Such cumulative translation adjustments are

included as a component of accumulated other comprehensive income (loss) in the consolidated statements of stockholder's equity.

Transactions in foreign currencies are recorded at the exchange rate in effect at the transaction date and are recorded in "Sundry income" on the Company's consolidated statements of income. Gains or losses from foreign currency transactions, such as those resulting from the settlement of foreign receivables or payables during the period, are recognized in the consolidated statements of income in such period. The aggregate transaction gains (net of transaction losses) for the years ended March 31, 2009 and 2008, were $1,161 and $275, respectively.

Comprehensive Income — In accordance with SFAS No. 130, *Reporting Comprehensive Income*, and the Company has included amounts for comprehensive income (which consists of net income and other comprehensive income (loss) in the consolidated statements of stockholder's equity). Other comprehensive income (loss) consists of all changes to stockholder's equity other than those resulting from net income (loss) and shareholder transactions. For the Company, other comprehensive income (loss) consists of foreign currency translation adjustments, defined benefit plans, its share of unrealized gains (losses) on derivatives accounted for as cash flow hedges by the Company's equity method investees, and unrealized gains (losses) on available-for-sale securities, on a net of tax basis, where applicable. Accumulated other comprehensive income (loss), which is the cumulative amount of other comprehensive income (loss), is a separate component of total stockholder's equity.

Reclassifications — Reclassifications have been made to the prior year consolidated financial statements to conform to the current year's presentation. The prior year consolidated balance sheet reflects the reclassification of advance receipts from customers which were previously included within "Accounts Payable and accrued expense: Lease liabilities and other". In addition, $34,886 previously reported as "Other assets" has been reclassified to "Noncurrent advances, receivables and other assets".

These reclassifications had no impact on total assets and total current liabilities or any debt covenants. Accordingly, management believes these reclassifications are immaterial to the Company's consolidated financial statements.

Certain other reclassifications have been made to the prior year's consolidated financial statements to conform to the current year's presentation, to present the sale of a subsidiary during the fiscal year ended March 31, 2009, as a discontinued operation in the consolidated financial statements and footnotes for all periods presented.

New Accounting Standards — In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*. This statement defines fair value, and establishes a frame work for measuring fair value in GAAP and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this statement does not require any new fair value measurements. However for some entities, the application of this statement will change current practice. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB issued FASB Staff Position, SFAS No. 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13*, and FASB Staff Position, SFAS 157-2, *Effective Date of FASB Statement No. 157* ("FSP No. 157-2"). FSP No. 157-1 amends SFAS No. 157 to remove certain leasing transactions from the scope of SFAS No.157. FSP No. 157-2 delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, to financial years beginning after November 15,

2008. The Company adopted SFAS No. 157 as of April 1, 2008, except for the items covered by FSP No. 157-2. The Company is currently evaluating the impact of the adoption of FSP No. 157-2 as of April 1, 2009, on its non-financial assets and liabilities that are not recognized or disclosed at fair value on a recurring basis. See Note 15 of the consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB statement No. 115*, which provides entities with the opportunity to choose to measure eligible financial instruments and certain other items at fair value at specified election dates to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS No. 159 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company adopted this statement on April 1, 2008, and did not make this election. As such, the adoption of this statement did not have any impact on the consolidated financial statements.

In April 2007, the FASB issued FASB Staff Position No. FIN 39-1, *Amendment of FASB Interpretation No. 39* ("FIN No. 39-1"). FIN No. 39-1 amends certain provisions of FIN No. 39, *Offsetting of Amounts Related to Certain Contracts*, and permits companies to offset fair value amounts recognized for cash collateral receivables or payables against fair value amounts recognized for net derivative positions executed with the same counterparty under the same master netting arrangement. FIN No. 39-1 is effective for fiscal years beginning after November 15, 2007, with early application permitted. The adoption of FIN No. 39-1 did not have a material impact on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations* ("SFAS No. 141R"). SFAS No. 141R establishes principles and requirements for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, any non-controlling interest in the acquirer and the goodwill acquired. SFAS No. 141R also establishes disclosure requirements to enable the evaluation of the nature and financial effects of a business combination. SFAS No. 141R is effective on a prospective basis for all business combinations for which the acquisition date is on or after the beginning of the first annual period subsequent to December 15, 2008, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies. SFAS No. 141R amends SFAS No. 109 such that adjustments made to valuation allowances on deferred taxes and acquired tax contingencies associated with acquisitions that closed prior to the effective date of SFAS No. 141R would also apply the provisions of SFAS No. 141R, so that such adjustments will be recognized in earnings rather than as an adjustment to goodwill. The Company will assess the impact of SFAS No. 141R if it enters into a business combination.

In December 2007, the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements — an amendment of ARB No. 51*. SFAS No. 160 establishes accounting and reporting standards for ownership interests in subsidiaries held by parties other than the parent, the amount of consolidated net income attributable to the parent and to the non-controlling interest, and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. SFAS No. 160 also establishes disclosure requirements that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008. Other than reclassifying minority interest in subsidiaries from a liability account to a component of stockholder's equity, the effect of the adoption of this statement on the Company's consolidated financial statements is expected to be immaterial.

In March 2008, the FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities — an Amendment of FASB Statement No. 133*. SFAS No. 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments

and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. To meet those objectives, this statement requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair values amounts of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. SFAS No. 161 is effective for fiscal years and interim periods beginning after November 15, 2008. The Company is currently evaluating the impact that SFAS No. 161 will have on the consolidated financial statements.

On October 10, 2008, the FASB issued FASB Staff Position No. 157-3, *Determining the Fair Value of a Financial Asset When the Market for that Asset is Not Active* ("FSP No. 157-3"). FSP No. 157-3 clarifies the application of SFAS No. 157, *Fair Value Measurements*, in an inactive market and provides an illustrative example to demonstrate how the fair value of a financial asset is determined when the market for that financial asset is inactive. FSP No. 157-3 was effective immediate upon issuance. The adoption of FSP No. 157-3 did not have a material impact on the Company's consolidated financial statements.

In December 30, 2008, the FASB issued FASB Staff Position No. 132(R)-1, *Employer's Disclosure about Postretirement Benefit Plan Assets* ("FSP No. 132R-1"). FSP No. 132R-1 contains amendments to SFAS No. 132(R), *Employers' Disclosures about Pensions and Other Postretirement Benefits*, that are intended to enhance the transparency surrounding the types of assets and associated risks in an employer's defined benefit pension or other postretirement plan. FSP No. 132R-1 expands the disclosures set forth in SFAS No. 132(R) by adding required disclosures about: (1) how investment allocation decisions are made by management, (2) major categories of plan assets, and (3) significant concentrations of risk. Additionally, FSP No. 132R-1 requires an employer to disclose information about the valuation of plan assets similar to that required under SFAS No. 157. Those disclosures include: (1) the level within the fair value hierarchy in which fair value measurements of plan assets fall, (2) information about the inputs and valuation techniques used to measure the fair value of plan assets, and (3) a reconciliation of the beginning and ending balances of plan assets valued using significant unobservable inputs (Level 3 under SFAS No. 157). The new disclosures are required to be included in financial statements for fiscal years ending after December 15, 2009. The Company will provide the enhanced disclosures required by FSP No. 132R-1 in its consolidated financial statements for the year ending March 31, 2010.

In April 2009, the FASB issued FASB Staff Position No. 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly* ("FSP No. 157-4"), which confirms that the objective of fair value when the market for an asset is not active is the price that would be received to sell the asset in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions (that is, in the inactive market). FSP No. 157-4 provides guidance for identifying inactive markets and distressed transactions and for making fair value measurements more consistent with the principles presented in SFAS No. 157 in those circumstances. If a reporting entity determines that the market for the asset is not active, the entity is required to base its conclusion about whether a transaction was not orderly on the weight of the evidence. An entity is required to disclose a change in valuation technique (and the related inputs) resulting from the application of FSP No. 157-4 and to quantify its effects, if practicable. FSP No. 157-4 is effective, on a prospective basis only, for interim and annual periods ending after June 15, 2009. The Company does not expect that the adoption of FSP No. 157-4 will have a material impact on its consolidated financial statements.

