TOYOTA TSUSHO CORPORATION

Financial Section 2017

Fiscal year ended March 31, 2017

Contents

Management's Discussion and Analysis of Financial Condition and Results of Operations

General Operating Environment

In the fiscal year ended March 31, 2017, the United States and European economies were robust and the slowdown in emerging markets ended, producing an overall recovery in business conditions.

The United States economy continued on the road to recovery, with improved employment and income figures, robust personal consumption and stronger capital investment adding to higher stock markets boosted by positive sentiment around tax reform, infrastructure investments, and other economic and fiscal policies of the new administration. The European economy continued to recover gradually, aided by growing internal demand, improving employment and expanding exports underpinned by financial easing, despite uncertainties about the future related to Britain leaving the EU. The Chinese economy continued to level off, weighed down by adjustments in corporate debt and excess production capacity, despite support from personal consumption backed by government policy, including for homes and automobiles. Emerging markets recovered gradually due to improved business sentiment surrounding a resource price recovery and other factors.

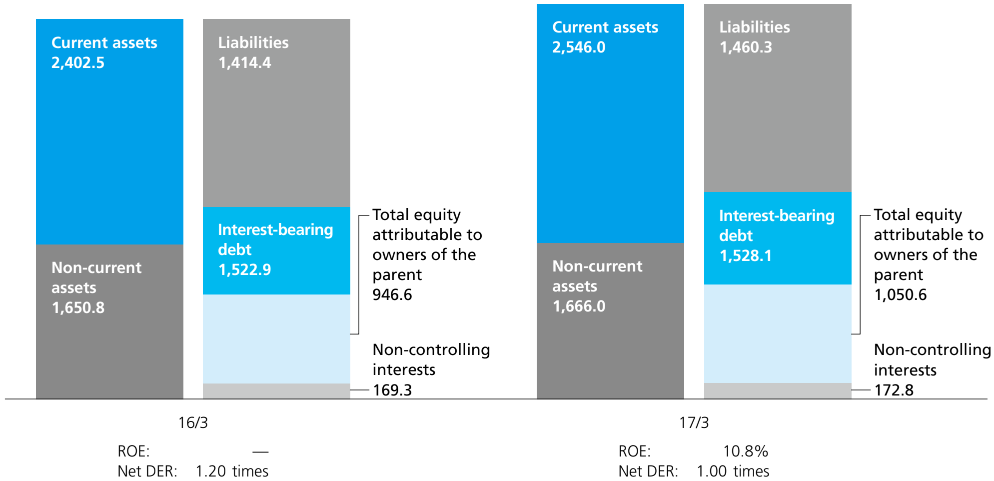
Against the backdrop of robust capital investment and increased exports to the United States, Europe, and Asia, the Japanese economy continued to recover.

Business Performance of the Toyota Tsusho Group

The Toyota Tsusho Group's consolidated revenue in the fiscal year ended March 31, 2017, decreased by ¥448.8 billion (7.2%) year on year, to ¥5,797.3 billion, largely as result of exchange rates due to a strong yen. Operating profit in the fiscal year ended March 31, 2017, increased by ¥50.7 billion (61.1%) year on year from ¥82.9 billion to ¥133.6 billion, largely as a result of lower impairment losses on non-current assets. In addition, factors such as a fall in tax expenses due to adoption of a consolidated tax payment system resulted in profit for the year attributable to owners of the parent increasing by ¥127.1 billion year on year, against a loss of ¥19.2 billion attributable to owners of the parent, to ¥107.9 billion in the fiscal year ended March 31, 2017.

Balance Sheet Trends

(¥ billion)



Future Issues to Address

To realize the Global Vision formulated in May 2016, the group plans to address the following issues.

In the Mobility domain, the group will expand its transactions with customers both inside and outside the Toyota Group based on a three-prong approach that revolves around functions, such as the logistics and assembly functions that have been cultivated within the Toyota Group, regions, and partners. Moreover, the group will focus on businesses that contribute to realizing a convenient society in the future, including automated driving technologies and other next-generation mobility initiatives.

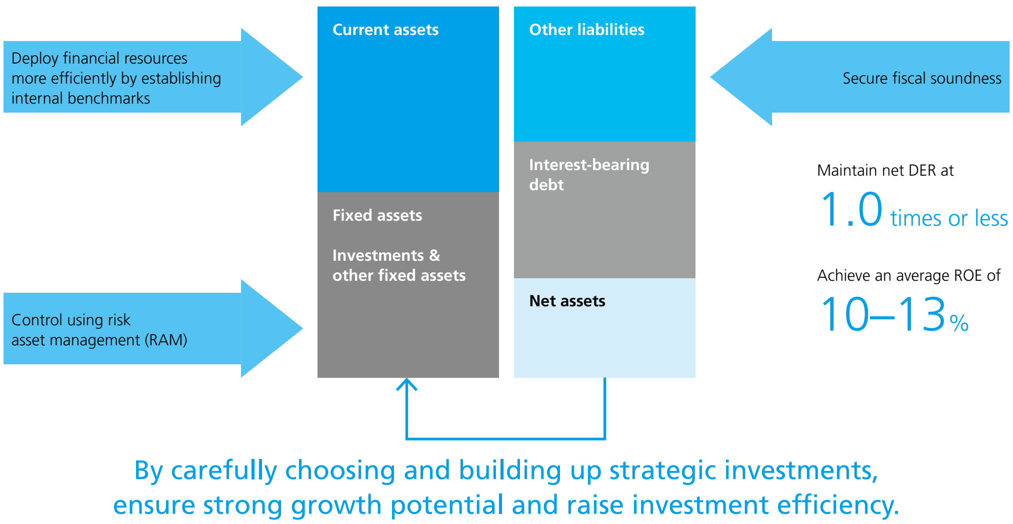
The group will focus on medical, consumer goods and other businesses in the Life & Community domain that contribute to a comfortable and healthy society, and on renewable energy and other businesses in the Resources & Environment domain that help to realize a sustainable society.

