

Mitsui & Co. (U.S.A.), Inc.

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



mitsui & co.

360° business innovation.

Mitsui & Co. (U.S.A.), Inc

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

Table of Contents

Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Comprehensive Income	3
Statements of Changes in Equity	4
Statements of Cash Flows	5
 Notes to Financial Statements:	
Note 1 – Reporting Entity	6
Note 2 – Basis of Financial Statements and Summary of Significant Accounting Policies	6
Note 3 – Investments in Subsidiaries and Associates	12
Note 4 – Financial Instruments and Related Matters	15
Note 5 – Receivables and Related Allowances	21
Note 6 – Leases	22
Note 7 – Property, Plant and Equipment	24
Note 8 – Financial Liabilities	25
Note 9 – Employee Benefits	28
Note 10 – Accumulated Other Comprehensive Income (Loss)	31
Note 11 – Selling, General and Administrative Expenses	32
Note 12 – Income Taxes	32
Note 13 – Fair Value Measurement	34
Note 14 – Contingent Liabilities	37
Note 15 – Related Party Transactions	39
Note 16 – Ultimate Parent and Controlling Party	41
Note 17 – Transition to IFRS and Separate Financial Statements	41
Note 18 – Authorization of Issuance of Financial Statements	42

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Mitsui & Co. (U.S.A.), Inc.:

We have audited the accompanying financial statements of Mitsui & Co. (U.S.A.), Inc. (the "Company") (a wholly-owned subsidiary of Mitsui & Co., Ltd.), which comprise the statements of financial position as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to International Financial Reporting Standards ("IFRS")), and the related statements of comprehensive income, changes in equity, and cash flows for the years ended March 31, 2015 and 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), and the results of its operations and its cash flows for the years ended March 31, 2015 and 2014, in accordance with IFRS as issued by the IASB.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the Company has extensive transactions with Mitsui & Co., Ltd. and its subsidiaries and affiliates. Accordingly, the accompanying financial statements may not be indicative of the financial position or the results of its operations which would have been attained by the Company if it had operated without such affiliations. Our opinion is not modified with respect to this matter.

Deloitte & Touche LLP

New York, NY
August 31, 2015

Mitsui & Co. (U.S.A.), Inc.

Statements of Financial Position March 31, 2015 and 2014, and April 1, 2013 (the Date of Transition to IFRS)

		(In thousands)		
	Notes	2015	2014	2013
ASSETS				
Current Assets:				
Cash and cash equivalents		\$ 45,258	\$ 72,251	\$ 33,542
Short-term loan receivables	4, 5, 15	388,736	653,729	1,032,229
Current portion of long-term loan receivables	4, 5, 15	113,205	152,105	49,451
Trade and other receivables—net	4, 5, 6, 15	552,318	917,562	568,949
Derivative-related assets—net	4, 13, 15	25,576	195,481	119,722
Inventories		161,116	151,235	128,671
Prepaid income taxes and income tax receivables	12	—	17,830	25,740
Other current assets	6, 15	10,053	70,073	25,173
Total current assets		1,296,262	2,230,266	1,983,477
Non-current Assets:				
Investments in subsidiaries and associates	3	1,105,729	1,329,337	1,301,269
Other investments	4, 13	37,794	42,161	45,548
Long-term loan receivables, less current portion	4, 5, 15	544,512	459,973	461,743
Finance lease receivables—net	4, 5, 6	6,866	161,687	229,920
Derivative-related assets—net	4, 13, 15	—	4,804	21,365
Property, plant and equipment—net	6, 7	19,318	54,520	64,144
Deferred tax assets—net	12	25,004	—	—
Total non-current assets		1,739,223	2,052,482	2,123,989
Total assets		\$3,035,485	\$4,282,748	\$4,107,466
LIABILITIES AND EQUITY				
Current Liabilities:				
Short-term debt	8, 15	\$ 383,364	\$1,556,348	\$1,399,373
Current portion of long-term debt	4, 8, 15	411,200	541,184	396,296
Trade and other payables	8, 15	377,237	391,250	378,238
Derivative-related liabilities—net	4, 8, 13, 15	29,341	86,641	44,600
Other current liabilities	12, 15	121,827	23,540	14,117
Total current liabilities		1,322,969	2,598,963	2,232,624
Non-current Liabilities:				
Long-term debt, less current portion	4, 8, 15	965,704	869,970	1,051,321
Derivative-related liabilities—net	4, 8, 13, 15	2,288	715	5,211
Retirement benefit liabilities—net	9	54,888	41,061	50,352
Deferred tax liabilities—net	12	—	73,146	80,698
Other non-current liabilities	12, 15	62,816	74,233	74,307
Total non-current liabilities		1,085,696	1,059,125	1,261,889
Total liabilities		2,408,665	3,658,088	3,494,513
Equity:				
Common stock, no par value—authorized 2,000 shares; issued, fully paid, and outstanding 1,050 shares		350,000	350,000	350,000
Additional paid-in capital		118,446	118,446	118,446
Retained earnings		160,112	152,066	145,852
Accumulated other comprehensive income (loss)	10	(1,738)	4,148	(1,345)
Total equity		626,820	624,660	612,953
Total liabilities and equity		\$3,035,485	\$4,282,748	\$4,107,466

Mitsui & Co. (U.S.A.), Inc.

Statements of Comprehensive Income Years Ended March 31, 2015 and 2014

		(In thousands)	
	Notes	2015	2014
Revenue:			
Sale of products		\$ 2,948,361	\$ 2,095,855
Revenue from rendering of services and other revenue		25,859	32,891
Total revenue	15	2,974,220	2,128,746
Cost of Revenue:			
Cost of products sold		(2,925,439)	(2,073,146)
Cost of services rendered and other revenue		(2,542)	(5,041)
Total cost of revenue	7	(2,927,981)	(2,078,187)
Gross Profit		46,239	50,559
Other Income (Expenses):			
Selling, general and administrative expenses	6, 7, 11	(144,461)	(166,167)
Other income	2, 3, 4, 6, 7, 15	75,225	90,148
Other expense	3, 4, 6, 7, 13	(44,935)	(48,665)
Total other expenses—net		(114,171)	(124,684)
Finance Income (Cost):			
Interest income	4, 15	22,045	31,023
Dividend income	4	219,618	166,699
Interest expense	4, 15	(21,916)	(20,242)
Total finance income—net		219,747	177,480
Profit before Income Taxes		151,815	103,355
Income Tax Benefit	12	17,257	27,830
Profit for the Year Attributable to Owner of the Company		169,072	131,185
Other Comprehensive Income (Loss):			
Items that will not be reclassified to profit or loss:			
Remeasurements of equity instruments	10	(1,649)	13,712
Remeasurements of defined benefit plans	9, 10	(17,576)	3,499
Income tax relating to items not reclassified to profit or loss	10	7,073	(6,689)
Total other comprehensive income (loss)		(12,152)	10,522
Comprehensive Income for the Year Attributable to Owner of the Company		\$ 156,920	\$ 141,707

Mitsui & Co. (U.S.A.), Inc.

Statements of Changes in Equity Years Ended March 31, 2015 and 2014

(In thousands, except number of shares)							
	Notes	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total equity
		Shares	Amounts				
Balance as of April 1, 2013		1,050	\$ 350,000	\$ 118,446	\$145,852	\$ (1,345)	\$ 612,953
Profit for the year					131,185		131,185
Other comprehensive income for the year	10					10,522	10,522
Dividend paid to owner of the Company					(130,000)		(130,000)
Transfer to retained earnings	10				5,029	(5,029)	—
Balance as of March 31, 2014		1,050	\$ 350,000	\$ 118,446	\$152,066	\$ 4,148	\$ 624,660
Profit for the year					169,072		169,072
Other comprehensive loss for the year	10					(12,152)	(12,152)
Dividends paid to owner of the Company					(148,600)		(148,600)
In-kind dividend to owner of the Company	3				(6,400)		(6,400)
Other					240		240
Transfer to retained earnings	10				(6,266)	6,266	—
Balance as of March 31, 2015		1,050	\$ 350,000	\$ 118,446	\$160,112	\$ (1,738)	\$ 626,820

Mitsui & Co. (U.S.A.), Inc.

Statements of Cash Flows Years Ended March 31, 2015 and 2014

	(In thousands)	
	2015	2014
Operating Activities:		
Profit for the year	\$ 169,072	\$ 131,185
Adjustments to reconcile profit for the year to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,872	7,385
Provision for doubtful receivables	(2,395)	4,492
Loss (gain) on investments—net	17,705	(8,903)
Impairment loss on finance lease receivables	—	23,588
Gain on sales of finance lease receivables—net	(2,152)	—
Impairment loss and loss on sales of property, plant and equipment—net	1,657	4,221
Finance income—net	(219,747)	(177,480)
Income tax benefit	(17,257)	(27,830)
Changes in operating assets and liabilities:		
Change in trade and other receivables	362,186	(354,769)
Change in inventories	(9,881)	(22,564)
Change in trade and other payables	(15,286)	8,071
Other—net	167,167	(24,230)
Interest received	22,196	31,227
Interest paid	(23,264)	(20,203)
Dividends received	206,311	163,276
Income taxes (paid) received	14,027	(7,195)
Net cash provided by (used in) operating activities	675,211	(269,729)
Investing Activities:		
Additional investments	(46,839)	(112,028)
Return of capital on investments	204,626	10,285
Proceeds from sales of investments	41,660	103,638
Net change in short-term loan receivables of three months or less	246,202	372,121
Issuance of loan receivables of more than three months	(346,899)	(228,416)
Collections of loan receivables of more than three months	320,057	133,624
Collections of finance lease receivables	21,861	22,458
Proceeds from sales of finance lease receivables	153,785	—
Proceeds from sales of property, plant and equipment	23,987	37
Purchases of property, plant and equipment	(539)	(2,019)
Net cash provided by investing activities	617,901	299,700
Financing Activities:		
Net change in short-term debt of three months or less	(872,984)	(68,235)
Proceeds from debt of more than three months	1,197,250	1,153,700
Repayments of debt of more than three months	(1,495,771)	(946,727)
Dividends paid	(148,600)	(130,000)
Net cash provided by (used in) financing activities	(1,320,105)	8,738
Net Change in Cash and Cash Equivalents	(26,993)	38,709
Cash and Cash Equivalents at Beginning of Year	72,251	33,542
Cash and Cash Equivalents at End of Year	\$ 45,258	\$ 72,251
Supplemental Cash Flow Information:		
Non-cash investing and financing activities:		
Securities received from an associate as capital return	\$ —	\$ 3,190
Debt assumed by a buyer on sale of finance leases (leveraged leases)	22,979	—
In-kind dividend to owner of the Company (Note 3)	6,400	—

1. Reporting Entity

Mitsui & Co. (U.S.A.), Inc. (“Mitsui USA” or the “Company”) is a company incorporated in the United States. Mitsui USA was a wholly-owned subsidiary directly owned by Mitsui & Co., Ltd. (“Mitsui Japan” or the “Parent”), a Japanese corporation, until March 31, 2014. Mitsui Japan is a general trading company which engages in trading activities worldwide. On March 31, 2014, Mitsui Japan transferred all of Mitsui USA’s issued shares to MBK USA Holdings, Inc. (“MUH”), a newly-established, wholly-owned subsidiary of Mitsui Japan.

Mitsui USA, a *Sogo Shosha*, or general trading company, is engaged in business activities such as trading in various commodities, financing for customers and suppliers relating to such trading activities and organizing and coordinating industrial projects through its business networks. The Company conducts sales, export, import and offshore trades in the areas of “Iron & Steel Products,” “Mineral & Metal Resources,” “Infrastructure Projects,” “Integrated Transportation Systems,” “Chemicals,” “Energy,” “Food & Retail,” “Consumer Service Business,” and others, each having a diverse customer base, while providing general services for retailing, information and communications, technical support, transportation and logistics and financing. The Company has significant transactions with Mitsui Japan and its subsidiaries and affiliates.