In April 2009, the FASB issued FASB Staff Position No. 141(R)-1, *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies* ("FSP No. 141R-1"),

which amends certain provisions of SFAS No. 141R, including the elimination of the distinction between contractual and non-contractual contingencies, related to initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. FSP No. 141R-1 revises the guidance in SFAS No. 141R to require that an asset or liability arising from a contingency that would be within the scope of SFAS No. 5, *Accounting for Contingencies*, be recognized at the acquisition date at fair value if fair value can be reasonably determined during the measurement period. FSP No. 141R-1 provides guidance for assessing when fair value can be reasonably determined. If those conditions are not met, assets acquired and liabilities assumed are not recognized at the acquisition date. In subsequent periods, those assets and liabilities are accounted for under SFAS No. 5 or other applicable GAAP. Accounting for contingent consideration arrangements remains unchanged from SFAS No. 141R. FSP No. 141R-1 is effective for business combinations for which the acquisition date was on or after the beginning of the first annual reporting period beginning on or after December 15, 2008.

In May 2009, the FASB issued SFAS No. 165, *Subsequent Events*. SFAS No. 165 establishes general standards of accounting for and disclosures of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date. SFAS No. 165 is effective for interim and annual periods ending after June 15, 2009 and, as such, the Company will adopt this standard in the second quarter of the fiscal year ending March 31, 2010. The Company is currently assessing the impact of the adoption of SFAS No. 165, if any, on its consolidated financial statements.

In June 2009, the FASB issued SFAS No. 167, *Amendments to FASB Interpretation No. 46(R)*. SFAS No. 167 eliminates FIN No. 46 (R)'s exceptions to consolidating qualifying special-purpose entities, contains new criteria for determining the primary beneficiary, and increases the frequency of required reassessments to determine whether a company is the primary beneficiary of a variable interest entity. SFAS No. 167 also contains a new requirement that any term, transaction, or arrangement that does not have a substantive effect on an entity's status as a variable interest entity, a company's power over a variable interest entity, or a company's obligation to absorb losses or its right to receive benefits of an entity must be disregarded in applying FIN No. 46(R)'s provisions. The elimination of the qualifying special-purpose entity concept and its consolidation exceptions means more entities will be subject to consolidation assessments and reassessments. SFAS No. 167 will be effective for the Company's fiscal year beginning April 1, 2010. The Company is currently assessing the potential impacts, if any, on the Company's consolidated financial statements.

In June 2009, the FASB issued SFAS No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FASB Statement No. 162*. SFAS No. 168 replaces SFAS No. 162, *The Hierarchy of Generally Accepted Accounting Principles,* and establishes the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of this statement, SFAS No. 168 will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the SFAS No. 168 will become non-authoritative. This statement is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Company does not expect the adoption of SFAS No. 168 to have a material impact on the Company's consolidated financial statements.

2. PROPERTY AND EQUIPMENT — NET

Property and equipment — net at March 31, 2009 and 2008, consisted of the following:

	2009	2008
Property leased to others	$ 13,589	$ 14,146
Leasehold improvements	9,711	8,797
Land and land improvements	890	2,515
Building and structures	8,860	21,857
Machinery and equipment	32,265	73,323
Furnitures, fixtures, and vehicles	11,374	12,662
Construction in progress	706	1,998
Capitalized software costs	12,894	11,641
Total	90,289	146,939
Less accumulated depreciation and amortization	(45,525)	(57,336)
Net	$ 44,764	$ 89,603

Depreciation and amortization expense for the years ended March 31, 2009 and 2008, was $9,429 and $17,625, respectively. Depreciation is determined principally on a straight-line basis over the estimated useful lives of the property. Leasehold improvements are amortized on the straight-line basis over the estimated useful life of the property or the life of the lease, whichever is shorter. Maintenance and repair expenses are expensed as incurred.

The useful lives used in computing depreciation and amortization are based on the Company's estimate of the service life of the classes of property and as follows:

	Years
Property leased to others	3–30
Leasehold improvements	7–18
Building and structures	15–50
Machinery and equipment	3–20
Furnitures, fixtures, and vehicles	3–10
Capitalized software costs	3

3. ACQUISITIONS, GOODWILL AND INTANGIBLE ASSETS

On January 14, 2008, the Company, through one of its subsidiaries that has a December 31 year end, acquired 93.8% of the shares of W.C. Wood Holdings, Inc. ("Woods"), a Canadian-based company, involved in producing and marketing of consumer and commercial appliances, for cash consideration of $19,942. In addition, the Company incurred professional fees and other acquisition-related costs of $5,640. As part of the Woods acquisition, the Company developed and approved a plan to exit certain product lines and facilities. Consequently, the Company recognized liabilities associated with exit activities of $5,061 and incurred an asset impairment loss of $2,355.

This acquisition was accounted for using the purchase method of accounting. Based upon the Company's allocation of the purchase price, the fair value of the assets acquired and liabilities assumed, on January 14, 2008, were as follows:

Assets acquired:	
Current assets	$ 65,694
Property, plant and equipment and other non-current assets	31,786
Trademarks and customer lists	7,538
Total assets	105,018
Liabilities assumed — total liabilities	(39,903)
Total net assets acquired	65,115
Negative goodwill allocated to reduce long-lived assets above	(39,324)
Excess negative goodwill recorded as extraordinary gain	(209)
Purchase price	$ 25,582

The assets acquired and liabilities assumed in the Woods acquisition were at an amount below the fair value, resulting in negative goodwill of $209 (included in Sundry income). In accordance with SFAS No. 141, *Business Combinations*, any negative goodwill is required to first be allocated to reduce the value of long-lived assets on a pro-rata basis. The final purchase price allocated to proportionately reduce the assigned values of acquired property, equipment and acquired intangible assets amounted to $39,324.

On March 7, 2008, the Company, through one of its subsidiaries, acquired 100% of the shares of EBR Holdings Limited ("EBR"), a U.K.-based company, involved in providing flexographic printing and conversion services and supplying printed polymers and flexible materials for a total purchase price of $13,491, consisting of cash consideration of approximately $12,875 and professional fees and other related costs incurred of approximately $616.

The EBR acquisition was accounted for using the purchase method of accounting. The excess of the purchase price over the fair value of the net assets acquired and liabilities assumed has been recorded as goodwill. Based upon the Company's allocation of the purchase price, the fair value of the assets acquired and liabilities assumed, on March 7, 2008, were as follows:

Assets acquired:	
Current assets	$ 10,463
Property, plant and equipment	4,005
Intangible asset	5,400
Goodwill	990
Total assets	20,858
Liabilities assumed — total liabilities	7,367
Purchase price	$ 13,491

The acquired intangible asset consists of a customer list, which is being amortized over a useful life of 15 years. The purchase agreement calls for additional consideration to be paid by the Company, through

one of its subsidiaries, to the sellers if the actual revenue of the acquired company exceeds certain thresholds as stated in the agreement for the 12-month period ended December 31, 2008. The Company has reviewed actual revenues for this period and determined that the revenue thresholds have not been exceeded. No additional consideration has been recorded in these consolidated financial statements.

The results of operations of Woods and EBR have been included in the Company's results of operations for the year ended March 31, 2009 (as part of the Company's Corporate segment) commencing on their respective acquisition dates. Both entities have a December 31st year end and the acquired assets and liabilities have been included in the Company's consolidated balance sheet at March 31, 2009.

