Mitsubishi International Corporation and Subsidiaries

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

Consolidated Financial Statements as of March 31, 2015, March 31, 2014, and April 1, 2013 (the Date of Transition to IFRS), and for the Years Ended March 31, 2015 and 2014, and Independent Auditors' Report

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Mitsubishi International Corporation and subsidiaries (the "Company") (a wholly owned subsidiary of Mitsubishi Corporation (Americas)), which comprise the consolidated statements of financial position as of March 31, 2015, 2014, and April 1, 2013 (the date of transition to International Financial Reporting Standards), the related consolidated statements of profit and loss, comprehensive income, changes in equity, and cash flows for the years ended March 31, 2015 and 2014, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 the Company as of March 31, 2015, 2014, and April 1, 2013 (the date of transition to International Financial Reporting Standards), and the results of its operations and cash flows for the years ended March 31, 2015 and 2014, in accordance with International Financial Reporting Standards as issued by International Accounting Standards Board.

Deloitte & Touche LLP

August 26, 2015

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2015, MARCH 31, 2014, AND
APRIL 1, 2013 (THE DATE OF TRANSITION TO IFRS)
(In thousands US dollars, except for share data)

	March 31		April 1,
	2015	2014	2013
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 12)	$ 454,069	$ 628,531	$ 604,005
Certificate of deposit (Note 12)	100,000	80,000	-
Notes and loans receivable: (Notes 8, 12, and 18)			
Parent and affiliated companies	784,713	656,595	725,151
Customers	2,878	12,395	12,812
Trade and other receivables: (Notes 8, 12, 18, and 19)			
Customers (after allowance for uncollectible accounts of $34 in 2015, $2 in 2014, and $18 in 2013)	388,025	348,156	301,475
Parent and affiliated companies	262,339	267,801	237,066
Other	123,904	84,050	100,274
Income tax receivable (Note 13)	22,123	14,545	46,868
Merchandise inventories (Notes 5 and 12)	722,673	787,495	623,230
Leased inventories (Notes 5 and 12)	1,348,423	1,532,507	1,345,703
Advance payments to suppliers	326,266	474,971	457,390
Other financial assets (Note 12)	27,892	66,857	38,766
Other current assets	6,130	7,444	13,078
Total current assets	4,569,435	4,961,347	4,505,818
NONCURRENT ASSETS:			
Noncurrent loans receivable from Parent and affiliated companies (Notes 8, 12, and 18)	414,521	396,085	555,665
Other receivable (Notes 8, 12, and 19)	53,256	34,321	34,759
Investments accounted for using the equity method (Note 1)	12,159	23,803	115,577
Other investments (Note 12)	20,438	36,762	41,536
Property and equipment (Note 6)	410,192	400,711	410,246
Intangible assets (Note 7)	3,037	3,645	2,899
Deferred tax assets (Note 13)	32,775	43,347	77,245
Total noncurrent assets	946,378	938,674	1,237,927
TOTAL ASSETS	$ 5,515,813	$ 5,900,021	$ 5,743,745

(Continued)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF MARCH 31, 2015, MARCH 31, 2014, AND APRIL 1, 2013
(THE DATE OF TRANSITION TO IFRS)
(In thousands US dollars, except for share data)

	March 31		April 1,
	2015	2014	2013
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current borrowings: (Notes 9 and 12)			
Parent and affiliated companies	$ 468,613	$ 529,760	$ 350,338
Other	628,000	808,000	1,210,150
Current maturities of noncurrent borrowings (Notes 9 and 12)	360,000	170,000	230,000
Trade and other payables and accrued expenses: (Notes 12 and 18)			
Parent and affiliated companies	592,575	665,756	477,202
Trade creditors	214,915	279,810	270,407
Income tax payables (Note 13)	5,093	52	-
Advances from customers	182,436	275,852	281,443
Commodity financing arrangement	193,100	194,780	-
Other financial liabilities (Note 12)	9,608	471	1,119
Lease liabilities and other (Notes 8, 10, and 12)	113,659	108,982	55,484
Total current liabilities	2,767,999	3,033,463	2,876,143
NONCURRENT LIABILITIES:			
Noncurrent borrowings (Notes 9 and 12)	1,282,000	1,390,000	1,330,000
Decommissioning provisions (Note 11)	15,975	13,279	13,805
Other noncurrent liabilities (Notes 8, 10, and 12)	53,669	40,361	55,808
Total noncurrent liabilities	1,351,644	1,443,640	1,399,613
EQUITY:			
Stockholder's equity:			
Common stock without par value (authorized—750,000 shares; issued and outstanding—710,719 shares)	931,940	931,940	926,120
Retained earnings	462,365	488,664	536,737
Accumulated other comprehensive income (loss):			
Other investments designated as FVTOCI (Note 12)	6,429	3,890	2,866
Exchange differences on translating foreign affiliates (Note 16)	(4,564)	(1,084)	2,385
Total accumulated other comprehensive income	1,865	2,806	5,251
Total Mitsubishi International Corporation stockholder's equity	1,396,170	1,423,410	1,468,108
Non-controlling interest	-	(492)	(119)
Total equity	1,396,170	1,422,918	1,467,989
TOTAL LIABILITIES AND EQUITY	$ 5,515,813	$ 5,900,021	$ 5,743,745

See notes to the consolidated financial statements. (Concluded)

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014
(In thousands US dollars)

	2015	2014
REVENUES:		
Revenues from operating activities	$ 1,919,595	$ 1,920,655
Margins and commissions on operating transactions	56,787	65,596
Total revenues	1,976,382	1,986,251
COST OF REVENUES FROM OPERATING ACTIVITIES (Note 5 and 12)	1,847,770	1,829,206
GROSS PROFIT	128,612	157,045
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSE (Notes 10, 14, and 19)	(65,815)	(67,991)
INTEREST INCOME	19,073	22,749
INTEREST EXPENSE	(19,466)	(21,150)
GAIN ON INVESTMENTS (Note 12)	7,120	1,896
SUNDRY INCOME (Net of expense of $18,230 in 2015 and $14,326 in 2014) (Notes 8, 12 and 15)	846	625
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, INCOME FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, AND NON-CONTROLLING INTEREST	70,370	93,174
INCOME TAXES (Note 13)	23,944	32,557
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, AND NON-CONTROLLING INTEREST	46,426	60,617
INCOME FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Net of loss of $0 in 2015 and $914 in 2014)	2,181	63
INCOME FROM CONTINUING OPERATIONS	$ 48,607	$ 60,680

(Continued)

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

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014
(In thousands US dollars)

	2015	2014
DISCONTINUED OPERATIONS:		
Gain on disposal (Note 17)	$ -	$ 6,751
Income tax expense (Note 13)	-	(2,565)
Total	-	4,186
NET PROFIT	48,607	64,866
ATTRIBUTABLE TO NON-CONTROLLING INTEREST:		
Continued operations	-	(73)
Discontinued operations	-	(42)
Net profit attributable to non-controlling interest	-	(115)
NET PROFIT ATTRIBUTABLE TO MITSUBISHI INTERNATIONAL CORPORATION	$ 48,607	$ 64,751
AMOUNTS ATTRIBUTABLE TO MITSUBISHI INTERNATIONAL CORPORATION—		
Profit from continuing operations	$ 48,607	$ 60,607
Profit from discontinued operations	-	4,144
NET PROFIT ATTRIBUTABLE TO MITSUBISHI INTERNATIONAL CORPORATION	$ 48,607	$ 64,751

See notes to the consolidated financial statements. (Concluded)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014
(In thousands US Dollars)

	2015	2014
NET PROFIT	$ 48,607	$ 64,866
OTHER COMPREHENSIVE (LOSS) INCOME—Net of tax (Note 16)		
Items that will not be reclassified to net profit:		
Gains on other investments designated as FVTOCI	2,177	652
Remeasurement of defined benefit pension plans	(12,053)	6,525
Transfer of foreign investment to a common control entity	-	(1,706)
Total	(9,876)	5,471
Items that may be reclassified to net profit:		
Exchange differences on translating foreign affiliates	(3,480)	(1,763)
Total	(3,480)	(1,763)
Total other comprehensive (loss) income—net of tax	(13,356)	3,708
COMPREHENSIVE INCOME	$ 35,251	$ 68,574
AMOUNTS ATTRIBUTABLE TO NON-CONTROLLING INTEREST:		
Net loss	$ -	$ (115)
Other comprehensive income—remeasurement of defined benefit pension plans—net of tax (Note 16)	-	412
COMPREHENSIVE INCOME	$ -	$ 297
AMOUNTS ATTRIBUTABLE TO MITSUBISHI INTERNATIONAL CORPORATION:		
Net income	$ 48,607	$ 64,751
Other comprehensive (loss) income: (Note 16)		
Gains on other investments designated as FVTOCI—net of tax	2,177	652
Remeasurement of defined benefit pension plans—net of tax	(12,053)	6,937
Transfer of foreign investment to a common control entity	-	(1,706)
Exchange differences on translating foreign affiliates	(3,480)	(1,763)
Total	(13,356)	4,120
COMPREHENSIVE INCOME	$ 35,251	$ 68,871

See notes to the consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014
(In thousands US dollars)

	2015	2014
COMMON STOCK:		
Balances—beginning of year	$ 931,940	$ 926,120
Equity transactions between entities under common control	-	5,820
Balances—end of year	931,940	931,940
RETAINED EARNINGS:		
Balances—beginning of year	488,664	536,737
Net profit attributable to Mitsubishi International Corporation	48,607	64,751
Cash dividends paid to Parent	(62,491)	(119,389)
Transfer from other components of equity	(12,415)	6,565
Balances—end of year	462,365	488,664
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS):		
Balances—beginning of year	2,806	5,251
Gains on other investments designated as FVTOCI—net of tax	2,177	652
Exchange differences on translating foreign affiliates	(3,480)	(3,469)
Remeasurement of defined benefit pension plans—net of tax	(12,053)	6,937
Transfer to retained earnings	12,415	(6,565)
Balances—end of year	1,865	2,806
NON-CONTROLLING INTEREST:		
Balances—beginning of year	(492)	(119)
Equity transactions with non-controlling interest	492	(76)
Net profit attributable to non-controlling interest	-	115
Other comprehensive income/loss attributable to non-controlling interest	-	(412)
Balances—end of year	-	(492)
TOTAL MITSUBISHI INTERNATIONAL CORPORATION'S EQUITY	$ 1,396,170	$ 1,422,918

See notes to the consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014
(In thousands US dollars)

	2015	2014
OPERATING ACTIVITIES:		
Net profit	$ 48,607	$ 64,866
Adjustments to reconcile net profit attributable to Mitsubishi International Corporation to net cash provided by operating activities:		
Depreciation and amortization	17,315	18,627
Realized gain on other investments—net	(2,465)	(6,140)
Unrealized gain on other investments—net	(4,655)	1,303
Dry-hole expenses	4,133	-
Provision for accrued pension liabilities	(947)	(329)
Income taxes	23,944	35,122
Interest income	(19,073)	(22,749)
Interest expense	19,466	21,150
Dividends income	(210)	(855)
Equity in earnings of affiliates	(2,181)	(63)
Unrealized loss and foreign exchange loss on derivatives	113,954	76,361
Changes in operating assets and liabilities:		
Notes receivable	9,517	417
Trade and other receivables	67,472	87,674
Merchandise inventories and precious metal inventory	32,651	(120,610)
Advance payments to suppliers	148,705	(16,665)
Other financial and current assets	40,043	(38,606)
Noncurrent receivables and other assets	10,446	16,775
Commodity financing arrangement	(1,680)	194,350
Trade and other payables and accrued expenses	(174,506)	(211,998)
Advances from customers	(93,416)	(5,591)
Other financial and current liabilities	(988)	9,145
Other noncurrent liabilities	(6,432)	(1,422)
	229,700	100,762
Cash generated from operating activities:		
Interest received	17,291	19,139
Interest paid	(21,379)	(20,071)
Income tax paid	(4,112)	30,605
Dividends received	1,262	1,464
Net cash provided by operating activities	222,762	131,899

(Continued)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014
(In thousands US dollars)

	2015	2014
INVESTING ACTIVITIES:		
Proceeds from sales and maturities of other financial assets	$ -	$ 16,501
Proceeds from sales of other investments	8,469	10,717
Purchases of other investments	(564)	(1,700)
Proceeds from sales of property and equipment	8	394
Purchases of property and equipment	(26,968)	(9,235)
Purchases of intangible assets	(464)	(1,764)
Proceeds from sales of affiliated companies	11,357	9,564
Proceeds from dissolution of subsidiaries—net of cash transferred	1,546	22
Collection of loans receivable from affiliated companies	649,244	862,499
Increase in loans receivable to affiliated companies	(877,614)	(691,594)
Proceeds on redemption of certificate of deposit	100,000	-
Purchase of certificate of deposit	(120,000)	(80,000)
Net cash (used in) provided by investing activities	(254,986)	115,404
FINANCING ACTIVITIES:		
Proceeds from issuance of current borrowings	942,984	2,522,734
Repayment of current borrowings	(1,167,222)	(2,745,511)
Proceeds from issuance of noncurrent borrowings	252,000	230,000
Repayment of noncurrent borrowings	(170,000)	(230,000)
Net cash used in financing activities	(142,238)	(222,777)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(174,462)	24,526
CASH AND CASH EQUIVALENTS—Beginning of year	628,531	604,005
CASH AND CASH EQUIVALENTS—End of year	$ 454,069	$ 628,531
NON-CASH ITEMS IN INVESTING AND FINANCING ACTIVITIES:		
Additions and changes in estimates to decommissioning provision	$ 1,983	$ (1,165)
Increase in loans receivable from the Parent in exchange for investments transferred to the Parent	$ 12,808	$ 85,095
Reduction of loans receivable from the Parent in lieu of dividends payment to the Parent	$ (62,491)	$ (119,389)
Settlement of loans receivable from the Parent in exchange for accounts payable with the Parent	$ -	$ (13,410)
Settlement of loans receivable from the affiliated company in exchange for current borrowings	$ (17,000)	$ -
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash inflows from investing activities	$ -	$ 6,751

See notes to the consolidated financial statements.