2. Basis of Financial Statements and Summary of Significant Accounting Policies

Statement of Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

First-time Adoption

These financial statements are the Company’s first financial statements prepared in accordance with IFRS. The transition date to IFRS was April 1, 2013. Throughout these financial statements, any reference to a 2013 statement of financial position refers to April 1, 2013. The Company has applied IFRS 1, *First-time Adoption of International Financial Reporting Standards*. An explanation of how the transition has affected the financial statements is provided in Note 17.

Separate Financial Statements

The financial statements present information about the Company as an individual entity and do not include accounts of its subsidiaries over which the Company has control. The ultimate parent company of the Company, Mitsui Japan, prepares consolidated financial statements in accordance with IFRS.

The Company’s financial statements are prepared on the historical cost basis, except for certain financial assets or liabilities that are measured at fair value and retirement benefit liabilities that are measured based on the accounting policies described in the later section. The financial statements are presented in U.S. dollars, which is the functional currency of the Company. All financial information presented in U.S. dollars has been rounded to the nearest thousands, except as otherwise indicated.

Use of Estimates and Judgments

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The judgments based on assumptions and estimates are reviewed on an ongoing basis.

Management has made the following judgments and estimates which have the most significant effect on the amounts recognized in the financial statements:

- Impairment loss on investments in subsidiaries and associates – Note 3
- Revaluation of financial instruments – Notes 4, 5 and 13
- Allowance for doubtful receivables – Note 5
- Impairment loss on property, plant and equipment – Note 7
- Measurement of defined benefit obligations – Note 9
- Recoverability of deferred tax assets – Note 12
- Fair value measurement – Note 13

Summary of Significant Accounting Policies

The accounting policies described below have been applied consistently to all periods presented in these financial statements.

Foreign currency transactions

Foreign currency transactions are translated into U.S. dollars using the spot exchange rate at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are remeasured in their U.S. dollar values using year-end exchange rates and the resulting gains and losses are recognized in earnings. During the years ended March 31, 2015 and 2014, net foreign exchange gain was \$230 and \$353, respectively, and included in other income in the statements of comprehensive income.

Investments in subsidiaries and associates

The Company prepares separate financial statements and accounts for investments in subsidiaries and associates at cost less impairment. Associates are those over which the Company is able to exercise significant influence.

Financial instruments

The Company has early adopted IFRS 9 (2013), *Financial Instruments*. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the Company mainly include cash and cash equivalents, trade and other receivables, loan receivables, equity instruments and derivative instruments with a positive fair value. Financial liabilities of the Company mainly comprise notes and loans due to financial institutions and affiliated companies, trade and other payables, and derivative instruments with a negative fair value.

Financial instruments are recognized on the statements of financial position when the Company becomes a party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset. Regular way transactions require delivery of assets within the timeframe generally established by regulation or convention in the market place.

Cash equivalents – Cash equivalents are highly-liquid short-term investments with an original maturity of three months or less that are readily convertible into cash and have no significant risk of change in value. Such cash equivalents include time deposits and commercial paper with original maturities of three months or less.

Trade and other receivables and loan receivables – Trade and other receivables and loan receivables are measured at amortized cost using the effective interest method, less any impairment losses. Impairment losses on receivables are recognized using separate allowance accounts. Gains and losses are recognized in the statements of comprehensive income when the loans and receivables are derecognized or impaired.

The Company recognizes allowances for doubtful receivables on an individual basis for receivables that are considered to have been impaired based on the latest information, or upon events, such as the debtor's bankruptcy, financial failure or failure to repay debts due to financial difficulty, even if the debtor is not yet in financial failure.

Impairment losses are measured by using the present value of expected future cash flows, discounted at the effective interest rate based on the original terms of the contract, or fair value of the collateral if its value

depends on the collateral. The resulting value is compared to the carrying value of the financial asset and the difference between the two values is recognized in profit or loss. After an impairment loss is recognized, interest income continues to be recognized on the reduced carrying amount using the same discount rate used to discount the expected future cash flows when the impairment loss was measured. If the fair value of previously impaired receivables subsequently recovers due to factors occurring after the recognition of impairment, a reversal of impairment loss is recognized in profit or loss. The reversal amount is deducted from the related provision for receivables.

For receivables for which allowances are not recognized on an individual basis, the Company records an allowance for doubtful receivables collectively based primarily on the Company's credit loss experiences and the current economic environment.

Equity instruments – Equity instruments (except for investments in subsidiaries and associates) are measured at fair value through profit or loss ("FVTPL"). However, for certain equity instruments held primarily for the purpose of enhancing the revenue base by maintaining or strengthening the trade relationship with the investees, the Company elects at initial recognition to designate these instruments at fair value through other comprehensive income ("FVTOCI"). When equity instruments measured at FVTOCI are derecognized, the accumulated other comprehensive income (loss) is directly transferred to retained earnings without being recognized in profit or loss. Dividend income received on those measured at FVTOCI is recognized in profit or loss.

Finance income and cost – Finance income and cost include interest income, interest expense, dividend income and gain or loss from derivatives instruments that were used to hedge financial assets and liabilities. Interest income and interest expense are recognized using the effective interest method. Dividend income is recognized on the date when the right of the Company to receive the dividends vest.

Derivative instruments and hedging activities – Derivative financial instruments, such as foreign currency exchange contracts, foreign currency and interest rate swap contracts, and commodity futures and forward contracts, are measured at fair value. Changes in the fair value of derivative financial instruments are recognized in profit or loss. Derivative instruments held for the purpose of eliminating the risk of changes in the fair value of hedged items are designated as fair value hedges and subject to the assessment of hedge effectiveness. To the extent that they satisfy the requirements for hedge accounting, any changes in fair value are recognized in profit or loss together with the corresponding changes in fair value of hedged items. Currently, the Company does not hold derivative instruments for cash flow hedge purposes.

Trade and other payable and debt – Trade and other payables and debt are measured at amortized cost.

Offsetting financial assets and financial liabilities – Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position when, and only when, the Company currently has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Leasing

The Company is engaged in finance and operating leases businesses. For finance leases, unearned income is amortized to income over the lease term at a constant periodic rate of return on the net investment. Initial direct costs of finance leases are deferred and amortized using the interest method over the lease period. Finance lease income, net of direct amortization cost, is included in interest income. Operating lease income is recognized as revenue over the term of underlying leases on a straight-line basis.

Property leased to others under operating leases is included in property, plant and equipment, carried at cost, less accumulated depreciation, and is depreciated using the straight-line method to estimated residual value over the estimated useful life of the asset.

The Company is also a lessee of various assets. Lease expenses on operating leases are recognized over the respective lease terms on a straight-line basis.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Depreciation of property, plant and equipment is provided over the estimated useful lives (ranging from 3 to 33 years) of such assets using the straight-line method. Leasehold improvements are amortized using the straight-line method over the lesser of the useful life of the improvement or the remaining term of the underlying lease. Significant renewals and additions are capitalized at cost. Expenditures for improvements and betterments of operating rental properties are capitalized. Maintenance, repairs, and minor renewals and betterments are charged to expense as incurred.

Impairment of non-financial assets and investments in subsidiaries and associates

The Company periodically performs analyses to determine whether there is any indication of impairment of non-financial assets and investments in subsidiaries and associates. If any such indication exists, the recoverable amounts of the non-financial assets and the investments are estimated.

The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value, less costs of disposal, and its value in use and is determined for an individual asset when the asset generates cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and the carrying amount is written down to its recoverable amount with the impairment loss recognized in profit or loss. An assessment is made at each reporting date as to whether there is any indication of impairment that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed and included in other income only if there has been a change in the assumptions used to determine the recoverable amount of the asset since the last impairment loss was recognized.

Inventories

Inventories, consisting of commodities and materials for sale, are measured at the lower of cost and net realizable value. The costs of inventory of items that are not ordinarily interchangeable are assigned by using specific identification of their individual costs. For those items which are interchangeable, the costs are mainly assigned by using the weighted average cost formula.

Revenue recognition

Revenue is recognized as follows:

Sale of products – Revenues from sale of products include those arising from the sale of various products such as metals, chemicals, foods and general consumer merchandise. The Company acts as a principal in the sales transactions and recognizes revenues on a gross basis when all of the following conditions are satisfied:

- Significant risks and rewards 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.

These conditions are usually considered to have been met at the time of delivery and when conditions agreed upon with customers are satisfied.

Revenue from rendering of services – Revenues from rendering of services include those arising from trading margins and commissions related to various trading transactions in which the Company acts as a principal or an agent. Specifically, the Company charges a commission for the performance of various services such as logistic and warehouse services, information and communication services, and technical support. For certain back-to-back sales and purchase transactions of products, the Company acts as an agent and records the net amount of sales and purchase prices as revenues. All other sales of services in which the Company acts as principal are recorded on a gross basis. The determination of whether the Company acts as a principal or agent in a

transaction is based on an evaluation of the terms of a transaction with respect to exposure to the risks and rewards associated with the sale of products or rendering of services. Revenues from service related businesses are recorded as revenue when all of the following conditions are satisfied:

- 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 reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

These conditions are usually considered to have been met when the contracted services are rendered to third-party customers pursuant to the agreements.

Employee benefits

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognized immediately as part of the current service cost. When a plan amendment, settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a significant reduction in the plan membership or a reduction in future entitlement) occurs, the obligations and related plan assets are remeasured using current actuarial assumptions and the resulting gain or loss recognized in earnings during the period in which the plan amendment, settlement or curtailment occurs.

The interest element of the defined benefit cost represents the change in present value of plan obligations resulting from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligations, taking into account material changes in the obligations during the year. The expected return on plan assets is based on a long-term market return assumption that is automatically set equal to the discount rate used to value the benefit obligations, and then adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. All components of net pension cost are presented as a single net amount and included in selling, general and administrative expenses in the statements of comprehensive income. The remeasurements of defined benefit plans are recognized in other comprehensive income (loss) and are transferred immediately to retained earnings.

Retirement benefit liabilities in the statements of financial position comprise the total of the present value of the defined benefit obligations, less the fair value of plan assets out of which the obligations are to be settled directly.

The Company and certain participating affiliated companies share the costs of the defined benefit pension plan. See Note 9 for further discussion.

The Company also has defined contribution plans. Payments to defined contribution plans are recognized as an expense when employees have rendered service.

Income taxes

Income taxes comprise current taxes and deferred taxes. Income tax expense is calculated based on profit before income taxes. Deferred income taxes reflect the impact of temporary differences between assets and liabilities recognized for financial reporting purposes and their tax bases, tax loss carryforwards and tax credit carryforwards. These deferred income taxes are measured using the currently enacted or substantively enacted tax rates in effect for the year in which the temporary differences, tax loss carryforwards or tax credit carryforwards are expected to reverse.

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.

Deferred tax liabilities arising from taxable temporary differences concerning investments in subsidiaries and associates are recognized unless the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

As of April 1, 2014, the Company joined the MUH federal consolidated tax group, and the Company's operations are included in the consolidated federal income tax return of MUH. The Company records its current and deferred income tax provision as if it were a separate taxable entity. The Company includes in its income tax provision the tax effect of profits and losses of partnerships and limited liability companies that do not have a tax sharing agreement with the Company.

The Company recognizes uncertain tax positions in income taxes in the financial statements when it is probable that an economic outflow would occur if the tax positions were examined and challenged by tax authorities.

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 outflows of resources embodying economic benefits will be required to settle the obligation, and the reliable estimates of the amount of the obligation can be made. Provisions are measured as the best estimate of the amount of expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted to their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

Financial guarantees

A financial guarantee contract is a contract that requires the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognized at fair value and are subsequently measured at the greater of the best estimate of the likely outflow and the amount initially recognized less, where appropriate, cumulative amortization.

New Accounting Standards

In August 2014, the IASB issued amendments to International Accounting Standards ("IAS") 27, *Equity Method in Separate Financial Statements*. These amendments permit entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. These amendments are effective for the Company from the fiscal year beginning April 1, 2016. The Company is currently evaluating the impact of adoption of these amendments on its financial statements.

