Mitsubishi International Corporation and Subsidiaries

(A Wholly-Owned Subsidiary of
Mitsubishi Corporation (Americas))

Consolidated Financial Statements as of and
for the Year Ended March 31, 2013, and
Independent Auditors' Report

Deloitte.

Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281-1414
USA

Tel: +1 212 436 2000
Fax: +1 212 436 5000
www.deloitte.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Mitsubishi International Corporation and subsidiaries (the "Company") (a wholly-owned subsidiary of Mitsubishi Corporation (Americas)), which comprise the consolidated balance sheet as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mitsubishi International Corporation and subsidiaries as of March 31, 2013, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

July 3, 2013

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

CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2013
(In thousands, except for share data)

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents (including time deposits of $428,000)	$ 604,005
Marketable securities	16,501
Notes and loans receivable:	
Parent and affiliated companies	725,151
Customers	12,812
Accounts receivable:	
Customers (after allowance for uncollectible accounts of $18)	301,475
Parent and affiliated companies	234,374
Other	152,525
Merchandise inventories	623,230
Leased inventories	1,296,241
Guaranty deposits and advances to suppliers	298,975
Deferred income taxes	3,958
Prepaid expenses and other current assets	14,609
Total current assets	4,283,856
LONG-TERM LOANS RECEIVABLE FROM PARENT	555,665
NONCURRENT ADVANCES AND RECEIVABLES AND OTHER ASSETS	263,417
INVESTMENTS:	
Investments in affiliated companies	115,577
Other investments	36,632
Total investments	152,209
PROPERTY AND EQUIPMENT — Net	413,145
DEFERRED INCOME TAXES	75,688
TOTAL	$ 5,743,980

(Continued)

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

CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2013
(In thousands, except for share data)

LIABILITIES AND EQUITY

CURRENT LIABILITIES:	
Short-term debt:	
Parent and affiliated companies	$ 350,338
Other	1,210,150
Current maturities of long-term debt	230,000
Notes payable	12,004
Accounts payable and accrued expenses:	
Parent and affiliated companies	410,947
Trade creditors	258,403
Advances from customers	165,899
Lease liabilities and other	62,643
Total current liabilities	2,700,384
NONCURRENT LIABILITIES:	
Long-term debt	1,330,000
Noncurrent advances from Parent	63,605
Noncurrent advances from other	115,544
Other long-term liabilities	70,374
Total noncurrent liabilities	1,579,523
COMMITMENTS AND CONTINGENCIES	
EQUITY:	
Stockholder's equity:	
Common stock without par value (authorized — 750,000 shares; issued and outstanding — 710,719 shares)	926,120
Retained earnings	550,398
Accumulated other comprehensive income (loss):	
Net unrealized gains on available-for-sale securities — net of tax	2,567
Foreign currency translation adjustments	2,385
Defined benefit and other postretirement plans — net of tax	(17,278)
Total Mitsubishi International Corporation stockholder's equity	1,464,192
Noncontrolling interest	(119)
Total equity	1,464,073
TOTAL	$5,743,980

See notes to consolidated financial statements. (Concluded)

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

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 2013
(In thousands)

REVENUES:	
Revenues from operating activities	$ 1,891,682
Margins and commissions on operating transactions	71,126
Total revenues	1,962,808
OPERATING TRANSACTIONS — $6,323,760	
COST OF REVENUES FROM OPERATING ACTIVITIES	1,790,642
GROSS PROFIT	172,166
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(88,237)
INTEREST INCOME (Net of interest expense of $19,560)	4,031
GAIN ON SALES OF MARKETABLE SECURITIES AND OTHER INVESTMENTS (Net of loss of $533)	2,491
PROVISION FOR DOUBTFUL ACCOUNTS	(33)
SUNDRY INCOME (Net of expense of $7,680)	28,531
INCOME BEFORE INCOME TAXES, EQUITY IN EARNINGS OF AFFILIATES, AND NONCONTROLLING INTEREST	118,949
INCOME TAXES:	
Current	36,974
Deferred	(66,059)
Total	(29,085)
INCOME BEFORE EQUITY IN EARNINGS OF AFFILIATES AND NONCONTROLLING INTEREST	148,034
EQUITY IN EARNINGS OF AFFILIATES (Net of loss of $1,903)	7,323
NET INCOME	155,357
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	(27)
NET INCOME ATTRIBUTABLE TO MITSUBISHI INTERNATIONAL CORPORATION	$ 155,330

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED MARCH 31, 2013
(In thousands)

NET INCOME	$ 155,357
OTHER COMPREHENSIVE INCOME (LOSS):	
Net unrealized losses on available-for-sale securities (net of tax)	(3,758)
Change in proportionate share of investment in affiliated companies’ net unrealized gains on derivative instruments (net of tax) due to transfer of entities to the Parent	3,018
Defined benefit pension and other postretirement plans (net of tax)	(436)
Foreign currency translation adjustments	12,518
Total	11,342
COMPREHENSIVE INCOME	$ 166,699
AMOUNTS ATTRIBUTABLE TO NONCONTROLLING INTERESTS:	
Net income	$ (27)
OTHER COMPREHENSIVE LOSS:	
Defined benefit pension and other postretirement plans	160
Foreign currency translation adjustments	408
Total	568
COMPREHENSIVE INCOME	$ 541
AMOUNTS ATTRIBUTABLE TO MITSUBISHI INTERNATIONAL CORPORATION:	
Net income	$ 155,330
OTHER COMPREHENSIVE (LOSS) INCOME:	
Net unrealized losses on available-for-sale securities (net of tax)	(3,758)
Change in proportionate share of investment in affiliated companies’ net unrealized gains on derivative instruments (net of tax) due to transfer of entities to the Parent	3,018
Defined benefit pension and other postretirement plans (net of tax)	(276)
Foreign currency translation adjustments	12,926
Total	11,910
COMPREHENSIVE INCOME	$ 167,240

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2013
(In thousands, except for share data)

SHARES OUTSTANDING:	
Balance — beginning of year	710,718
Issuance of shares related to Merger	1
Balance — end of year	710,719
COMMON STOCK:	
Balance — beginning of year	$ 448,363
Equity transactions between entities under common control	(20,690)
Issuance of shares related to Merger	498,447
Balance — end of year	926,120
RETAINED EARNINGS:	
Balance — beginning of year	491,617
Net income attributable to Mitsubishi International Corporation less net income attributable to MCXUSA	119,389
Cash dividends paid	(60,608)
Balance — end of year	550,398
ACCUMULATED OTHER COMPREHENSIVE LOSS:	
Balance — beginning of year	(24,236)
Net unrealized losses on available-for-sale securities — net of tax expense of $333	(3,758)
Change in foreign currency translation adjustments due to transfer of entities to the Parent	12,926
Change in proportionate share of investment in affiliated companies' net unrealized gains on derivative instruments — net of tax expense of $1,625 due to transfer of entities to the Parent	3,018
Defined benefit pension and other postretirement plans — net of tax benefit of $680	(276)
Balance — end of year	(12,326)
NONCONTROLLING INTEREST:	
Balance — beginning of year	6,968
Transfer of entities to the Parent	(6,546)
Net income attributable to noncontrolling interest	27
Other comprehensive loss attributable to noncontrolling interest (net of tax)	(568)
Balance — end of year	(119)
NET EQUITY — MCXUSA:	
Balance — beginning of year	462,506
Net income attributable to MCXUSA	35,941
Merger adjustment	(498,447)
Balance — end of year	-
TOTAL MITSUBISHI INTERNATIONAL CORPORATION'S EQUITY	$ 1,464,073