(Concluded)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Mitsubishi International Corporation and subsidiaries (collectively, the "Company" or MIC) is incorporated in the United States. It 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"). The Parent is the ultimate controlling party. The address of its registered office and principal place of business are 655 Third Avenue, New York.

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.

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to the Parent through dividends. The Company's overall strategy remains unchanged over the reported years. The capital structure of the Company consists of net debt (borrowings as detailed in notes 9 offset by cash and bank balances) and equity of the Company (comprising issued capital and retained earnings).

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.

On April 1, 2013, the Company sold its equity interest in Indiana Packers Corp., MC Machinery Systems Inc., Mitsubishi Imaging, Inc., TH Foods, Inc., MHCG, Inc., and Metal One Holding America, Inc. to MCA at their respective carrying values as of April 1, 2013, in exchange for loans receivable. The aggregate carrying value of these equity method investments as of March 31, 2013, was $74,927. No gains or losses were recorded on the above exchanges.

On July 12, 2013, the Company transferred its equity interest in MC Asset Management Holdings LLC (MCAMH), an equity method investment, to MC in exchange for $7,306 in cash. The carrying value of MCAMH at the time of transfer was $3,192. As the transaction was between entities under common control, the excess amount received over the carrying value of $4,114 was reported as a capital contribution within the consolidated statement of changes in equity.

On October 1, 2013, the Company sold all of its equity interest in MC Asset Management Americas, Ltd. (MCAMA), a wholly owned subsidiary to a subsidiary of MC in exchange for $3,016 in cash as part of the reorganization of MC entities in North America. The carrying value at the date of transfer was $3,016. No gains or losses were recorded for this transfer. The Company did not present the transfer as discontinued operations as MCAMA was not material to the Company's consolidated statement of profit and loss.

On October 1, 2013, the Company sold its equity interest in MC Credit Products Fund, Inc., an equity method investment, to MCA in exchange for $10,120 in loans receivable. The carrying value as of September 30, 2013, was $10,120 and no gains or losses were recorded for this transaction. For the period from April 1, 2013, to September 30, 2013, $(196) has been included in income from investments accounted for using the equity method related to MC Credit Products Fund, Inc.

On April 1, 2014, the Company completed liquidation of Red Diamond Capital Partners, LP ("RDC LP"), a subsidiary. The Company did not present the liquidation as discontinued operations as RDC LP was not material to the Company's consolidated statement of profit and loss.

On December 31, 2014, the Company sold its equity interest in CIMA Energy, Ltd, an equity method investment, to MC Global Gas Corporation, a wholly owned subsidiary of MCA in cash. The carrying value as of December 31, 2014, and the cash received was $11,357 and no gains or losses were recorded for this transaction. For the period from April 1, 2014, to December 31, 2014, $1,740 has been included in income from investments accounted for using the equity method related to CIMA Energy, Ltd.

2. BASIS OF PREPARATION

2.1 Compliance with International Financial Reporting Standards and Matters Concerning its First-Time Adoption—These consolidated financial statements have been prepared on an accrual basis in accordance with the International Financial Reporting Standards, International Accounting Standards, and IFRIC Interpretations (collectively IFRS) as issued by the International Accounting Standards Board (IASB).

The Company adopted IFRS with a transition date of April 1, 2013, and have applied IFRS 1, *First-Time Adoption of International Financial Reporting Standards.* Accordingly, the Company's consolidated statements of financial position as of April 1, 2013 and March 31, 2014, and its consolidated statements of profit and loss, comprehensive income, changes in equity, and cash flows for the year ended March 31, 2014, that were previously reported in accordance with accounting principles generally accepted in the United States of America (US GAAP) have been restated in accordance with IFRS on the basis of the accounting polices described below.

An explanation of the transition to IFRS and an analysis of the significant differences between US GAAP and IFRS that were relevant to the Company and of their effect on the Company's reported financial position as of April 1, 2013, and March 31, 2014, and its results of operations and cash flows for the year ended March 31, 2014, is presented in Note 2.6, "Reconciliation from US GAAP to IFRS".

2.2 Basis of Measurement—The consolidated financial statements have been prepared on the historical cost basis except for certain assets and liabilities that are measured at their fair values at the end of each reporting period, as stated in Note 3, "Significant accounting policies."

2.3 Significant Accounting Judgments, Estimates, and Assumptions—In preparing IFRS-compliant consolidated financial statements, management is required to make judgments, estimates, and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods that are affected.

Significant judgment and estimates are required in the determination of the allowances against trade receivables (Note 3.5), deferred tax assets (Note 3.15), assumptions used in the calculation of pension and other long-term employee benefit accruals (Note 3.12), legal and other accruals for contingent liabilities (Note 3.13), the determination of the carrying value of long-lived assets (Note 3.11), and fair value measurement of financial instruments and inventories (Note 3.16).

2.4 Functional Currency and Presentation Currency—Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The consolidated financial statements are presented in thousands of US dollars unless otherwise stated, which is the Company's presentational currency.

2.5 Exemption Applied—IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Company has applied the following exemption:

Property and equipment were carried at cost in the consolidated statement of financial position prepared in accordance with US GAAP as of April 1, 2013. The Company has elected the deemed cost exemption and used these values as the basis for subsequent depreciation and impairment tests.

2.6 Reconciliation from US GAAP to IFRS

A reconciliation of the consolidated statement of financial position in accordance with US GAAP to IFRS as of April 1, 2013, is as follows:

	U.S. GAAP versus IFRS As of April 1, 2013			
	U.S. GAAP	Note	Adjustments	IFRS
Assets:				
Total current assets	$4,283,856	(1)	$ 221,962	$4,505,818
Total noncurrent assets	1,460,124	(2)	(222,197)	1,237,927
Total assets	$5,743,980		$ (235)	$5,743,745
Liabilities and equity:				
Liabilities:				
Total current liabilities	$2,700,384	(3)	$ 175,759	$2,876,143
Total noncurrent liabilities	1,579,523	(4)	(179,910)	1,399,613
Total equity	1,464,073	(5)	3,916	1,467,989
Total liabilities and equity	$5,743,980		$ (235)	$5,743,745

(1) Adjustments to current assets comprised of:	
Reclassification of deferred tax assets from current assets into noncurrent assets (*1)	$ (3,958)
Reclassification of advance payments to suppliers (*2)	179,149
Leased inventory reclassifications (*2)	49,462
Leased fee receivable reclassifications (*2)	759
Offsetting financial assets and financial liabilities (*3)	(3,450)
	$ 221,962
(2) Adjustments to noncurrent assets comprised of:	
Revaluation of investments at fair value under IFRS (*4)	$ 4,904
Reclassification of deferred tax assets from current assets into noncurrent assets (*1)	3,958
Reclassification of advance payments to suppliers (*2)	(179,149)
Leased inventory reclassifications (*2)	(49,462)
Leased fee receivable reclassifications (*2)	(759)
Offsetting financial assets and financial liabilities (*3)	712
Tax effect of IFRS adjustments (*7)	(2,401)
	$ (222,197)
(3) Adjustments to current liabilities comprised of:	
Reclassification of advances from customers (*2)	$ 179,149
Offsetting financial assets and financial liabilities (*3)	(3,390)
	$ 175,759
(4) Adjustments to noncurrent liabilities comprised of:	
Reclassification of advances from customers (*2)	$ (179,149)
Adjustment related to measurement of decommissioning obligations (*5)	(1,413)
Offsetting financial assets and financial liabilities (*3)	652
	$ (179,910)
(5) Adjustments to equity comprised of:	
Other investments designated as FVTPL (*4)	$ 1,870
Other investments designated as FVTOCI (*4)	1,170
Adjustment related to measurement of decommissioning obligations (*5)	876
	$ 3,916

A reconciliation of the consolidated statement of financial position in accordance with US GAAP to IFRS as of March 31, 2014, is as follows:

	US GAAP to IFRS Adjustments As of March 31, 2014			
	US GAAP	Note	Adjustments	IFRS
Assets:				
Total current assets	$4,659,265	(1)	$ 302,082	$4,961,347
Total noncurrent assets	1,236,712	(2)	(298,038)	938,674
Total assets	$5,895,977		$ 4,044	$5,900,021
Liabilities and equity:				
Liabilities:				
Total current liabilities	$2,830,903	(3)	$ 202,560	$3,033,463
Total noncurrent liabilities	1,645,115	(4)	(201,475)	1,443,640
Total equity	1,419,959	(5)	2,959	1,422,918
Total liabilities and equity	$5,895,977		$ 4,044	$5,900,021

(1) Adjustments to current assets comprised of:	
Reclassification of deferred tax assets from current assets into noncurrent assets (*1)	$ (5,693)
Reclassification of advance payments to suppliers (*2)	202,033
Leased inventory reclassifications (*2)	102,591
Leased fee receivable reclassifications (*2)	344
Offsetting financial assets and financial liabilities (*3)	2,807
	$ 302,082
(2) Adjustments to noncurrent assets comprised of:	
Revaluation of investments at fair value under IFRS (*4)	$ 3,054
Reclassification of deferred tax assets from current assets into noncurrent assets (*1)	5,693
Reclassification of advance payments to suppliers (*2)	(202,033)
Leased inventory reclassifications (*2)	(102,591)
Leased fee receivable reclassifications (*2)	(344)
Offsetting financial assets and financial liabilities (*3)	894
Adjustment related to measurement of decommissioning obligations (*5)	(897)
Tax effect of IFRS adjustments (*7)	(1,814)
	$ (298,038)
(3) Adjustments to current liabilities comprised of:	
Reclassification of advances from customers (*2)	$ 202,033
Offsetting financial assets and financial liabilities (*3)	527
	$ 202,560
(4) Adjustments to noncurrent liabilities comprised of:	
Reclassification of advances from customers (*2)	$ (202,033)
Adjustment related to measurement of decommissioning obligations (*5)	(2,616)
Offsetting financial assets and financial liabilities (*3)	3,174
	$ (201,475)
(5) Adjustments to equity comprised of:	
Opening statement of financial position adjustments in respect of April 1, 2013	$ 3,916
Other investments designated as FVTPL (*4)	(808)
Other investments designated as FVTOCI (*4)	(339)
Adjustment related to measurement of decommissioning obligations (*5)	190
	$ 2,959

A reconciliation of net comprehensive income in accordance with US GAAP to IFRS for the year ended March 31, 2014, is as follows:

	March 31, 2014
Net comprehensive income under US GAAP	$ 69,828
Adjustment to net income:	
Other investments designated as FVTPL (*4)	(808)
Employee benefit expense (*6)	2,878
Adjustment related to measurement of decommissioning obligations (*5)	190
Other investments designated as FVTOCI (*4)	(339)
Employee benefit expense (*6)	(2,878)
Net comprehensive income under IFRS	$ 68,871

A reconciliation of equity in accordance with US GAAP to IFRS as of March 31, 2014, and April 1, 2013, is as follows:

	March 31, 2014	**April 1, 2013**
Total equity under US GAAP	$ 1,419,959	$ 1,464,073
Opening statement of financial position adjustments in respect of April 1, 2013	3,916	-
Other investments designated as FVTPL (*4)	(808)	1,870
Other investments designated as FVTOCI (*4)	(339)	1,170
Adjustment related to measurement of decomissioning obligations (*5)	190	876
Total equity under IFRS	$ 1,422,918	$ 1,467,989

Notes on differences in recognition and measurement

(*1) Under US GAAP, classification of deferred tax assets, deferred tax liabilities, and any valuation allowance must be divided between current and noncurrent components. However, under IFRS, all deferred tax assets and deferred tax liabilities are classified as noncurrent.