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contract with customers. The core principle of this standard is that revenue is recognized 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. IFRS 15 also requires extensive disclosures related to revenue recognition. This standard is effective for the Company from the fiscal year beginning April 1, 2017, with earlier application permitted. The Company is currently evaluating the impact of adoption of this standard on its financial statements.

In July 2014, the IASB issued amendments to IFRS 9 (2013) mainly to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a fair value through other comprehensive income measurement category for certain debt instruments. These amendments are effective for the Company from the fiscal year beginning April 1, 2018, with earlier application permitted. The Company is currently evaluating the impact of adoption of these amendments on its financial statements.

3. Investments in Subsidiaries and Associates

The Company prepares separate financial statements and records investments in subsidiaries and associates at cost less impairment. The changes in the investments in subsidiaries and associates for the years ended March 31, 2015 and 2014 consisted of the followings:

	Investments in subsidiaries	Investments in associates	Total
Balance at April 1, 2013	\$ 1,084,977	\$ 216,292	\$ 1,301,269
Additions	13,197	88,831	102,028
Disposals	(102)	(48,761)	(48,863)
Capital returns	—	(13,475)	(13,475)
Impairment	(12,675)	(2,947)	(15,622)
Reclassification	—	4,000	4,000
Balance at March 31, 2014	\$ 1,085,397	\$ 243,940	\$ 1,329,337
Additions	17,138	15,449	32,587
Disposals	(11,625)	(14,211)	(25,836)
Capital returns	(190,255)	(14,369)	(204,624)
Impairment	(24,991)	(744)	(25,735)
Reclassification	(24,796)	24,796	—
Balance at March 31, 2015	\$ 850,868	\$ 254,861	\$ 1,105,729

The followings are significant activities in the table above:

Additions:

The increase in investments in subsidiaries during the year ended March 31, 2015 mainly relates to the establishment of Acieta, LLC with an initial investment of approximately \$7.0 million and Engine Leasing 1, LLC, Engine Leasing 2, LLC, and Engine Leasing 3, LLC with an initial aggregate investment of approximately \$8.3 million.

The increase in investments in subsidiaries during the year ended March 31, 2014 mainly relates to an additional investment in MAG Aliança Automóveis do Brasil SSC (“MAG”) of approximately \$12.5 million. The increase in investments in associates during the year ended March 31, 2014 mainly relates to the acquisitions of shares in Multiexport Pacific Farm S.A., AWC Investments Inc., Android Industries L.L.C., and Yorozu Automotiva do Brasil Ltda. in the amount of approximately \$36.0 million, \$16.2 million, \$15.6 million, and \$11.5 million, respectively.

Disposals:

The disposals in investments in subsidiaries during the year ended March 31, 2015 mainly relate to the sale of shares in Argo Sales Ltd. to a third party for a selling price of approximately \$10.7 million. The disposals in investments in associates during the year ended March 31, 2015 included the sale of shares in Acero Prime, S. de. R.L. de C.V. to a third party for a selling price of approximately \$3.9 million and Mitsui Rail Capital, LLC to Mitsui Japan for a selling price of approximately \$12.5 million. The Company recorded gain and loss on these sales of approximately \$8.2 million in other income and approximately \$0.9 million in other expense, respectively, in the accompanying statements of comprehensive income for the year ended March 31, 2015. The disposals in investments in associates during the year ended March 31, 2015 also included the transfer of shares in Mitsui & Co. Precious Metals, Inc. (“MPM”) as an in-kind dividend to MUH in the amount of \$6.4 million.

The disposals in investments in associates during the year ended March 31, 2014 mainly relate to the sale of shares in The Andersons Albion Ethanol LLC, The Andersons Ethanol Investment LLC, and The Andersons Clymers Ethanol LLC to a third party for aggregate selling price of \$75.0 million. The Company recorded a

gain on sale of approximately \$26.2 million in other income in the accompanying statements of comprehensive income for the year ended March 31, 2014.

Capital Returns:

During the year ended March 31, 2015, the Company received a return of capital on its investments in Game Changer Holdings Inc., Ginrei, Inc., and Mitsui & Co. Venture Partners II L.P. in the amount of approximately \$181.6 million, \$8.7 million and \$7.8 million, respectively.

During the year ended March 2014, the Company received a return of capital on its investment in Mitsui & Co. Venture Partners II L.P. in the amount of approximately \$6.3 million.

Impairment:

During the year ended March 31, 2015, the Company recorded an impairment loss on its investment in Cinco Pipe and Supply, LLC, a subsidiary, of approximately \$24.0 million. The impairment was recognized due to reduced product demand and a decline in oil prices during the year. The fair value of the investment was estimated using the discounted cash flow method and categorized as Level 3 in the fair value hierarchy. The significant unobservable input used for this fair value measurement was the discount rate. See Note 13 about fair value hierarchy.

During the year ended March 31, 2014, the Company recorded an impairment loss on its investment in MIT Wind Power, Inc. ("MitWind"), a subsidiary, of approximately \$12.7 million. The impairment was recognized due to decreased cash flow projections of an investee held by MitWind. The fair value of the investment was estimated using the discounted cash flow method and categorized as Level 3. The significant unobservable input used for this fair value measurement was the discount rate. See Note 13 about fair value hierarchy.

The impairment losses were included in other expense in the accompanying statements of comprehensive income for the years ended March 31, 2015 and 2014.

Reclassification:

The reclassification during the year ended March 31, 2015 relates to equity dilution in MAG, resulting in a change of its investment classification from subsidiary to associate.

Notes to Financial Statements
(In thousands, except where otherwise noted)

Details of the significant investments in subsidiaries and associates at March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) were follows:

Subsidiaries:

Name of investees	Principal place of business	Proportion of ownership interest (%)		
		2015	2014	2013
Game Changer Holdings Inc.	United States	100	100	100
MBK Real Estate Holdings Inc.	United States	100	100	100
Novus International, Inc.	United States	65	65	65
Intercontinental Terminals Company LLC	United States	100	100	100
Cinco Pipe and Supply, LLC	United States	100	100	100
United Grain Corporation of Oregon	United States	80	80	80
Hydro Capital Corporation	Mexico*	100	100	100
Mitsui Foods, Inc.	United States	100	100	100
MIT Wind Power, Inc.	United States	100	100	100
Champions Pipe & Supply, Inc.	United States	100	100	100
Mitsui Plastics, Inc.	United States	100	100	100
Mitsui de Mexico, S. de R.L. de. C.V.	Mexico	100	100	100
Prime Aviation Capital, LLC	United States	100	100	100
Ginrei, Inc.	United States	100	100	100
MAG Alianca Automoveis do Brasil SSC	Brazil	—	100	100
Argo Sales Ltd.	Canada	—	100	100

* Hydro Capital Corporation is incorporated in the United States.

Associates:

Name of investees	Principal place of business	Proportion of ownership interest (%)		
		2015	2014	2013
Penske Automotive Group, Inc.	United States	3**	3**	3**
Multiexport Pacific Farms S.A.	Chile	30	30	—
MAG Aliança Automóveis do Brasil SSC	Brazil	50	—	—
Ellison Technologies, Inc.	United States	44	44	44
Road Machinery LLC	Mexico***	50	50	50
AWC Investments, Inc.	United States	29	29	—
Android Industries, L.L.C.	United States	33	33	—
Aethon, Inc.	United States	27	14****	—
Yorozu Automotiva do Brasil Ltda.	Brazil	30	30	—
PK U.S.A., Inc.	United States	25	25	25
Mitsui & Co. Venture Partners II, L.P.	United States	49	49	49
The Andersons Ethanol Investment LLC	United States	—	—	34
The Andersons Clymers Ethanol LLC	United States	—	—	24
The Andersons Albion Ethanol LLC	United States	—	—	40

** Mitsui Japan also owns shares of Penske Automotive Group, Inc. and has significant influence over the entity jointly with Mitsui USA.

*** Road Machinery LLC is organized in the United States.

**** The Company had significant influence over this entity by having representation on its board of directors and other factors.

4. Financial Instruments and Related Matters

Trade and Other Receivables, Finance Lease Receivables, and Derivative-related Assets

Trade and other receivables, finance lease receivables and derivative-related assets as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) were measured at amortized cost, except for derivative assets, and consisted of the following:

	2015	2014	2013
Current:			
Trade and other receivables:			
Customers	\$ 298,998	\$ 367,582	\$ 254,596
Parent and affiliates	248,863	534,377	292,882
Finance lease receivables	7,168	24,133	24,728
Allowance for doubtful receivables	(2,711)	(8,530)	(3,257)
Derivative-related assets:			
Derivative assets	19,788	163,542	67,889
Margin deposits	5,788	31,939	51,833
Total	\$ 577,894	\$ 1,113,043	\$ 688,671
Non-current:			
Finance lease receivables	\$ 6,866	\$ 162,083	\$ 231,181
Allowance for doubtful receivables	—	(396)	(1,261)
Derivative-related assets—Derivative assets	—	4,804	21,365
Total	\$ 6,866	\$ 166,491	\$ 251,285

Other Investments

The carrying amounts of other investments as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) were as follows:

	2015	2014	2013
Equity instruments measured at FVTPL	\$ 9,605	\$ 13,058	\$ 28,311
Equity instruments measured at FVTOCI	28,189	29,103	17,237
Total	\$ 37,794	\$ 42,161	\$ 45,548

Equity Instruments Measured at FVTPL

The fair value of equity instruments measured at FVTPL as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) were as follows:

	2015	2014	2013
Publicly listed securities	\$ —	\$ 4,452	\$ 15,758
Unlisted securities	9,605	8,606	12,553
Total	\$ 9,605	\$ 13,058	\$ 28,311

There were no individually significant equity instruments measured at FVTPL as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS).

Gain (Loss) on Equity Instruments Measured at FVTPL

The Company recorded a net gain of \$184 and a net loss of \$1,075 on sales and valuation of equity instruments measured at FVTPL for the years ended March 31, 2015 and 2014, respectively. Net gain (loss) on equity instruments measured at FVTPL is included in other income and other expense in the accompanying statements of comprehensive income for the years ended March 31, 2015 and 2014.

Equity Instruments Measured at FVTOCI

The fair value of equity instruments measured at FVTOCI as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) were as follows:

	2015	2014	2013
Publicly listed securities	\$ 5,882	\$ 14,222	\$ 10,004
Unlisted securities	22,307	14,881	7,233
Total	\$ 28,189	\$ 29,103	\$ 17,237

There were no individually significant equity instruments measured at FVTOCI as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS).

Derecognized Equity Instruments Measured at FVTOCI

During the years ended March 31, 2015 and 2014, the Company disposed of certain equity instruments measured at FVTOCI because it determined such equity instruments no longer met the Company's business strategies. The fair values at the date of derecognition and cumulative gains on disposal—net related to those equity instruments were as follows:

	2015	2014
Fair value of the equity instruments at the date of derecognition	\$ 12,515	\$ 10,845
Cumulative gains on disposition—net	\$ 7,987	\$ 4,732

The Company received no dividends from those disposed equity instruments measured at FVTOCI during the years ended March 31, 2015 and 2014.

Finance Income and Cost

The finance income and finance cost for the years ended March 31, 2015 and 2014 were as follows:

	2015	2014
Interest income:		
Loan and finance lease receivables	\$ 20,229	\$ 27,628
Derivatives	1,816	3,395
Total	\$ 22,045	\$ 31,023
Dividend income:		
Subsidiaries and associates	\$ 219,542	\$ 166,600
Equity instruments measured at FVTOCI	76	99
Total	\$ 219,618	\$ 166,699
Interest expense:		
Debt	\$ (21,530)	\$ (20,242)
Derivatives	(386)	—
Total	\$ (21,916)	\$ (20,242)

Fee income and expense arising from financial assets measured at amortized cost were immaterial for the years ended March 31, 2015 and 2014.

Fair Value of Long-term Loan Receivables and Long-term Debt

The carrying amounts of long-term loan receivables and long-term debt with floating rates approximate their respective fair values. The fair values of long-term loan receivables and long-term debt with fixed rates are estimated by discounted cash flow analysis, using interest rates currently available for similar types of loan receivables and debt with similar terms and remaining maturities. These amounts are classified as Level 2 in the fair value hierarchy.