During the fiscal year ended March 31, 2008, the Company acquired 2,000 shares of common stock of MCMET Chemical Inc., an affiliated entity engaged in marketing methanol in the U.S., for approximately $2,000, resulting in an 80%-ownership interest. MCMET Chemical Inc. was previously a wholly-owned subsidiary of the Parent, which now owns the remaining 20% interest. The Company accounted for this transfer in accordance with SFAS No. 141, *Business Combinations*, in a manner that is consistent with transactions between entities under common control. Under this method, the value of the assets and liabilities transferred is recognized at the historical carrying cost of the transferor as of the date of the transfer, rather than at fair value. The results of operations of MCMET Chemical Inc. have been included in the Company's consolidated financial statements as if the transaction had occurred at the beginning of the fiscal year ended March 31, 2008.

The Company's goodwill of $14,774 and $38,234 as of March 31, 2009 and 2008, respectively, was subject to impairment testing. The majority of the goodwill has been generated from business acquisitions through the Corporate segment of the Company. Changes in the carrying amount of goodwill during the years ended March 31, 2009 and 2008, were as follows:

Balance as of April 1, 2007	$ 78,290
Impairment	(2,654)
Disposal of businesses — see Note 14 on discontinued operations	(36,188)
Resolution of estimates related to deferred taxes	(1,214)
Balance as of March 31, 2008	38,234
Impairment	(9,821)
Disposal of businesses — see Note 14 on discontinued operations	(14,629)
Acquisition of EBR	990
Balance as of March 31, 2009	$ 14,774

The fair value of these subsidiaries within the Corporate segment is tested annually or when events indicate that impairment may exist. The Company utilized a combination of discounted cash flows and trading comparables approaches to estimate the fair value of these subsidiaries in the first step of goodwill impairment testing. Under the discounted cash flows approach, the fair value of this subsidiary is calculated based on the present value of estimated future cash flows. Under the trading comparables approach, fair value is estimated based on average ratio of market multiples of revenue or earnings for comparable companies.

At March 31, 2009 and 2008, the Company identified indicators of potential impairment at one of these subsidiaries. That was primarily due to recurring operating losses for this subsidiary during fiscal 2008, coupled with a loss of a major customer and continued deterioration of the general economy and consumer confidence during the 4th quarter of 2009. The results of the goodwill impairment analysis

indicated an impairment amount of $9,821 and $2,654 for the years ended March 31, 2009 and 2008, respectively.

Intangible assets subject to amortization as of March 31, 2009 and 2008, consists of the following:

	Gross Carrying Amount	Accumulated Amortization	Net
March 31, 2009			
Trade names	$ 2,152	$ 646	$ 1,506
Customer relationships	7,842	636	7,206
Employee agreements and other	794	533	261
Total (a)	$ 10,788	$ 1,815	$ 8,973
March 31, 2008			
Trade names	$ 3,552	$ 376	$ 3,176
Customer relationships	12,743	1,322	11,421
Employee agreements and other	1,447	776	671
Total	$ 17,742	$ 2,474	$ 15,268

(a) During the fiscal year ended March 31, 2009, the Company sold one of its subsidiaries, Avon within its Corporate segment. As a result, the Company no longer consolidates the intangible assets of Avon in the Company's consolidated balance sheet. The decrease in customer relationships was partially offset by an increase from the EBR acquisition through a subsidiary discussed above.

Amortization expense on the Company's intangible assets for the fiscal years ended March 31, 2009 and 2008, was $786 and $972, respectively.

Estimated future amortization expense of the intangible assets for the next five years is as follows:

Years Ending March 31	
2010	$ 879
2011	704
2012	704
2013	704
2014	704
Thereafter	5,278
Total	$ 8,973

4. INVESTMENTS IN AFFILIATED COMPANIES AND OTHER INVESTMENTS

Investments in Affiliated Companies — The Company has investments in a number of affiliates, which are accounted for on the equity method. The Company's significant equity method investees and its approximate ownership interests in each investee were as follows as of March 31, 2009 and 2008:

	2009(a)			2008 (a)		
	Ownership Interest	Ownership Equity	Ownership Earnings	Ownership Interest	Ownership Equity	Ownership Earnings
Metal One Holdings America, Inc.	12.00 %	$ 38,218	$ 7,036	12.00 %	$ 34,451	$ 3,621
Petro-Diamond Inc.	50.00	34,056	5,750	50.00	29,288	3,273
MCX Gulf of Mexico	5.00	25,518	(9,637)	5.00	36,766	1,132
Indiana Packers Corp.	10.00	13,167	1,843	10.00	11,620	923
Mitsubishi do Brasil S.A.	16.82	11,853	884	16.82	14,776	1,076
CIMA Energy Ltd.	13.60	9,428	1			
Agrex	10.00	8,769	1,429	10.00	7,950	1,783
Diamond Nebraska	5.00	8,750	1,933	5.00	7,546	1,840
MC Credit Products Fund Ltd.	20.00	7,872	(5,128)			
MC Machinery Systems Inc.	20.00	7,306	426	20.00	7,922	2,083
Aladdin Capital Holdings LLC	3.90	7,131	87			
MC Life Science Ventures	19.26	6,317	(618)	19.26	7,233	286
HTR Holding Corp.				38.95	14,997	(1,895)

(a) During the year ended March 31, 2009, the Company acquired CIMA Energy Ltd., MC Credit Products Fund Ltd., and Aladdin Capital Holdings LLC, which have been accounted for as equity method investments. During the year ended March 31, 2009, the Company sold its investment in HTR Holding Corp. at a gain of $31,827.

The Company's share of earnings of these affiliates is included in "Equity in earnings of affiliates" on the consolidated statements of income. For the years ended March 31, 2009 and 2008, the Company received dividends from affiliates of $14,718 and $16,758, respectively. The Company's total investments in affiliates as of March 31, 2009 and 2008, were $214,900 and $187,513 respectively, which are included in "Investments in affiliated companies" on the consolidated balance sheets.

The summarized unaudited financial information below for the years ended March 31, 2009 and 2008, represents an aggregation of all the Company's affiliates which have been accounted for under the equity method:

	2009	2008
Statements of Operations:		
Net sales	$ 12,407,577	$ 9,421,865
Gross profit	901,435	575,804
Net earnings	67,787	148,298

	2009	2008
Statements of Financial Condition:		
Current assets	$ 2,460,191	$ 2,147,006
Non-current assets	2,782,047	1,766,135
Total assets	$ 5,242,238	$ 3,913,141
Current liabilities	$ 1,908,397	$ 1,616,118
Non-current liabilities	1,963,830	397,814
Stockholders' equity	1,370,011	1,899,209
Total liabilities and stockholders' equity	$ 5,242,238	$ 3,913,141

Diamond Plastics Corp., in which the Company has more than a 20% interest, is not accounted for on the equity method due to the Company's inability to exercise significant influence over its operating and financial policies.

The total carrying value of cost method investments, included in "Other investments" in the consolidated balance sheets as of March 31, 2009 and 2008, was $26,239 and $35,562, respectively.

5. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In the normal course of business, the Company is exposed to market risk from changes in interest rates, foreign exchange rates and commodity prices. To manage the exposure to those risks, the Company enters into interest rate swaps, interest rate and cross currency swaps, and commodity forward and futures contracts as a means of hedging the change in the fair value of the underlying exposure being hedged. For all derivatives designated as fair value hedges, the Company documents the relationship between the hedging instrument and the hedged item, as well as the risk management objective and strategy for using the hedging instrument. Whenever practical, the Company designates specific exposures to qualify for hedge accounting. In these circumstances, the Company assesses, both at the inception of the hedge and on an on-going basis, whether the hedging derivatives are highly effective in offsetting changes in fair value of the hedged items. The Company utilizes regression analysis and dollar offset models to determine hedge effectiveness.