(*2) Under US GAAP, the operating assets and liabilities were accrued and classified as non-current items when they were not expected to be realized or settled within 1 year of the date of the consolidated balance sheet date. However, under IFRS, assets and liabilities are classified as current even when they are realized/settled more than twelve months later, as long as they are assets/liabilities in the normal operating cycle of the Company's business. Therefore, the corresponding assets/liabilities have been reclassified from non-current to current.

Advances payments to supplier and advances from customers primary are attributable to long-term contracts in progress engaged by the Company's machinery business for which the related operating cycles are longer than one year. The Company also engages in long-term precious metal lease contracts to generate profit from fluctuation in prices, earn margins from physical transaction, and / or earn lease fee from leasing opportunities.

The amounts expected to be recovered or settled after more than twelve months as of March 31, 2015 are as follows:

Current assets comprised of:	
Advance payments to suppliers	$ 88,930
Leased inventory	115,902
Leased fee receivable	1,375
Current liabilities comprised of:	
Advances from customers	88,930

(*3) Under US GAAP, financial assets and liabilities with the same counterparty that are subject to master netting agreements can be presented net on the balance sheet, even in the absence of an intent to offset. However, under IFRS, net presentation of financial assets and liabilities is required when there is a legally enforceable right and intent to settle the assets and liabilities on a net basis.

(*4) Under US GAAP, investments in non-marketable equity securities of unaffiliated companies are carried at cost. However, under IFRS, equity securities are measured at fair value, regardless of its marketability. In principal, changes in fair value are recognized in profit or loss ("FVTPL"). However, changes in the fair value of equity instruments designated as fair value recognized through other comprehensive income ("FVTOCI ") are recognized in other comprehensive income.

(*5) Under US GAAP, decommissioning obligations should be accreted over the period to retirement at the credit-adjusted risk-free rate that existed when the liability, or portion thereof, was initially measured. However, under IFRS, the current discount rate must be used to recalculate the entire provision.

(*6) Under US GAAP, actuarial experience is initially recognized in other comprehensive income and the cumulative balance is amortized through the income statement in the future. However, under IFRS, all actuarial gains and losses are recognized immediately in other comprehensive income and transferred to retained earnings, with no recycling to profit or loss in future periods.

(*7) Due to aforementioned adjustments, deferred tax assets (net amount after being offset against deferred tax liabilities) decreased as follows: $1,864 related to investments in non-marketable equity securities and $537 related to decommissioning obligations as of April 1, 2013, and $1,161 related to investments in non-marketable equity securities and $653 related to decommissioning obligations as of March 31, 2014.

There are no material differences between US GAAP and IFRS, which effected the operating, investing, or financing activities of the consolidated statement of cash flows for the year ended March 31, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Consolidation—The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect the amount of return.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above. Changes in ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interest and non-controlling interest is adjusted to reflect changes in their relative interest in the subsidiaries. Any difference between the amount of non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Company. If control over a subsidiary is lost, the difference between (a) the sum of the fair value of consideration received and the fair value of remaining interest and (b) assets, liabilities and the previous carrying amount of non-controlling interest of the subsidiary, is recognized in net profit. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, *Financial Instruments*.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. All intercompany accounts and transactions have been eliminated. Consolidation of an entity is assessed pursuant to the IFRS 10, *Consolidated Financial Statements*.

3.2 Affiliated Companies—The equity method of accounting is used for investments in affiliated companies. An affiliated company is an entity which is not controlled by the Company but for which the Company is able to exert significant influence over the decisions on financial and operating or business policies. If the Company has 20% but no more than 50% of the voting rights of another entity, the Company is presumed to have significant influence over the entity. However, 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 Company applies equity method of accounting for the investment in Mitsubishi do Brasil S.A. which the Company holds 12.57% interest.

Under the equity method, the investment in an affiliated company is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the net assets of an affiliated company after the date of acquisition. The Company's share of the net income (loss) of an affiliated company is recognized in the Company's net profit. The Company's share of the other comprehensive income or loss of the affiliated company is recognized in the Company's other comprehensive income (loss). When the Company's share of losses of an affiliated company equals or exceeds its interest in the affiliated company, the Company discontinues recognizing its share of further losses. After the Company's interest, including any long-term interests that, in substance, form part of the Company's net investment in the affiliated company is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the affiliated company. All significant intercompany profits have been eliminated in proportion to interests in affiliated companies.

An affiliated company is accounted for using the equity method from the date they become an affiliated company. On initial recognition, the amount of investment in excess of interests with respect to the net fair value of assets, liabilities, and contingent liabilities of affiliated companies is recognized as the amount corresponding to goodwill, and is included in the carrying amount of investments.

In cases where equity method investments are disposed of and significant influence is lost, remaining investments are measured at fair value at the disposal date, and are accounted for as financial assets in accordance with IFRS 9, *Financial Instruments*. The difference between the

previous carrying amount and fair value of the remaining investments is recognized in "Gain on Investments" in the consolidated statements of profit and loss. The amount previously recognized as other comprehensive income by affiliated companies is accounted for by determining whether or not they should be reclassified into net profit as if related assets or liabilities had been directly disposed of.

The following table presents aggregate information of the affiliated companies for the year ended March 31, 2015, and 2014.

	2015	2014
The Company's share of profit from continuing operations	$ 2,181	$ 63
The Company's share of other comprehensive loss	(1,486)	(2,574)
The Company's share of total comprehensive income/(loss)	$ 695	$ (2,511)

3.3 Reporting Date—Most of the Company's subsidiaries and affiliated companies maintain their fiscal year end at March 31, while one subsidiary maintains its fiscal year end at December 31. It is impracticable to unify the fiscal year end for this subsidiary, and it is also impracticable for this entity to provide the provisional settlement of accounts at the end of the reporting period of the MIC due to characteristics of the business, operations or other practical factors. Adjustments will be made to consolidated financial statements of the Company for the effects of transactions or events that occurred between the end of the reporting period of this subsidiary and that of the consolidated financial statements if those transactions or events are deemed significant.

3.4 Foreign Currency Translation—Items in the consolidated financial statements denominated in foreign currencies are recorded at the exchange rate in effect at the transaction date, and monetary items are retranslated at the exchange rate as at the fiscal year end. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated. 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 statements of profit and loss in such period. The difference arising from the retranslation of monetary items is generally recognized in "Sundry income—net" in the consolidated statements of profit and loss.

Net assets of foreign affiliated companies have been translated at current exchange rates at the statement of financial position date. Cumulative translation adjustments are included as a component of accumulated other comprehensive income (loss) in the consolidated statements of changes in equity. In the event of partial disposal of foreign affiliated companies, the amount proportionate to the disposal of the cumulative amount of exchange difference is reclassified into net profit and loss.

3.5 Financial Instruments

The Company early applied IFRS 9, *Financial Instruments* (revised in November 2013), to the accounting treatment of financial instruments.

i) Nonderivative Financial Assets—The Company recognizes trade and other receivables on the date they arise. The Company recognizes all other financial assets at the transaction date on which the Company became a party to the contract concerning such financial instruments.

The Company recognizes financial assets at its fair value. Financial assets not recorded at fair value through profit or loss, also includes transaction costs that are directly attributable to the acquisition of the financial assets. After initial recognition, financial assets are measured either at amortized cost or at fair value.

ii) Financial Assets Measured at Amortized Cost—Financial assets are measured at amortized cost using the effective interest method if both of the following conditions are met:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest rate is the rate that discounts estimated future cash receipts (including all fees paid or received, transaction costs, and other premium/discounts) through the expected life of financial asset, or where appropriate, a shorter period to the net carrying amount on initial recognition.

iii) Impairment of Financial Assets Measured at Amortized Cost—The Company assesses evidence of impairment of financial assets measured at amortized cost individually. For assets, the contractual cash flows of which are unlikely to be recovered in full, impairment is assessed on an individual basis. Investment rating, contractual nature of the investments, underlying collateral, rights to and advantages of the investment's cash flows, and the condition of the issuers are assessed comprehensively when recognizing and measuring the impairment. When impairment is recognized, the carrying amount of the financial asset shall be reduced either directly or through the use of an allowance account.

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.

Trade and other receivables are reported net of an allowance for doubtful accounts. In determining such an allowance, management considers historical losses and existing economic conditions, as well as the credit quality of each debtor.

iv) Financial Assets Measured at Fair Value—Financial assets other than those measured at amortized cost are measured at fair value, and changes in their fair value are recognized as profit or loss ("FVTPL"). However, the Company elects to designate some equity instruments as changes in their fair value are recognized as other comprehensive income ("FVTOCI") if the investments are not held for trading. A financial asset is classified as held for trading if:

(a) It has been acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or

(b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or

(c) It is a derivative (except for derivatives that are financial guarantee contracts or designated and effective hedging instruments).

Changes in the fair value of financial assets measured at FVTOCI are directly transferred from other comprehensive income to retained earnings in the event of derecognition of such assets, and are not recognized in net profit or loss. Dividend income from financial assets measured at FVTOCI is recognized in "Sundry income—net" in the consolidated statements of profit and loss at the time when the right to receive payment of the dividend is established.

v) Derecognition of Financial Assets—The Company derecognizes financial assets when the contractual rights to the cash flows from the financial assets expire, or when the financial assets and substantially all the risks and rewards of ownership are transferred.

vi) Cash and Cash Equivalents—Cash and cash equivalents are short-term (original maturities of three months or less), highly liquid investments, including certificate of deposit that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

vii) Nonderivative Financial Liabilities—The Company initially recognizes debt securities issued by the Company on the issue date. All other financial liabilities are recognized on the transaction date on which the Company becomes a party to the contract concerning the financial instruments.

The Company derecognizes financial liabilities when the obligation specified in the contract is discharged or cancelled or expires.

Financial liabilities are initially recognized at fair value, net of direct transaction costs. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments (including all fees paid, transaction costs, and other premium/discounts) through the expected life of the financial liability, or a shorter period (where appropriate) to the net carrying amount on initial recognition.

viii) Equity—Comprehensive Income—In accordance with IASB International Accounting Standards (IAS) 1, *Presentation of Financial Statements*, the Company has included amounts for comprehensive income (which consists of net profit or loss and other comprehensive income) in the consolidated statements of changes in equity and the consolidated statements of comprehensive income. Other comprehensive income consists of all changes to

stockholder's equity other than those resulting from net profit or loss and shareholder transactions. For the Company, other comprehensive income consists of exchange differences on translating foreign affiliates, defined benefit plans, and unrealized losses on investments designated as FVTOCI, on a net of tax basis, where applicable. Accumulated other comprehensive income (loss), which is primarily the cumulative amount of other comprehensive income (loss), is a separate component of total stockholder's equity.

ix) *Derivatives Instruments*—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 "Sundry income—net" in the consolidated statements of profit and loss.

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). 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 "Cost of revenues from operating activities" in the consolidated statements of profit and loss.

x) *Offsetting of Financial Assets and Liabilities*—If the Company currently has a legally enforceable right to set off the recognized amount of financial assets against the recognized amount of financial liabilities and has the intention either to settle on a net basis or to realize assets and settle liabilities simultaneously, the Company offsets financial assets against financial liabilities and presents the net amount in the consolidated statements of financial position.

3.6 Inventories—In accordance with IAS 2.3, *Inventories*, the Company has applied "broker-trader" principles for certain of its merchandise, such as precious metals and aluminum, and leased inventories, which have been measured at fair value, less cost to sell upon adoption of IFRS. The rest of the inventories are recognized at the lower of cost or net realizable value on the moving average method. Net realizable value is presented in the amount of estimated selling price of inventories in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The Company has presented in the consolidated statements of financial position assets and liabilities related to its leased precious metal positions. The balances are recorded in "Leased inventories", "Trade and other payables and accrued expenses: Parent and affiliated companies", and "Lease liabilities and other".

Commodity financing arrangements are recognized in the consolidated statements of financial position as assets and liabilities. The balances are recorded in "Merchandise inventories " and "Commodity financing arrangement".