Focusing on these three domains, Toyota Tsusho carried out strategic restructuring from April 1, 2017, to enable it to fully utilize its resources and expand its businesses in business fields and regions where it can leverage its knowledge, and to create new businesses in the greatly evolving business fields of technology, services, and products. The company made CFAO SAS, a company with more than 120 years of business history in Africa, a wholly owned subsidiary in order to incorporate CFAO's knowledge across the whole company and accelerate regional strategy, while also establishing a new Africa Division centered on CFAO's businesses as the company's first regional business division. In order to respond more rapidly to trends in next-generation automobile development and expansion, the company established new bodies focused on the next-generation automobile business in product divisions. At the same time, the company set up the NEXT Mobility Development Department under direct control of the Executive Vice President to oversee the next-generation automobile business as a whole. Finally, the company created the internal NEXT Technology Fund to drive development and investment in innovative technologies, patents, and new businesses in each of the group's business fields, not just in automobiles.

To achieve continuing global growth, the company will enhance its global diversity and inclusion initiative as a key management strategy in order to create value leveraging the diversity uncovered through awareness that human resources are a key asset.

Through development of these businesses, the group will continue strengthening its management systems to optimally allocate its management resources and secure reliable investment returns. To remain financially sound, the group intends to continue to manage its operations with a focus on return on equity (ROE), which is highly correlated with cost of shareholders' equity; its net debt-equity ratio (net DER), a measure of financial stability; and cash flow.

Financial Risk Management

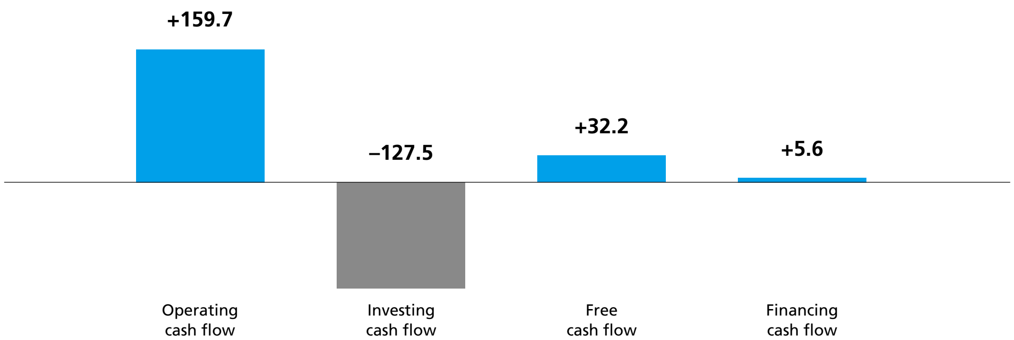


Cash Flows in the Fiscal Year Ended March 31, 2017

Cash and cash equivalents (funds) as of March 31, 2017, totaled ¥426.2 billion, up ¥34 billion from the previous consolidated fiscal year.

Cash Flow Breakdown

(¥ billion)



Net Cash Provided by Operating Activities

Net cash provided by operating activities as of March 31, 2017, was ¥159.7 billion, which was ¥160.6 billion less than in the previous consolidated fiscal year. This was largely attributable to an increase in trade and other receivables.

Net Cash Used in Investing Activities

Net cash used in investing activities as of March 31, 2017, came to ¥127.5 billion, which was ¥35.2 billion less than in the previous consolidated fiscal year. This was largely attributable to property, plant and equipment purchases.

Net Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities as of March 31, 2017, stood at ¥5.6 billion, which was ¥251.2 billion more than the previous consolidated fiscal year. This was largely attributable to a net increase in borrowings.

Financial Strategy

The financial strategy of the company and its consolidated subsidiaries is focused on the efficient use of assets and fund procurement commensurate with its asset base. The goal is to achieve stable growth throughout the group and to maintain a sound financial position.

Aiming to "generate maximum profit with minimum funds," we strive to use funds more efficiently through the efficient use of working capital through such means as collecting trade receivables earlier and reducing inventories, as well as by reducing idle, inefficient fixed assets. We aim both to enhance corporate value and improve our financial position by directing funds generated by the above measures to investments in businesses with higher growth potential and the repayment of interest-bearing debt.