Commodity Hedges — The Company is exposed to price fluctuations of various commodities used in its trading activities. The Company enters into commodity forward and futures contracts to reduce its exposures to price fluctuations on certain of its long-term commitments and inventory positions in such commodities. The Company designates certain exchange-traded futures as fair value hedges of its non-precious metals inventory positions. These hedges are designed to protect a portion of its inventory position from exposure to movements in those commodity prices. Both the hedged inventory positions and the related exchange-traded futures are stated at exchange quoted prices. As of March 31, 2009, derivatives in effect, which were designated as fair value hedge instruments, were recorded in the consolidated balance sheet at their fair values of $87,899 and were included in "Accounts receivable: Parent". As of March 31, 2008, derivatives in effect, which were designated as fair value hedge instruments, were recorded in the consolidated balance sheet at their fair values of $26,781 and $50,000, respectively, which are included in "Accounts receivable: Parent" and "Accounts payable and accrued expenses: Parent". The changes in fair value are recognized in earnings currently in the accompanying consolidated statements of income. Any ineffectiveness, which was not significant, was included in earnings for the years ended March 31, 2009 and 2008.

Financial Swaps — The Company's financing, investing, and cash management activities are exposed to market risk from changes in interest rates and currency exchange rates. The Company enters into currency and interest rate swaps in order to convert certain fixed rate assets and liabilities denominated in foreign currencies, primarily Japanese yen, to a United States dollar floating-rate basis. As of March 31, 2009, derivatives in effect, which were designated as fair value hedge instruments, were recorded in the consolidated balance sheet at their fair values of $29,890, and were included in "Accounts receivable: Other" and "Noncurrent advances and receivables and others" and $1,460 in "Accounts payable and accrued expenses: Lease liabilities and other" and "Other long-term liabilities." As of March 31, 2008, derivatives in effect, which were designated as fair value hedge instruments, were recorded in the consolidated balance sheet at their fair values of $25,891 and $825, respectively, which are included in "Noncurrent advances and receivables and others" and "Accounts payable and accrued expenses: Lease liabilities and other" and "Other long-term liabilities". The changes in the fair value of these swaps were included in the accompanying consolidated statements of income. Any ineffectiveness, which was not significant, was included in earnings for the years ended March 31, 2009 and 2008.

Foreign Exchange Forwards — The Company also has foreign exchange forward contracts with fair values of $102 and ($180) as of March 31, 2009 and 2008, respectively. Such contracts have not been designated as hedges for accounting purposes and are marked-to-market with changes in fair value recognized in earnings currently, which are included in the "Sundry income" in the accompanying consolidated statements of income.

Derivative Instruments Used for Other Than Hedging Activities — The Company utilizes commodity forward and option contracts in precious metal trading activities in order to economically hedge against future commitments or anticipated transactions. Such contracts have not been designated as hedges for accounting purposes and are marked to market with changes in fair value recognized in earnings currently are included in the accompanying consolidated statements of income.

6. SHORT-TERM AND LONG-TERM DEBT

Short-term debt as of March 31, 2009 and 2008, consisted of the following:

	2009		2008	
		Interest Rate		Interest Rate
Financial institutions — loans and repurchase agreements	$ 176,194	2.9 %	$ 113,107	4.4 %
Commercial paper	519,100	0.9	831,700	2.4
Total short-term debt	$ 695,294		$ 944,807	

The interest rates on short-term debt represent weighted-average rates on outstanding balances at March 31, 2009 and 2008, respectively.

Long-term debt bears interest at fixed and floating rates. Long-term debt as of March 31, 2009 and 2008, is comprised of the following:

	2009	2008
Financial institutions — maturing through 2017 — at fixed or floating rates, principally 0.65% to 30.15%	$ 521,438	$ 584,736
Total long-term debt	521,438	584,736
Market value adjustments for debt in accordance with SFAS No. 133	29,890	25,891
Total long-term debt (including SFAS No. 133 adjustments)	551,328	610,627
Less current maturities (including SFAS No. 133 adjustments of $4,678 in 2009 and $0 in 2008)	(75,022)	(108,658)
Long-term debt — less current maturities	$ 476,306	$ 501,969

Long-term debt matures during the following years ending March 31 as follows:

2010 (included in current liabilities)	$ 70,344
2011	145,651
2012	151,980
2013	151,407
2014	1,202
Thereafter	854
Total long-term debt	521,438
Market value adjustments for debt in accordance with SFAS No. 133	29,890
	$ 551,328

Certain subsidiaries of the Company have pledged all or certain business assets to banks in connection with their current loan agreements. Such assets include but not limited to accounts receivable, inventories, and property and equipment.

The Company has certain financial debt covenants which have been compiled with as of March 31, 2009 and 2008.

The Company and its Parent entered into a Keep Well Agreement dated January 27, 2003, which is governed by the laws of the State of New York. The following is a summary of certain terms of the Company's Keep Well Agreement.

1. The Parent has agreed to make cash payments to the Company in amounts sufficient, together with other revenues of the Company, to cause the consolidated Tangible Net Worth of the Company to be positive at all times.

2. The Parent will maintain direct or indirect ownership of all the voting capital stock of the Company and will not pledge or grant any security interest in, or encumber, any such capital stock.

3. The Parent will cause the Company to maintain sufficient liquidity to punctually meet the debt obligations issued by the Company in order to facilitate the raising of funds.

The Parent has indicated that due to its superior creditworthiness, it is committed and will continue to fulfill obligations under the Keep Well Agreement until at least the fiscal year ending March 31, 2010.

7. INCOME TAXES

The provision (benefit) for income taxes for the years ended March 31, 2009 and 2008, consisted of the following:

	2009	2008
Current:		
Federal	$ 32,407	$ 47,290
State	4,457	4,894
Deferred:		
Federal	(6,651)	(2,863)
State	(1,167)	(90)
Total income taxes	$ 29,046	$ 49,231

Total income taxes include the effects of tax expense of $2,016 and $1,687 on equity earnings of affiliates for the years ended March 31, 2009 and 2008, respectively.

The difference between the actual income tax expense and income tax expense computed by applying the Federal statutory rate to pretax income (which includes equity in earnings of affiliates) is explained as follows:

	2009	2008
Statutory rate	35.00 %	35.00 %
Change in valuation allowance	31.08	0.16
State taxes (net of Federal tax benefit)	1.22	3.31
Book and tax basis difference of investments in affiliates	(13.25)	(2.91)
Dividends received deduction	(0.55)	(0.84)
Expenses not deductible for income taxes	1.19	0.37
Other	(3.17)	(1.57)
Effective tax rate	51.52 %	33.52 %

At March 31, 2009 and 2008, deferred tax assets and deferred tax liabilities were as follows:

	2009		2008	
	Current	Non-Current	Current	Non-Current
Assets:				
Investments	$ -	$ 26,331	$ -	$ 9,719
Pension		12,813		10,825
Bad debt write-off	602		702	
Office sublease loss write-off	266	3,408	380	3,636
SFAS 133 adjustments	(70)	539		910
Net operating loss carryforward	177	6,527	191	5,778
Vacation accrual		310		243
Depreciation and amortization	174	5,465		5,334
Other	299		1,242	
Gross deferred tax assets	1,448	55,393	2,515	36,445
Valuation allowance		(21,628)		(8,717)
Deferred tax assets — net of valuation allowance	1,448	33,765	2,515	27,728
Liabilities:				
Affiliated companies		(8,226)		(6,211)
Other		(1,770)		(1,439)
Gross deferred tax liabilities	-	(9,996)	-	(7,650)
Net deferred tax assets	$ 1,448	$ 23,769	$ 2,515	$ 20,078

As of March 31, 2009, the Company had U.S. net operating losses ("NOL") carryforwards of $25,094 expiring in periods beginning in 2026 through 2028. The Company also had foreign NOL carryforwards of $8,884 expiring in periods beginning in 2013 through 2028.