The carrying amounts and fair values of long-term loan receivables and long-term debt as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) were as follows:

	2015		2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Long-term loan receivables	\$ 657,717	\$ 659,207	\$ 612,078	\$ 617,198	\$ 511,194	\$ 514,424
Long-term debt	\$ 1,376,904	\$ 1,378,995	\$ 1,411,154	\$ 1,413,905	\$ 1,447,617	\$ 1,449,174

Capital Management and Financial Risk Management

(1) Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern. The Board of Directors manages the level of dividends to the shareholder to maintain an optimal capital structure. No changes were made in the objectives, policies or processes during the years ended March 31 2015 and March 31 2014. The capital of the Company consists of equity attributable to the Parent.

(2) Credit risk

Credit risk is the risk of loss resulting from counterparty default arising on all credit exposures. The Company's credit risk is primarily attributable to its trade, loan, and finance lease receivables. The Company manages its credit risk by having and applying a strict credit approval process, with different levels of management having a varying credit approval limit. The Company has an established credit department which controls and monitors credit. Each counterparty is appraised annually and the credit limit and company rating are updated if appropriate. In addition, certain counterparties are covered by credit insurance policies. See Note 5 for further analysis of allowance for doubtful receivables.

The credit risk on liquid funds and derivative instruments are limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies and other counterparties which have to pass through a credit approval process before credit lines are approved.

Approximately 53%, 62% and 53% of trade receivables with customers at March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), respectively, were derived from three, four, and four customers in Asia, respectively. Approximately half of those transactions are backed-up by letters of credit issued by established international banks and the remainders are customers with strong financial status.

The carrying amounts of financial assets recorded in the financial statements, net of any allowances for losses, and the financial guarantees represents the Company's maximum exposure to credit risk.

(3) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its obligations as they become due owing to insufficient financial resources. The Company manages liquidity risk by maintaining adequate reserves and

banking facilities and continually monitoring forecast and actual cash flows by the use of the cash management arrangement utilized by various affiliated companies.

In its funding strategy, the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings from third-party financial institutions and an affiliated company which specializes in financing services. See Note 8 for liquidity risk analysis for each class of financial liabilities and Notes 8 and 15 for information on lines of credit.

(4) Interest rate risk

The Company is exposed to interest rate risk arising from floating-rate assets and liabilities. An increase in interest rates may adversely affect its operating results. The Company has entered into interest rate and currency swap contracts to hedge exposures on these assets and liabilities.

The impact on profit before income taxes assuming a 1% rise in interest rates is a lower profit of approximately \$6.3 million and \$12.5 million for the years ended March 31, 2015 and 2014, respectively. This sensitivity analysis is calculated by multiplying the net amounts of floating-rate financial assets and liabilities as of March 31, 2015 and 2014 by 1%, without considering future changes in the balance, the effect of exchange rate fluctuations, or the diversification effect of the timing of refinancing/interest rate revisions of floating-rate debts and assuming that all other variables are constant.

The instruments that are included in the sensitivity analysis include floating-rate interest-bearing loan receivables and debt, fixed-rate interest-bearing loan receivables and debt that are effectively converted to floating-rate instruments with interest rate swap contracts, cash and cash equivalents and time deposits.

(5) Foreign currency exchange rate risk

The Company has limited exposure to foreign currency exchange rate risk as significantly all of its receivables and payables arising from transactions such as purchases and sales of products and services and financial transactions are denominated in U.S. dollars. The Company effectively eliminated the foreign currency exchange rate risk from its Japanese-yen denominated borrowings by using cross-currency swaps. The impact on profit before income taxes assuming a 1% rise in exchange rate of any currency is not material for the years ended March 31, 2015 and 2014.

(6) Commodity price risk

The Company trades in commodities, mainly agricultural products, and as a result it is exposed to the risk of price fluctuations. The Company uses the Value at Risk ("VaR") method to measure the price risk for certain commodities for which historical price fluctuations are significant. VaR is a statistical measure of the potential maximum loss in the fair value of a given portfolio over a certain holding period and within a certain confidential level. It is calculated by mainly using a 10-day holding period and a confidence level of 99%. The VaR was \$4.2 million and \$3.2 million as of March 31, 2015 and 2014, respectively. Those figures do not take into account correlations among various commodities. The actual results may differ significantly from VaR as VaR is calculated by using historical fluctuations of each risk component.

Derivative Instruments and Hedging Activities

The Company manages interest rates, foreign currency exchange rates, and commodity price risks associated with individual transactions by using various derivative instruments.

Interest rate risk hedging activities

The Company uses interest rate swap contracts to convert certain fixed-rate financial assets to floating-rate to match cash flows from the financial assets with floating-rate liabilities. The Company does not apply hedge accounting on such interest rate swaps and hedged items, and changes in fair values, which are not significant, are recognized in earnings.

Foreign currency exchange rate risk hedging activities

The Company mitigates the fluctuation in long-term debt fair values with cross-currency swap contracts. These cross-currency swap contracts offset an impact of future changes in foreign exchange rates designated as the hedged risk on the fair value of the underlying Japanese-yen denominated long-term debt. The Company applies fair value hedge accounting on the cross-currency swap contracts and hedged items. The Company also uses foreign exchange forward contracts to reduce the risks from foreign currency-denominated receivables and payables. Those foreign exchange forward contracts and hedged items do not qualify for hedge accounting and changes in fair values, which are not significant, are recognized in earnings.

Commodity price risk hedging activities

The Company uses exchange-traded futures to manage its net position of agricultural commodity forward purchase and sales contracts to reduce price risk caused by market fluctuations in agricultural commodities, such as soy beans, wheat and corn. The Company does not apply hedge accounting on such contracts and hedged items.

The following table presents the fair value of derivative instruments designated as hedging instruments as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS):

		2015		2014		2013	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Foreign exchange contracts	Current	\$ —	\$ —	\$ 1,904	\$ —	\$ 4,327	\$ —
	Non-current	—	1,920	4,804	—	21,365	—
Total		\$ —	\$ 1,920	\$ 6,708	\$ —	\$ 25,692	\$ —

The following table presents the notional amount of derivatives instruments designated as hedging instruments as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS):

	2015	2014	2013
Foreign exchange contracts			
Less than 1 year	\$ —	\$ 60,295	\$ 33,160
Later than 1 year and not later than 5 years	45,098	45,098	105,393
Total	\$ 45,098	\$ 105,393	\$ 138,553

The average interest rate of foreign exchange contracts designated as hedging instruments was 0.43% and 0.47% for the year March 31, 2015 and 2014, respectively.

The following table presents the fair value of derivative instruments not designated as hedging instruments as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS):

		2015		2014		2013	
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Foreign exchange contracts	Current	\$ 67	\$ 53	\$ 121	\$ 21	\$ 327	\$ 3
Interest rate contracts	Current	—	—	—	1,100	—	—
	Non-current	—	368	—	715	—	5,211
Commodity contracts	Current	20,209	30,665	164,002	160,632	65,444	45,709
Total		\$ 20,276	\$ 31,086	\$ 164,123	\$ 162,468	\$ 65,771	\$ 50,923

Current and non-current derivative assets and current and non-current derivative liabilities are included in derivative-related assets and derivative-related liabilities on the accompanying statements of financial position, respectively.

The differences between the amounts of derivative assets and derivative liabilities stated above and those stated in the statements of financial position resulted from offsetting derivative assets and derivative liabilities with cash collateral.

Offset of Financial Assets and Liabilities

A financial asset and a financial liability, including collateral, are offset and the net amount is presented in the statements of financial position of the Company when, and only when, the Company currently has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The following table presents the gross amounts of recognized financial assets and liabilities, amounts of offset, amounts presented in the statements of financial position, and net amounts as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS). The net amounts presented below are net of those amounts that are covered by enforceable netting arrangements (offsetting arrangements and collateral), but do not qualify for the net presentation in the statements of financial position.

	2015	
	Financial Assets	Financial Liabilities
Gross amounts of recognized financial assets and liabilities	\$ 27,443	\$ 33,496
Gross amounts of financial assets and liabilities set-off in the statement of financial position	(1,867)	(1,867)
Net amounts of financial assets and liabilities presented in the statement of financial position	25,576	31,629
Related amounts not set-off in the statement of financial position (including collateral)*	(11,958)	(11,958)
Exposure on a net basis	\$ 13,618	\$ 19,671
	2014	
	Financial Assets	Financial Liabilities
Gross amounts of recognized financial assets and liabilities	\$ 278,561	\$ 165,632
Gross amounts of financial assets and liabilities set-off in the statement of financial position	(78,276)	(78,276)
Net amounts of financial assets and liabilities presented in the statement of financial position	200,285	87,356
Related amounts not set-off in the statement of financial position (including collateral)*	(63,910)	(63,910)
Exposure on a net basis	\$ 136,375	\$ 23,446
	2013	
	Financial Assets	Financial Liabilities
Gross amounts of recognized financial assets and liabilities	\$ 147,692	\$ 56,416
Gross amounts of financial assets and liabilities set-off in the statement of financial position	(6,605)	(6,605)
Net amounts of financial assets and liabilities presented in the statement of financial position	141,087	49,811
Related amounts not set-off in the statement of financial position (including collateral)*	(20,997)	(20,997)
Exposure on a net basis	\$ 120,090	\$ 28,814

* The Company has the right to set-off, which are enforceable only in the event of default, insolvency or bankruptcy of its customers.

5. Receivables and Related Allowances

Changes in Allowance for Doubtful Receivables

The analysis of the changes in allowance for doubtful receivables for the years ended March 31, 2015 and 2014 is as follows:

	Loan receivables	Finance lease receivables	Trade and other receivables	Total
Year ended March 31, 2015:				
Balance at beginning of year	\$ —	\$ 396	\$ 8,530	\$ 8,926
Credits charged-off	—	—	(3,820)	(3,820)
Provision for doubtful receivables	—	(396)	(1,999)	(2,395)
Balance at end of year	\$ —	\$ —	\$ 2,711	\$ 2,711
Year ended March 31, 2014:				
Balance at beginning of year	\$ —	\$ 1,261	\$ 3,257	\$ 4,518
Credits charged-off	—	—	(84)	(84)
Provision for doubtful receivables	—	(865)	5,357	4,492
Balance at end of year	\$ —	\$ 396	\$ 8,530	\$ 8,926

Credit Quality Indicators

To assess the adequacy of the allowance for loans and finance lease receivables, the Company performs a quarterly analysis of receivables using credit quality indicators, performing receivables and nonperforming receivables. Receivables that meet one of the following conditions are classified as nonperforming 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
- Counterparties experiencing suspension or discontinuance of business, as well as those whose ability to fulfill their obligations is doubtful based on the internal review of their financial conditions

The Company classifies loans and finance lease receivables, other than nonperforming receivables, as performing receivables.

To assess the adequacy of the allowance on trade and other receivables, the Company performs a quarterly analysis of dates past due.

The amounts of recorded investments in receivables classified by credit quality indicators as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) were as follows:

Loan receivables and finance lease receivables:

	2015	2014	2013
Performing:			
Loan receivables	\$ 1,046,453	\$ 1,265,807	\$ 1,543,423
Finance lease receivables	14,034	186,216	255,909
Total	\$ 1,060,487	\$ 1,452,023	\$ 1,799,332

Other receivables excluding finance lease receivables:

	2015	2014	2013
Less than 30 days past due (including not past due)	\$ 572,985	\$ 1,093,390	\$ 688,126
30-89 days past due	222	8,784	225
90 days or more past due	230	70	214
Total	\$ 573,437	\$ 1,102,244	\$ 688,565

Impaired Receivables

All of the loan receivables and finance lease receivables are classified as performing and there were no impaired loan receivables and finance lease receivables at March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS). In addition, there were no past due or non-accrual loan receivables and finance lease receivables at March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS).

Trade and other receivables that were classified as impaired amounted to \$201, \$545 and \$726 as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), respectively. Substantially all of the impaired receivables were provided with an allowance for doubtful receivables.