We are also focused on conducting fund procurement commensurate with our asset base. In principle, the group will finance fixed assets with long-term loans and shareholders' equity, while financing working capital with short-term borrowings. At the same time, we have also adopted a policy of funding the less liquid portion of working capital with long-term debt. In regard to the fund management system on a consolidated basis for our domestic subsidiaries, we are shifting to a unified group financing system by the parent company in Japan. At the same time, in regard to the fund procurement of overseas subsidiaries, we will conduct group financing utilizing a cash management system for concentrating fund procurement at specific overseas subsidiaries in Asia, Europe, and the United States and for supplying funds to other subsidiaries. In addition, we have developed systems for responding to unexpected events, including establishing a multi-currency revolving credit facility and long-term tiered-rate revolving credit facility to safely meet funding requirements.

Looking ahead, we will strive to enhance the efficient use of assets and secure funding, taking into consideration cash flows generated from operating activities, the condition of assets, economic conditions, and the financial environment.

As of March 31, 2017, the current ratio was 144% on a consolidated basis, meaning that the company has maintained financial soundness in terms of liquidity. In addition, the company and its consolidated subsidiaries have established an adequate liquidity mainly through cash and deposits and the aforementioned credit facility.

Business Risks and Uncertainties

The company and its consolidated subsidiaries (the "group") believe that the following risks and accounting policies may have a material impact on the decision-making of investors with regard to data contained in this report.

Forward-looking statements contained in this report are based on the judgment of the group as of the date of publication.

1. Risk Associated with the Changing Global Macro-economic Environment

The main business line of the group is the purchase and sale of products in domestic and overseas markets, with involvement in a wide range of businesses including manufacture, processing and sales, business investments, and the provision of services relevant to these products. Therefore, the group is exposed to risks associated with political and economic conditions in Japan and other countries concerned. Any deteriorating or sluggish conditions in these countries may adversely affect the operating results and financial condition of the group.

2. Dependence on Specific Customers

The group consists of the company, its 731 consolidated subsidiaries, and 243 equity method affiliates. The main business line of the group is the sale of automotive-related and other products in the domestic and overseas markets. Sales to the Toyota Group account for 12% of earnings for the group. Therefore, trends in transactions with the Toyota Group may affect the operating results and financial condition of the group.

3. Risk Associated with Exchange Rates

Of the product sales, investment, and other business activities conducted by the group, transactions conducted in foreign currencies may be affected by changes in exchange rates. While the group uses forward exchange contracts and other methods to hedge against and reduce these exchange rate risks, we may be unable to completely avoid them. Many group companies are also located overseas, so exchange rate fluctuations when converting the financial statements of these companies into Japanese yen may affect the operating results and financial condition of the group.

4. Risk Associated with Fluctuations in Interest Rates

The group secures business funding through various methods, such as acquiring loans from financial institutions and issuing commercial paper and corporate bonds, for such activities as extending credit for trade receivables, etc., and acquiring marketable securities or fixed assets, with a portion of this debt subject to variable interest rates. For a considerable portion of such debt, we are able to absorb the effect of changes in interest rates within working capital. The group also works to minimize risk associated with fluctuations in interest rates through Asset Liability Management (ALM). However, a certain portion of debt cannot be avoided, so future interest rate movements may affect the operating results and financial condition of the group.

5. Risk Associated with Fluctuations in the Price of Listed Securities

The group holds marketable securities in active markets to maintain and strengthen relationships with business partners, to grow business earnings, and to improve our corporate value. Any decline in share prices of marketable securities in these active markets may adversely affect the operating results and financial condition of the group.

6. Risk Associated with Employee Retirement Benefits

Pension assets of the group are invested in stocks, bonds, and other investment vehicles in Japan and overseas, so trends in stock and bond markets may result in reduced asset values or increased costs of providing employee retirement benefits. This may adversely affect the operating results and financial condition of the group.

7. Risk Associated with Commodities

Commodities that the group deals with in its businesses, such as non-ferrous metals, crude oil, petroleum products, rubber, food, and textiles, are vulnerable to uncertainties arising from price fluctuations. Position limits are set for each commodity, and compliance with these limits is monitored periodically. While the group takes various measures to reduce such price variation risks, it may not be possible to completely avoid them so the state of commodity markets and market price movements may affect the operating results and financial condition of the group.

8. Risk Associated with Customer's Credit

The group faces a degree of risk arising from the collection of loans and receivables associated with commercial transactions with its domestic and overseas business partners. For credit risk management, the group rates the financial status of suppliers using its own criteria (8 levels) and sets limits for each type of transaction, such as accounts receivable or advances. In the case of a low-rated supplier, the group reviews the transaction conditions, determines the transaction policy, such as the protection of accounts receivables or withdrawal, carries out individually focused management, and endeavors to prevent losses. While the group manages credit in this way, there is no guarantee that risk associated with credit can be completely avoided, so any deterioration in the financial status of our business partners may adversely affect the operating results and financial condition of the group.