In assessing the realizability of the deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefit of these deductible differences, net of the recorded valuation allowance. The underlying assumptions used in forecasting future taxable income require significant judgment and take into account the Company's recent performance.

A valuation allowance of $21,628 and $8,717 were recorded as of March 31, 2009 and 2008, respectively, related to certain of the Company's NOL carryforwards and deductible temporary differences in domestic and foreign jurisdictions. The Company recorded the valuation allowance on the deferred tax assets where there is uncertainty as to the ultimate realization of the future tax deductions. During the year ended March 31, 2009, the Company has incurred realized and unrealized capital losses of $51.8 million and $33.8 million, respectively, and generated capital gains of $39.6 million. As of March 31, 2009, the aggregate amount of gross unrealized and realized capital losses of $100.8 million exceeded the aggregate amount of capital gains of $70.7 million by $30.1 million. The Company's capital losses are only deductible against capital gains and the Company does not anticipate having the ability to generate sufficient capital gains in the future to realize such capital losses. Accordingly, the increase in valuation allowance primarily relates to the tax effect of the excess of unrealized capital losses over capital gains, amounting to approximately $12 million.

No provision for income tax is recognized on undistributed earnings of the Company's foreign subsidiaries, as the Company intends to permanently reinvest such earnings. At March 31, 2009 and 2008, the amount of such deferred tax liability on the undistributed earnings of its foreign subsidiaries which has not been recognized in the accompanying consolidated financial statements aggregated $6,245 for both years.

The Company files income tax returns in the U.S. federal jurisdiction, various states and foreign jurisdictions. The Company believes it is filing in all jurisdictions deemed necessary and appropriate.

The Company adopted FIN No. 48 effective April 1, 2007. As a result of implementation of FIN No. 48, the Company identified unrecognized tax benefits of $3,567 as of April 1, 2007, and did not require a cumulative-effect adjustment to retained earnings.

A reconciliation of the beginning and ending amount of unrecognized tax benefits at March 31, 2009 and 2008, were as follows:

Balance at April 1, 2007	$ 3,567
Additions for tax positions of prior years	15
Settlements	(1,705)
Balance at March 31, 2008	1,877
Additions for tax positions of prior years	381
Reductions for tax positions of prior years	(1,648)
Balance at March 31, 2009	$ 610

Total amount of unrecognized tax benefits that would reduce the effective tax rate, if recognized, is $610.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income taxes in the consolidated statements of income. Interest and penalties included in the income statements for the fiscal years ended March 31, 2009 and 2008, were $75 and $15, respectively, and accrued interest and penalties included in the balance sheets as of March 31, 2009 and 2008, were $104 and $29, respectively.

The Company and its U.S. subsidiaries file income tax returns in the United States Federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to the United States Federal and local income tax examinations by tax authorities for years before December 31, 2004 and 2003, respectively.

The Company does not anticipate any significant change in the amount of identified tax benefits within the next twelve months.

8. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company and certain subsidiaries sponsor defined benefit pension plans covering substantially all of their employees. The Company and certain subsidiaries also provide postretirement medical benefits for eligible retired employees. Additionally, the Company provides certain nonqualified supplemental executive defined pension plans to provide supplemental retirement benefit primarily to certain high-level employees.

The following tables provide key information pertaining to the Company's and its subsidiaries' defined benefit and the postretirement benefit plans. The Company used a March 31st year-end measurement date for the majority of the plans, except for certain subsidiaries that did not change their year-end to March 31st, which used a December 31st year end as the measurement date.

	2009		2008	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
Change in projected benefit obligation:				
Projected benefit obligation — beginning of year	$ 63,795	$ 18,273	$ 60,583	$ 21,010
Translation (gain) loss	(1,632)		130	
Service cost	1,403	141	1,281	586
Interest cost	4,026	920	3,513	1,053
Amendments				(2,638)
Actuarial loss	(10,998)	(1,253)	(247)	(254)
Past service cost			1,094	
Curtailments and settlements			(302)	(486)
Employee contributions	64			
Benefits paid	(3,080)	(1,175)	(2,257)	(998)
Acquisitions/divestitures and other — net	4,196	(2,988)		
Projected benefit obligation — end of year	57,774	13,918	63,795	18,273
Change in plan assets:				
Fair value of plan assets — beginning of year	49,284		44,520	
Actual return (loss) on plan assets	(11,976)		5,867	
Foreign exchange rate changes	(1,851)		123	
Contributions by employer	2,211		1,014	
Contributions by employee	64			
Benefits paid	(3,080)		(2,240)	
Acquisitions/divestitures and other — net	6,273			
Fair value of plan assets — end of year	40,925	-	49,284	-
Reconciliation of funded status — end of year — funded status	$ (16,849)	$ (13,918)	$ (14,511)	$ (18,273)

Amounts recognized in the consolidated balance sheets as of March 31, 2009 and 2008, consist of the following:

	2009		2008	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
Noncurrent assets	$ 895	$ -	$ 815	$ -
Current liabilities	(70)	(1,023)		(413)
Noncurrent liabilities	(17,674)	(12,895)	(15,326)	(17,860)
Total accrued pension liability	$ (16,849)	$ (13,918)	$ (14,511)	$ (18,273)

Amounts recognized in accumulated other comprehensive income as of March 31, 2009 and 2008, consist of the following:

	2009		2008	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
Net actuarial loss (gain)	$ 16,829	$ (1,066)	$ 11,884	$ (4,176)
Prior service cost (credit)	103	(4,314)	136	(3,383)
Transition obligation	(110)			
Accumulated other comprehensive income (before tax effects)	$ 16,822	$ (5,380)	$ 12,020	$ (7,559)

Components of net periodic benefit cost and other amounts recognized in other comprehensive loss for the years ended March 31, 2009 and 2008, is as follows:

	2009		2008	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
Net periodic costs:				
Service cost	$ 1,403	$ 141	$ 1,195	$ 138
Interest cost	4,026	920	3,457	870
Expected return on plan assets	(4,247)		(4,177)	
Contributions by employee	(65)			
Amortization of:				
Prior service cost	33	(268)	75	(268)
Gains and losses	644	(178)	170	(216)
Total net periodic costs	$ 1,794	$ 615	$ 720	$ 524

Amounts expected to be recognized in net periodic cost in the coming year are as follows:

	Year Ended March 31, 2009		Year Ended March 31, 2008	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
(Gain) loss recognition	$ 1,173	$(268)	$607	$(178)
Prior service cost recognition	33	(321)	33	(201)

Additional information pertaining to the defined benefit and the postretirement benefit plans as of March 31, 2009 and 2008, were as follows:

	2009	2008
	Defined Benefit Pension Pension Plans	Defined Benefit Pension Pension Plans
Accumulated benefit obligations	$ 48,443	$ 58,256
Pension plans with benefit obligation in excess of plan assets:		
Benefit obligation	48,238	57,705
Fair value of plan assets	30,493	42,379

The projected benefit obligation and aggregate fair value of plan assets of the defined benefit pension plans are disclosed above. The Company has recorded these amounts in "other assets", "Accounts payable and accrued expenses", and "Other long-term liabilities" in its consolidated balance sheets at March 31, 2009 and 2008.