6. Leases

Lessor

Leases of all locomotives and certain aircraft are classified as finance leases, and the net investments are included as part of trade and other receivables and finance lease receivables in the accompanying statements of financial position. The unguaranteed residual values represent the estimate of the values of the leased assets at the end of the lease contracts and are initially recorded based on appraisals and estimates at the commencement of the lease. Realization of the residual values is dependent on the Company's future ability to sell the related assets under then-prevailing market conditions.

The following is a schedule of future minimum lease payments to be received from finance leases as well as the components of the present value as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS):

	Gross investment in finance leases			Present value of future minimum lease payments receivable		
	2015	2014	2013	2015	2014	2013
Not later than 1 year	\$ 7,846	\$ 33,373	\$ 36,609	\$ 7,015	\$ 32,547	\$ 35,535
Later than 1 year and not later than 5 years	7,083	120,908	150,931	4,082	83,284	115,219
Later than 5 years	—	72,590	137,773	—	7,947	33,129
Total	\$ 14,929	\$ 226,871	\$ 325,313	\$ 11,097	\$ 123,778	\$ 183,883
Unearned income	(895)	(40,655)	(69,404)			
Unguaranteed residual values of leased assets (present value)	(2,937)	(62,438)	(72,026)			
The present value of future minimum lease payments to be received	\$ 11,097	\$ 123,778	\$ 183,883			

During the year ended March 31, 2015, the Company sold certain finance leases to third-party buyers for approximately \$131.8 million in aggregate and recorded a net loss on the sale of approximately \$2.5 million. The net loss on sale is included in other expense in the accompanying statement of comprehensive income for the year ended March 31, 2015.

During the year ended March 31, 2014, the Company classified certain finance leases as held for sale at the lower of carrying amount or estimated fair value, less costs to sell, of approximately \$23.6 million, which is included in other current assets in the accompanying statement of financial position at March 31, 2014. The fair

value, which is classified as Level 3 in the fair value hierarchy, was estimated using the market approach. In relation to this reclassification, the Company recorded an impairment loss of approximately \$15.3 million, which was recorded in other expense in the accompanying statement of comprehensive income for the year ended March 31, 2014. During the year ended March 31, 2015, these assets were sold for approximately \$22.0 million. Together with the lease payments received during the year, the Company recorded a gain on sale of \$4.7 million, which was included in other income in the accompanying statement of comprehensive income for the year ended March 31, 2015.

During the year ended March 31, 2014, based on its annual review of unguaranteed residual values of finance leases, the Company recorded an impairment loss of approximately \$8.3 million, which was recorded in the selling, general and administrative expenses in the accompanying statement of comprehensive income for the year ended March 31, 2014.

The Company is also engaged, as a lessor, in operating leases and the related assets are presented as property, plant and equipment in the accompanying statements of financial position.

The following is a schedule of future minimum lease payments to be received under noncancellable operating leases as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS):

	2015	2014	2013
Not later than 1 year	\$ 3,106	\$ 13,225	\$ 13,201
Later than 1 year and not later than 5 years	1,763	18,099	31,324
Later than 5 years	—	—	—
Total	\$ 4,869	\$ 31,324	\$ 44,525

During the year ended March 31, 2015, the Company sold certain operating leases and the related assets to third-party buyers. See Note 7 for further discussions.

Lessee

The Company leases real estate, rolling stock, and storage tanks under operating leases. Most of the storage tanks under operating leases are subleased to third parties.

The following is a schedule of future minimum lease payments under noncancellable operating leases as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS). The following minimum lease payments have not been reduced by minimum sublease payments to be received of \$4,989, \$9,565 and \$13,570 as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), respectively:

	2015	2014	2013
Not later than 1 year	\$ 9,997	\$ 10,593	\$ 10,582
Later than 1 year and not later than 5 years	18,957	26,353	35,916
Later than 5 years	3,161	3,808	5,164
Total	\$ 32,115	\$ 40,754	\$ 51,662

Rental expenses incurred for operating leases for the years ended March 31, 2015 and 2014 were \$10,339 and \$10,295, respectively. Sublease rental income for the years ended March 31, 2015 and 2014 was \$4,727 and \$3,827, respectively.

7. Property, Plant and Equipment

The changes in acquisition cost, accumulated depreciation and impairment losses and the carrying amount of property, plant and equipment for the years ended March 31, 2015 and 2014 were as follows:

Acquisition cost:

	Land and buildings	Equipment and fixtures	Aircraft*	Construction in progress	Software	Total
Balance at April 1, 2013	\$ 24,203	\$ 8,599	\$ 45,300	\$ 18	\$ 7,277	\$ 85,397
Additions	—	407	—	1,593	19	2,019
Disposals	—	(1,059)	—	—	(82)	(1,141)
Reclassification	—	14	—	(14)	—	—
Balance at March 31, 2014	\$ 24,203	\$ 7,961	\$ 45,300	\$ 1,597	\$ 7,214	\$ 86,275
Additions	61	336	—	99	43	539
Disposals	(7)	(966)	(45,300)	—	(84)	(46,357)
Reclassification	1,011	684	—	(1,695)	—	—
Balance at March 31, 2015	\$ 25,268	\$ 8,015	\$ —	\$ 1	\$ 7,173	\$ 40,457

Accumulated depreciation and impairment losses:

	Land and buildings	Equipment and fixtures	Aircraft*	Construction in progress	Software	Total
Balance at April 1, 2013	\$ 4,703	\$ 6,430	\$ 2,942	\$ —	\$ 7,178	\$ 21,253
Depreciation/amortization expense	1,554	728	5,042	—	61	7,385
Disposals	—	(990)	—	—	(81)	(1,071)
Impairment losses	—	—	4,188	—	—	4,188
Balance at March 31, 2014	\$ 6,257	\$ 6,168	\$ 12,172	\$ —	\$ 7,158	\$ 31,755
Depreciation/amortization expense	1,684	791	2,363	—	34	4,872
Disposals	(4)	(865)	(16,373)	—	(84)	(17,326)
Impairment losses	—	—	1,838	—	—	1,838
Balance at March 31, 2015	\$ 7,937	\$ 6,094	\$ —	\$ —	\$ 7,108	\$ 21,139

Carrying amount:

	Land and buildings	Equipment and fixtures	Aircraft*	Construction in progress	Software	Total
Balance at April 1, 2013	\$ 19,500	\$ 2,169	\$ 42,358	\$ 18	\$ 99	\$ 64,144
Balance at March 31, 2014	17,946	1,793	33,128	1,597	56	54,520
Balance at March 31, 2015	17,331	1,921	—	1	65	19,318

* Aircraft are leased to third parties and classified as operating leases.

During the review of impairment of non-financial assets, the Company recorded impairment losses on aircraft leased to others of \$1,838 and \$4,188 for the years ended March 31, 2015 and 2014, respectively. Recoverable amounts of the aircraft were determined using a market based approach. In December 2014, the Company sold the aircraft to a third party for a selling price of approximately \$24.0 million and recorded a gain on the sale of \$277, net of approximately \$5.2 million of deferred revenue. The impairment losses are included in other expense and gain on sale is included in other income in the statements of comprehensive income.

Of the total depreciation and amortization expense, \$1.4 million and \$1.2 million is included in selling, general and administrative expenses in the statements of comprehensive income for the years ended March 31, 2015 and 2014, respectively. The remaining \$3.5 million and \$6.2 million of expense are included in cost of revenue

in the accompanying statements of comprehensive income for the years ended March 31, 2015 and 2014, respectively.

8. Financial Liabilities

Short-term Debt

Short-term debt as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) was comprised of the following:

	2015		2014		2013	
		Interest rate		Interest rate		Interest rate
Subsidiaries and affiliates	\$ 283,420	0.05%	\$ 841,716	0.42%	\$ 555,773	0.41%
Commercial paper	99,944	0.22	714,632	0.22	843,600	0.25
Total	\$ 383,364		\$ 1,556,348		\$1,399,373	

The interest rates represent weighted-average rates in effect as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS).

Unused lines of credit for short-term financing from third-party financial institutions were \$525 million, \$525 million and \$525 million as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), respectively.

Long-term Debt

Long-term debt as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) consisted of the following:

	2015	2014	2013
Affiliated company - maturing through the year ending March 31, 2020, at rates of 0.96% to 2.94%	\$ 1,333,650	\$ 1,245,600	\$ 895,800
Financial institutions - maturing through the year ending March 31, 2018, at rates of 0.32% to 6.49%	43,254	131,252	478,111
Medium-term notes - maturing through the year ending March 31, 2015, at rates of 0.64% to 1.95%	—	34,302	73,706
Total long-term debt	1,376,904	1,411,154	1,447,617
Less current portion	(411,200)	(541,184)	(396,296)
Long-term debt, less current portion	\$ 965,704	\$ 869,970	\$ 1,051,321

Above long-term debt includes debt denominated in Japanese yen, amounting to U.S. dollar equivalents of approximately \$43 million, \$113 million and \$166 million at March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), respectively.

Long-term debt with financial institutions included approximately \$33 million and \$46 million of loans related to certain finance leases at March 31, 2014 and April 1, 2013 (the date of transition to IFRS), respectively. These loan agreements included default provisions which granted the financial institutions sale or possession rights of the leased assets. Those loans matured or were transferred to the buyer of the finance leases during the year ended March 31, 2015. See Note 15 for more details on lines of credit for long-term financing from related parties.

Subsequent to March 31, 2015 and before the date the financial statements were authorized for issuance, the current portion of long-term debt of approximately \$310 million matured and was then refinanced on a long-term basis, which was subject to mutual agreements.

Trade and Other Payables and Derivative-related Liabilities

Trade and other payables and derivative-related liabilities as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) were measured at amortized cost, except for derivative liabilities, and consisted of the following:

	2015	2014	2013
Current:			
Trade and other payables:			
Trade creditors	\$ 114,080	\$ 149,221	\$ 147,283
Parent and affiliates	248,765	223,397	211,451
Accrued expenses	14,392	18,632	19,504
Derivative-related liabilities:			
Derivative liabilities	29,341	85,876	41,319
Margin deposits payable	—	765	3,281
Total	\$ 406,578	\$ 477,891	\$ 422,838
Non-current:			
Derivative-related liabilities—			
Derivative liabilities	\$ 2,288	\$ 715	\$ 5,211

Liquidity Risk Analysis

Non-derivative financial liabilities

The contractual maturity of financial liabilities, excluding derivative liabilities, as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) was as follows:

	2015			
	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Short-term debt	\$ 383,364	\$ —	\$ —	\$ 383,364
Trade and other payables	377,237	—	—	377,237
Long-term debt (including current portion)	411,200	965,704	—	1,376,904

	2014			
	Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years	Total
Short-term debt	\$ 1,556,348	\$ —	\$ —	\$ 1,556,348
Trade and other payables	391,250	—	—	391,250
Margin deposits payable	765	—	—	765
Long-term debt (including current portion)	541,184	847,101	22,869	1,411,154

Notes to Financial Statements
(In thousands, except where otherwise noted)

		2013		
		Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
				Total
Short-term debt		\$ 1,399,373	\$ —	\$ —
Trade and other payables		378,238	—	—
Margin deposits payable		3,281	—	—
Long-term debt (including current portion)		396,296	1,037,323	13,998
				1,447,617

Derivative financial liabilities

The following tables reflect expected net cash receipts and payments from derivative financial liabilities. If amounts to be received or paid are not fixed, the amounts are calculated using forward currency exchange rates and interest rates estimated in reference to the yield curve as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS).