See notes to consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013
(In thousands)

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 155,357
Adjustments to reconcile net income to net cash used in operating activities:	
Depreciation and amortization	23,690
Realized gain on sales of marketable securities and other investments — net	(2,491)
Gain on sales of property and equipment	(2,392)
Accreted expense	811
Provision for doubtful accounts and other losses	33
Provision for accrued pension liabilities	4,509
Deferred income taxes	(66,059)
Equity in earnings of affiliates — net less dividends received	(1,534)
Unrealized gain on derivative contracts	(16,391)
Accreted interest	(2,690)
Changes in operating assets and liabilities:	
Notes receivable	38,126
Accounts receivable	(31,077)
Merchandise inventories and leased inventories	(426,620)
Guaranty deposits and advances to suppliers	16,113
Prepaid expenses and other current assets	(1,964)
Noncurrent advances and receivables and other assets	34,048
Notes payable	(919)
Accounts payable and accrued expenses	(354,284)
Other long-term liabilities	(65,452)
Net cash used in operating activities	(699,186)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales of cost method investments	4,426
Purchases of other investments	(10,153)
Proceeds from sales of property and equipment	11,956
Purchases of property and equipment	(7,411)
Proceeds from sales of affiliated companies	149
Effect on cash due to subsidiaries transferred to the Parent	(29,793)
Collection of loans receivable from affiliated companies	651,573
Increase in loans receivable to affiliated companies	(891,952)
Net cash used in investing activities	(271,205)

(Continued)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2013
(In thousands)

CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from issuance of short-term debt	$ 2,732,060
Repayment of short-term debt	(2,269,189)
Proceeds from issuance of long-term debt	529,719
Repayment of long-term debt	(170,000)
Net cash provided by financing activities	822,590
NET DECREASE IN CASH AND CASH EQUIVALENTS	(147,801)
CASH AND CASH EQUIVALENTS — Beginning of year	751,806
CASH AND CASH EQUIVALENTS — End of year	$ 604,005
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION — Cash paid during the year for:	
Interest	$ 18,678
Income tax	$ 59,666
NON-CASH ITEMS IN INVESTING AND FINANCING ACTIVITIES:	
Increase in loans receivables from the Parent in consideration of services provided and investments transferred to the Parent	$ 170,233
Reduction of loans receivables from Parent in lieu of dividends payment to the Parent	$ (60,608)
Settlement of loans receivable from Parent in exchange for loans payable with Parent	$ 82,000
Shares issued to the Parent in exchange for entity acquired	$ 498,447

See notes to consolidated financial statements. (Concluded)

1. SIGNIFICANT ACCOUNTING POLICIES

Business Description — Mitsubishi International Corporation and subsidiaries (collectively, the "Company" or "MIC") is a wholly-owned subsidiary of Mitsubishi Corporation (Americas) ("MCA"), which in turn is a wholly-owned subsidiary of Mitsubishi Corporation ("MC"), Tokyo, Japan (collectively, the "Parent").

On April 1, 2012, MC established MCA as a wholly-owned subsidiary, and transferred MIC's stock held by MC to MCA. MCA has been established to strengthen regional coordination and to consolidate management of group companies in North America. The Company sold its equity in some of its subsidiaries and affiliates to MCA at carrying value in exchange for loans receivable. The subsidiaries and affiliates sold on April 1, 2012 included Mitsubishi Canada Limited, Mitsubishi de Mexico, MIC Business Solutions, Inc., MIC Nebraska, Inc., Mitsubishi International PolymerTrade Corporation, Mitsubishi International Food Ingredients, Inc., MI Chlor-Alkali Inc., Rimtec Corporation, Amfine Chemical Corporation, and Agrex Inc. Their aggregate carrying value as of March 31, 2012 was $129,115. On July 1, 2012, the Company sold its equity in Petro-Diamond Inc., an equity method investment, to MCA at its carrying value as of June 30, 2012 of $19,402 in exchange for loans receivable. For the period from April 1, 2012 to June 30, 2012, $1,065 has been included in equity in earnings of affiliates related to Petro Diamond Inc. On April 1, 2013, the Company sold its equity in Indiana Packers Corp., MC Machinery Systems Inc., Mitsubishi Imaging, Inc., TH Foods, Inc., MHCG, Inc., and Metal One Holding America, Inc. The aggregate carrying value as of March 31, 2013 for the equities sold on April 1, 2013 was $74,927 and the aggregate equity in earnings for the year ended March 31, 2013 was $6,352. No gains or losses were recorded in the above exchanges.

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 its business networks. The Company's operations are principally in the following areas: industrial finance, logistics and development, energy, metals, machinery, chemicals and living essentials, each having a diverse customer base.

On March 31, 2013, the Company merged with MCX Exploration (USA), Ltd. ("MCXUSA"), a wholly-owned subsidiary of MC (the "Merger"). MCXUSA served as the holding company for the oil and gas exploration, development, and production business in the Gulf of Mexico. The Company established a wholly-owned Delaware limited liability company, MCX Exploration (USA), LLC ("MCX LLC") for the Merger. MCXUSA merged into MCX LLC, with MCX LLC being the surviving entity. The Company issued one share of common stock to MCA in exchange for a 100% equity interest in MCXUSA, which had a carrying value of $498,447 as of March 31, 2013. The Company accounted for the Merger in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805, *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 historical carrying cost as of the date of the Merger, rather than at fair value. The results of operations of MCX Exploration Ltd. have been included in the Company's consolidated financial statements as if the transaction had occurred as the beginning of the fiscal year ended March 31, 2013.

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of Mitsubishi International Corporation and its wholly-owned and majority-owned subsidiaries. All intercompany accounts and transactions have been eliminated. Consolidation of an entity is also assessed pursuant to the FASB ASC 810, *Consolidation*.

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 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, oil and gas, chemicals, food products and general consumer merchandise.

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.

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 statement 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 that operating transactions is a useful supplement to the results of operations 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 the 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. Time deposits with an original maturity of three months or less are also classified as cash equivalents.

Marketable Securities — In accordance with ASC 320, *Investments*, 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, which is a component of equity.

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. If the Company has no intent to sell and the Company believes that it is more likely than not the Company will not be required to sell these securities prior to recovery, the credit loss component of the unrealized losses are recognized in earnings, while the remainder of the loss is recognized in other comprehensive income. There were no impairment charges recorded for the year ended March 31, 2013.