9. Risk Associated with Business Investment

The group intends to grow existing businesses, enhance functions, and take on new business through the strengthening of current partnerships or establishment of new partnerships with companies within or outside the group. Therefore, the group has established new ventures in partnership with other companies and has also invested in existing companies, and may continue to conduct such investing activities. The group discusses the strategic and companywide priorities of any new investment, and examines the investment from many angles, including investment return and various risk analyses, with participation of managers from the Administrative Division in addition to the relevant sales department. After making an investment, the group continues monitoring such factors as whether the planned investment return has been obtained and whether profit commensurate with the risk asset has been achieved. If the investment did not proceed as planned, the group then acts in line with the strict rules it has set for restructuring or withdrawing from such an investment. However, the group may lose all or part of such investments or be obliged to provide additional funds in the event of a decline in the corporate value or market value of the shares of invested companies. This may adversely affect the operating results and financial condition of the group.

10. Risk Associated with Countries

The group has many transactions with overseas business partners, including imports, exports, and investments in the overseas business partners. Therefore, the group is exposed to risks arising from the manufacture and purchase of foreign products, such as regulations imposed by foreign governments, political uncertainties, and fund transfer restraints, as well as loss on investment or other reduced asset value. The group holds export and investment insurance and takes other measures to reduce risks associated with transactions in countries with a high country risk. The group identifies the risk assets, which represent the maximum anticipated amount of loss, that the group holds by country and ensures risk for each country is within the maximum defined limits in order to correct any concentration of those assets in specific regions or countries. While the group hedges against and otherwise manages risk, it is not possible to completely avoid risk related to deteriorating business environments in the countries of its business partners, or the countries where it conducts business activities. For this reason, any deterioration in those environments may adversely affect the operating results and financial condition of the group.

11. Impairment Risk Associated with Fixed Assets

The group has machinery and vehicles, carriers, buildings and structures, goodwill and other fixed assets and lease assets that are exposed to impairment risk. Any reduction in the value of these assets incurs impairment losses that may adversely affect the operating results and financial condition of the group.

12. Risk Associated with Raising Funds

The group secures business funding through various methods, such as acquiring loans from financial institutions in Japan and overseas, and issuing commercial paper and corporate bonds. The group works to maintain positive transactional relationships with financial institutions, to conduct Asset Liability Management (ALM), and to minimize liquidity risk by raising funds appropriate to the asset. However, any turmoil in financial markets, significant downgrade to the group's credit rating by ratings organizations, or any other event may result in restrictions on funding for the group, or on increased costs of funding. This may adversely affect the operating results and financial condition of the group.

13. Risk Associated with Compliance

The group is involved in a diverse range of businesses in Japan and overseas, with extensive restrictions imposed in various business domains. These restrictions include the Companies Act, Tax Acts, Antimonopoly Act, Financial Instruments and Exchange Act and other laws and regulations in Japan, and laws and regulations in each of the countries where the group conducts business. The Compliance Administration Group is responsible for enhancing compliance systems across the whole group and for raising awareness of compliance with laws and regulations. However, any improper or unlawful conduct by officers or employees may damage the social trust of the group. This may adversely affect the operating results and financial condition of the group.

14. Environment-related Risks

The group is engaged in businesses in Japan and overseas that are exposed to a broad range of environment-related risks. To mitigate these risks, the group conducts risk management throughout its supply chain. Specific activities include promoting traceability in the food domain, and enforcing compliance with laws and regulations concerning the handling of hazardous chemical substances in the chemical products domain. The group's businesses in Japan and overseas are also exposed to various environmental risks associated with waste disposal and other factors. Any changes in environmental regulations, environmental pollution caused by natural disasters and other events, or other factors could result in additional costs that may adversely affect the operating results and financial condition of the group.

15. Effect of Natural Disasters and Other Events

The group's businesses could be impacted by natural disasters such as fires, earthquakes, and floods. To minimize the impact, the group establishes business continuity plans (BCP), takes measures to earthquake-proof its equipment, establishes employee safety confirmation systems, and implements other measures, but a large-scale natural disaster could result in additional costs that may adversely affect the operating results and financial condition of the group.

Consolidated Statement of Financial Position

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
As of March 31, 2017 and 2016