Benefit payments for the defined benefit pension plans and other postretirement benefits for the next 10 years are expected to be as follows:

	Defined Benefit Pension Plans	Other Postretirement Benefits Before Medicare Retiree Drug Subsidy	Other Postretirement Estimated Medicare Retiree Drug Subsidy
2010	$ 2,719	$ 1,127	$ 69
2011	2,828	1,186	76
2012	2,981	1,222	83
2013	3,161	1,228	91
2014	3,400	1,226	100
2015–2019	21,511	6,300	618

The following weighted-average assumptions were used to determine benefit obligations for the defined benefit and the other postretirement benefit plans at end of years:

	2009		2008	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
Discount rate	7.0%–7.5%	7%–7.25%	6.25%–6.5%	5.75%–6.25%
Initial health care cost trend rate		9 %		5%–10%
Ultimate health care cost trend rate		5 %		5%–5.5%
Year in which ultimate rate is reached		2015		2015
Salary scale	2.5%–4%	4 %	2.75%–4%	

Weighted-average assumptions were used to determine benefit cost for the Company's defined benefit pension plans and the other postretirement benefit plans for the years ended March 31, 2009 and 2008, is as follows:

	2009		2008	
	Defined Benefit Pension Plans	Other Postretirement Benefits	Defined Benefit Pension Plans	Other Postretirement Benefits
Discount rate	6%–7.5%	6.25 %	5.75%–6.5%	6 %
Expected asset return	7.7%–8.5%		7%–8.5%	
Salary scale	2.5%–4%	4 %	2.75%–3.75%	4 %
Mortality table	1994GAM/UP 1994	1994GAM	1994GAM	1994GAM
Average future working lifetime (years)	9.85–17.24		9.96	

In determining the expected long-term rate of return on assets of 7.0% to 8.5%, the Company evaluated input from its investment consultants, actuaries and investment management firms, including their review of asset class return expectations, as well as long-term historical asset class returns. Projected returns by such consultants and economists are based on broad equity and bond indices.

In determining the expected long-term rate of return on assets of 7.0% to 8.5%, the Company evaluated input from its investment consultants, actuaries and investment management firms, including their review of asset class return expectations, as well as long-term historical asset class returns. Projected returns by such consultants and economists are based on broad equity and bond indices.

The Company's pension plan asset allocations at the respective measurement dates, by asset category, was as follows:

	2009		2008	
Asset Category	The Company's Sponsored Plan Percentage of Plan Assets	Certain Subsidiary's Sponsored Plan Percentage of Plan Assets	The Company's Sponsored Plan Percentage of Plan Assets	Certain Subsidiary's Sponsored Plan Percentage of Plan Assets
Equity securities	53.07 %	46.68 %	61.10 %	69.00 %
Debt securities	27.98	49.34	18.90	27.00
Cash and cash equivalent	18.95	3.54	20.00	3.00
Other		0.44		1.00
Total	100.00 %	100.00 %	100.00 %	100.00 %

The Company's investment policy is to maximize the total rate of return (income and appreciation) with a view to the long-term funding objectives of the pension plans. Therefore, the pension plan assets are diversified to the extent necessary to minimize risks and to achieve an optimal balance between risk and return and between income and growth of assets through capital appreciation.

The Company's policy is to allocate pension plan funds within a range of percentages for each major asset category as follows:

	2009	2008
Equity securities	50–70%	50–70%
Debt securities/fixed income	30–50%	30–50%

The Company may direct the transfer of assets between investment managers in order to rebalance the portfolio in accordance with the asset allocation ranges above to accomplish the investment objectives for the pension plan assets.

The Company's funding policy is mainly to contribute an amount deductible for income tax purposes. The Company expects to contribute approximately $1,974 to their defined benefit pension plans during the year ending March 31, 2010.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. The Company's one-percentage-point change in assumed health care cost trend rates would have the following effects:

	2009	
	1-Percentage Point Increase	**1-Percentage Point Decrease**
Effect on other postretirement benefit obligation	$ 1,078	$ (958)
Effect on total of service and interest cost components	83	(74)

	2008	
	1-Percentage Point Increase	**1-Percentage Point Decrease**
Effect on other postretirement benefit obligation	$ 1,373	$ (1,245)
Effect on total of service and interest cost components	145	(106)

The Company and certain of its subsidiaries have 401(k) plans covering substantially all of their employees. The 401(k) plans provide for matching contributions by the Company and these subsidiaries, which amounted to approximately $1,586 and $1,392 for the years ended March 31, 2009 and 2008, respectively.

9. RELATED PARTY AND SEGMENT INFORMATION

SFAS No. 131, *Disclosure about Segments of an Enterprise and Related Information*, defines operating segments as components of an enterprise that engage in activities from which it may earn revenues and incur expenses, separate financial information is available and this information is regularly evaluated by the chief decision maker for the purpose of allocating resources and assessing performance. The operating segments were determined based on the criteria listed above. The Company's reportable operating segments consist of the following seven businesses:

Business Innovation — The Business Innovation group is engaged in research and development of new business fields, investments and trading activities in the field, such as new energy, environment, information and communication technology-related business.

Industrial Finance — The Industrial Finance group develops the finance business, such as asset management, leasing business and logistics service.

Fuels — The Fuels group identifies and invests in oil and gas project and focuses its trading activities on crude oil, petroleum products and other.

Metals — The Metals group is mainly engaged in precious metals, marketing and distribution of metal and non-ferrous metal products such as aluminum and precious metals.

Machinery — The Machinery group is engaged in investment, project development and trading activities in a variety of business fields, such as electricity, automobiles, plants, industrial machinery and transportation systems.

Chemicals — The Chemicals group identifies and invests in chemical development projects and focuses its trading activities on basic chemicals, petrochemicals, non-organic chemicals and special chemicals.

Living Essentials — The Living Essentials group invests in companies and focuses its trading on products such as foods, textiles and general merchandise.

The Company evaluates segment performance based on several factors, of which the primary financial measure is net income (loss). Intersegment transactions are priced with reference to prices applicable to transactions with unaffiliated parties. Information on Company's reportable segments as of and for the years ended March 31, 2009 and 2008, respectively, was as follows:

March 31, 2009	**Business Innovation**	**Industrial Finance**	**Fuels**	**Metals**	**Machinery**	**Chemicals**	**Living Essentials**	**Corporate & Eliminations (a), (b)**	**Total**
Operating transactions (c)	$12,052	$ 65,273	$1,235,646	$3,914,993	$1,065,771	$2,188,505	$697,326	$300,413	$9,479,979
Gross profit	4,906	2,667	8,754	39,627	23,107	77,239	17,457	20,765	194,522
Interest income		116	244	2,345	1,984	1,372	1,650	43,177	50,888
Interest expense	(267)	(826)	(2,321)	(15,936)	(664)	(3,431)	(2,723)	(20,271)	(46,439)
Income tax (provision) benefit	387	1,459	2,683	(3,527)	(4,193)	(13,573)	(949)	(11,333)	(29,046)
Equity in earnings (losses) of affiliates	546	(5,040)	(3,886)	8,469	2,639	(1,706)	3,472	147	4,641
Net income (loss)	(620)	(2,516)	576	13,740	7,295	21,991	4,131	(26,927)	17,670
Segment assets	7,632	232,265	194,941	1,540,196	553,184	261,473	248,809	755,099	3,793,599
Goodwill				427		3	297	14,047	14,774
Depreciation and amortization	(504)	(92)	(47)	(429)	(65)	(707)	(175)	(7,885)	(9,904)

March 31, 2008	**Business Innovation**	**Industrial Finance**	**Fuels**	**Metals**	**Machinery**	**Chemicals**	**Living Essentials**	**Corporate & Eliminations (a), (b)**	**Total**
Operating transactions (c)	$13,840	$80,993	$908,282	$4,589,018	$1,028,759	$2,542,992	$687,292	$ 80,825	$9,932,001
Gross profit	3,543	2,723	8,568	40,942	22,514	99,245	17,630	22,020	217,185
Interest income	32	253	762	2,729	1,196	1,903	2,608	103,349	112,832
Interest expense	(474)	(247)	(4,108)	(13,192)	(1,517)	(3,868)	(4,400)	(58,961)	(86,767)
Income tax (provsion) benefit	730	(776)	(4,694)	(6,308)	(3,988)	(24,256)	(858)	(9,081)	(49,231)
Equity in earnings (losses) of affiliates	511		4,428	5,031	3,941	(1,747)	2,477	(715)	13,926
Net income (loss)	(652)	884	9,622	14,162	8,466	35,787	2,897	24,144	95,310
Segment assets	10,535	70,190	457,809	1,893,698	605,699	451,335	491,869	1,077,756	5,058,891
Goodwill				427		3	297	37,507	38,234
Depreciation and amortization	(416)	(117)	(54)	(321)	(7,908)	(754)	(193)	(14,832)	(24,595)

(a) Segment assets included in Corporate & Eliminations consist principally of time deposits, marketable securities, and certain financial investments.