Financing Receivables and Allowance for Credit Losses — Financing receivables include loans and lease receivables portfolios. Loans and lease receivables as of March 31, 2013 were $1,293,859 and $2,620, respectively. Loans receivables are primarily provided to affiliated companies and included in "Notes and loans receivable", "Long-term loans receivable from Parent", and "Noncurrent advances and receivables and other assets". Lease receivables were included in "Accounts receivable: Customers", and "Noncurrent advances and receivables and other assets".

To assess the adequacy of the allowance for financing receivables, the Company performs a quarterly analysis of the financing receivables using credit quality indicators: performing financial receivables and nonperforming financial receivables. Receivables that meet one of the following conditions are classified as nonperforming financial receivables: counterparties who have filed a petition for liquidation, adjustments, rehabilitation or reorganization under bankruptcy codes; counterparties whose debts have not been collected for more than one year since the original due date; and counterparties experiencing suspension or discontinuance of business, as well as those whose ability to fulfill their obligations is doubtful based on the Company's internal review of their financial conditions.

All of the financing receivables are classified as performing and there were no impaired financing receivables as of March 31, 2013. In addition, there were no past due or non-accrual financing receivables as of March 31, 2013.

Interest rates on notes receivables and notes payables are primarily market rates such as British Bankers Association London Interbank Offered Rate ("BBA Libor"). Notes receivables as of March 31, 2013 were $9,463 with interest rates ranging from 0.69% to 0.71%.

Inventories — Inventories, except for certain commodities inventories that are accounted for at fair value in accordance with ASC 330, *Inventory*, are stated at the lower of cost (principally on the moving-average basis) or market value. Inventories leased out to customers are classified as "Leased inventories" on the Company's consolidated balance sheets.

The Company has presented in the consolidated balance sheet assets and liabilities related to its leased precious metal positions. The amounts related to precious metal lease positions consist of assets of $1,345,703, of which $1,342,988 were recorded at fair value, and liabilities of $119,954 as of March 31, 2013. The balances are included in "Leased inventories", "Noncurrent advances and receivables and other assets", "Accounts payable and accrued expenses: Parent and affiliated companies", and "Accounts payable and accrued expenses: Lease liabilities and other".

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 from affiliated companies in "Equity in earnings of affiliates — net" in the consolidated statement 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 MC 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 triggering events that could result in impairments every quarter. The Company recorded impairment charges of $501 for the year ended March 31, 2013, which were included in Gain on sales of marketable securities and other investments — net" in the accompanying consolidated statement of income.

Property and Equipment — Property and equipment are recorded at cost less accumulated depreciation and amortization. Depreciation is determined principally on a straight-line basis over the estimated useful lives of the property, other than for oil and gas properties. 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 costs are expensed as incurred.

Oil and gas exploration and development costs are accounted for using the successful efforts method of accounting. Under the successful efforts method, the costs of successful wells, development dry holes, and leases containing productive reserves are capitalized and amortized. Depreciation, depletion and amortization of the cost of proved oil and gas properties is calculated using the unit-of–production method. Should the efforts to produce commercial reserves be determined unsuccessful, the exploratory well costs are charged to expense. Other exploration costs such as geological and geophysical costs are expensed as incurred.

Business Combinations — In accordance with ASC 805, *Business Combinations*, all business combinations are accounted for by the acquisition method. Goodwill is the excess of the purchase price over the fair value of net assets, including the amount assigned to the identifiable intangible assets acquired.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of — The Company reviews long-lived assets 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, 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. For oil and gas properties, proved properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If the proved properties are determined to be impaired, an impairment loss is recognized based on the fair value. The estimated future cash flows used for impairment reviews and related fair value calculations are based on estimated future production volumes, prices and costs, considering all available evidence at the date of review. Unproved properties are assessed at least annually for impairment with any impairment charged to expense. There were no impairments of long-lived assets for the year ended March 31, 2013.

Asset Retirement Obligations — The Company records the fair value of a liability for an asset retirement obligation in the period in which it is incurred in case the fair value is reasonably estimable. When a liability is initially recorded, the Company capitalizes the related costs by increasing the carrying amount of the long-lived asset. Over time, the liability is accreted to its present value, which is the discounted expected cash flow associated with the obligation, each period and the capitalized cost is depreciated over the useful life of the related assets. At least annually, the Company reassesses the obligation to determine whether a change in the estimated obligation is necessary.

Derivative Instruments — In accordance with ASC 815, *Derivatives and Hedging*, all derivative instruments are recognized and measured at fair value as either assets or liabilities in the consolidated balance sheet.

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 currency and interest rate exposure related to loans made in foreign currencies.

In addition, the Company has foreign exchange forward contracts that have been entered into principally to manage 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, coffee and cocoa, each of which is traded on a terminal market).

The Company has elected to offset cash margin accounts against fair value amounts recognized for net derivative positions executed with the same counterparty under the same master netting arrangement.

Income Taxes — Income taxes are accounted for in accordance with ASC 740, *Income Taxes*. Under this guidance, 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 recognizes the financial statement effects of tax positions when it is more-likely-than-not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions that meet the more-likely-than-not recognition threshold are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The Company records potential interest and penalties related to unrecognized tax benefits as part of income tax expense.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Cumulative translation adjustments are included as a component of accumulated other comprehensive income (loss) in the consolidated statement of changes in equity.

Transactions in foreign currencies are recorded at the exchange rate in effect at the transaction date. 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 "Sundry income, net" in the consolidated statement of income in such period. The aggregate transaction gain (net of transaction loss) was $1,700 for the year ended March 31, 2013.

Comprehensive Income — In accordance with ASC 220, *Comprehensive Income*, the Company has included amounts for comprehensive income (which consists of net income and other comprehensive income) in the consolidated statement of changes in equity and the consolidated statement of comprehensive income. Other comprehensive income consists of all changes to stockholder's equity other than those resulting from net income and shareholder transactions. For the Company, other comprehensive income consists of foreign currency translation adjustments, defined benefit plans, and unrealized losses on available-for-sale securities, on a net of tax basis, where applicable. Accumulated other comprehensive income, which is primarily the cumulative amount of other comprehensive income, is a separate component of total stockholder's equity.

New Accounting Standards — In April 2011, the FASB issued Accounting Standards Update ("ASU") No. 2011-02, *A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring*. ASU No. 2011-02 provides guidance for determining whether a restructuring constitutes a troubled debt restructuring for the purpose of measuring an impairment loss and disclosure of troubled debt restructuring. In determining whether a restructuring constitutes a troubled debt restructuring, creditors must separately conclude whether the restructuring constitutes a concession and whether a debtor is experiencing financial difficulties. The ASU is effective for the first interim period or fiscal years beginning on or after June 15, 2011. The Company adopted this guidance on April 1, 2012, and the adoption did not have an impact on the consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*. ASU No. 2011-04 is the result of joint efforts by the FASB and International Accounting Standards Board ("IASB") to develop a single, converged fair value framework, that is, converged guidance on how to measure fair value and on what disclosures to provide about fair value measurements. This ASU is effective for the first interim period or fiscal years beginning after December 15, 2011. The adoption of this guidance did not have an impact on the consolidated financial statements.