3.7 Property and Equipment

Recognition and Measurement—Property and equipment are recorded at cost, net of accumulated depreciation.

Cost includes the expenses directly attributable to the acquisition of the assets, the costs of dismantling and removing the items and restoring the site on which they are located. If the useful life of property and equipment varies from component to component, each component is recognized as a separate item of property and equipment.

Depreciation—Depreciation is calculated based on the depreciable amount. The depreciable amount is calculated by deducting the residual value from the cost of the asset or the amount equivalent to the cost. 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. Oil and gas properties are depreciated over a 3 to 34-year period using the unit of production method based on the proved reserves.

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

	Years
Leasehold improvements	2–17
Building, structures, and rail car	10–35
Machinery and equipment	5
Furniture, fixtures, and vehicles	3–7

The above depreciation method was adopted as it most closely reflects the pattern in which the asset’s future economic benefits are expected to be consumed. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Maintenance and repair costs are expensed as incurred.

Derecognition—The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property and equipment is included in “Sundry income—net” in the consolidated statements of profit and loss when the item is derecognized.

3.8 Intangible Assets

The Company capitalizes purchased software. The useful life used in computing amortization is based on the Company’s estimate of the service life of the classes of intangible assets as follows:

	Years
Capitalized software costs	5

3.9 Leases—Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. Leases other than finance leases are classified as operating leases.

Company as a Lessor—Amounts due from lessees under finance leases are recognized as "Trade and other receivables-Other" and "Trade and other receivables" at the amount of net investment in the leases, and unearned income is allocated over the lease term at a constant periodic rate of return on the net investments and recognized in the fiscal year to which is attributed.

Company as a Lessee—Operating lease payments are recognized as an expense by the straight-line basis over the lease term.

Sub lease income is recognized over the term of underlying leases on a straight-line basis.

3.10 Oil and Gas Exploration, Evaluation and Development Expenditures—Oil and gas exploration and evaluation expenditures are accounted for using the successful efforts method of accounting. Costs are accumulated on a field-by-field basis. Geological and geophysical costs are expenses as incurred. Costs directly associated with an exploration drilling and with acquisition rights to conduct geological exploration, prospecting, surveying and production of hydrocarbons are capitalized until the determination of reserves is evaluated. If it is determined that commercial discovery has not been achieved, these costs (dry-hole expense) are recognized in "Cost of revenues from operating activities" in the consolidated statements of profit and loss at the point at which this determination is made. Capitalization of exploration and evaluation expenditures is made within oil and gas properties. Depreciation, depletion and amortization is not recognized during the exploration and evaluation process as the assets are not yet in use. If no future activity is planned, the carrying value of the acquisition costs are expensed.

All exploration and evaluation expenditures are subject to technical, commercial and management review, and are reviewed for indicators of impairment.

Once commercial reserves are found, and development is sanctioned by management, exploration and evaluation assets are tested for impairment and transferred to development assets. Expenditures for construction, installation or completion of infrastructure facilities such as pipelines and the drilling of commercially proven development wells, is capitalized within proved oil and gas properties. When development is completed on a specific field, it is transferred to production assets. Extraction assets are segregated with exploration and evaluation tangible assets, and development expenditures associated with the production of proved reserves.

The following table presents the amounts of expenses and cash flows arising from oil and gas exploration and evaluation for the years ended March 31, 2015, and 2014:

	2015	2014
Expenses arising from oil and gas exploration and evaluation	$ 4,226	$ 3,370
Net cash used in operating activities arising from oil and gas exploration and evaluation	93	3,370
Net cash used in investing activities arising from oil and gas exploration and evaluation	5,842	2,823

3.11 Impairment of Nonfinancial Assets—If there are any events or changes in circumstances indicating that the carrying amount of the Company's nonfinancial assets, excluding inventories and deferred tax assets may not be recoverable, the recoverable amount of such assets are estimated by assuming that there are indications of impairment.

Assessment for impairment is performed with respect to each asset, cash-generating unit, or group of cash-generating units at the end of each reporting period. If the carrying amount of the asset, cash-generating unit, or group of cash-generating units exceeds its recoverable amount, an impairment loss is recognized in net profit or loss.

The recoverable amount of the asset, cash-generating unit, or group of cash-generating units is the higher of the value in use or the fair value, less costs to sell. Value in use is calculated by discounting the estimated future cash flows to the present value using the pretax discount rate reflecting the risks specific to the asset or the cash-generating unit. In cases where cash flows are generated by multiple assets, the smallest unit that generates cash flows more or less independently from cash flows of other assets or group of assets is referred to as a cash-generating unit.

An impairment recognized in the past is reversed if there are indications of reversal of impairment and changes in the estimates used to determine the asset's recoverable amount. Reversal of impairment loss is recognized up to the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

3.12 Postemployment Benefits

Defined Benefit Plans—Obligations related to defined benefit plans are recognized in the amount of benefit obligations under such plans, net of the fair value of pension assets, in the consolidated statements of financial position. Benefit obligations are calculated at the discounted present value of the amount of estimated future benefits corresponding to the consideration for services already provided by employees with respect to each plan. The Company remeasures benefit obligations using information provided by qualified actuaries in each period.

Increase/decrease in benefit obligations for employees' past services due to the revision of the pension plan is recognized in "Selling, general, and administrative Expense" in the consolidated statements of profit and loss.

The Company recognizes the increase/decrease in obligations due to the remeasurement of benefit obligations and pension assets of defined benefit plans in other comprehensive income and is accumulated in "Other components of equity" and immediately reclassifies them to "Retained earnings."

Defined Contribution Plans—Defined contribution plans are postemployment benefit plans in which the employer makes a certain amount of contributions to fund postemployment benefits and does not bear more obligations than the amount contributed. The obligations to make contributions under defined contribution plans are recognized in "Selling, general, and administrative Expense" in the consolidated statements of profit and loss in the period during which services are provided by employees.

3.13 Provisions—Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligations, and is discounted when the time value of money is material.

Provisions for Decommissioning Costs—The Company records the fair value of a liability for decommissioning obligation in the period in which it is incurred when 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.

3.14 Revenues—The Company recognizes revenues for each transaction.

Revenues are measured at the fair value of consideration received or receivable.

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.

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.

Revenues from the sale of goods, including products and commodities are recognized when all the following conditions are satisfied:

- Significant risks and rewards of ownership of the goods have been transferred to the buyer;
- Neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold is retained;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

If there are any trade discounts and volume rebates, with respect to revenues from the sale of products and commodities, they are deducted from revenues.

Revenues from the rendering of services are recognized when all of the following conditions are met, by reference to the stage of completion of the transaction at the end of the fiscal year:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

(i) *Various Streams of Revenue*

(a) Sale of Products and Commodities—The Company acts as a principal in various trading transactions where the Company carries commodity inventory and generates a profit or loss on the spread between the bids and ask prices for commodities.

(b) Rendering of Services—The Company performs other service related activities. Service-related activities include performance of various services such as financial and logistics services, information and communications, and technical support.

(ii) *Transactions Performed as an Agent*—The Company acts as an agent and records revenues earned from margins and commissions related to various trading transactions in which it acts as an agent. Through these trading activities, the Company facilitates its customers' purchases and sales of commodities and other products, and earns a commission for this service. The trading margins and commissions are recognized when all other revenue recognition criteria have been met.

(iii) *Gross and Net Presentation of Revenues*—The Company presents revenues on a gross basis in the consolidated statements of profit and loss for transactions traded in which the Company is the primary obligor in the sale of products and commodities with general inventory risk before customer orders and in services as principal.

For the sale of goods and the rendering of services traded in which the Company acts as an agent, the revenues are presented in the consolidated statements of profit and loss on a net basis.

3.15 Income Taxes—Income tax expenses consist of current and deferred taxes. They are recognized in net profit or loss, excluding items recognized directly in other comprehensive income.

Deferred taxes are recognized for temporary differences between the consolidated financial statement and income tax bases of assets and liabilities.

For taxable temporary differences concerning subsidiaries and affiliated companies deferred tax liabilities are recognized. However, deferred tax liabilities are not recognized in cases where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences concerning subsidiaries and affiliated companies are recognized only to the extent that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized only with respect to unused tax losses, unused tax credits, and deductible temporary differences where it is probable to reduce future taxable income. The recoverability of deferred tax assets is reviewed at the end of each period and the Company reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

3.16 Fair Value Measurements—Certain assets and liabilities are required to be recognized at fair value. The estimated fair values of those assets and liabilities have been determined using market information, such as quoted market price and valuation methodologies, such as market approach, income approach, and cost approach. There are three levels of inputs that may be used to measure fair value.

(i) *Level 1*—Quoted prices (unadjusted) in active markets in which transactions take place with sufficient frequency and volume on an ongoing basis for identical assets or liabilities that the Company can access at the measurement date.

(ii) *Level 2*—Quoted prices for similar assets and liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities, and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

(iii) *Level 3*—Unobservable inputs for the assets or liabilities which reflect the assumptions that market participants would use when pricing the assets or liabilities. The Company develops unobservable inputs using the best information available in the circumstances, which might include the Company’s own data.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET APPLIED

The Company is currently assessing the possible impacts of the application of the following new and revised IFRSs that have been issued, but are not yet effective:

Standards and Interpretations	Title	Date of Mandatory Application (Fiscal Year of Commencement Thereafter)	Effective for Annual Periods Beginning on or After
IFRS 15	*Revenue from Contracts with Customers*	January 1, 2017	March 31, 2017
IFRS 9 (Revised in July 2014)	*Financial Instruments*	January 1, 2018	March 31, 2018

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18, *Revenue*, IAS 11, *Construction Contracts* and the related Interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Furthermore, extensive disclosures are required by IFRS 15. IFRS 15 is effective for periods beginning on or after January 1, 2017. Early adoption is permitted. The Company is currently assessing the potential impacts, if any, the adoption of this guidance may have on the consolidated financial statements.

IFRS 9, *Financial Instruments* (revised in July 2014)

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*, to replace IAS 39, *Financial Instruments: Recognition and Measurement*. This version adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. IFRS 9 revised in July 2014 is effective for periods beginning on or after January 1, 2018. Early adoption is permitted. The Company is currently assessing the potential impacts, if any, the adoption of this guidance may have on the consolidated financial statements.

5. INVENTORIES

The breakdown of Merchandise inventories as of March 31, 2015 and 2014, and at the date of transition was as follows:

	2015	2014	Date of Transition
Measured at fair value, less cost to sell	$ 643,856	$ 686,285	$ 530,709
Measured at lower of cost or net realizable value	78,817	101,210	92,521
	$ 722,673	$ 787,495	$ 623,230

The amount of inventories recognized as "Cost of revenues from operating activities" for the years ended March 31, 2015, and 2014 was $1,541,918 and $1,491,164, respectively.

The amount of write-down of inventories recognized as expenses for the years ended March 31, 2015, and 2014 was $307 and $467, respectively.

The breakdown of Leased inventories as of March 31, 2015 and 2014, and at the date of transition was as follows:

	2015	2014	Date of Transition
Measured at fair value	$ 1,334,973	$ 1,529,395	$ 1,342,988
Measured at lower of cost or net realizable value	13,450	3,112	2,715
	$ 1,348,423	$ 1,532,507	$ 1,345,703

Assets arising from commodity financing arrangements recorded in "Merchandise inventories" are $177,528, $192,603, and $0 as of March 31, 2015, 2014, and at the date of transition, respectively.

6. PROPERTY AND EQUIPMENT

The following is a breakdown of gross carrying amount, accumulated depreciation and accumulated impairment losses, and carrying amounts of property and equipment as of each consolidated statement of financial position.