		Millions of Yen			Thousands of U.S. Dollars
	Notes	2017	2016	Transition date (April 1, 2015)	2017
Assets					
Current Assets:					
Cash and cash equivalents	8	¥ 426,208	¥ 392,247	¥ 495,536	$ 3,798,983
Trade and other receivables	5, 8, 13	1,323,165	1,243,547	1,420,166	11,793,965
Other financial assets	8	69,948	28,852	19,284	623,478
Inventories	6	603,891	607,085	701,896	5,382,752
Other current assets		108,591	130,800	109,020	967,920
Subtotal		2,531,805	2,402,533	2,745,904	22,567,118
Assets held for sale	7	14,208	–	–	126,642
Total current assets		2,546,014	2,402,533	2,745,904	22,693,769
Non-current Assets:					
Investments accounted for using the equity method	4, 9	218,679	222,789	235,882	1,949,184
Other investments	8	505,350	477,476	575,621	4,504,412
Trade and other receivables	5, 8, 13	35,690	34,453	33,538	318,121
Other financial assets	8	44,997	43,185	60,265	401,078
Property, plant and equipment	10, 13	595,516	566,757	546,657	5,308,102
Intangible assets	11	190,047	229,109	299,346	1,693,974
Investment property	12	22,116	21,971	32,523	197,129
Deferred tax assets	23	26,473	30,920	24,663	235,965
Other non-current assets		27,177	24,194	35,123	242,240
Total non-current assets		1,666,050	1,650,858	1,843,622	14,850,254
Total assets	4	¥4,212,064	¥4,053,391	¥4,589,526	$37,544,023

	Notes	Millions of Yen 2017	2016	Transition date (April 1, 2015)	Thousands of U.S. Dollars 2017
Liabilities and Equity					
Liabilities					
Current liabilities:					
Trade and other payables	8, 13, 14	¥1,053,646	¥ 989,223	¥1,086,936	$ 9,391,621
Bonds and borrowings	8, 15	536,120	537,876	773,162	4,778,679
Other financial liabilities	8	21,483	15,820	20,582	191,487
Income taxes payable		26,011	24,994	26,985	231,847
Provisions	16	4,565	4,831	4,372	40,689
Other current liabilities		117,997	139,574	133,950	1,051,760
Subtotal		1,759,825	1,712,319	2,045,988	15,686,112
Liabilities directly associated with assets held for sale	7	9,645	–	–	85,970
Total current liabilities		1,769,471	1,712,319	2,045,988	15,772,091
Non-current liabilities:					
Bonds and borrowings	8, 15	1,032,038	979,212	979,352	9,199,019
Trade and other payables	8, 13, 14	3,238	2,851	3,249	28,861
Other financial liabilities	8	19,732	25,578	9,903	175,880
Retirement benefits liabilities	17	37,916	36,777	31,890	337,962
Provisions	16	21,792	21,244	21,441	194,241
Deferred tax liabilities	23	86,930	140,226	135,716	774,846
Other non-current liabilities		17,432	19,194	30,745	155,379
Total non-current liabilities		1,219,080	1,225,087	1,212,300	10,866,209
Total liabilities		2,988,551	2,937,406	3,258,289	26,638,301
Equity					
Share capital	18	64,936	64,936	64,936	578,803
Capital surplus	18	150,494	153,751	155,148	1,341,420
Treasury shares	18	(3,540)	(3,623)	(3,858)	(31,553)
Other components of equity		111,084	100,629	243,216	990,141
Retained earnings	18	727,644	630,964	690,725	6,485,818
Total equity attributable to owners of the parent		1,050,619	946,658	1,150,169	9,364,640
Non-controlling interests		172,893	169,326	181,067	1,541,073
Total equity		1,223,513	1,115,984	1,331,236	10,905,722
Total liabilities and equity		¥4,212,064	¥4,053,391	¥4,589,526	$37,544,023

Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2017 and 2016

		Millions of Yen		Thousands of U.S. Dollars
Consolidated Statement of Profit or Loss	Notes	2017	2016	2017
Revenue				
Sales of goods		¥ 5,717,358	¥ 6,155,014	$ 50,961,386
Sales of services and others		80,004	91,089	713,111
Total revenue	4	5,797,362	6,246,103	51,674,498
Cost of sales		(5,226,490)	(5,633,564)	(46,586,059)
Gross profit	4	570,872	612,539	5,088,439
Selling, general and administrative expenses	20	(411,235)	(438,422)	(3,665,522)
Other income (expenses)				
Gain (loss) on sale and disposals of non-current assets, net		1,742	1,450	15,527
Impairment losses on non-current assets	4	(26,287)	(71,993)	(234,307)
Other, net	21	(1,422)	(20,584)	(12,674)
Total other income (expenses)		(25,967)	(91,127)	(231,455)
Operating profit		133,669	82,988	1,191,452
Finance income (costs)				
Interest income	22	7,508	8,079	66,922
Interest expenses	22	(26,058)	(28,309)	(232,266)
Dividend income	8, 22	18,752	19,854	167,145
Other, net	22	(3,454)	(2,446)	(30,787)
Total finance income (costs)		(3,251)	(2,821)	(28,977)
Share of profit (loss) of investments accounted for using the equity method	4, 9	10,476	(3,397)	93,377
Profit (loss) before income taxes		140,895	76,769	1,255,860
Income tax expense	23	(12,560)	(77,552)	(111,952)
Profit (loss) for the year		¥ 128,334	¥ (782)	$ 1,143,898
Profit (loss) for the year attributable to:				
Owners of the parent	4	¥ 107,903	¥ (19,280)	$ 961,788
Non-controlling interests		20,431	18,497	182,110
		Yen		U.S. Dollars
Earnings per share attributable to owners of the parent				
Basic earnings (losses) per share	25	¥306.64	¥(54.80)	$2.73
Diluted earnings (losses) per share	25	306.63	(54.80)	2.73