		2015		
		Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
				Total
Foreign exchange contracts:	Receipts	\$ 447	\$ 84	\$ —
	Payments	(53)	(2,713)	—
Interest rate contracts:	Receipts	—	10	204
	Payments	(604)	(612)	—
Commodity contracts:	Receipts	20,209	—	—
	Payments	(30,665)	—	—

		2014		
		Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
				Total
Foreign exchange contracts:	Receipts	\$ 4,308	\$ 5,377	\$ —
	Payments	(76)	(87)	—
Interest rate contracts:	Receipts	—	—	—
	Payments	(2,238)	(506)	(122)
Commodity contracts:	Receipts	164,002	—	—
	Payments	(160,632)	—	—

		2013		
		Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
				Total
Foreign exchange contracts:	Receipts	\$ 6,550	\$ 20,688	\$ —
	Payments	(315)	(87)	—
Interest rate contracts:	Receipts	—	—	—
	Payments	(2,747)	(3,438)	(273)
Commodity contracts:	Receipts	65,444	—	—
	Payments	(45,709)	—	—

9. Employee Benefits

The Company sponsors a non-contributory defined benefit pension plan covering substantially all employees (except Japanese nationals assigned in the United States by Mitsui Japan) of the Company and certain subsidiaries and affiliated companies (collectively, “Group Companies”). The pension plan is classified as a defined benefit plan that shares risks between entities under common control in accordance with IAS 19, *Employee Benefits*. The Company amended the pension plan, effective January 1, 2007, to freeze participation in the plan. During the year ended March 31, 2014, the Company amended the pension plan to provide certain benefit payment options to eligible participants.

In addition to providing pension benefits, the Company provides certain healthcare benefits for retired employees.

Changes in Defined Benefit Obligations and Plan Assets

The following table sets forth the changes in the Company’s defined benefit obligations and plan assets for the years ended March 31, 2015 and 2014:

	Pension plan		Post-retirement welfare plan	
	2015	2014	2015	2014
Change in defined benefit obligations:				
Defined benefit obligations at beginning of year	\$ 120,402	\$ 113,300	\$ 13,863	\$ 14,198
Service cost	2,625	2,741	453	456
Interest expense	4,890	5,255	674	671
Actuarial loss – financial assumption changes	11,842	933	2,955	593
Actuarial loss – demographic assumption changes	5,112	1,639	1,514	—
Actuarial (gain) loss – experience adjustments	749	2,245	(1,555)	(1,736)
Plan participants’ contributions	—	—	254	266
Benefits paid from plan assets	(20,287)	(3,879)	(557)	(585)
Plan amendment	—	(1,832)	—	—
Settlement of certain benefit obligations	(790)	—	—	—
Defined benefit obligations at end of year	124,543	120,402	17,601	13,863
Change in plan assets:				
Fair value of plan assets at beginning of year	93,204	77,146	—	—
Interest income	3,898	3,814	—	—
Return on plan assets (excluding interest income)	3,041	7,173	—	—
Contributions by the employer	8,000	9,550	303	319
Plan participants’ contributions	—	—	254	266
Benefits paid from plan assets	(20,287)	(3,879)	(557)	(585)
Others	(600)	(600)	—	—
Fair value of plan assets at end of year	87,256	93,204	—	—
Net defined benefit liabilities at end of year	\$ (37,287)	\$ (27,198)	\$ (17,601)	\$ (13,863)

Components of Net Defined Benefit Costs

Net defined benefit costs of the Company's defined benefit plans for the years ended March 31, 2015 and 2014 included the following components:

	Pension plan		Post-retirement welfare plan	
	2015	2014	2015	2014
Service cost	\$ 2,625	\$ 2,741	\$ 453	\$ 456
Interest expense	4,890	5,255	674	671
Interest income	(3,898)	(3,814)	—	—
Plan amendment	—	(1,832)	—	—
Recognized gain on settlement of certain benefit obligations	(790)	—	—	—
Others	600	600	—	—
Net defined benefit costs	\$ 3,427	\$ 2,950	\$ 1,127	\$ 1,127

Information about Shared Risks under Common Control

There is no contractual agreement or stated policy for charging to individual Group Companies the net defined benefit costs for the pension plan as a whole measured in accordance with IAS 19. The contribution to the plan is allocated to the Company and the participating Group Companies based on the respective percentage of the total payroll for the period. During the years ended March 31, 2015 and 2014, the Company received from Group Companies approximately \$3.0 million and \$3.9 million, respectively, for their share of the contributions to the pension plan. The Company recorded such contributions received from Group Companies as a reduction of net defined benefit costs.

Assumptions

The weighted-average assumptions used to determine the Company's defined benefit obligations as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) are as follows:

	2015	2014	2013
Pension plan:			
Discount rate	4.0%	4.7%	4.7%
Rate of increase in future compensation levels	3.0%	3.0%	3.0%
Post-retirement welfare plan—			
Discount rate	4.3%	4.9%	4.8%

The following table illustrates the sensitivity to changes in assumptions for pension plan and post-retirement welfare plan:

	Impact of change in assumption on defined benefit obligations as of March 31, 2015	
	Pension plan	Post-retirement welfare plan
0.5% decrease in discount rate	\$8,448 increase	—
0.5% increase in discount rate	\$7,570 decrease	—
1.0% decrease in salary increase rate	\$3,524 decrease	—
1.0% increase in salary increase rate	\$3,762 increase	—
1.0% decrease in discount rate	—	\$4,219 increase
1.0% increase in discount rate	—	\$3,128 decrease
1.0% decrease in health care trend rate	—	\$2,949 decrease
1.0% increase in health care trend rate	—	\$4,048 increase

The Company determines the discount rates each year as of the measurement date, based on a review of interest rates associated with high-quality fixed-income corporate bonds.

The rate of increase in future compensation levels was 3.0% per year in determining the defined benefit obligation of the pension plan. The rate of increase in future compensation levels was not applied in determining the defined benefit obligation of the post-retirement welfare plan, because the benefit formula of this plan does not contain factors relating to compensation levels.

The discount rate sensitivity was measured by adjusting the discount rate up and down by 0.5% for the pension plan and 1.0% for the post-retirement welfare plan. The sensitivity due to the salary increase rate was measured by adjusting the salary increase assumption up and down by 1.0% for the pension plan. The sensitivity due to health care trend rate was measured by adjusting the health care trend rate assumption up and down by 1.0% for the post-retirement welfare plan.

Plan Assets

The Company's investment objective is to meet current and future benefit payment needs while maximizing total investment returns (income and appreciation) after inflation within the constraints of diversification and prudent risk taking. The Company invests primarily in a diversified portfolio of equity and fixed income securities that provide for long-term growth within reasonable and prudent levels of risk. The asset allocation targets established by the Company are strategic and intended to reduce exposure to risk assets in favor of long duration fixed income securities as the funded status of the plan improves. The portfolio is maintained to provide adequate liquidity to meet associated liabilities and minimize long-term expense and provide prudent diversification among asset classes. The plan employs a diversified mix of actively managed investments around a core of passively managed exposures in each asset class. Assets are rebalanced periodically to their strategic targets to maintain the plan's strategic risk/reward characteristics.

The fair value of the pension plan assets as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) by asset class are as follows:

Asset Class	2015			2014			2013		
	Quoted market price in an active market			Quoted market price in an active market			Quoted market price in an active market		
	Available	Not available	Total	Available	Not available	Total	Available	Not available	Total
Equity instruments (US)	\$ —	\$ 31,240	\$ 31,240	\$ —	\$ 40,276	\$ 40,276	\$ —	\$ 33,375	\$ 33,375
Equity instruments (Non-US)	—	20,286	20,286	—	15,318	15,318	—	13,718	13,718
Debt securities	—	28,221	28,221	—	29,726	29,726	—	21,982	21,982
Life insurance company general accounts	—	7,479	7,479	—	7,854	7,854	—	8,041	8,041
Cash and deposits	30	—	30	30	—	30	30	—	30
Total	\$ 30	\$ 87,226	\$ 87,256	\$ 30	\$ 93,174	\$ 93,204	\$ 30	\$ 77,116	\$ 77,146

Equity instruments and debt securities above are included in collective trust funds. Collective trust funds are stated at the aggregate market value of units of participation. Such value reflects accumulated contributions, dividends and realized and unrealized investment gains or losses apportioned to such contributions. The insurance contract is primarily valued at the present value of the future benefit payments owed by the insurance company to the plan's participants.

Cash Flows

Contributions

The Company expects to contribute \$4 million and \$0.4 million to the pension plan and post-retirement welfare plan, respectively, for the year ending March 31, 2016. The funding of the plan is through a combination of

contributions received from the employer and investment income generated by the plan's investments. The funding level is designed to comply with requirements of the Employee Retirement Income Security Act of 1974, the 21st Century Act and the Highway and Transportation Funding Act of 2014, the Pension Protection Act of 2006 and the Internal Revenue Code. These requirements include minimum funding levels. The Company creates and implements the funding policy and monitors the funding level with the assistance of the plan's enrolled actuary and the plan's investment consultant.

Maturity profile

The weighted average duration of the benefit payments for the pension plan is 12.3 years, 12.0 years and 14.6 years as of March 31, 2015 and 2014, and April 1, 2013, respectively. The weighted average duration of the benefit payments for the post-retirement welfare plan is 19.9 years, 15.6 years and 15.6 years as of March 31, 2015 and 2014, and April 1, 2013, respectively.

In addition to the above defined pension plan and post-retirement welfare plan, Mitsui USA has a defined contribution plan. The defined contribution plan expense was approximately \$0.7 million for each of the years ended March 31, 2015 and 2014.

10. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for the years ended March 31, 2015 and 2014 were as follows:

	2015	2014
Remeasurements of equity instruments:		
Balance at beginning of year	\$ 4,148	\$ (1,345)
(Decrease) increase during the year	(1,093)	8,333
Transfer to retained earnings	(4,793)	(2,840)
Balance at end of year	\$ (1,738)	\$ 4,148
Remeasurements of defined benefit plans:		
Balance at beginning of year	\$ —	\$ —
(Decrease) increase during the year	(11,059)	2,189
Transfer to retained earnings	11,059	(2,189)
Balance at end of year	\$ —	\$ —
Total:		
Balance at beginning of year	\$ 4,148	\$ (1,345)
(Decrease) increase during the year	(12,152)	10,522
Transfer to retained earnings	6,266	(5,029)
Balance at end of year	\$ (1,738)	\$ 4,148

Each component of other comprehensive income (loss) and related tax benefit (expense) for the years ended March 31, 2015 and 2014 were as follows:

	2015			2014		
	Pre-tax	Tax effect	Net	Pre-tax	Tax effect	Net
Items that will not be reclassified to profit or loss:						
Remeasurements of equity instruments	\$ (1,649)	\$ 556	\$ (1,093)	\$ 13,712	\$ (5,379)	\$ 8,333
Remeasurements of defined benefit plans	(17,576)	6,517	(11,059)	3,499	(1,310)	2,189
Total	\$ (19,225)	\$ 7,073	\$ (12,152)	\$ 17,211	\$ (6,689)	\$ 10,522

11. Selling, General and Administrative Expenses

Selling, general and administrative expenses for the years ended March 31, 2015 and 2014 consisted of the following:

	2015	2014
Personnel expenses	\$ 83,023	\$ 87,004
Professional service expenses	20,206	24,146
Travel and entertainment expenses	19,115	17,901
Other	22,117	37,116
Total	\$ 144,461	\$ 166,167

12. Income Taxes

Income tax expense (benefit) recognized for the years ended March 31, 2015 and 2014 were as follows:

	2015	2014
Current:		
Federal	\$ 64,017	\$ (9,045)
State and local	3,803	2,193
Total current	67,820	(6,852)
Deferred	(85,077)	(20,978)
Total	\$ (17,257)	\$ (27,830)

A reconciliation of the statutory U.S. federal income tax rate to the Company's effective tax rate for the years ended March 31, 2015 and 2014 are as follows:

	2015	2014
Statutory U.S. federal tax rate	35.0%	35.0%
Increase (decrease) in tax rate resulting from:		
State income taxes, net of federal benefit	(1.0)	(2.1)
Tax loss from sale of a subsidiary	—	(26.8)
Settlement with subsidiaries	(0.1)	1.8
Non-deductible expenses	1.2	1.1
Dividend received deduction	(46.3)	(48.6)
Prior year permanent difference true-up	0.4	(4.9)
Impairment of investments (with no deferred tax assets recorded)	7.7	9.6
Reserves for tax contingencies	(10.3)	4.8
Tax effect of partnerships and limited liability companies	1.4	3.2
Others—net	0.6	—
Effective income tax rate	(11.4)%	(26.9)%