Cost	Leasehold Improvements	Building Structures and Railcar	Machinery and Equipment	Furniture Fixtures and Vehicles	Exploration and Evaluation Assets	Proved Oil and Gas Properties	Total
Balances—April 1, 2013	$ 9,521	$ 2,007	$ 1,760	$ 7,900	$ 150,231	$ 372,872	$ 544,291
Acquisition	1,261	4,691	368	833	2,823	75	10,051
Sales	(714)	(646)	(209)	(352)	-	-	(1,921)
Retirement	(1,357)	(6)	-	(1,128)	-	-	(2,491)
Change in decommissioning provisions	-	-	-	-	-	(1,165)	(1,165)
Balances—March 31, 2014	8,711	6,046	1,919	7,253	153,054	371,782	548,765
Acquisition	425	-	24	562	5,842	22,465	29,318
Retirement	(14)	-	(49)	(744)	-	-	(807)
Dry-hole Expense	-	-	-	-	(4,133)	-	(4,133)
Change in decommissioning provisions	-	-	-	-	-	576	576
Balances—March 31, 2015	$ 9,122	$ 6,046	$ 1,894	$ 7,071	$ 154,763	$ 394,823	$ 573,719

Accumulated Depreciation	Leasehold Improvements	Building and Structures	Machinery and Equipment	Furniture Fixtures and Vehicles	Exploration and Evaluation Assets	Proved Oil and Gas Properties	Total
Balances—April 1, 2013	$ (4,686)	$ (1,585)	$ (1,732)	$ (6,252)	$ -	$(119,790)	$(134,045)
Depreciation expense	(793)	(167)	(48)	(795)	-	(15,808)	(17,611)
Sales	276	534	196	159	-	-	1,165
Retirement	1,357	3	-	1,077	-	-	2,437
Balances—March 31, 2014	(3,846)	(1,215)	(1,584)	(5,811)	-	(135,598)	(148,054)
Depreciation expense	(801)	(249)	(81)	(723)	-	(14,389)	(16,243)
Retirement	14	-	49	707	-	-	770
Balances—March 31, 2015	$ (4,633)	$ (1,464)	$ (1,616)	$ (5,827)	$ -	$(149,987)	$(163,527)
Net book value:							
As of April 1, 2013	$ 4,835	$ 422	$ 28	$ 1,648	$ 150,231	$ 253,082	$ 410,246
As of March 31, 2014	$ 4,865	$ 4,831	$ 335	$ 1,442	$ 153,054	$ 236,184	$ 400,711
As of March 31, 2015	$ 4,489	$ 4,582	$ 278	$ 1,244	$ 154,763	$ 244,836	$ 410,192

7. INTANGIBLE ASSETS

The following is a breakdown of gross carrying amount, accumulated amortization, and carrying amount of intangible assets as of each consolidated statement of financial position.

Cost	Capitalized Software Costs
Balances—April 1, 2013	$ 12,076
Acquisition	1,764
Retirement	(4)
Balances—March 31, 2014	13,836
Acquisition	464
Retirement	(8)
Balances—March 31, 2015	$ 14,292

Accumulated Amortization	Capitalized Software cost
Balances—April 1, 2013	$ (9,177)
Amortization expense	(1,016)
Retirement	2
Balances—March 31, 2014	(10,191)
Amortization expense	(1,072)
Retirement	8
Balances—March 31, 2015	$ (11,255)
Net book value:	
As of April 1, 2013	$ 2,899
As of March 31, 2014	$ 3,645
As of March 31, 2015	$ 3,037

8. 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 generally identifies its net exposure and takes advantage of natural offsets. Additionally, the Company enters into various derivative transactions pursuant to the Company's risk management policies in response to counterparty exposure and to hedge specific risks. The types of derivatives used by the Company are primarily interest rate swaps, cross currency interest rate swaps, and commodity forward and futures contracts.

Commodity Forward and Futures—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.

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 cross currency interest rate swaps in order to convert certain floating rate assets denominated in Canadian dollar to US dollar floating-rate basis. The Company designated interest rate swaps used to convert certain fixed-rate assets to floating-rate assets as fair value hedge to hedge changes in U.S. Libor interest rates, and the changes in the fair value of these swaps are included in "Sundry income—net" in the accompanying consolidated statements of profit and loss.

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.

Impact of Hedging Activities on the Consolidated Statements of Financial Position—The following are the fair values (on a gross basis) of derivative instruments designated as hedge as of March 31, 2015, 2014, and at the date of transition.

Derivative Designated as Fair Value Hedge	Account in the Consolidated Statements of Financial Position	March 31, 2015	March 31, 2014	Date of Transition
Interest rate swap	Trade and other receivables—Other	$ 705	$ 583	$ 59
	Lease liabilities and other/Other noncurrent liabilities	280	117	503
	Change in fair value	(41)	910	-
	Nominal amounts	87,792	94,493	85,500

Hedge Item	Account in the Consolidated Statements of Financial Position	March 31, 2015	March 31, 2014	Date of Transition
Loans receivable	Notes and loans receivable—Parent and affiliated companies	$ -	$ -	$ 8,060
	Noncurrent loans receivable from Parent and affiliated companies	86,844	93,616	77,731
	Accumulated amount of fair value hedge adjustments included in carrying amount	(948)	(877)	291
	Change in value	(71)	(1,168)	-

Impact of Hedging Activities on the Consolidated Statements of Profit and Loss—The following are the gains or losses related to hedging activities for the years ended March 31, 2015 and 2014.

Derivative Designated as Fair Value Hedge	Account in the Consolidated Statements of Profit and Loss	2015	2014
Interest rate swap	Sundry income	$ (112)	$ (258)

9. BORROWINGS

Borrowings (current liabilities) as of March 31, 2015, 2014, and at the date of transition, consisted of the following:

	Interest Rate	2015	2014	Date of Transition
Loans from Parent and affiliated companies	0.3 %	$ 468,613	$ 529,760	$ 350,338
Commercial paper	0.2	628,000	808,000	1,210,150
Total short-term borrowings		$ 1,096,613	$ 1,337,760	$ 1,560,488

The interest rates on current borrowings represent weighted-average floating rates on outstanding balances at March 31, 2015, 2014, and the date of transition.

As of March 31, 2015, 2014, and at the date of transition, noncurrent borrowings bore interest at fixed and floating rates. Borrowings (noncurrent liabilities) as of March 31, 2015, 2014, and at the date of transition, is composed of the following:

	2015	2014	Date of Transition
Financial institutions—maturing through 2022—at fixed or floating rates, principally 0.37% to 1.32%	$ 1,642,000	$ 1,560,000	$ 1,560,000
Total noncurrent liabilities	1,642,000	1,560,000	1,560,000
Less current maturities	(360,000)	(170,000)	(230,000)
Noncurrent borrowings, less current maturities	$ 1,282,000	$ 1,390,000	$ 1,330,000

Noncurrent borrowings mature during the following years ending March 31 as follows:

	2015	2014	Date of Transition
2014	$ -	$ -	$ 230,000
2015	-	170,000	170,000
2016	360,000	360,000	360,000
2017	252,000	200,000	200,000
2018	500,000	350,000	350,000
2019	130,000	130,000	-
2020	150,000	-	-
Thereafter	250,000	350,000	250,000
Total noncurrent borrowings	$ 1,642,000	$ 1,560,000	$ 1,560,000

The Company has certain financial debt covenants which have been complied with as of March 31, 2015, 2014, and at the date of transition.

The Company and MC entered into a keepwell 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 keepwell 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 keepwell agreement until at least the fiscal year ending March 31, 2016.

The Company is a party to a joint revolving credit agreement together with MC in the amount of $1 billion, of which $200 million shall be dedicated and specifically available to the Company. There were no amounts outstanding as of March 31, 2015, 2014, and at the date of transition.

10. EMPLOYEE BENEFITS

The Company sponsors a defined benefit pension plan that covers substantially all of their employees. The benefit for this plan is based upon years of service, compensation at the time of severance and other factors. The plan is non-contributory and is designed to comply with the requirement of the Employee Retirement Income Security Act of 1974 ("ERISA"). The plan is administered by the Retirement Plan Committee, which is appointed by the Board of Directors of the Company and primarily responsible for making investment policy. During the fiscal year ended March 31, 2014, the Company amended its defined benefit pension plan to freeze participation to its defined benefit pension plan beginning April 1, 2014. As a result of the amendment, the Company recorded a curtailment gain of $4,590 during the year ended March 31, 2014. During the fiscal year ended March 31, 2015, the Company offered a lump sum payment to certain participants of its defined benefit pension plan. As a result of the settlement, the Company recorded a settlement gain of $2,387 during the year ended March 31, 2015. The curtailment gain and settlement gain are recognized in "Selling, general, and administrative Expense" in the consolidated statements of profit and loss. 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 Company used a March 31 year-end measurement date for the plans.

The following table provides key information pertaining to the Company's and its subsidiary's defined benefit pension and other postretirement benefit plans as at March 31, 2015:

	Defined Benefit Pension Plans	**Other Postretirement Benefits Plans**
Change in projected benefit obligation:		
Projected benefit obligation—beginning of year	$ 89,733	$ 16,646
Service cost	-	96
Interest cost	3,698	736
Experience loss / (gain)	662	(963)
Actuarial loss arising from change in demographic assumptions	9,596	2,209
Actuarial loss arising from change in financial assumptions	8,827	953
Benefits paid	(3,417)	(768)
Plan amendment	(2,387)	-
Settlements paid	(7,546)	-
Divestiture	(7,360)	-
Other	-	133
Projected benefit obligation—end of year	91,806	19,042
Change in plan assets:		
Fair value of plan assets—beginning of year	76,758	-
Interest income	3,090	-
Net return on plan assets in excess of interest income	1,844	-
Contributions by employer	1,267	-
Benefits paid	(3,417)	-
Settlements paid	(7,546)	-
Divestiture	(6,503)	-
Fair value of plan assets—end of year	65,493	-
Reconciliation of funded status—end of year—funded status	$ (26,313)	$ (19,042)

The following table provides key information pertaining to the Company's and its subsidiary's defined benefit pension and other postretirement benefit plans as at March 31, 2014:

	Defined Benefit Pension Plans	Other Postretirement Benefits Plans
Change in projected benefit obligation:		
Projected benefit obligation—beginning of year	$ 97,339	$ 17,894
Translation loss	169	-
Service cost	2,092	111
Interest cost	4,054	739
Experience gain	(1,626)	(728)
Actuarial loss arising from change in demographic assumptions	168	41
Actuarial gain arising from change in financial assumptions	(3,508)	(652)
Benefits paid	(4,365)	(771)
Curtailment	(4,590)	-
Other	-	12
Projected benefit obligation—end of year	89,733	16,646
Change in plan assets:		
Fair value of plan assets—beginning of year	69,931	-
Interest income	2,993	-
Net return on plan assets in excess of interest income	4,551	-
Foreign exchange rate changes	105	-
Contributions by employer	3,543	-
Benefits paid	(4,365)	-
Fair value of plan assets—end of year	76,758	-
Reconciliation of funded status—end of year—funded status	$ (12,975)	$ (16,646)

The amount of employee benefits expense included in the consolidated statements of profit and loss was $(947) and $(329) for the year ended March 31, 2015 and 2014, respectively.

Amounts recognized in the consolidated statements of financial position as of March 31, 2015 and 2014, and at the date of transition consist of the following:

	2015		2014		Date of Transition	
	Defined Benefit Pension Plans	Other Postretirement Benefits Plans	Defined Benefit Pension Plans	Other Postretirement Benefits Plans	Defined Benefit Pension Plans	Other Postretirement Benefits Plans
Other receivable	$ -	$ -	$ -	$ -	$ 644	$ -
Lease liabilities and other	(70)	(925)	(68)	(948)	(68)	(983)
Other noncurrent liabilities	(26,243)	(18,117)	(12,907)	(15,698)	(27,984)	(16,911)
Total accrued pension liability	$(26,313)	$(19,042)	$(12,975)	$(16,646)	$(27,408)	$(17,894)

Investment Policy—Plan Assets—The Company's investment policy for its defined benefit pension plans is to procure an adequate return to provide future payments of pension benefits over the long term by optimizing risk tolerance and formulating a well-diversified portfolio, including investments, such as

equity instruments, debt securities, and alternative assets. Considering the funded status of the pension plans and surrounding economic environment for investments, the Company's investment strategy may be revised as needed. Moreover, the Company continuously monitors and pays extra attention to the diversification strategies for the purpose of risk control and thereby pursues efficient risk management.

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

	Percentage 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.

Fair Value of Plan Assets by Type—A breakdown of the Company's pension plan assets as of March 31, 2015, 2014, and at the date of transition, are as follows:

	2015	2014	Date of Transition
Plan assets that have a quoted market price in an active market—			
Debt instruments—			
US bonds	$ 13,121	$ 11,821	$ 11,741
Total	13,121	11,821	11,741
Plan assets that do not have a quoted market price in an active market:			
Equity instruments:			
US stocks	$ 32,270	$ 40,316	$ 32,359
International stocks	6,468	6,117	5,675
Debt instruments—			
Bond for particular country or region	-	-	2,096
Life insurance company general accounts	13,634	18,504	12,413
Cash and cash equivalents	-	-	5,647
Total	52,372	64,937	58,190
Total plan assets	$ 65,493	$ 76,758	$ 69,931

The life insurance company general accounts consist of investments such as privately placed debt securities, mortgage loans and real estate.