(b) Corporate consists of operating transactions for providing services and operational support to the Company, its subsidiaries and affiliated companies and indirect corporate expenses not allocated to the other reporting segments. It also includes certain operating transactions and expenses from business activities related to financial investments of the Company, which account for a significant portion of the segment. Corporate elimination amounts of the intersegment transactions were not significant.

(c) Operating transactions is a voluntary disclosure commonly made by similar Japanese trading companies, and is not meant to represent revenues in accordance with GAAP. See Note 1 to the consolidated financial statements.

All of the Company's segments have a significant portion of their transactions with the Parent and its subsidiaries. Operating transactions with the Parent and its subsidiaries represent $4,868,253 (51%) and $2,972,450 (30%) of total operating transactions for the years ended March 31, 2009 and 2008, respectively. Other than operating transactions with the Parent and its subsidiaries, no other single customer represents a significant portion of the Company's total operating transactions. In addition, the Company received various service fees from the Parent aggregating $14,888 and $12,429 for the years ended March 31, 2009 and 2008, respectively, which are included in gross profit in the consolidated statements of income.

The following table provides geographical information for total operating transactions, which is based on the location of the customer for the years ended March 31, 2009 and 2008:

	2009	2008
United States	$1,231,554	$2,590,743
Japan	5,600,135	5,339,020
Other foreign countries	2,648,290	2,002,238
Total	$9,479,979	$9,932,001

The Company received a significant portion of interest income from the Parent and its subsidiaries. For the years ended March 31, 2009 and 2008, interest income from the Parent and its subsidiaries was $26,095 and $53,027, respectively.

The following table provides geographical information for property, plant and equipment, net, which is based on the location of the assets for the years ended March 31, 2009 and 2008, respectively:

	2009	2008
United States	$28,111	$43,182
Other foreign countries	16,653	46,421
Total	$44,764	$89,603

10. COMMITMENTS AND CONTINGENCIES

The Company accounts for guarantees in accordance with FIN No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others — an interpretation of FASB Statements No. 5, 57 and 107 and a rescission of FASB Interpretation No. 34*. Accordingly, the Company evaluates its guarantees to determine whether (a) the guarantee is specifically excluded from the scope of FIN No. 45, (b) the guarantee is subject to FIN No. 45 disclosure requirements only, but not subject to the initial recognition and measurement provisions, or (c) the guarantee is required to be recorded in the financial statements at fair value. The Company has evaluated its guarantees discussed below and has no liabilities recorded for these obligations and is of the opinion that it will not be required to satisfy these guarantees.

Guarantees arise during the ordinary course of business from relationships with customers and equity affiliates when the Company undertakes an obligation to guarantee the performance of others if specified triggering events occur. Nonperformance under a contract by the guaranteed party triggers the obligation of the Company. Such nonperformance usually relates to loans. The Company has directly guaranteed various debt obligations under agreements with third parties related to equity affiliates and other unaffiliated companies. At March 31, 2009 and 2008, the Company had directly guaranteed $18,687 and $24,439, respectively, of such obligations.

At March 31, 2009, directly and indirectly guaranteed obligations of $18,687 and $3,010, respectively, consisted of $15,796 for supplier obligations to equity affiliates, $5,704 for short-term (less than one year) bank obligations to equity affiliates, $100 for short-term bank obligations to external customers, and $97 that will expire in September, 2009 with initial long-term (2–5 years) bank obligations to external customers. At March 31, 2008, directly guaranteed obligations of $24,439 consisted of $22,475 for supplier obligations to equity affiliates, $1,669 for short-term (less than one year) bank obligations to equity affiliates, $175 for short-term bank obligations to external customers, and $120 for long-term (2-5 years) bank obligations to external customers.

Unused letters of credit outstanding at March 31, 2009 and 2008, amounted to approximately $120,888 and $152,795, respectively.

The Company is a party to a joint revolving credit agreement together with its Parent in the amount of $1 billion, of which $100 million shall be dedicated and specifically available to the Company. There were no amounts outstanding as of March 31, 2009 and 2008.

11. LITIGATION

The Company and its subsidiaries are parties to litigation arising in the ordinary course of business. Although some of the matters are still in preliminary stages and definitive conclusions cannot be made as to those matters, the Company is of the opinion that, based on information presently available, none of the lawsuits will have a material adverse effect on the consolidated financial statements of the Company.

12. LEASES

The Company is engaged as a lessor in direct financing leases involving primarily machinery and equipment for producing milk products. The Company's net investment in its direct financing leases at March 31, 2009 and 2008, included in "Accounts receivable — customer" in the accompanying consolidated balance sheets, was as follows:

	Financing Leases	
	2009	2008
Minimum lease payments receivable	$ 928	$ 1,808
Less unearned income	(88)	(245)
Total	$ 840	$ 1,563

Future minimum lease payments to be received by year, and in aggregate, from direct financing leases with initial or remaining terms of one year or more during the future periods ending March 31 are as follows:

	Financing Leases
2010	$ 659
2011	269
Total minimum payments	$ 928

The Company's subsidiaries have capital leases for equipment and automobiles expiring from 2009 through 2014. At the March 31, 2009, the gross amount of property, machinery and equipment recorded under capital lease is $9,282 with accumulated amortization of $2,180.

The Company has operating leases for the office space and equipment under non-cancelable operating leases expiring through 2022.

Future minimum payments, by year and in the aggregate, under capital leases and operating leases, under which the Company is a lessee, with initial or remaining terms of one year or more during the future periods ending March 31 are as follows:

	Capital Leases	Operating Leases
2010	$ 1,348	$ 8,209
2011	1,154	7,397
2012	1,003	6,777
2013	949	6,575
2014	964	6,229
Thereafter	746	46,675
Total minimum payments required (a)	6,164	$ 81,862
Less amount representing interest	(467)	
Long-term obligations	$ 5,697	

(a) Minimum payments have been reduced by minimum sublease rentals of $213 for each of the next five fiscal years ending March 31, 2014, and $1,774 thereafter under operating leases due in the future under non-cancelable leases.

Total rent expense (net of subleases) for the years ended March 31, 2009 and 2008, was $7,535 and $10,551, respectively. The amount of rental income from subleases for the years ended March 31, 2009 and 2008, was $647 and $869, respectively.

The Company is a lessor under certain operating leases involving office space. Remaining future minimum payments of $41 are expected to be received by March 31, 2010.

13. SUNDRY INCOME — NET

Sundry Income — net for the years ended March 31, 2009 and 2008, consisted of the following:

	2009	2008
Foreign exchange gain	$ 1,968	$ 26,756
Management and service fees	15,884	17,311
Dividend income	1,166	5,331
Gain (loss) from sales of properties — net	1,022	(238)
Foreign exchange loss	(807)	(26,481)
Other — net	1,133	(328)
Total	$ 20,366	$ 22,351

14. DISCONTINUED OPERATIONS

During the fiscal year ended March 31, 2009, the Company sold one of its subsidiaries, Avon, within the Corporate segment, which had a December 31st year end. Avon, a manufacturer of auto supplies, experienced a slowdown in the automotive industry and significant deterioration in its operating results for the year ended December 31, 2008. The Company sold Avon on February 12, 2009 and, as a result of the sale, the losses from operations of Avon for the years ended December 31, 2008 and December 31, 2007, and the gain on the sale of Avon were reported as discontinued operations in the Company's consolidated financial statements for the fiscal years ended March 31, 2009 and 2008, respectively.