		Millions of Yen		Thousands of U.S. Dollars
Consolidated Statement of Comprehensive Income	Notes	2017	2016	2017
Profit (loss) for the year		¥128,334	¥ (782)	$1,143,898
Other Comprehensive Income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	17, 24	1,083	(8,545)	9,653
Financial assets measured at fair value through other comprehensive income	8, 24	37,019	(59,190)	329,967
Share of other comprehensive income of investments accounted for using the equity method	9, 24	715	(580)	6,373
Items that may be reclassified to profit or loss:				
Cash flow hedge	8, 24	12,744	(16,542)	113,593
Exchange differences on translation of foreign operations	24	(24,368)	(84,235)	(217,202)
Share of other comprehensive income of investments accounted for using the equity method	9, 24	(7,137)	(7,406)	(63,615)
Other comprehensive income for the year, net of tax	24	20,057	(176,501)	178,777
Total comprehensive income for the year		¥148,391	¥(177,283)	$1,322,675
Total comprehensive income for the year attributable to:				
Owners of the parent		¥128,964	¥(181,581)	$1,149,514
Non-controlling interests		19,427	4,297	173,161

Consolidated Statement of Changes in Equity

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2017 and 2016

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2017	2016	**2017**
Equity				
Share capital – Common stock	18			
Balance at the beginning of the year		¥ 64,936	¥ 64,936	$ 578,803
Balance at the end of the year		64,936	64,936	578,803
Capital surplus	18			
Balance at the beginning of the year		153,751	155,148	1,370,451
Acquisition (disposal) of non-controlling interests		(3,224)	(1,385)	(28,736)
Acquisition (disposal) of treasury shares		(32)	(11)	(285)
Balance at the end of the year		150,494	153,751	1,341,420
Treasury shares	18			
Balance at the beginning of the year		(3,623)	(3,858)	(32,293)
Acquisition (disposal) of treasury shares		82	234	730
Balance at the end of the year		(3,540)	(3,623)	(31,553)
Other components of equity				
Remeasurements of defined benefit pension plans				
Balance at the beginning of the year		–	–	–
Increase (decrease) during the year		1,082	(8,501)	9,644
Reclassification to retained earnings		(1,082)	8,501	(9,644)
Balance at the end of the year		–	–	–
Financial assets measured at fair value through other comprehensive income				
Balance at the beginning of the year		205,971	254,470	1,835,912
Increase (decrease) during the year		36,245	(59,711)	323,068
Reclassification to retained earnings		(9,524)	11,212	(84,891)
Balance at the end of the year		232,692	205,971	2,074,088
Cash flow hedge				
Balance at the beginning of the year		(26,738)	(11,253)	(238,327)
Increase (decrease) during the year		12,335	(15,484)	109,947
Balance at the end of the year		(14,402)	(26,738)	(128,371)
Exchange differences on translation of foreign operations				
Balance at the beginning of the year		(78,603)	–	(700,623)
Increase (decrease) during the year		(28,602)	(78,603)	(254,942)
Balance at the end of the year		(107,206)	(78,603)	(955,575)
Retained earnings	18			
Balance at the beginning of the year		630,964	690,725	5,624,066
Reclassification from other components of equity		10,607	(19,713)	94,544
Profit (loss) for the year attributable to owners of the parent		107,903	(19,280)	961,788
Dividends		(21,829)	(20,767)	(194,571)
Balance at the end of the year		727,644	630,964	6,485,818
Total equity attributable to owners of the parent		¥1,050,619	¥ 946,658	$ 9,364,640
Non-controlling interests				
Balance at the beginning of the year		¥ 169,326	¥ 181,067	$ 1,509,278
Dividends paid to non-controlling interests		(14,623)	(16,133)	(130,341)
Acquisition (disposal) of non-controlling interests		(2,778)	(454)	(24,761)
Profit for the year attributable to non-controlling interests		20,431	18,497	182,110
Other comprehensive income attributable to non-controlling interests				
Remeasurements of defined benefit pension plans		(23)	(65)	(205)
Financial assets measured at fair value through other comprehensive income		1,513	(39)	13,486
Cash flow hedge		775	(2,095)	6,907
Exchange differences on translation of foreign operations		(3,270)	(12,000)	(29,146)
Other		1,542	549	13,744
Balance at the end of the year		172,893	169,326	1,541,073
Total equity		¥1,223,513	¥1,115,984	$10,905,722
Comprehensive income for the year attributable to:				
Owners of the parent		¥ 128,964	¥ (181,581)	$ 1,149,514
Non-controlling interests		19,427	4,297	173,161
Total comprehensive income for the year		¥ 148,391	¥ (177,283)	$ 1,322,675