Significant Actuarial Assumptions—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, 2015 and 2014, and at the date of transition:

	2015		2014		Date of Transition	
	Defined Benefit Pension Plans	Other Postretirement Benefits Plans	Defined Benefit Pension Plans	Other Postretirement Benefits Plans	Defined Benefit Pension Plans	Other Postretirement Benefits Plans
Discount rate	3.85%–4.00%	4.00 %	4.35%–4.65%	4.55 %	4.00%–4.60%	4.25 %
Initial health care cost trend rate		5.50%–7.50%		6.50%–8.50%		7.00%–9.00%
Ultimate health care cost trend rate		4.50 %		4.50 %		4.50 %
Year in which ultimate rate is reached		2022		2022		2022

Analysis of Sensitivity to Significant Actuarial Assumptions—The discount rate was determined by projecting the plan's expected future benefit payments as defined for the defined benefit obligation, discounting those expected payments using a theoretical zero-coupon spot yield curve derived from a universe of high-quality bonds as of the measurement date, and solving for the single equivalent discount rate that resulted in the same defined benefit obligation. An one-percentage-point change in the discount rate would have the following effects:

	2015		2014		Date of Transition	
	One-Percentage Point Increase	One-Percentage Point Decrease	One-Percentage Point Increase	One-Percentage Point Decrease	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on defined benefit obligation	$14,000	$(12,000)	$11,000	$(10,000)	$14,000	$(12,000)

This analysis assumes that all other variables remain fixed, however, in fact, the discount rate does not always change independently.

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

	2015		2014		Date of Transition	
	One-Percentage Point Increase	One-Percentage Point Decrease	One-Percentage Point Increase	One-Percentage Point Decrease	One-Percentage Point Increase	One-Percentage Point Decrease
Effect on other postretirement benefit obligation	$2,546	$(2,066)	$1,888	$(1,561)	$2,067	$(1,704)

This analysis assumes that all other variables remain fixed, however, in fact, the health care cost trend rate does not always change independently.

Contributions—The Company's funding policy is to contribute to provide not only for benefits attributable to service to date, but also for those expected to be earned in the future. The Company expects to contribute approximately $0 to its defined benefit pension plans during the year ending March 31, 2016.

Estimated future benefit payments—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
2016	$ 3,617	$ 925
2017	3,782	964
2018	3,993	990
2019	4,241	989
2020	4,441	990
2021–2025	24,102	4,946

The weighted average duration of the benefit obligation for Defined Benefit Pension Plans and Other Postretirement Benefit Plans as of March 31, 2015 are 14.30 years and 13.95 years, respectively.

Defined contribution plan—The Company has a defined contribution plan. The expense related to the defined contribution plan was $1,186 and $116 for the year ended March 31, 2015 and 2014, respectively, and recognized in "Selling, general, and administrative Expense" in the consolidated statements of profit and loss.

11. DECOMMISSIONING PROVISIONS

The changes to Company's decommissioning provisions related to the oil and gas properties for the years ended March 31, 2015 and 2014, are as follows:

Balance—April 1, 2013	$ 13,805
Accretion expense	639
Changes in estimates	(1,165)
Balance—March 31, 2014	13,279
Additions	1,407
Accretion expense	713
Changes in estimates	576
Balance—March 31, 2015	$ 15,975

12. FAIR VALUE MEASUREMENTS

Under IFRS 7.21, *Financial Instrument Disclosures*, financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The following table presents the Company's fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of March 31, 2015, 2014, and at the date of transition.

March 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Netting**	**Total**
Assets:					
Financial assets measured at FVTPL	$ -	$ -	$ 15,783	$ -	$ 15,783
Financial assets measured at FVTOCI	738	-	3,917	-	4,655
Merchandise inventories	-	643,856	-	-	643,856
Leased inventories	-	1,334,973	-	-	1,334,973
Commodity derivatives receivable	86,148	96,909	-	(21,116)	161,941
Currency and interest rate swap	-	37,302	-	-	37,302
	$ 86,886	$ 2,113,040	$ 19,700	$ (21,116)	$ 2,198,510
Liabilities:					
Lease liabilities	$ -	$ 334,988	$ -	$ -	$ 334,988
Commodity derivatives payable	10,800	10,936	-	(21,116)	620
Currency and interest rate swap	-	307	-	-	307
	$ 10,800	$ 346,231	$ -	$ (21,116)	$ 335,915

March 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Netting**	**Total**
Assets:					
Financial assets measured at FVTPL	$ -	$ -	$ 19,079	$ -	$ 19,079
Financial assets measured at FVTOCI	625	-	17,058	-	17,683
Merchandise inventories	-	686,285	-	-	686,285
Leased inventories	-	1,529,395	-	-	1,529,395
Commodity derivatives receivable	105,754	61,720	-	(44,530)	122,944
Currency and interest rate swap	-	20,062	-	-	20,062
	$ 106,379	$ 2,297,462	$ 36,137	$ (44,530)	$ 2,395,448
Liabilities:					
Lease liabilities	$ -	$ 305,035	$ -	$ -	$ 305,035
Commodity derivatives payable	30,987	53,067	-	(44,530)	39,524
Currency and interest rate swap	-	117	-	-	117
	$ 30,987	$ 358,219	$ -	$ (44,530)	$ 344,676

Date of Transition	**Level 1**	**Level 2**	**Level 3**	**Netting**	**Total**
Assets:					
Financial assets measured at FVTPL	$ -	$ -	$ 22,507	$ -	$ 22,507
Financial assets measured at FVTOCI	515	-	18,514	-	19,029
Merchandise inventories	-	530,709	-	-	530,709
Leased inventories	-	1,342,988	-	-	1,342,988
Commodity derivatives receivable	114,932	62,253	-	(47,023)	130,162
Currency and interest rate swap	-	6,828	-	-	6,828
	$ 115,447	$ 1,942,778	$ 41,021	$ (47,023)	$ 2,052,223
Liabilities:					
Lease liabilities	$ -	$ 119,954	$ -	$ -	$ 119,954
Commodity derivatives payable	29,492	41,833	-	(47,023)	24,302
Currency and interest rate swap	-	506	-	-	506
	$ 29,492	$ 162,293	$ -	$ (47,023)	$ 144,762

Assets and liabilities are classified in their entirety based on the lowest level of input that is a significant component of the fair value measurement. There were no transfers between different levels during the years presented.

"Derivatives" are recognized in "Trade and other receivables", "Other receivable", "Trade and other payables and accrued expenses, "Lease liabilities and other" or "Other noncurrent liabilities" in the consolidated statements of financial position.

Gain (loss) on derivatives not designated as hedging instruments for the years ended March 31, 2015 and 2014 are as follows. Please refer to Note 8 for gains and losses on hedges.

Derivatives not Designated as Hedging Instruments	Statement of Profit and Loss Location	2015	2014
Commodity—Nonferrous metal	Cost of revenues from operating activities	$ 26,747	$ 25,687
Commodity—Precious metal	Cost of revenues from operating activities	250,904	278,649

Derivatives not Designated as Hedging Instruments	Statement of Profit and Loss Location	2015	2014
Foreign exchange forward	Sundry income—net	$ 36,597	$ 12,689

The following table presents the changes in Level 3 assets and liabilities that are measured at fair value on a recurring basis for the years ended March 31, 2015 and 2014.

Year Ended March 31, 2015	Balance—Beginning of Year	Realized and Unrealized Included in Earnings	Realized and Unrealized Included in OCI	Increase Due to Purchases and Other	Decrease Due to Sales and Other	Balance—End of Year	Net Change in Unrealized Gains (Losses) Still Held at End of Year
Financial assets measured at FVTPL	$19,079	$4,659	$ -	$ 564	$ (8,519)	$15,783	$4,655
Financial assets measured at FVTOCI	17,058	-	(299)	-	(12,842)	3,917	-
	$36,137	$4,659	$(299)	$ 564	$(21,361)	$19,700	$4,655

Year Ended March 31, 2014	Balance—Beginning of Year	Realized and Unrealized Included in Earnings	Realized and Unrealized Included in OCI	Increase Due to Purchases and Other	Decrease Due to Sales and Other	Balance—End of Year	Net Change in Unrealized Gains (Losses) Still Held at End of Year
Financial assets measured at FVTPL	$22,507	$2,336	$ -	$1,700	$ (7,464)	$19,079	$2,311
Financial assets measured at FVTOCI	18,514	-	(547)	-	(909)	17,058	-
	$41,021	$2,336	$(547)	$1,700	$ (8,373)	$36,137	$2,311

Gain (loss) on other investments included in net income is recognized in "Gain on investments" in the consolidated statements of profit and loss. The net gains or net losses on items at fair value through profit or loss include dividend income. The amount recognized as other comprehensive income (loss) for other investments measured at FVTOCI is included in "Gains on other investments designated as FVTOCI" in the consolidated statements of comprehensive income.

The following table represents the amounts recorded for the year ended March 31, 2015 and 2014:

	2015	2014
Gains on investments:		
Financial assets measured at FVTPL	$4,659	$2,336
Others	2,461	(440)
Total gains on investments	$7,120	$1,896

Financial Assets—Financial assets classified in Level 1 are marketable equity securities valued at the quoted market price in an active market and Level 3 are non-marketable equity securities primarily valued by net asset value per share of investees. The fair values of other investments classified in Level 3 are processed by personnel in the accounting department of the Company, with information on the net asset value per share of the investees, information on the future cash flows of the investees, or independent third party appraisals, depending on the accessibility to the information.

Merchandise Inventories—Merchandise inventories are precious metals and nonferrous metals held for trading purposes, and are classified in Level 2 as they are valued by pricing models using observable inputs such as commodity prices. The fair values of these inventories include costs to sell, which are immaterial.

Leased inventories and Lease liabilities—Leased inventories and Lease liabilities are related to precious metals lease and are classified in Level 2 as they are valued by pricing models using observable inputs such as commodity prices.

Derivatives—Derivatives classified in Level 1 are comprised principally of commodity derivative contracts traded on exchanges market, which are valued using quoted prices. Derivatives classified in Level 2 are comprised principally of financial swaps and commodity derivative contracts traded in over-the-counter markets, which are valued by pricing models using observable market inputs such as interest rates, foreign exchange rates and commodity prices. Credit risks are adjusted in the net balance of derivative assets and liabilities.

The estimated fair values of the Company's financial instruments measured at amortized cost are summarized as follows:

The carrying amounts of cash and cash equivalents (including time deposits), certificates of deposit, current notes and loans receivables, trade and other receivables, other financial assets, noncurrent loans receivable from parent and affiliated companies, current borrowings (including commercial paper and current maturities of non-current borrowings), short-term notes and trade and other payables, and other financial liabilities approximate fair value because of their short-term maturities. Other financial assets are primarily guarantee deposits and debt securities. The carrying amounts of guarantee deposits were \$27,890, \$66,857, and \$20,734 as of March 31, 2015, 2014, and at the date of transition, respectively. The carrying amounts of debt securities were \$0, \$0, and \$16,501 as of March 31, 2015, 2014, and at the date of transition, respectively.

For noncurrent borrowing, 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.

Other Investments—The following is a breakdown of the carrying amounts of other investments as of March 31, 2015, 2014, and at the date of transition.

	March 31, 2015	March 31, 2014	Date of Transition
FVTPL	$ 15,783	$ 19,079	$ 22,507
FVTOCI	4,655	17,683	19,029
Total	$ 20,438	$ 36,762	$ 41,536

The following is a breakdown of the fair values of other investments measured at FVTOCI as of March 31, 2015, 2014, and at the date of transition.

	March 31, 2015	March 31, 2014	Date of Transition
Marketable	$ 738	$ 625	$ 515
Non-marketable	3,917	17,058	18,514
Total	$ 4,655	$ 17,683	$ 19,029

Marketable security consisted of the investment in Intercontinental Exchange, Inc.

Non-marketable securities consisted of the following:

Security Name	March 31, 2015	March 31, 2014	Date of Transition
Continental Conduit	$ -	$ 6,000	$ 6,000
Diamond Plastics	-	6,058	6,058
Prime Conduit	-	750	750
Jamco America, Inc	3,065	3,364	3,910
Other	852	886	1,796
	$ 3,917	$ 17,058	$ 18,514

The amount of dividend income from other investments measured at FVTOCI held at March 31, 2015 and 2014 that were recognized for the years ended March 31, 2015 and 2014 were $20 and $856, respectively.

With respect to other investments measured at FVTOCI derecognized as a result of sale, the fair value at the time of derecognition, accumulated gains or losses on disposal (before tax) and dividend income for the years ended March 31, 2015 and 2014 were as follows.