In June 2011, the FASB issued ASU No. 2011-05, *Comprehensive Income — Presentation of Comprehensive Income*, which requires that comprehensive income be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU

No. 2011-05 also requires entities to disclose on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net earnings. ASU No. 2011-05 no longer allows companies to present components of other comprehensive income only in the statement of equity. The Company adopted the two separate consecutive statement approach for its presentation of comprehensive income in the consolidated financial statements.

ASU No. 2011-05 was subsequently amended by ASU No. 2011-12*, Comprehensive Income — Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05*, which deferred the requirement for companies to present reclassification adjustments for each component of accumulated other comprehensive income in both other comprehensive income and net income on the face of the financial statements. Ultimately, the FASB chose not to reinstate the reclassification adjustment requirements in ASU No. 2011-05 but rather to issue ASU No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which requires companies to disclose changes in accumulated other comprehensive income balances by component, and significant items reclassified out of accumulated other comprehensive income. ASU No. 2013-02 is effective for the Company for interim and annual reporting periods beginning after March 31, 2013. The Company is currently assessing the potential impacts, if any, that adoption of this guidance may have on the consolidated financial statements.

In September 2011, the FASB issued ASU No. 2011-08, *Intangibles — Goodwill and Other: Testing Goodwill for Impairment*. This ASU permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying a two-step goodwill impairment test. If an entity concludes it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it need not perform the two-step impairment test. This ASU is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company adopted this guidance on April 1, 2012, and the adoption did not have an impact on the consolidated financial statements.

In December 2011, the FASB issued ASU No. 2011-11, *Balance Sheet — Disclosures about Offsetting Assets and Liabilities*. The update requires entities to disclose information about offsetting and related arrangements of financial instruments and derivative instruments. This ASU was subsequently updated by ASU No. 2013-01, *Clarifying the Scope of Disclosures About Offsetting Assets and Liabilities,* which limited the assets and liabilities in scope of ASU No. 2011-11. ASU No. 2011-11 and ASU No. 2013-01 are effective for interim and annual reporting periods beginning on or after January 1, 2013. The changes will be for disclosure only and will have no impact on our consolidated financial position or results of operations.

In July 2012, the FASB issued ASU No. 2012-02, *Testing Indefinite-Lived Intangible Assets for Impairment*. The amendments in this ASU will allow an entity to first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. Under these amendments, an entity would not be required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on qualitative assessment, that it is more likely than not that the indefinite-lived intangible asset is impaired. The ASU is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company is currently assessing the potential impacts, if any, that adoption of this guidance may have on the consolidated financial statements.

2. PROPERTY AND EQUIPMENT — NET

Property and equipment — net at March 31, 2013, consisted of the following:

Leasehold improvements	$ 9,412
Land and land improvements	109
Building and structures	2,007
Machinery and equipment	82,729
Furniture, fixtures and vehicles	7,191
Oil and gas properties	442,843
Capitalized software costs	12,076
Total	556,367
Less accumulated depreciation and amortization	(143,222)
Net	$ 413,145

Depreciation and amortization expense for the year ended March 31, 2013 was $23,690.

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
Leasehold improvements	3–18
Building and structures	30
Machinery and equipment	3–19
Furniture and fixtures, vehicle	5–7
Oil and gas properties	3–20
Capitalized software costs	5

3. INVESTMENTS IN AFFILIATED COMPANIES AND OTHER INVESTMENTS

Investments in Affiliated Companies — The Company has investments in a number of affiliates, which are accounted for under the equity method. The Company's equity method investees and its approximate ownership interests in each investee were as follows as of March 31, 2013:

	Ownership Interest	Ownership Equity	Ownership Earnings/(Losses)
Metal One Holdings America, Inc.	12.00 %	$ 45,116	$ 3,609
Petro Diamond Inc. (a)			1,065
Indiana Packers Corp.	10.00	16,939	176
Mitsubishi do Brasil S.A.	12.57	15,649	315
MC Credit Products Fund Inc.	20.00	12,072	288
CIMA Energy Ltd.	13.60	10,055	1,190
MC Machinery Systems Inc.	20.00	7,694	1,136
TH Foods, Inc.	6.32	3,685	1,248
MC Asset Management	20.00	3,545	(1,903)
Mitsubishi Imaging Inc.	10.00	1,049	128
MHCG, Inc. (b)	5.00	444	54
Diamond Rail Lease Corp	10.00	396	17
Diamond Fuel Cells Ltd.	28.57	183	

(a) On July 1, 2012, the Company transferred Petro Diamond Inc. with a carrying value of $19,402 to Mitsubishi Corporation (Americas) in exchange for loans due from MCA. No gain or loss was recognized on the transfer. The Company recorded earnings of $1,065, which is included in Equity in earnings of affiliates — net on the Company's consolidated statement of income.

(b) During the year ended March 31, 2013, the Company partially sold its investment in MHCG, Inc. to a third party. The Company recognized a gain of $76 on the sale, which is included in Gain on sales of marketable securities and other investments on the consolidated statement of income. The Company recorded earnings of $54, which is included in equity in earnings of affiliates on the Company's consolidated statement of income.

The Company's share of earnings of these affiliates is included in "Equity in earnings of affiliates — net" on the consolidated statement of income. For the year ended March 31, 2013, the Company received dividends from affiliates of $5,789. The Company's total investments in affiliates as of March 31, 2013 were $115,577, which are included in "Investments in affiliated companies" on the consolidated balance sheet.

The summarized unaudited financial information below for the year ended March 31, 2013, represents an aggregation of all the Company's affiliates which have been accounted for under the equity method:

Statement of Operations

Net sales	$ 7,764,926
Gross profit	335,975
Net earnings	65,023

Statement of Financial Condition

Current assets	$ 1,804,363
Non-current assets	466,785
Total assets	$ 2,271,148
Current liabilities	$ 1,114,655
Non-current liabilities	217,177
Stockholders' equity	939,316
Total liabilities and stockholders' equity	$ 2,271,148

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

The total carrying value of cost method investments, included in "Other investments" in the consolidated balance sheet as of March 31, 2013 was $36,117.

For cost method investments, the Company evaluates information (e.g., budgets, business plans, financial statements) in determining whether an other-than-temporary decline in value exists. Factors indicative of an other-than-temporary decline include recurring operating losses, credit defaults, and subsequent rounds of financings at an amount below the cost basis of the investment. This list is not all inclusive and all quantitative and qualitative factors are weighted in determining if an other-than-temporary decline in value of an investment has occurred. When a decline in value is deemed to be other-than-temporary, an impairment loss is recognized in the current period's operating results to the extent of the decline.

Marketable Securities — The total fair value of the marketable securities classified as "current" at March 31, 2013 was $16,501. The total fair value of the marketable securities classified as "Other investments" in the consolidated balance sheet at March 31, 2013 was $515.