Consolidated Statement of Cash Flows

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2017 and 2016

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2017	2016	2017
Cash flows from operating activities				
Profit (loss) before income taxes		¥ 140,895	¥ 76,769	$ 1,255,860
Depreciation and amortization		76,065	81,229	678,001
Impairment losses on non-current assets		26,287	71,993	234,307
Finance costs (income)		3,251	2,821	28,977
Share of (profit) loss of investments accounted for using the equity method		(10,476)	3,397	(93,377)
(Gain) loss on sale and disposals of non-current assets, net		(1,742)	(1,450)	(15,527)
(Increase) decrease in trade and other receivables		(110,633)	98,373	(986,121)
(Increase) decrease in inventories		(5,585)	68,683	(49,781)
Increase (decrease) in trade and other payables		80,472	(53,215)	717,283
Other		(2,685)	15,481	(23,932)
Subtotal		195,848	364,084	1,745,681
Interest received		7,321	7,027	65,255
Dividends received		33,077	38,922	294,830
Interest paid		(25,477)	(27,877)	(227,087)
Income taxes paid		(50,998)	(61,826)	(454,568)
Net cash provided by operating activities		159,770	320,330	1,424,101
Cash flows from investing activities				
Increase in time deposits		(37,299)	(8,747)	(332,462)
Purchase of property, plant and equipment		(74,460)	(105,813)	(663,695)
Proceeds from sale of property, plant and equipment		13,990	22,192	124,699
Purchase of intangible assets		(10,929)	(17,336)	(97,415)
Purchase of investments		(22,177)	(27,393)	(197,673)
Proceeds from sale of investment		7,893	8,398	70,353
Payments for acquisition of subsidiaries	26	(9,290)	(32,029)	(82,805)
Proceeds from sale of subsidiaries	26	25	350	222
Payments for loans receivable		(14,779)	(26,145)	(131,731)
Collection of loans receivable		19,829	17,738	176,744
Other		(327)	6,009	(2,914)
Net cash used in investing activities		(127,525)	(162,777)	(1,136,687)
Cash flows from financing activities				
Net increase (decrease) in short-term borrowings		(971)	(228,660)	(8,654)
Proceeds from long-term borrowings		142,170	162,852	1,267,225
Repayment of long-term borrowings		(105,724)	(142,430)	(942,365)
Proceeds from issuance of bonds		39,774	19,900	354,523
Redemption of bonds		(25,992)	(10,000)	(231,678)
Purchase of treasury shares		(25)	(38)	(222)
Dividends paid		(21,829)	(20,767)	(194,571)
Dividends paid to non-controlling interests		(14,623)	(16,164)	(130,341)
Proceeds from non-controlling interests		1,685	509	15,019
Payments for acquisition of subsidiaries' interest from non-controlling interests		(5,897)	(5,197)	(52,562)
Other		(2,908)	(5,637)	(25,920)
Net cash provided by (used in) financing activities		5,656	(245,634)	50,414
Net increase (decrease) in cash and cash equivalents		37,901	(88,081)	337,828
Cash and cash equivalents at the beginning of the year		392,247	495,536	3,496,274
Effect of exchange rate changes on cash and cash equivalents		(3,940)	(15,207)	(35,118)
Cash and cash equivalents at the end of year	26	¥ 426,208	¥ 392,247	$ 3,798,983

Notes to Consolidated Financial Statements

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2017 and 2016

NOTE 1. Reporting Entity

TOYOTA TSUSHO CORPORATION (the "Company") is a company located in Japan. The consolidated financial statements of the Company as of and for the year ended March 31, 2017 comprise the Company and its consolidated subsidiaries (collectively, the "Group"), and the Group's interest in associated companies and jointly controlled entities.

The Group primarily engages in trading of various products in Japan and overseas as well as manufacturing, processing, marketing, investments and providing services in relation to these products.

Based on the Group's corporate philosophy: "Living and prospering together with people, society, and the planet, we aim to be a value-generating corporation that contributes to the creation of prosperous societies," the Group's fundamental management philosophy is to (i) strive for open and fair corporate activities, (ii) be socially responsible and strive for conservation of the environment (iii) be creative, and strive to provide added value to all stakeholders, including customers, shareholders, employees and communities.

NOTE 2. Basis of Preparing Consolidated Financial Statements

(1) Statement of compliance with IFRSs

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") pursuant to the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements as the Company fulfills all the requirements of the "Specified Company for Designated IFRSs" set forth in Article 1-2 of said Ordinance.

These consolidated financial statements are the Group's first financial statements prepared in accordance with IFRSs and the transition date to IFRSs was April 1, 2015. The Company has applied IFRS 1 "First Time Adoption of International Financial Reporting Standards." An explanation regarding how the transition has affected the Group's financial position, results of operations and cash flows is provided in Note 32. "Disclosures Regarding Transition to IFRSs."

The consolidated financial statements were authorized for issue by Jun Karube, President & CEO and Hideyuki Iwamoto, CFO, on August 10, 2017.

(2) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for assets and liabilities such as financial instruments measured at fair value as stated in Note 3. "Significant Accounting Policies."

(3) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen, which is the Company's functional currency.