	2015	2014
Fair value at the time of derecognition	$ 12,842	$ 81
Accumulated gain or loss on disposal	-	-
Dividend income	-	-

Offsetting Financial Assets and Financial Liabilities—The amount of financial assets and financial liabilities for which the Company has a legal right and the intent to settle on a net basis as of March 31, 2015, 2014, and at the date of transition, are as follows:

March 31, 2015

Financial Assets	Gross Amount of Assets (Before Offset)	Offset amount		Amount Presented in the Consolidated Statement of Financial Position	Amount not Offset in the Consolidated Statement of Financial Position		Net Amount
		Financial Instruments	Cash Collateral Payables		Financial Instruments	Cash Collateral Payables	
Derivatives	$220,359	$(21,116)	$ -	$199,243	$(4,336)	$ -	$194,907
Total	$220,359	$(21,116)	$ -	$199,243	$(4,336)	$ -	$194,907

The "Derivatives" above comprises of $37,596 of Trade and other receivables—Parent and affiliated companies, $111,465 of Trade and other receivables—other, and $50,182 of other receivable in the consolidated statement of financial position.

Financial Liabilities	Gross Amount of Assets (Before Offset)	Offset amount		Amount Presented in the Consolidated Statement of Financial Position	Amount not Offset in the Consolidated Statement of Financial Position		Net Amount
		Financial Instruments	Cash Collateral Payables		Financial Instruments	Cash Collateral Payables	
Derivatives	$ 53,593	$(21,116)	$ -	$ 32,477	$ (4,336)	$ -	$ 28,141
Total	$ 53,593	$(21,116)	$ -	$ 32,477	$ (4,336)	$ -	$ 28,141

The "Derivatives" above comprises of $9,768 of Trade and other payables and accrued expenses-Parent and affiliated companies, $20,229 of Lease liabilities and other, and $2,480 of other noncurrent liabilities in the consolidated statement of financial position.

March 31, 2014

Financial Assets	Gross Amount of Assets (Before Offset)	Offset amount		Amount Presented in the Consolidated Statement of Financial Position	Amount not Offset in the Consolidated Statement of Financial Position		Net Amount
		Financial Instruments	Cash Collateral Payables		Financial Instruments	Cash Collateral Payables	
Derivatives	$187,536	$(44,530)	$ -	$143,006	$(19,190)	$ -	$123,816
Total	$187,536	$(44,530)	$ -	$143,006	$(19,190)	$ -	$123,816

The "Derivatives" above comprises of $44,908 of Trade and other receivables—Parent and affiliated companies, $67,884 of Trade and other receivables—other, and $30,214 of other receivable in the consolidated statement of financial position.

Financial Liabilities	Gross Amount of Assets (Before Offset)	Offset amount		Amount Presented in the Consolidated Statement of Financial Position	Amount not Offset in the Consolidated Statement of Financial Position		Net Amount
		Financial Instruments	Cash Collateral Payables		Financial Instruments	Cash Collateral Payables	
Derivatives	$ 96,256	$(44,530)	$ -	$ 51,726	$(19,190)	$ -	$ 32,536
Total	$ 96,256	$(44,530)	$ -	$ 51,726	$(19,190)	$ -	$ 32,536

The “Derivatives” above comprises of $11,552 of Trade and other payables and accrued expenses—Parent and affiliated companies, $36,415 of Lease liabilities and other, and $3,759 of other noncurrent liabilities in the consolidated statement of financial position.

Date of Transition

Financial Assets	Gross Amount of Assets (Before Offset)	Offset amount		Amount Presented in the Consolidated Statement of Financial Position	Amount not Offset in the Consolidated Statement of Financial Position		Net Amount
		Financial Instruments	Cash Collateral Payables		Financial Instruments	Cash Collateral Payables	
Derivatives	$184,013	$(47,023)	$ -	$136,990	$ (5,036)	$ -	$131,954
Total	$184,013	$(47,023)	$ -	$136,990	$ (5,036)	$ -	$131,954

The “Derivatives” above comprises of $22,304 of Trade and other receivables—Parent and affiliated companies, $86,661 of Trade and other receivables—other, and $28,025 of other receivable in the consolidated statement of financial position.

Financial Liabilities	Gross Amount of Assets (Before Offset)	Offset amount		Amount Presented in the Consolidated Statement of Financial Position	Amount not Offset in the Consolidated Statement of Financial Position		Net Amount
		Financial Instruments	Cash Collateral Payables		Financial Instruments	Cash Collateral Payables	
Derivatives	$ 78,431	$(47,023)	$ -	$ 31,408	$ (5,036)	$ -	$ 26,372
Total	$ 78,431	$(47,023)	$ -	$ 31,408	$ (5,036)	$ -	$ 26,372

The “Derivatives” above comprises of $7,478 of Trade and other payables and accrued expenses—Parent and affiliated companies, $23,162 of Lease liabilities and other, and $768 of other noncurrent liabilities in the consolidated statement of financial position.

The Company has derivative transactions subject to an enforceable master netting agreement or similar agreement with counterparties. In general, the terms of the agreements provide that in the event of an early termination the counter parties have the right to offset amounts owed or owing under that and any other agreement with the same counter party.

Risk Management Related to Financial Instruments

Interest Rate Risk Management—The Company’s financing, investing and cash management activities are exposed to risks associated with changes in interest rates. In order to manage these exposures, the Company enters into interest rate swap contracts. Interest rate swaps are used to convert fixed-rate assets to floating-rate assets.

The Company had gross interest-bearing liabilities of $2,738,613, $2,897,760, and $3,120,488 as of March 31, 2015, 2014 and at the date of transition, respectively. Because almost all of these liabilities bear floating interest rates, there is a risk of an increase in interest expenses caused by a rise in interest rates.

The majority of these interest-bearing liabilities correspond to trade receivables, loan receivable and other operating assets that are positively affected by changes in interest rates. Because a rise in interest

rates produces an increase in income from these assets, while there is a time lag, interest rate risk is mitigated. For the remaining interest-bearing liabilities exposed to interest rate risk without such offsets, commensurate asset holdings such as investment securities, property and equipment generate trading income and other income streams, such as dividends, that are strongly correlated with economic cycles. Accordingly, even if interest rates increase through economic improvement, leading to higher interest expenses, the Company believes that these expenses would be offset by an increase in income from the corresponding asset holdings.

However, the Company's operating results may be negatively impacted temporarily if there is a rapid rise in interest rates because increased income from commensurate asset holdings would fail to offset the effects of a preceding increase in interest expenses.

Assuming that the interest rate increased/decreased by 1% as of March 31, 2015, 2014 and at the date of transition, their impacts on net income and total equity would not be material.

Commodity Price Risk Management—The Company is exposed to fluctuations in commodity prices associated with various commodities used in its trading and other operating activities. The Company enters into commodity futures, forwards, options and swap contracts to hedge the variability in commodity prices in accordance with its risk management procedures. Although these contracts are not designated as hedging instruments, the Company believes that such contracts effectively hedge the impact of the variability in commodity prices.

As of March 31, 2015, 2014 and at the date of transition, the Company did not perform commodity derivative transactions other than those for hedging purposes as a general rule. Therefore, the risk exposure pertaining to the net position of derivative transactions and transactions being hedged, and the impact of commodity price fluctuations on net income and total equity were immaterial.

Credit Risk Management—The Company has exposure to credit risk arising from extending credit terms to its customers in various business transactions with them. In case of deterioration in the credit of or bankruptcy of customers, the risk exposure causes the Company credit losses. To manage the credit risk, the Company has maintained credit and transaction limits for each customer with an internal rating system. According to the internal rules corresponding to the internal ratings and the amount of credit, the Company also requires collateral or a guarantee depending on the credit profile of the counterparty.

In spite of the various engagements in various businesses and industries, the Company has assessed the nature and characteristics of the credit risk based on a single consistent method, and has managed its credit risk without classification corresponding to the business types or the industries of the customers. The Company has considered the customers' financial position could offer the relevant and sufficient information on the assessment of the Company's credit risk because the Company has estimated its credit risk has been insignificant relatively, compared to its market risk.

The Company has no exposure to credit risks that are over-concentrated in a single counterparty or a group to which the counterparty belongs.

Liquidity Risk Management—The Company's basic policy concerning the procurement of funds to support business activities is to procure fund in a stable and cost-effective manner. For funding purposes, the Company selects and utilizes, as needed, both direct financing, such as commercial paper, and indirect financing, including bank loans. The Company seeks to use the most advantageous means, according to market conditions at the time. The Company has a strong reputation in capital markets and

with regard to indirect financing, the Company maintains good relationship with a broad range of financial institutions. This diversity allows the Company to procure funds on terms that are cost competitive.

The breakdown of financial liabilities by due date as of March 31, 2015, 2014, and at the date of transition, are as follows:

March 31, 2015	Due In 1 Year or Less	Due After 1 Year Through 5 Years	Due After 5 Years	Total
Borrowings	$1,456,613	$1,032,000	$250,000	$2,738,613
Other financial liabilities (derivatives)	29,997	2,367	113	32,477
Lease liabilities	334,988	-	-	334,988

March 31, 2014	Due In 1 Year or Less	Due After 1 Year Through 5 Years	Due After 5 Years	Total
Borrowings	$1,507,760	$1,040,000	$350,000	$2,897,760
Other financial liabilities (derivatives)	47,967	3,663	96	51,726
Lease liabilities	305,035	-	-	305,035

Date of Transition	Due In 1 Year or Less	Due After 1 Year Through 5 Years	Due After 5 Years	Total
Borrowings	$1,790,488	$1,080,000	$250,000	$3,120,488
Other financial liabilities (derivatives)	30,640	405	363	31,408
Lease liabilities	119,954	-	-	119,954

The Company maintains credit facilities with the Parent. Please refer to Note 9 for the credit facilities.

13. INCOME TAXES

The provision (benefit) for income taxes for the years ended March 31, 2015 and 2014 relating to continuing operations, consists of the following:

	2015	2014
Current:		
In respect of the current year	$ 6,983	$ 3,027
In respect of prior years	(973)	(1,459)
Total current	6,010	1,568
Deferred:		
In respect of the current year	20,180	31,763
In respect of prior years	(220)	424
Write-downs (reversals of previous write-downs) of deferred tax assets	(2,026)	(1,198)
Total deferred	17,934	30,989
Total tax benefit relating to continuing operations	$ 23,944	$ 32,557

Total income taxes include the effects of tax income of $20 and tax expense of $14 on equity in earnings of affiliates for the years ended March 31, 2015 and 2014, respectively.

The provision (benefit) for income taxes of $2,565 was recorded for the year ended March 31, 2014 relating to discontinued operation.

The difference between the actual income tax expense and income tax expense before discontinued operations computed by applying the US federal statutory rate to pretax income (which includes equity in earnings of affiliates) for the year ended March 31, 2014 and March 31, 2015, is explained as follows:

	2015	2014
US federal statutory rate	35.00 %	35.00 %
Recognition of previously unrecognized deferred tax assets	(2.79)	(1.29)
State taxes (net of Federal tax benefit)	2.22	2.14
Book and tax basis difference of investments in affiliates	(0.83)	(1.05)
Expenses not deductible for income tax purposes	0.42	0.33
Refund of tax credit from MCA	(1.36)	-
Others	0.34	(0.19)
Average effective tax rate	33.00 %	34.94 %

Deferred tax assets and liabilities as of March 31, 2015, March 31, 2014, and at the date of transition are as follows:

	2015	2014	Date of Transition
Deferred income tax assets	$ 51,693	$ 55,491	$ 86,536
Deferred tax liabilities	(18,918)	(12,144)	(9,291)
Total net deferred tax assets	$ 32,775	$ 43,347	$ 77,245

The following table presents the changes in deferred tax for the years ended March 31, 2015 and 2014.