The following table is the summary of marketable securities held by the Company at March 31, 2013:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-sale securities:				
Marketable equity securities	$ 357	$ 158	$ -	$ 515
Debt securities	16,501			16,501

Maturities of debt securities included in marketable securities are as follows at March 31, 2013:

	Amortized Cost	Fair Value
Due through one year	$ 16,501	$ 16,501

The Company considers the investment rating, the contractual nature of the investments, the underlying collateral, the rights and priority of the investment's cash flows and the condition of the issuers to determine if the marketable securities are other-than-temporarily impaired. Based on the analysis performed, the Company currently believes that all amounts will be redeemed upon maturing of these investments and the Company does not consider any investments to be other-than-temporarily impaired at March 31, 2013.

The above considerations are used for recognizing and measuring the amount related to credit losses as well. For the fiscal year ended March 31, 2013, the Company did not record any credit losses on the marketable securities.

During the year ended March 31, 2013, there were no proceeds from sales and maturities of marketable securities. There were no gross realized gains or losses on such securities for the year ended March 31, 2013. The basis on which cost was determined in computing the realized gains and losses is specific identification. None of the unrealized gains (losses) were reclassified into the statement of income as no amounts were realized during the fiscal year ended March 31, 2013.

As of March 31, 2013, investments in marketable debt securities have remaining maturities of less than 1 year. The Company does not intend to sell nor does the Company believe it is more-likely-than not that the Company will be required to sell the remaining debt securities prior to their maturity.

4. 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 ongoing 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.

Fair Value of Derivative Instruments in the Consolidated Balance Sheet:

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 positions 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.

Notional Amounts of Derivative Instruments — The following table provides information regarding the notional amounts of outstanding commodity contracts as of March 31, 2013:

Commodity Type	**Commitment**	**Amount**
Nonferrous metals	Purchase	$ 417,569
Nonferrous metals	Sales	859,487
Precious metals	Purchase	1,504,212
Precious metals	Sales	2,921,403
Precious metals	Borrowing	125,759

The following tables present Company's commodity derivative instruments measured at fair value as reflected in the consolidated balance sheet as of March 31, 2013:

Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	
Commodity contracts	Accounts receivable — Parent and affiliated companies	$ 11,338

The changes in fair value are recognized in "Cost of revenues from operating and other activities" in the accompanying consolidated statement of income. Time value has been excluded from the effectiveness testing. Ineffectiveness resulting from differences in the price fluctuations between hedging instruments and hedged items for the year ended March 31, 2013 was a loss of $10,150, and was included in "Cost of revenues from operating and other activities".

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 floating rate assets denominated in Canadian dollar to United States dollar floating-rate basis.

For specifically designated fair value hedges of certain fixed-rate assets, the Company utilizes the short-cut method when certain criteria are met. For other fair value hedges of fixed rate assets, the Company utilizes the regression method to evaluate hedge effectiveness on a quarterly basis. Changes to the fair value of the hedged items or derivatives attributable to a change in credit risk are excluded from our assessment of hedge effectiveness. For hedging relationships that are designated as fair value hedges, changes in the fair value of the derivative are, to the extent that the hedging relationship is effective, recorded through earnings and offset against changes in the fair value of the hedged item.

The total notional amount of the Company's financial swaps as of March 31, 2013 was $260,159.

The following tables present Company's financial swap contracts measured at fair value as reflected in the consolidated balance sheet as of March 31, 2013.

Derivatives Designated as Hedging Instruments	**Balance Sheet Location**	
Interest rate swap	Accounts receivable — other/noncurrent advances and receivables and other assets	$ 59
Interest rate swap	Accounts payable accrued expenses — Parent and affiliated companies/other long-term liabilities	503

The changes in the fair value of these swaps were included in “Sundry income” in the accompanying consolidated statement of income. Any ineffectiveness, which was not significant, was included in earnings for the year ended March 31, 2013.

Embedded Derivatives Related to Commodity Lease Transactions — The Company utilizes commodity lease contracts in precious metals trading activities as embedded derivative instruments. These instruments are measured at fair value as reflected in the consolidated balance sheet as of March 31, 2013.

Derivatives Not Designated as Hedging Instruments	**Balance Sheet Location**	
Precious metals — lease contracts	Accounts payable and accrued expenses — Parent and affiliated companies	$ 6,600

Classification of Gains and Losses on Derivative Transactions — The following tables present gain and loss on derivative transactions measured at fair value as reflected in the consolidated balance sheet as of March 31, 2013.

	Balance Sheet Location	
Gain:		
Contracts maturing within one year	Account receivable — Parent and affiliated companies/account receivable — other	$ 153,131
Contracts maturing over one year	Noncurrent advances and receivables	30,882
Loss:		
Contracts maturing within one year	Accounts payable and accrued expenses: Parent and affiliated companies	68,216
Contracts maturing over one year	Other long-term liabilities	3,615

Derivative instruments shown above are subject to master netting arrangements and are presented on a net basis in the consolidated balance sheet. The total cash margin accounts included in “Guaranty deposits and advances to suppliers” which were subject to master netting arrangements at March 31, 2013 were $10,997, of which no amounts have been offset against net derivative positions.

Effect on Derivative Instruments on the Consolidated Statement of Income:

Gains on Commodity Derivatives — The following table presents gains on commodity derivatives both designated and not designated as hedging instruments in the consolidated statement of income for the year ended March 31, 2013:

Commodity Derivatives	**Statement of Income Location**	
Nonferrous metal	Cost of revenues from operating and other activities	$ (37,827)
Precious metal	Cost of revenues from operating and other activities	(100,624)

Foreign Exchange Forwards Used for Other Than Hedging Activities — The Company has foreign exchange forward contracts. 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 statement of income.

Derivatives Not Designated as Hedging Instruments	Statement of Income Location	
Foreign exchange contracts	Sundry income — net	$ 6,766

5. SHORT-TERM AND LONG-TERM DEBT

Short-term debt as of March 31, 2013 consisted of the following:

		Interest Rate
Loans from Parent and affiliated companies	$ 350,338	0.3 %
Commercial paper	1,210,150	0.3
Total short-term debt	$ 1,560,488	

The interest rates on short-term debt represent weighted-average floating rates on outstanding balances at March 31, 2013.

As of March 31, 2013, long-term debt bore interest at fixed and floating rates. Long-term debt as of March 31, 2013 is comprised of the following:

Financial institutions — maturing through 2020 — at fixed or floating rates, principally 0.49% to 1.01%	$ 1,560,000
Less current maturities	(230,000)
Long-term debt, less current maturities	$ 1,330,000

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

2014	$ 230,000
2015	170,000
2016	360,000
2017	200,000
2018	350,000
Thereafter	250,000
Total long-term debt	$ 1,560,000

The Company has certain financial debt covenants which have been complied with as of March 31, 2013.

The Company and MC 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:

a. MC 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.

b. MC 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.

c. MC 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.

MC 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, 2014.

The Company is a party to a joint revolving credit agreement together with MC 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, 2013.

6. INCOME TAXES

The provision for income taxes for the year ended March 31, 2013 consisted of the following:

Current:	
Federal	$ 31,696
State	5,278
Deferred:	
Federal	(65,480)
State	(579)
Total income taxes	$ (29,085)

Total income taxes include the effects of tax expense of $63 on equity in earnings of affiliates for the year ended March 31, 2013.