The tax effects of significant temporary differences and carryforwards which result in deferred tax assets and liabilities as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) were as follows:

	2015	2014	2013
Deferred Tax Assets:			
Allowance for doubtful receivables and other reserves	\$ 7,205	\$ 3,409	\$ 1,778
Inventories	376	323	303
Impairment loss	—	—	13,268
Accrued expenses	3,626	4,383	5,987

Notes to Financial Statements
(In thousands, except where otherwise noted)

	2015	2014	2013
Retirement benefit liabilities	27,428	15,366	19,093
Finance leases	365	5,131	1,560
Other	4,740	7,954	1,370
Total deferred tax assets	43,740	36,566	43,359
Deferred Tax Liabilities:			
Depreciation and amortization	(4,527)	(95,606)	(117,463)
Investment basis differences	(14,209)	(14,106)	(6,594)
Net deferred tax assets (liabilities)	\$ 25,004	\$ (73,146)	\$ (80,698)

The Company has filed a consolidated federal income tax return as the Mitsui USA consolidated tax group through the year ended March 31, 2014. The Company is included in the consolidated federal income tax return of MUH beginning with the year ended March 31, 2015. Although the Company had federal net operating loss carryforwards (computed on a stand-alone basis) as of March 31, 2014, no deferred tax asset has been recorded since the Company's net operating losses were fully utilized by other members of the Mitsui USA consolidated tax group in prior years. The Company files certain state returns on a stand-alone basis, and has state net operating loss carryforwards of approximately \$184.0 million which will expire primarily between the years ending March 31, 2016 and March 31, 2036. At March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), the Company also has tax credit carryforwards of approximately \$14.7 million, \$6.0 million and \$6.0 million, respectively. If not used, these credits will generally expire between the years ending March 31, 2018 and March 31, 2025. The Company has determined, at March 31, 2015 and 2014, and April 1, 2013 (the date of transition of IFRS), it is more likely than not that certain state net operating loss carryforwards and foreign tax credit carryforwards will not be realized. Accordingly, the Company did not record the deferred tax assets related to these items at March 31, 2015 and 2014, and April 1, 2013 (the date of transition of IFRS). The net realizable value of deferred tax assets may need to be adjusted in the future if facts and circumstances change causing a reassessment of the amount of the net deferred tax assets more likely than not be realized.

As of March 31, 2015, the Company had a liability for uncertain tax positions of \$18.3 million, including interest and penalties of \$1.4 million and \$0.8 million, respectively. As of March 31, 2014, the Company had a liability for uncertain tax positions of \$34.6 million, including interest and penalties of \$4.0 million and \$1.3 million, respectively. As of April 1, 2013, the Company had a liability for uncertain tax positions of \$29.2 million, including interest and penalties of \$3.5 million and \$1.3 million, respectively. These amounts are reported in other non-current liabilities in the statements of financial position. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense (benefit).

The Company is subject to income taxes in the U.S. and withholding taxes in various foreign jurisdictions. With a few exceptions, the Company is no longer subject to U.S. federal, state, local and foreign income tax examinations for years before March 31, 2012.

13. Fair Value Measurement

IFRS 13, *Fair Value Measurement*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 establishes the fair value hierarchy that may be used to measure fair value, which is provided as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

Level 3: Unobservable inputs for the asset or liability.

The Company recognizes transfers of assets or liabilities between Levels of the fair value hierarchy when the transfers occur.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Assets and liabilities measured at fair value on a recurring basis as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) were as follows:

	2015			Netting adjustments*	Total fair value
	Fair value measurements using				
	Level 1	Level 2	Level 3		
Assets:					
Other investments:					
Equity instruments measured at FVTPL	\$ —	\$ —	\$ 9,605	\$ —	\$ 9,605
Equity instruments measured at FVTOCI	5,882	—	22,307	—	28,189
Total other investments	5,882	—	31,912	—	37,794
Derivative assets:					
Foreign exchange contracts	—	67	—	—	67
Commodity contracts	2,227	17,982	—	(488)	19,721
Total derivative assets	2,227	18,049	—	(488)	19,788
Total assets	\$ 8,109	\$ 18,049	\$ 31,912	\$ (488)	\$ 57,582
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	\$ —	\$ 1,973	\$ —	—	\$ 1,973
Interest rate contracts	—	368	—	—	368
Commodity contracts	3,331	27,334	—	(1,377)	29,288
Total derivative liabilities	3,331	29,675	—	(1,377)	31,629
Total liabilities	\$ 3,331	\$ 29,675	\$ —	\$ (1,377)	\$ 31,629

* See following page.

Notes to Financial Statements
(In thousands, except where otherwise noted)

	2014				
	Fair value measurements using			Netting adjustments [*]	Total fair value
	Level 1	Level 2	Level 3		
Assets:					
Other investments:					
Equity instruments measured at FVTPL	\$ 4,452	\$ —	\$ 8,606	\$ —	\$ 13,058
Equity instruments measured at FVTOCI	14,222	—	14,881	—	29,103
Total other investments	18,674	—	23,487	—	\$ 42,161
Derivative assets:					
Foreign exchange contracts	—	6,829	—	—	6,829
Commodity contracts	12,136	151,866	—	(2,485)	161,517
Total derivative assets	12,136	158,695	—	(2,485)	168,346
Total assets	\$ 30,810	\$ 158,695	\$ 23,487	\$ (2,485)	\$ 210,507
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	\$ —	\$ 21	\$ —	—	\$ 21
Interest rate contracts	—	1,815	—	—	1,815
Commodity contracts	99,112	61,520	—	(75,877)	84,755
Total derivative liabilities	99,112	63,356	—	(75,877)	86,591
Total liabilities	\$ 99,112	\$ 63,356	\$ —	\$ (75,877)	\$ 86,591
	2013				
	Fair value measurements using			Netting adjustments [*]	Total fair value
	Level 1	Level 2	Level 3		
Assets:					
Other investments:					
Equity instruments measured at FVTPL	\$ 15,758	\$ —	\$ 12,553	\$ —	\$ 28,311
Equity instruments measured at FVTOCI	10,004	—	7,233	—	17,237
Total other investments	25,762	—	19,786	—	\$ 45,548
Derivative assets:					
Foreign exchange contracts	—	26,019	—	—	26,019
Commodity contracts	18,403	47,041	—	(2,209)	63,235
Total derivative assets	18,403	73,060	—	(2,209)	89,254
Total assets	\$ 44,165	\$ 73,060	\$ 19,786	\$ (2,209)	\$ 134,802
Liabilities:					
Derivative liabilities:					
Foreign exchange contracts	\$ —	\$ 3	\$ —	—	\$ 3
Interest rate contracts	—	5,211	—	—	5,211
Commodity contracts	8,722	36,987	—	(4,393)	41,316
Total derivative liabilities	8,722	42,201	—	(4,393)	46,530
Total liabilities	\$ 8,722	\$ 42,201	\$ —	\$ (4,393)	\$ 46,530

* Amounts of netting adjustments include the net amount when, and only when, the Company currently has a legally enforceable right to set-off the recognized amounts as well as intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

No assets or liabilities were transferred between Level 1 and 2 during the years ended March 31, 2015 and 2014.

Primary valuation techniques used for financial instruments measured at fair value on a recurring basis are as follows:

Other investments: Publicly-listed securities are measured using quoted market prices and classified as Level 1. Unlisted securities are measured at fair value principally using the discounted cash flow method, the market comparison approach and other appropriate valuation techniques considering various assumptions, including expected future cash flows and discount rates reflecting the related risks of the investee. The degree to which

these inputs are observable in the relevant markets determines whether the investment is classified as Level 2 or 3.

Derivative instruments: Exchange-traded derivative commodity contracts are measured using quoted market prices and are classified as Level 1. Other derivative commodity contracts are measured using observable inputs of the quoted prices obtained from the market, financial information providers, and brokers, and are classified as Level 2. Derivative foreign exchange contracts and derivative interest rate contracts are measured by discounted cash flow analysis using foreign exchange and interest rates and are classified as Level 2.

The reconciliation of equity instruments measured at FVTPL on a recurring basis using significant unobservable inputs (Level 3) for the years ended March 31, 2015 and 2014 was as follows:

	2015	2014
Balance at beginning of year	\$ 8,606	\$ 12,553
Remeasurement losses	(1)	(942)
Purchases	1,000	1,000
Sales	—	(5)
Transfers out of Level 3**	—	(4,000)
Balance at end of year	\$ 9,605	\$ 8,606

** An investment that was previously measured at FVTPL was reclassified to investment in associates after the Company made additional investments during the year ended March 31, 2014. Investments in associates are accounted for under the cost method.

The remeasurement losses related to equity instruments measured at FVTPL were included in other expense in the accompanying statements of comprehensive income.

The reconciliation of equity instruments measured at FVTOCI on a recurring basis using significant unobservable inputs (Level 3) for the years ended March 31, 2015 and 2014 was as follows:

	2015	2014
Balance at beginning of year	\$ 14,881	\$ 7,233
Other comprehensive income (loss)	(824)	166
Purchases	13,251	8,999
Sales	(2,001)	(167)
Transfers out of Level 3***	(3,000)	(1,350)
Balance at end of year	\$ 22,307	\$ 14,881

*** Certain securities that were previously measured at FVTOCI became publicly-traded during the years ended March 31, 2015 and 2014.

Other comprehensive income (loss) related to equity instruments measured at FVTOCI was included in remeasurements of equity instruments in the accompanying statements of comprehensive income.

The fair value of Level 3 financial assets was mainly determined based on the discounted cash flow method at March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS). The most significant unobservable inputs used in the calculation were discount rates. The following table presents the range of discount rates used in the fair value calculation as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS):

	2015	2014	2013
Equity instruments measured at FVTPL	6.0% - 21.7%	6.5% - 21.7%	6.5% - 21.0%
Equity instruments measured at FVTOCI	11.3% - 30.6%	13.4% - 25.0%	14.5%

For recurring fair value measurements of equity instruments measured at FVTPL and FVTOCI using the discounted cash flow method, increases (decreases) in discount rates would result in a lower (higher) fair value.

14. Contingent Liabilities

Guarantees

The Company provides various types of guarantees to the benefit of subsidiaries, affiliated companies and third parties, principally to enhance their credit standings, and would be required to execute payments if a guaranteed party failed to fulfill its obligation with respect to a borrowing or trade payable.

The table below summarizes the maximum potential amount of future payments and outstanding amount of the Company's guarantees as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS). The maximum potential amount of future payments represents the amount without consideration of possible recoveries under recourse provisions or from collateral held or pledged that the companies could be obliged to pay if there were defaults by guaranteed parties. Such amounts bear no relationship to the anticipated losses on these guarantees and indemnifications, and, in the aggregate, they greatly exceed anticipated losses.

The Company evaluates the risks involved for each guarantee in an internal screening procedure before issuing a guarantee and regularly monitors outstanding positions and records an adequate allowance to cover losses expected from probable performance under these agreements. The Company believes that the likelihood to perform guarantees which would materially affect the Company's financial position, results of operations, or cash flows is remote at March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS).

	2015	
	Maximum potential amount of future payments	Outstanding amount
Type of guarantees:		
Guarantees for subsidiaries	\$ 769,915	\$ 86,468
Guarantees for associates and other related parties	132,807*	88,045
Guarantees for third parties	9,110	9,110
Total	\$ 911,832	\$ 183,623
	2014	
	Maximum potential amount of future payments	Outstanding amount
Type of guarantees:		
Guarantees for subsidiaries	\$ 807,938	\$ 127,403
Guarantees for associates and other related parties	3,179,187*	372,454
Guarantees for third parties	12,008	12,008
Total	\$ 3,999,133	\$ 511,865
	2013	
	Maximum potential amount of future payments	Outstanding amount
Type of guarantees:		
Guarantees for subsidiaries	\$ 1,143,607	\$ 169,814
Guarantees for associates and other related parties	3,162,405	310,759
Guarantees for third parties	4,898	4,898
Total	\$ 4,310,910	\$ 485,471

* Approximately \$2,925 million of maximum potential amount of future payments for associates and other related parties decreased in 2015 due to the transfer of shares in MPM as an in-kind dividend to MUH (Note 3).