Year Ended March 31, 2015	Balance—Beginning of Year	Recognized in Earnings	Recognized in OCI	Acquisition and Disposal	Balance—End of Year
Deferred tax in relation to:					
Pension	$10,930	$ (1,083)	$ 7,388	$ -	$17,235
Bad debt write-off	1	4	-	-	5
Office sublease loss write-off	2,885	(265)	-	-	2,620
Net operating loss carryforward and alternative minimum tax credit carryforwards	6,622	(3,618)	-	-	3,004
Depreciation, amortization and depletion	25,054	(9,695)	-	-	15,359
Investments	(4,824)	1,648	(26)	-	(3,202)
Undistributed retained earnings from affiliated companies	(763)	20	-	-	(743)
Foreign exchange gain/loss	(2,057)	(3,237)	-	-	(5,294)
Other	5,499	(1,708)	-	-	3,791
	$43,347	$(17,934)	$ 7,362	$ -	$32,775

Year Ended March 31, 2014	Balance—Beginning of Year	Recognized in Earnings	Recognized in OCI	Acquisition and Disposal	Balance—End of Year
Deferred tax in relation to:					
Pension	$17,459	$ (1,462)	$(5,067)	$ -	$10,930
Bad debt write-off	7	(6)	-	-	1
Office sublease loss write-off	3,109	(224)	-	-	2,885
Net operating loss carryforward and alternative minimum tax credit carryforwards	35,733	(29,111)	-	-	6,622
Depreciation, amortization and depletion	25,774	(720)	-	-	25,054
Investments	(843)	(3,989)	113	(105)	(4,824)
Undistributed retained earnings from affiliated companies	(5,909)	392	-	4,754	(763)
Foreign exchange gain/loss	(2,513)	456	-	-	(2,057)
Other	4,428	1,110	-	(39)	5,499
	$77,245	$(33,554)	$(4,954)	$4,610	$43,347

As required by IAS 12, *Income Taxes*, the Company periodically evaluates the likelihood of the realization of deferred tax assets and reduces the carrying amount of these deferred tax assets to the extent that the Company believes a portion will not be realized. The Company considers many factors when assessing the likelihood of future realization of the deferred tax assets, including its recent cumulative earnings experience, expectations of future income, the carryforward periods available for tax reporting periods, and other relevant factors.

In assessing the realizability of the deferred tax assets, management considers whether it is probable 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, the Company recognized deferred tax assets for deductible temporary differences, tax losses and tax credits where it is probable that future taxable profit will allow the deferred tax asset to be recovered. The underlying assumptions used in forecasting future taxable income require significant judgment and take into account the Company's recent performance.

The amount of deductible temporary differences in domestic jurisdictions regarding unrealized capital loss of certain investments for which no deferred tax asset was $1,960, $3,988 and $6,559 as of March 31, 2015, 2014 and at the date of transition, respectively. 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. The deductible temporary differences have no expiration date.

Deferred tax assets had not been recognized for the Company's US federal capital loss carryforwards of $4,090 expiring in the periods beginning in 2016 through 2017 as of March 31, 2014, and $4,670 expiring in the periods beginning in 2016 through 2017 at the date of transition, respectively. The Company's capital losses are only deductible against capital gains and the Company did not anticipate having the ability to generate sufficient capital gains in the future to realize such capital losses. However, the Company has realized such capital loss carryforwards, and have no capital loss carryforwards as of March 31, 2015.

Deferred tax assets have not been recognized for the Company's US state NOL carryforwards of $5,841 expiring in the periods beginning in 2017 through 2026 as of March 31, 2015, because it is not probable that future taxable profit will be available against which the Company can use the benefits therefrom. There is no unrecognized deferred tax asset for the Company's US state NOL carryforwards as of March 31, 2014 and the date of transition.

As of March 31, 2015, 2014, and the date of transition, taxable (deductible) temporary differences in relation to investments in associates for which deferred tax liabilities (assets) have not been recognized are ($4,564), ($1,084) and $2,385, respectively.

The Company did not have any unrecognized tax benefits in the accompanying consolidated statement of financial position as of March 31, 2015, 2014 and at the date of transition.

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

From a federal tax return perspective, the Company is a member of the consolidated tax returns filed through MCA from April 1, 2012. Under the tax allocation agreement with MCA, the Company is required to pay to MCA as its share of the federal income tax liability, as computed without regard to Alternative Minimum Tax (AMT), of the MCA Consolidated Group, an amount equal to the federal income tax liability that would have been payable by the Company for such year if it had filed a separate income tax return for such year. Such payment shall be reduced by foreign tax and general business credits generated by the Company within such tax year.

MCA and its US subsidiaries file income tax returns in the US federal jurisdiction and various states and foreign jurisdictions. The Company and its current and former US subsidiaries are under income tax examination by the Internal Revenue Service for the fiscal years ended March 31, 2011 and 2012. The Company is no longer subject to the US federal and local income tax examinations by tax authorities for years before December 31, 2006. The Company is subject to examinations as a member of the consolidated tax returns filed by MCA beginning in the 2012 fiscal year.

The Company does not expect any significant changes to the estimated amount of unrecognized tax benefits through the next 12 months.

14. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses are recorded according to their functions due to different economic activities and businesses of the Company. The nature of Selling, general and administrative expenses for the years ended March 31, 2015 and 2014, are as follows:

	2015	2014
Personnel expenses	$ (32,833)	$ (32,368)
Facilities expenses	(6,980)	(7,478)
Information and communication expenses	(7,949)	(9,430)
Transportation and entertainment expenses	(6,486)	(6,506)
Miscellaneous expenses	(11,567)	(12,209)
Total	$ (65,815)	$ (67,991)

The amount of depreciation and amortization expenses included in Facilities expenses for the years ended March 31, 2015, and 2014 was $(2,926) and $(2,819), respectively.

15. SUNDRY INCOME—NET

Sundry income—net for the years ended March 31, 2015 and 2014, consisted of the following:

	2015	2014
Foreign exchange loss—net	$ (17,309)	$ (12,898)
Gain of financial derivative	16,980	12,455
Other—net	1,175	1,068
Total	$ 846	$ 625

16. ACCUMULATED OTHER COMPREHENSIVE INCOME/LOSS

The components of accumulated other comprehensive Income (loss) for the years ended March 31, 2015 and 2014, are as follows:

2015	Before Tax	Tax	After Tax
Other investments designated as FVTOCI:			
Balances—beginning of year	$ 4,337	$ (447)	$ 3,890
Other comprehensive income	2,203	(26)	2,177
Transfer to retained earnings	584	(222)	362
Net current period other comprehensive income	2,787	(248)	2,539
Balances—end of year	$ 7,124	$ (695)	$ 6,429
Remeasurement of defined benefit pension plans:			
Balances—beginning of year	$ -	$ -	$ -
Other comprehensive income	(19,441)	7,388	(12,053)
Transfer to retained earnings	19,441	(7,388)	12,053
Net current period other comprehensive income	-	-	-
Balances—end of year	$ -	$ -	$ -
Exchange differences on translating foreign affiliates:			
Balances—beginning of year	$ (1,084)	$ -	$ (1,084)
Other comprehensive income	(3,480)	-	(3,480)
Net current period other comprehensive income	(3,480)	-	(3,480)
Balances—end of year	$ (4,564)	$	$ (4,564)

2014	Before Tax	Tax	After Tax
Other investments designated as FVTOCI:			
Balances—beginning of year	$ 3,198	$ (332)	$ 2,866
Other comprehensive income	539	113	652
Transfer to retained earnings	600	(228)	372
Net current period other comprehensive income	1,139	(115)	1,024
Balances—end of year	$ 4,337	$ (447)	$ 3,890
Remeasurement of defined benefit pension plans:			
Balances—beginning of year	$ -	$ -	$ -
Other comprehensive income	12,004	(5,067)	6,937
Transfer to retained earnings	(12,004)	5,067	(6,937)
Net current period other comprehensive income	-	-	-
Balances—end of year	$ -	$ -	$ -
Exchange differences on translating foreign affiliates:			
Balances—beginning of year	$ 2,385	$ -	$ 2,385
Other comprehensive income	(1,763)	-	(1,763)
Transfer of foreign investment to a common control entity	(1,706)	-	(1,706)
Net current period other comprehensive income	(3,469)	-	(3,469)
Balances—end of year	$ (1,084)	$ -	$ (1,084)

The components of other comprehensive income (loss) (including that attributable to non-controlling interest) for the years ended March 31, 2015 and 2014, are as follows:

2015	**Before Tax**	**Tax**	**After Tax**
Items that will not be reclassified to net income			
Gains on other investments designated as FVTOCI			
Gains during the year	$ 2,203	$ (26)	$ 2,177
Remeasurement of defined benefit pension plans			
Losses during the year	(19,441)	7,388	(12,053)
Items that may be reclassified to net income			
Exchange differences on translating foreign affiliates			
Translation adjustments during the year	(3,480)	-	(3,480)

2014	**Before Tax**	**Tax**	**After Tax**
Items that will not be reclassified to net income			
Gains on other investments designated as FVTOCI			
Gains during the year	$ 539	$ 113	$ 652
Remeasurement of defined benefit pension plans			
Gains during the year	11,592	(5,067)	6,525
Exchange differences on translating foreign affiliates			
Transfer of foreign investment to a common control entity	(1,706)	-	(1,706)
Items that may be reclassified to net income			
Exchange differences on translating foreign affiliates			
Translation adjustments during the year	(1,763)	-	(1,763)

The components of other comprehensive income attributable to non-controlling interest for the years ended March 31, 2014, are as follows:

2014	**Before Tax**	**Tax**	**After Tax**
Remeasurement of defined benefit pension plans	$ 412	$ -	$ 412

17. DISCONTINUED OPERATIONS

During the fiscal year ended March 31, 2012, the Company sold Interflex Holdings, Inc., a subsidiary, and recognized a gain from the sale in the corresponding fiscal year. In connection with the sale, the Company also set up an escrow in the amount of $6,751 to indemnify the acquirer for a period of one year after the sale. During the fiscal year ended March 31, 2014, the Company recorded profit before taxes of $6,751 in discontinued operations in the Company’s consolidated statement of profit and loss due to the release of cash from an escrow account as a result of the expiration of indemnification period.

During the fiscal year ended March 31, 2015, there was no discontinued operations.

18. TRANSACTIONS WITH RELATED PARTIES

(1) Revenues and goods purchased/services received from affiliated companies

	2015	2014
Revenues:		
Revenues from operating activities—		
Parent	$ 74,357	$ 352,538
Margins and commissions on operating transactions:		
Parent	22,999	21,941
Associates	1,017	868
Goods purchased/services received:		
Parent	8,187,239	6,406,803
Associates	-	2,258

The Company received a significant portion of interest income from the Parent. For the years ended March 31, 2015 and 2014, interest income from the Parent was $14,172 and 18,467, respectively.

(2) Assets and liabilities of the Company to affiliated companies

	March 31, 2015	March 31, 2014	Date of Transition
Assets:			
Trade and other receivables:			
Parent	$ 243,734	$ 229,604	$ 226,580
Associates	18,605	38,197	10,486
Loans:			
Parent	1,199,234	1,052,680	1,177,222
Associates	-	-	103,594
Liabilities:			
Trade and other payables:			
Parent	592,535	665,723	475,901
Associates	40	33	1,301
Borrowings:			
Parent	468,613	529,760	350,338
Associates	-	-	-

Under the Company's by-laws, from time to time, dividends will be declared with the sole discretion of the Company's Board of Directors, and will pay up to the Company's prior year net income. Such decision will depend upon earnings, market prospects, and future investment opportunities. For the years end March 31, 2015 and 2014, the Company declared cash dividends to the Parent of $62,491 and $119,389, respectively.

19. 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, 2015 and 2014, is included in "Trade and other receivable—Customers" and "Other receivable" in the accompanying consolidated statements of financial position.

	2015		2014		Date of Transition	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Minimum lease payments receivable	$ 616	$ 925	$ 616	$ 1,541	$ 679	$ 1,941
Less unearned income	(117)	(62)	(170)	(179)	(217)	(349)
Total	$ 499	$ 863	$ 446	$ 1,362	$ 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 31, 2015 are as follows:

	Future Minimum Lease Payments	Present Value of Future Minimum Lease Payments
Less than 1 year	$ 616	$ 615
1 year to 5 year	925	907
Total minimum payments	$ 1,541	$ 1,522

Lessee—The Company has operating leases for office space and equipment under noncancelable operating leases expiring through 2022 and provide for renewal options under various conditions. 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% to 16% 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 31 are as follows:

Less than 1 year	$ 3,623
1 year to 5 year	14,273
After 5 year	7,832
Total minimum payments required [(a)]	$ 25,728

(a) Minimum payments have been reduced by minimum sublease rentals. The sublease rental amounts are $1,580, $1,540, $1,537, $1,525, and $1,528 for each of the next five fiscal years ending 2020 and $3,557 thereafter under operating leases due in the future under noncancelable leases.

Total rent expense (net of subleases), was $4,241 and $4,955 for the years ended March 31, 2015 and 2014, respectively. The amount of rental income from subleases for the year ended March 31, 2015, was $3,548 and for the year ended March 31, 2014 was $2,593.

20. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

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. The Company had directly guaranteed $0 and $41 of such obligations for the years ended March 31, 2015 and 2014, respectively.

Legal Matters—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.

21. SUBSEQUENT EVENTS

The Company has evaluated all events or transactions that occurred after March 31, 2015, up through August 26, 2015, 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.

22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's president and authorized for issue on August 26, 2015.

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