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) for the year ended March 31, 2013 is explained as follows:

Statutory rate	35.00 %
Change in valuation allowance	(59.22)
State taxes (net of Federal tax benefit)	2.46
Book and tax basis difference of investments in affiliates	(1.57)
Expenses not deductible for income tax purposes	0.30
Effective tax rate	(23.03)%

At March 31, 2013, deferred tax assets and deferred tax liabilities were as follows:

	Current	**Non-Current**
Assets:		
Investments	$ -	$ 7,169
Pension	444	16,911
Bad debt write-off	7	
Office sublease loss write-off	222	2,886
Net operating loss carryforward and alternative minimum tax credit carryforwards	2,536	31,422
Depreciation, amortization and depletion		26,311
Other	3,530	793
Gross deferred tax assets	6,739	85,492
Valuation allowance	(268)	(3,999)
Deferred tax assets — net of valuation allowance	6,471	81,493
Liabilities:		
Affiliated companies		(5,909)
ASC 815 adjustments	(2,513)	
Gross deferred tax liabilities	(2,513)	(5,909)
Net deferred tax assets	$ 3,958	$ 75,584

As a result of the Merger, the Company had Federal net operating loss ("NOL") carryforwards of $89,316 expiring in periods beginning in 2026 through 2030 and alternative minimum tax ("AMT") credit carryforwards and the related deferred tax amounts were $31,260 and $2,664 as of March 31, 2013, respectively. The Company also had U.S. state NOL carryforwards expiring in the year 2020 and the deferred tax amount is $34. The Company did not have any foreign NOL carryforwards.

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 not 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.

Prior to the Merger, MCXUSA had a full valuation allowance of $57,801 and $68,661 against its deferred tax assets as of March 31, 2013 and 2012, respectively, as MCXUSA determined it was more likely than not that the benefit of these deductible temporary differences which primarily consist of NOL carryforwards and a book/tax basis difference related to oil and gas properties would not be realized based on historical taxable income and projections of MCXUSA. As a result of the Merger, these deductible temporary differences became part of the Company's consolidated federal income tax return. Based upon the projections of the Company's total future taxable income, the Company determined it is more likely than not the temporary differences will be utilized. Therefore, the valuation allowance which was previously recorded by MCXUSA was reversed by the Company as a result of the Merger on March 31, 2013.

In addition, a valuation allowance of $4,267 was recorded as of March 31, 2013 related to the Company's deductible temporary differences in domestic jurisdictions regarding certain investments and capital loss carryforwards pertaining to investments sold previously. The Company recorded a valuation allowance on the deferred tax assets where there is uncertainty as to the ultimate realization of these temporary differences and capital loss carryforwards as future tax deductions. As of March 31, 2013, the aggregate amount of gross unrealized and realized capital losses of $57,950 exceeded the aggregate amount of capital gains of $46,721 by $11,229. 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 Company recorded a valuation allowance of approximately $4,267, which is equal to the net deferred tax assets related to these temporary differences and capital loss carryforwards.

The net change in the valuation allowance for the year ended March 31, 2013 was a decrease of $75,922.

For the fiscal year ended March 31, 2012, no provision for income taxes was recognized for the undistributed earnings of the Company's foreign subsidiaries to the extent the Company considers that such earnings are not expected to be remitted back into the United States in the foreseeable future. The amount of such deferred tax liability on the undistributed earnings of its foreign subsidiaries which was not recognized in the consolidated financial statements for the fiscal year ended March 31, 2012 aggregated $6,089. The Company transferred the equity of its foreign subsidiaries to MCA during the year ended March 31, 2013 and, therefore, does not have any undistributed earnings for which no provision for income tax has been recognized as of March 31, 2013.

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

The reconciliation of the beginning and ending amount of unrecognized tax benefits at March 31, 2013, were as follows:

Balance — March 31, 2012	$ 182
Reductions for tax positions of prior years	(182)
Balance — March 31, 2013	$ -

MIC Business Solutions, Inc. ("MIBS") was the only subsidiary of the Company which had any unrecognized tax benefits at March 31, 2012. The Company transferred the equity of MIBS to MCA during the year ended March 31, 2013. As a result, the Company did not have any unrecognized tax benefit on the accompanying consolidated balance sheet as of March 31, 2013.

From a federal tax return perspective, the Company is a member of the consolidated tax returns filed through MCA from April 1, 2012. MCA and its U.S. subsidiaries file income tax returns in the United States federal jurisdiction, and various states and foreign jurisdictions. The Company and its current and former U.S. subsidiaries are under income tax examination by the Internal Revenue Service ("IRS") for the fiscal years ended March 31, 2010, 2009, 2008, 2007 and December 31, 2006. 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, 2006. The Company will be subject to examinations as a member of the consolidated tax returns filed by MCA beginning in the 2013 fiscal year.

The Company makes federal income tax related payments to IRS on behalf of MCA. As of March 31, 2013, the Federal income tax related amount due from MCA of $35,503 and amounts due from federal and state jurisdictions of $10,568 are included in "Accounts receivable — Other" on the consolidated balance sheet.

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

7. ASSET RETIREMENT OBLIGATION

The changes to Company's asset retirement obligations ("ARO") for the year ended March 31, 2013 are as follows:

Balance — April 1, 2012	$ 18,530
Liabilities settled and divested	(145)
Revision in estimated cash flows	(3,977)
Accretion expense	811
Balance — March 31, 2013	$ 15,219

These liabilities are included in "Other long-term liabilities" on the consolidated balance sheet.

8. RELATED PARTY AND SEGMENT INFORMATION

ASC 280, *Segment Reporting*, 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 Operating Decision Maker, which is the Chief Executive Officer of the Company, 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 six businesses:

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

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

Metals — The Metals group is mainly engaged in marketing and distribution of metals 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 specialty chemicals.

Living Essentials — The Living Essentials group invests in companies and focus 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. Intersegment transactions are priced with reference to prices applicable to transactions with unaffiliated parties. Information on the Company's reportable segments as of and for the year ended March 31, 2013 was as follows:

	Industrial Finance, Logistics & Development	Energy	Metals	Machinery	Chemicals	Living Essentials	Corporate, Other & Elimination (a),(b)	Total
Revenue	$ 2,404	$ 78,417	$1,406,683	$ 10,225	$ 406,698	$ 52,676	$ 5,705	$1,962,808
Gross profit	2,404	47,323	61,014	10,225	29,835	15,660	5,705	172,166
Interest income	17	580	63	2,114	29	929	19,859	23,591
Interest expense	(313)	(702)	(11,608)	(268)	(329)	(467)	(5,873)	(19,560)
Income tax (expense) benefit	(5,462)	55,204	(12,132)	(1,813)	(7,323)	(1,826)	2,437	29,085
Equity in earnings (losses) of affiliates	(1,614)	2,255	3,609	1,188		1,553	332	7,323
Net income attributable to Mitsubishi International Corporation	7,037	101,548	20,699	3,643	11,770	3,722	6,911	155,330
Segment assets	233,872	779,354	2,191,659	648,599	314,977	557,414	1,018,105	5,743,980
Depreciation and amortization	(87)	(21,439)	(540)	(58)	(258)	(130)	(1,178)	(23,690)
Operating transactions (c)	160,860	569,347	2,672,773	650,437	1,773,781	494,100	2,462	6,323,760

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

(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 reportable 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. See Note 1 to the consolidated financial statements. No intersegment operating transaction was in the reportable operating segment.