During the year ended March 31, 2008, the Company sold certain of its subsidiaries within its Corporate segment. In connection with these transactions, the Company sold the assets of certain businesses held by Viapack, Inc., Milton's Fine Foods, Inc., and Hammerhead Distribution, Inc., and the majority of its shares of Nutritional Holdings, Inc. at various dates. These entities were previously consolidated subsidiaries of the Company. As a result of these sales, the operations of these entities were reported as discontinued operations in the consolidated financial statements for the fiscal year ended March 31, 2008.

Summarized financial information for the fiscal years ended March 31, 2009 and 2008, for the discontinued operations is as follows:

	2009 (a)	2008
Revenues	$ 318,589	$ 487,698
Losses from discontinued operations before income taxes	$ (45,086)	$ (21,215)
Gain on disposals — net	12,775	22,658
Income taxes	9,216	(3,899)
Minority interest	14,466	6,849
Loss (income) from discontinued operations	$ (8,629)	$ 4,393

(a) The Company consolidated Avon over a three-month lag period as Avon had a December 31st year end subsidiary. Although Avon was sold subsequent to the subsidiary's December 31st year end, the Company included Avon's results of operations from January 1, 2009 through February 12, 2009,

("Catch Up Period") for the Company to properly recognize the gain on disposal of Avon during the lag period**.** Revenue for Avon during the Catch Up Period amounted to $19,112. Pre- and post-tax operating losses of Avon during the Catch Up Period were $6,256 and $6,225, respectively. The gain on disposal of Avon was determined as the difference between the selling proceeds and the carrying amount of Avon at the date of sale on February 12, 2009, which amounted to $13,082, net of operating loss incurred during the Catch Up Period discussed above.

15. FAIR VALUE MEASUREMENTS

SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and expands disclosure requirements for fair value measurements. The Company accounts for certain financial assets and liabilities at fair value under various accounting literature, including but not limited to SFAS No. 115 and SFAS No. 133.

Under SFAS No. 157, fair value utilizes an exit price concept and is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. SFAS No. 157 also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The hierarchy is broken down into three levels as follows:

Level 1 — inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Included in Level 1 are exchanged-traded securities, money market funds as well as exchange traded futures.

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Financial instruments included in this category include corporate debt securities and over-the-counter ("OTC") instruments such as interest rate swaps, currency forwards, commodity forwards and options.

Level 3 — one or more significant inputs are unobservable. Valuations are determined using pricing models and discounted cash flow models and include management judgment and estimation, which may be significant. Level 3 is comprised of financial instruments whose fair value is estimated based on internally developed models or methodologies utilizing significant inputs that are not readily observable from objective sources.

Valuation Techniques — The following section describes the valuation methodology used to measure the financial assets and liabilities that were accounted for at fair value.

Cash Equivalents and Marketable Securities — Where quoted prices are available in an active market, securities are classified within Level 1 of the fair value hierarchy. Level 1 securities include exchange-traded equities and money market funds. If quoted market prices are not available for the specific security, fair values are estimated based on dealer quotes of securities with similar characteristics, pricing models or discounted cash flows. Those fair value measurements are classified within Level 2 of the fair value hierarchy.

Derivatives — Derivative contracts are valued using quoted market prices and significant other observable inputs. Such financial instruments consist of interest rate swaps, commodity forwards and options (principally aluminum and precious metals), and foreign currency contracts. The fair values for the majority of these derivative contracts are based upon current quoted market prices. For exchanged-traded contracts, fair value is based on quoted market prices and classified as Level 1. For OTC instruments, fair value is based on dealer quotes, pricing models and discounted cash flows. These models and analysis reflect the contractual terms of the derivatives, including the period to maturity and market based parameters such as interest rates, volatility and the credit ratings. These valuation techniques do not involve significant management judgment and inputs are readily observable from an active market. Such instruments are generally classified within Level 2 of the fair value hierarchy.

SFAS No. 157 requires consideration of credit value adjustments in our valuations that other market participants might consider, specifically non-performance risk and counterparty credit risk. In adjusting the effect of non-performance risk, the Company has considered the effects of legally enforceable master netting agreements that allow the Company to settle positive and negative positions held with the same counterparty on a net basis. The Company has considered the impact of counterparty nonperformance risk in the valuation of its assets and its own credit spreads when measuring the fair value of liabilities, including derivatives, which was not significant at March 31, 2009.

Asset and Liabilities Measured at Fair Value — The following table presents the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of March 31, 2009:

	Fair Value at	Fair Value Measurement Hierarchy		
Description	**March 31, 2009**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents	$ 1,988	$ 1,988	$ -	$ -
Available-for-sale securities	119,390	265	119,125	-
Derivative assets	335,600	88,364	247,236	-
Total Assets	$ 456,978	$ 90,617	$ 366,361	$ -
Liabilities — derivative liabilities	$ 101,477	$ 3,785	$ 97,692	$ -

Cost method investments are adjusted to fair value only when impairment charges are recorded for other-than-temporary declines in value and are determined using fair value criteria with the framework of SFAS No. 157. In determining whether a decline in value of these investments has occurred and is other than temporary, an assessment is made by considering available evidence, including the latest fund-raising activities and the related valuation, trading multiples for comparable publically traded companies, the investees' ability to meet milestones, financial condition and near-term prospects of the

individual investee, among other things. As the valuation methodology for determining the decline in value of these investments is based on the factors noted above which require considerable judgment by management and are not based on observable market data, these cost method investments are classified within Level 3 of the fair value hierarchy on a non-recurring basis.

The following table presents the information of those investments measured at fair value on a non-recurring basis, for which impairment was recognized for the year ended March 31, 2009:

Description	Carrying Amount	Level 1	Level 2	Level 3	Total Losses
Assets — other investments	$ 8,564	$ -	$ -	$ 8,564	$ (5,011)

In accordance with the provision of FASB Staff Position No. 115-1/124-1, *The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investment,* other investments with a carrying amount of $13,575 were written down to $8,564, resulting in an impairment charge of $5,011, which was included in "Gain on marketable securities and other investments, net" of the Company's consolidated income statement for the year ended March 31, 2009. Subsequent to the impairment charge, one of these investments, with a fair value of $2,172 was sold at a loss, which was not significant to the Company's consolidated statement of income for the year ended March 31, 2009.

Financial Instruments — The estimated fair values of the Company's financial instruments are summarized as follows.

The carrying amounts of cash and cash equivalents (including time deposits and commercial paper), current notes and loans receivables, accounts receivable, short-term debt (including commercial paper and current maturities of long-term debt), and short-term notes and accounts payables approximate fair value because of their short-term maturities.

The fair market values of long-term debt, except for debt with floating rates, is estimated by discounted cash flow analysis, using interest rates currently available for similar types of borrowings with similar terms and maturities. For debt with floating rates, the carrying value approximates fair value due to the variable rates of these liabilities.

16. SUBSEQUENT EVENTS

In May 2009, Woods and its wholly-owned subsidiaries W.C. Wood Corporation, Ltd. ("Wood Canada") and W.C. Wood Corporation, Inc. ("Wood US") filed an application for a stay of proceedings and other relief under the Companies' Creditors Arrangement Act ("CCAA") in Ontario, Canada. Subsequently, Woods and Wood US filed an application under Chapter 15 of the U.S. Bankruptcy Code to recognize the CCAA proceedings and provide full force and effect to such CCAA orders in the United States. As of March 31, 2009, the Company consolidated Woods with a net deficit of approximately $9 million. As a result of the CCAA and the Chapter 15 applications filed and granted, the Company will no longer consolidate the financial results of Woods during the 2nd quarter of the fiscal year ending March 31, 2010.

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