The table below summarizes the maximum potential amount of future payments for the Company's guarantees by the remaining contractual periods as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS).

	2015	2014	2013
Not later than 1 year	\$ 786,723	\$ 3,359,802	\$ 3,543,601
Later than 1 year and not later than 5 years	23,733	518,133	641,345
Later than 5 years	101,376	121,198	125,964
Total	\$ 911,832	\$ 3,999,133	\$ 4,310,910

Letter of Credit

At March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), the Company had commercial letters of credit outstanding of approximately \$ 25.4 million, \$25.0 million and \$13.5 million, respectively.

Litigation

Various claims and legal actions are pending against the Company in respect of contractual obligations and other matters arising out of the conduct of the Company's business. Appropriate provision has been recorded for the estimated loss on claims and legal actions. In the opinion of management, any additional liabilities will not materially affect the financial position, results of operations, or cash flows of the Company.

15. Related Party Transactions

During the year, the Company has various transactions with related parties in the normal course of business. The related party balances and transactions included within the financial statements as of March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS) and for the years ended March 31, 2015 and 2014 are as follows:

Statements of financial position:

	2015	2014	2013
Trade and other receivables:			
Parent	\$ 222,068	\$ 485,414	\$ 210,079
Subsidiaries	14,798	10,397	2,420
Associates	1,161	21,900	14,892
Other related parties	10,836	16,666	65,491
Short-term loan receivables and current portion of long-term loan receivables:			
Subsidiaries	494,191	735,613	1,032,370
Associates	—	721	1,060
Other related parties	7,750	69,500	48,250
Long-term loan receivables, less current portion:			
Subsidiaries	537,963	455,602	410,400
Associates	299	4,371	5,093
Other related parties	6,250	—	46,250
Derivative-related assets:			
Parent	5,212	319	10,792
Subsidiaries	113	4,889	4
Other related parties	5,044	103,845	11,710
Trade and other payables:			
Parent	147,466	105,317	124,808
Subsidiaries	13,608	267	585
Associates	613	3,182	4,049
Other related parties	87,078	114,631	82,009
Short-term debt and current portion of long-term debt:			
Subsidiaries	137,416	197,198	220,508
Associates	88,041	141,330	51,691
Other related parties	469,163	949,388	308,574
Long-term debt, less current portion—			
Other related parties	922,450	799,400	870,800
Tax due from subsidiaries *	—	37,311	14,132
Tax due to MUH and subsidiaries **	127,936	30,867	23,787
Derivative-related liabilities:			
Parent	348	17,148	1,723
Subsidiaries	1,488	6	2,856
Other related parties	14,388	23,719	19,822

* Tax due from/to subsidiaries represents the receivables and payables between the Company and subsidiaries based on tax sharing agreements. Those are included in other current assets, other current liabilities, and other non-current liabilities in the accompanying statements of financial position.

** The Company started to file federal consolidated tax returns with MUH from the tax year ended March 31, 2015. Tax due to MUH and subsidiaries included approximately \$90.7 million of current income tax payable to MUH at March 31, 2015.

Statements of comprehensive income:		
	2015	2014
Revenue from related parties:		
Parent	\$ 41,294	\$ 72,121
Subsidiaries	228	58
Other related parties	30,534	46,108
Purchases from related parties:		
Parent	415,367	256,506
Subsidiaries	323,731	182,327
Associates	—	49,646
Other related parties	1,447,627	945,453
Service income included in other income:		
Parent	49,012	50,771
Subsidiaries	1,423	1,374
Associates	354	330
Other related parties	3,364	3,116
Interest income:		
Parent	1,092	1,266
Subsidiaries	14,018	15,383
Associates	1,076	395
Other related parties	1,780	2,957
Interest expense:		
Subsidiaries	126	274
Associates	15	23
Other related parties	19,041	14,801

The Company has trading relationships such as sales and purchase of goods with Mitsui Japan and its subsidiaries and other affiliated companies. The Company enters into certain commodity derivatives transactions with related parties in order to hedge market risks. Gains and losses on such derivatives transactions are included in purchases from related parties in above table.

The Company provides short-term and long-term financing to subsidiaries and affiliates. The Company provides a centralized cash management arrangement whereby subsidiaries and affiliates deposit excess cash for overnight investments and borrow funds to meet daily working capital needs. The Company provided approximately \$2,286 million, \$2,258 million, and \$2,002 million line of credit to subsidiaries and affiliated companies effective March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), respectively. Those lines of credit generally expire within a year. The Company obtains long-term debt from one of the subsidiaries of Mitsui Japan. The Company had \$2,526 million, \$2,221 million, and \$1,300 million line of credit from the affiliated company effective March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), respectively. Those lines of credit expire generally within a year. See Note 8 for more details on debt. For most of investing and financing transactions with related parties, interest accrues at a mutually agreed-upon rate, typically the London InterBank Offered Rate, plus a margin.

The Company provides various types of guarantees to the benefit of subsidiaries and affiliated companies. See Note 14 for more details on guarantees. The Company's loan receivables guaranteed by Mitsui Japan are \$32,762, \$227,312, and \$501,153 at March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), respectively. The Company's debt guaranteed by Mitsui Japan are \$41,608, \$132,049, and \$309,905 at March 31, 2015 and 2014, and April 1, 2013 (the date of transition to IFRS), respectively.

The Company performs certain administrative services for Mitsui Japan, MUH, and other affiliated companies and receives service fees based on various service agreements. Service fee income is included in other income in the accompanying statements of comprehensive income.

The Company has extensive transactions with Mitsui Japan and its subsidiaries and affiliates. Accordingly, the accompanying financial statements may not be indicative of the financial position or the results of its operations which would have been attained by the Company if it had operated without such affiliations.

Key management personnel

Remunerations for members of the Board of Directors, who are considered as key management personnel, for the years ended March 31, 2015 and 2014 were \$2,548 and \$2,256, respectively.

16. Ultimate Parent and Controlling Party

Mitsui Japan is the Company's ultimate parent and controlling party. Copies of the consolidated financial statements of Mitsui Japan that complies with IFRS are available from:

Mitsui & Co., Ltd.
Corporate Communications Division
1-3, Marunouchi 1-chome, Chiyoda-ku
Nippon Life Marunouchi Garden Tower
Tokyo 100-8631, Japan

17. Transition to IFRS and Separate Financial Statements

For all periods up to and including the year ended March 31, 2014, the Company prepared its financial statements on a consolidated basis in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). These financial statements for the year ended March 31, 2015 are the first the Company has chosen to prepare in accordance with IFRS and on a stand-alone basis.

Accordingly, the Company has prepared financial statements which comply with applicable effective IFRS as of and for the year ended March 31, 2015, together with the comparative information as of and for the year ended March 31, 2014, and opening statement of financial position as of April 1, 2013. The significant accounting policies meeting those requirements are described in Note 2.

In preparing these financial statements, the Company has started from an opening statement of financial position as of April 1, 2013, the Company's date of transition to IFRS, and made those changes in accounting policies and other restatements required by IFRS 1 for the first-time adoption of IFRS.

This note explains the principal adjustments made by the Company in restating its statement of financial position as of April 1, 2013 and its financial statements for the year ended March 31, 2014 if they had been prepared on a stand-alone basis.

Exemptions applied

IFRS requires full retrospective application of IFRS for the companies that adopt IFRS for the first-time ("first-time adopters"). However, IFRS 1 provides certain voluntary exemptions from full retrospective applications. The Company has applied the following exemptions:

- Investment in subsidiaries and associates: IFRS 1 permits first-time adopters to choose the cost or deemed cost to measure each investment at the transition date on an individual basis. The deemed cost of an investment is considered to be its U.S. GAAP carrying amount at the transition date. The Company chose the cost or deemed cost on an investment-by-investment basis for investment in subsidiaries and associates including investments in certain partnerships and limited liability companies.

- Financial instruments: IFRS 1 permits first-time adopters to designate investments in equity instruments as financial assets measured at FVTOCI on the basis of the facts and circumstances that exist at the date of transition to IFRS and the Company elected to apply this exemption.

Adjustments to financial statements as of April 1, 2013 and for the year ended March 31, 2014

In addition to the changes based on the exceptions above, the Company retrospectively made the following adjustments to financial statements as of April 1, 2013 and for the year ended March 31, 2014:

- Defined benefit plans: Under U.S. GAAP, the net actuarial gain or loss and net prior service cost or credit are included in other comprehensive income (loss) in equity on a net-of-tax basis and are amortized into net periodic pension costs over certain future periods. Under IFRS, the remeasurements of defined benefit plans are recognized in other comprehensive income (loss) and transferred immediately to retained earnings when it occurs. The past service cost (income) is recognized immediately as a component of defined benefit cost.
- Leveraged lease accounting: Under U.S. GAAP, there are special accounting requirements for a lease arrangement that involves a third-party financier that provides nonrecourse long-term financing of the lessor's acquisition of the leased asset (commonly known as a "leveraged lease"). Under IFRS, there is no such special requirement and the Company made adjustments to present its leveraged leases as finance leases and long-term debt.
- Adjustments above result in different temporary differences arising on transition to IFRS. Deferred tax assets and the deferred tax liabilities at April 1, 2013 and March 31, 2014 have been adjusted accordingly.

Reclassification adjustments

The following items were changes in the presentation in the statements of financial position and did not affect the statements of comprehensive income, changes in equity, or cash flows:

- IFRS does not permit deferred tax assets and liabilities to be classified as current assets and liabilities, whereas under U.S. GAAP deferred tax assets and liabilities are classified as current assets and liabilities or non-current assets and liabilities. Accordingly, all deferred tax assets and liabilities that were classified as current assets and liabilities under U.S. GAAP have been reclassified to non-current assets and liabilities.
- Under U.S. GAAP, derivative receivables and payables to/from counterparties that are covered by master netting agreements were presented on a net basis. Under IFRS, those are presented on a net basis only when the companies have a legally enforceable right to set-off the amounts and intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

18. Authorization of Issuance of Financial Statements

The issuance of the financial statements was authorized by Motomu Takahashi, President and Chief Executive Officer, and Yoshimitsu Gushiken, Senior Vice President and Chief Financial Officer, on August 31, 2015.

Office Directory

NEW YORK—Headquarters
200 Park Avenue
New York, NY 10166
212-878-4000
212-878-4800-Fax

CHICAGO
200 East Randolph Drive
Suite 5200
Chicago, IL 60601
312-540-4000
312-540-4026-Fax

CLEVELAND
4125 Highlander Parkway
Suite 220
Richfield, OH 44286
330-659-2920
330-659-3196-Fax

DETROIT
101 W. Big Beaver Road
Suite 820
Troy, MI 48084
248-457-4000
248-457-4067-Fax

HOUSTON
1300 Post Oak Blvd.
Suite 1700
Houston, TX 77056
713-236-6100
713-236-6134-Fax

LOS ANGELES
350 South Grand Avenue
Suite 3900
Los Angeles, CA 90071
213-896-1100
213-688-1138-Fax

NASHVILLE
25 Century Blvd.
Suite 310
Nashville, TN 37214
615-885-5318
615-885-5483-Fax

SEATTLE
1201 Third Avenue
Suite 1560
Seattle, WA 98101
206-223-5604
206-223-5651-Fax

SILICON VALLEY
535 Middlefield Road
Suite 100
Menlo Park, CA 94025
650-234-5000
650-234-5029-Fax

WASHINGTON, D.C.
750 17th Street, N.W.
Suite 400
Washington, D.C. 20006
202-861-0660
202-861-0437-Fax

Our Home Page on the Internet:
<http://www.mitsui.com>



MITSUI & CO.

Mitsui & Co. (U.S.A.), Inc.
200 Park Avenue
New York, New York 10166