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 $1,981,555 (31.3%) of total operating transactions for the year ended March 31, 2013. 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. Revenue from the Parent and its subsidiaries was $415,391 for the year ended March 31, 2013. Purchases from the Parent and its subsidiaries were $9,567,928 for the year ended March 31, 2013. In addition, the Company received various information service fees from the Parent aggregating $12,203 for the year ended March 31, 2013, which were included in "Margins and commissions on operating transactions" in the consolidated statement of income.

The following table provides geographical information for total operating transactions, which is based on the location of the customer for the year ended March 31, 2013:

United States	$2,645,267
Japan	2,049,805
Other foreign countries	1,628,688
	$6,323,760

The Company received a significant portion of interest income from the Parent and its subsidiaries. For the year ended March 31, 2013, interest income from the Parent and its subsidiaries was $19,610, and the service fees from MCA were $18,212.

The following table provides geographical information for property, plant and equipment, net, which is based on the location of the assets for the year ended March 31, 2013:

United States	$413,145

9. COMMITMENTS AND CONTINGENCIES

The Company accounts for guarantees in accordance with ASC 460, *Guarantees*. Accordingly, the Company evaluates its guarantees to determine whether (a) the guarantee is specifically excluded from the scope of ASC 460, (b) the guarantee is subject to ASC 460 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, 2013, the Company had directly guaranteed $14,806 of such obligations.

At March 31, 2013, directly guaranteed obligations of $14,806, consisted of $13,829 for supplier obligations to equity affiliates, $958 for short-term (less than one year) bank obligations to equity affiliates, and $19 for short-term bank obligations to external customers.

Unused letters of credit outstanding at March 31, 2013 amounted to approximately $79.

10. LITIGATION

The Company and its subsidiaries are parties to litigation and other unasserted claims 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 litigation or claims will have a material adverse effect on the consolidated financial statements of the Company.

11. LEASES

Lessor — 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, 2013 is included in "Accounts Receivable — Customers" and "Noncurrent advances and Receivable and Other Assets" on the accompanying consolidated balance sheet.

	Current	Non-Current
Minimum lease payments receivable	$ 679	$ 1,941
Less unearned income	(217)	(349)
Total	$ 462	$ 1,592

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

2014	$ 462
2015	616
2016	616
2017	616
2018	310
Total minimum payments	$ 2,620

The Company has operating leases for office space and equipment under non-cancelable operating leases expiring through 2022. The lease term is calculated from the date the Company first takes possession of the office space and equipment. Rent increases vary for each lease agreement and the average annual increase is in the range of 1–5% over a five-year period. The annual rent payments reflect scheduled rent increases over the lease terms with any allowance or reimbursement provided by the lessor.

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

2014	$ 5,156
2015	5,192
2016	4,974
2017	4,724
2018	4,955
Thereafter	17,214
Total minimum payments required (a)	$ 42,215

(a) Minimum payments have been reduced by minimum sublease rentals. The sublease rental amount is $1,580, $1,580, $1,540, $1,540, and $1,541 for each of the next five fiscal years ending 2018 and $6,841 thereafter under operating leases due in the future under non-cancelable leases.

Total rent expense (net of subleases) for the year ended March 31, 2013 was $7,665. The amount of rental income from subleases for the year ended March 31, 2013 was $825.

12. SUNDRY INCOME — NET

Sundry income — net for the year ended March 31, 2013 consisted of the following:

Foreign exchange gain — net	$ 1,700
Management and service fees	14,994
Dividend income	8,382
Gain on sales of properties — net	2,392
Other — net	1,063
Total	$ 28,531

13. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, 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.

Under ASC 820, 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. ASC 820 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, and 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 values are estimated based on internally developed models or methodologies utilizing significant inputs that are not readily observable from objective sources.

Inputs — The Company's determination of the fair value of its interest rate swap was calculated using a discounted cash flow analysis based on the terms of the swap contract and the observable interest rate curve. The Company's commodities forwards and option contracts are traded OTC and are valued based on inputs obtained from the London Metal Exchange and the New York Mercantile Exchange quoted prices for similar instruments in active markets or corroborated by observable market data available from various pricing sources. For marketable securities, the Company obtained inputs from an independent pricing service. For Level 3 investments, the Company uses various inputs such as rates of estimated credit losses, interest rates or discount rates and volatilities and correlations.

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

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.

Pension Assets — Equities are valued at the closing price reported on the stock exchange. Level 1 equity commingled funds are valued using the net asset value ("NAV") and these assets are classified depending on availability of quoted market prices and the Company's ability to redeem the Level 1 investments at NAV. Bonds are estimated based on dealer quotes of similar characteristics, pricing models or discounted cash flows. Level 2 bonds commingled funds are valued using NAV and these are classified depending on availability of quoted prices and the Company's ability to redeem the investments at NAV. Level 3 life insurance company general accounts are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

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.

ASC 820 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, 2013.

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), 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 payable approximate fair value because of their short-term maturities.

For long-term debt, the fair values are based on current rates at which the Company could borrow funds with similar remaining maturities. The carrying value of long-term debt approximates fair value due to the variable rates of these liabilities. The carrying value of long-term receivables approximates fair value as the interest rates of these assets are based on current rates.

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, 2013 (for Pension Assets, see Note 14):

Description	Fair Value	Fair Value Measurement Hierarchy Level 1	Level 2	Level 3
Assets:				
Available-for-sale securities:				
Marketable equity securities	$ 515	$ 515	$ -	$ -
Debt securities	16,501		16,501	
Derivative assets:				
Commodity contracts	177,185	114,932	62,253	
Currency and interest rate swap	6,828		6,828	
Total assets	$ 201,029	$ 115,447	$ 85,582	$ -
Liabilities — derivative liabilities:				
Commodity contracts	$ 71,325	$ 29,492	$ 41,833	$ -
Currency and interest rate swap	506		506	
Total liabilities	$ 71,831	$ 29,492	$ 42,339	$ -

Cost method investments and certain equity 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 ASC 820. 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 fundraising 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 fair value of the investments classified as Level 3 above are determined using unobservable inputs such as net assets of the investees and estimated cash flows for the discounted future cash flow method.

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, 2013:

	Carrying Amount	Level 1	Level 2	Level 3	Total Losses
Assets — other investments	$ 532	$ -	$ -	$ 532	$ (501)

For the year ended March 31, 2013, other investments with a carrying amount of $1,033 were written down to $532, resulting in an impairment charge of $501, which was included in "Gain on sales of marketable securities and other investments — net" in the Company's consolidated statement of income.

Non-Financial Instruments — The estimated fair values of the Company's non-financial instruments are summarized below.

Where quoted prices are available in an active market, the fair market value of commodity inventory (principally precious metals including leased out inventory) is measured using market prices as of closing date and significant other observable inputs.

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, 2013:

Non-Financial Instruments	**Level 2**
Assets:	
Merchandise inventories (precious metals)	$ 130,058
Leased inventories (precious metals)	1,342,988
Total	$ 1,473,046

14. PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company and one of its subsidiaries sponsor defined benefit pension plans that cover substantially all of their employees. The Company also provides postretirement medical benefits for eligible retired employees. Additionally, the Company provides certain nonqualified supplemental executive defined benefit 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 pension and other postretirement benefit plans. The Company used a March 31st year-end measurement date for the plans.

	Defined Benefit Pension Plans	Other Postretirement Benefits Plans
Change in projected benefit obligation:		
Projected benefit obligation — beginning of year	$ 91,652	$ 18,196
Translation loss	244	
Service cost	2,045	150
Interest cost	4,064	839
Actuarial loss (gain)	7,204	(726)
Benefits paid	(2,888)	(684)
Other	(4,982)	119
Projected benefit obligation — end of year	97,339	17,894
Change in plan assets:		
Fair value of plan assets — beginning of year	64,770	
Actual return on plan assets	5,670	
Foreign exchange rate changes	249	
Contributions by employer	5,802	
Benefits paid	(2,888)	
Other	(3,672)	
Fair value of plan assets — end of year	69,931	-
Reconciliation of funded status — end of year — funded status	$ (27,408)	$ (17,894)

Amounts recognized in the consolidated balance sheet as of March 31, 2013 consist of the following:

	Defined Benefit Pension Plans	Other Postretirement Benefits Plans
Noncurrent assets	$ 644	$ -
Current liabilities	(68)	(983)
Noncurrent liabilities	(27,984)	(16,911)
Total accrued pension liability	$ (27,408)	$ (17,894)

Amounts recognized in accumulated other comprehensive income as of March 31, 2013 consist of the following:

	Defined Benefit Pension Plans	**Other Postretirement Benefits Plans**
Net actuarial loss (gain)	$ 29,204	$ (1,797)
Prior service cost		146
Accumulated other comprehensive loss (income) (before tax effects)	$ 29,204	$ (1,651)

Net periodic pension costs related to the Company's and its subsidiary's defined benefit plans and other postretirement benefit plans for the year ended March 31, 2013, include the following components:

	Defined Benefit Pension Plans	**Other Postretirement Benefits Plans**
Net periodic costs:		
Service cost	$ 2,045	$ 150
Interest cost	4,064	839
Expected return on plan assets	(4,995)	
Amortization of:		
Prior service cost	4	37
Actuarial loss	2,040	7
Other	318	
Total net periodic costs	$ 3,476	$ 1,033

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

	Defined Benefit Pension Plans	**Other Postretirement Benefits Plans**
Loss (gain) recognition	$ 2,362	$ (62)
Prior service cost recognition		37

Additional information pertaining to the defined benefit plans as of March 31, 2013 was as follows:

	Defined Benefit Pension Plans
Accumulated benefit obligations	$ 89,921
Pension plans with projected benefit obligation in excess of plan assets:	
Benefit obligation	90,239
Fair value of plan assets	62,188
Pension plans with accumulated benefit obligation in excess of plan assets:	
Benefit obligation	82,821
Fair value of plan assets	62,188

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 "Accounts payable and accrued expenses", and "Other long-term liabilities" on its consolidated balance sheet as of March 31, 2013.

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

	Defined Benefit Pension Plans	**Other Postretirement Benefits Plans**
2014	$ 3,507	$ 1,152
2015	3,382	1,179
2016	3,628	1,197
2017	3,856	1,238
2018	4,095	1,263
2019–2023	24,618	6,286

The following weighted-average assumptions were used to determine benefit obligations for the defined benefit pension plans and the other postretirement benefit plans at March 31, 2013:

	Defined Benefit Pension Plans	**Other Postretirement Benefits Plans**
Discount rate	4.0 %–4.60 %	4.25%
Initial health care cost trend rate		7.00–9.00
Ultimate health care cost trend rate		4.50
Year in which ultimate rate is reached		2022
Salary scale	3.25	

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 year ended March 31, 2013 are as follows:

	Defined Benefit Pension Plans	**Other Postretirement Benefits Plans**
Discount rate	4.50–4.75 %	4.75%
Expected asset return	5.10–8.25 %	
Salary scale	2.80–3.50 %	
Mortality table	RP-2000	RP-2000
Average future working lifetime (years)	8.93–15.91 %	

In determining the expected long-term rate of return on assets of 5.10% to 8.25%, 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:

Asset Category	**The Company's Sponsored Plan Percentage of Plan Assets**	**Certain Subsidiary's Sponsored Plan Percentage of Plan Assets**
Equity securities	61.16 %	- %
Debt securities	18.88	27.07
Life insurance company general account and other	19.96	72.93
Total	100.00 %	100.00 %

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

	% Range
Equity securities	50–70%
Debt securities/fixed income	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 $2.5 million to their defined benefit pension plans during the year ending March 31, 2014.

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:

	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on other postretirement benefit obligation	$ 2,067	$ (1,704)
Effect on total of service and interest cost components	122	(101)

The Company's investment policies are designed to ensure adequate plan assets are available to provide future payments of pension benefits to eligible participants. The equity securities are selected primarily from stocks that are listed on the securities exchanges. Prior to investing, the Company has investigated the business condition of the investee companies, and appropriately diversified investments by type of industry and other relevant factors. The debt securities are selected primarily from government bonds, public debt instruments, and corporate bonds. Prior to investing, the Company has investigated the quality of the issue, including rating, interest rate, and repayment dates, and has appropriately diversified the investments. As for investments in life insurance company general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital.

The fair values of the Company's pension plan assets by asset category as of March 31, 2013, are follows (the three levels of input used to measure fair value are more fully described in Note 13:

	Level 1	Level 2	Level 3	Total
Equities	$ -	$ 38,034	$ -	$ 38,034
Bonds	11,741	2,096		13,837
Life insurance company general account and other	5,647		12,413	18,060
Total	$ 17,388	$ 40,130	$ 12,413	$ 69,931

The life insurance company general accounts, which consist of investments such as privately placed debt securities, mortgage loans and real estate, are categorized as Level 3 assets since a precise market value determination cannot be made. The changes between April 1, 2012 and March 31, 2013, are as follows:

	Level 3 Assets
Change in Level 3 assets:	
Beginning balance	$ 10,277
Unrealized gain	149
Purchase, sales and settlement	1,987
Ending balance	$ 12,413

15. SUBSEQUENT EVENTS

The Company has evaluated all events or transactions that occurred after March 31, 2013 up through July 3, 2013, the date that the consolidated financial statements were available to be issued, and it has been determined that there were no subsequent events requiring adjustment to or disclosure in the consolidated financial statements, except for the event disclosed under "Business Description" in Note 1.

* * * * * *