All financial information presented in Japanese yen has been rounded down to the nearest million. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥112.19 to U.S.$1, the approximate exchange rate at March 31, 2017. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

(4) Significant accounting judgments, estimates and assumptions

Upon preparation of the consolidated financial statements in accordance with IFRSs, the Company's management is required to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effect of a change in an accounting estimate is recognized in the period of the change and future period.

The following notes include information on critical judgments in the application of accounting policies that have a significant effect on the amounts recognized in the consolidated financial statements:

- Note 3. Significant Accounting Policies, (1) Basis of consolidation
- Note 3. Significant Accounting Policies, (15) Revenue recognition

The following notes include information on uncertainties of assumptions and estimates that have a significant risk to cause material revisions in the next fiscal year:

- Note 8. Financial Instruments, (2) Fair value of financial instruments
- Note 10. Property, Plant and Equipment
- Note 11. Intangible Assets
- Note 12. Investment Property
- Note 16. Provisions
- Note 17. Employee Benefits
- Note 23. Deferred Tax and Corporate Income Taxes

NOTE 3. Significant Accounting Policies

(1) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities which are controlled by the Group. The Group controls the entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

When the accounting policies adopted by a subsidiary are different from the Group accounting policies, the financial statements of the subsidiary are adjusted as necessary.

All intra-group balances of assets and liabilities, income, unrealized profit and loss are eliminated in consolidation.

Changes in the ownership interest in a subsidiary that do not result in a loss of control, are accounted for as equity transactions. Any difference between the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

If the Group loses control of a subsidiary, the Group derecognizes the assets, liabilities, any non-controlling interests and other components of equity related to the former subsidiary. Any gain or loss arising from such loss of control is recognized in profit or loss. Any investment retained in the former subsidiary is recognized at fair value at the date that control is lost.

(ii) Business combinations

Business combinations are accounted for using the acquisition method. Non-controlling interests are measured at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets. The Company determines the measurement method for each business combination.

If the aggregate amount of the consideration transferred and the amount of non-controlling interests in the acquiree exceeds the net identifiable assets acquired and liabilities assumed at the acquisition date, the Company recognizes the excess amount as goodwill; however, if such aggregate amount does not exceed, the Company recognizes the amount in profit or loss.

Acquisition-related costs are recognized in profit or loss as incurred.

(iii) Associates and joint ventures

An associate, an entity over which the Group has significant influence over the decisions on financial and operating policies but does not control, is accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the entity but not fall under the control. The Group presumes to have significant influence over the entity when the Group holds twenty percent or more and fifty percent or less of voting rights of the entity.

A joint venture is an entity under a joint arrangement whereby multiple parties, including the Group, have joint control for significant economic operations of the entity and the Group has a right to net assets of the entity. Joint ventures are accounted for using the equity method.

When accounting policies adopted by associates and joint ventures differ from those adopted by the Group, adjustments are made to the financial accounts of such associates and joint ventures as necessary.

In addition, significant unrealized profit and loss are eliminated to the extent of the Group's interest in the associates and joint ventures.

(2) Foreign currency translation

(i) Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of the transactions.

Monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rate at the fiscal year-end. Exchange differences arising from translation and settlement are recognized in profit or loss.

Non-monetary items in foreign currency, which are measured on a historical cost basis, are translated into functional currency using the spot exchange rate at the date of transaction. Non-monetary items in foreign currency, which are measured at fair value, are translated into functional currency using the spot exchange rate at the date of fair value measurement. With respect to exchange differences of non-monetary items, when a gain or loss on non-monetary items is recognized in other comprehensive income, the foreign exchange component of the gain or loss is also recognized in other comprehensive income. When a gain or loss on non-monetary items is recognized in profit or loss, the foreign exchange component of the gain or loss is also recognized in profit or loss.

(ii) Translation of foreign operations

Assets and liabilities of foreign operations are translated into functional currency using the spot exchange rate at the fiscal year-end. Income and expenses are translated into functional currency using the average exchange rate for the reporting period unless exchange rates fluctuate significantly during the period. Exchange differences on translation are recognized in other comprehensive income and the cumulative amount of exchange differences is included in other components of equity.

When the Group disposes of a foreign operation, cumulative amount of the exchange differences related to the foreign operation, which has been recognized as other components of equity, is reclassified to profit or loss upon disposals.

Adopting the exemption clauses under IFRS 1, the Group has reclassified the cumulative amount of exchange differences that existed at the transition date to retained earnings.

(3) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term highly liquid investments with maturities of three months or less from the date of acquisition which are readily convertible to cash and subject to an insignificant risk of changes in value.

(4) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

The acquisition cost of inventories is determined by the specific identification method when inventory items are not ordinarily interchangeable and mainly by the moving-average method when inventory items are interchangeable.

Inventories acquired with purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, where any changes in fair value are recognized in profit or loss.

(5) Assets held for sale

The Group classifies an asset as held for sale if its carrying amount will be recovered through a sale transaction rather than through continuing use, and if it is highly probable to sell within one year. Assets held for sale are recognized at the lower of their carrying amount and fair value less costs to sell. In addition, the Group does not depreciate or amortize assets held for sale.

(6) Financial instruments

The Group has early applied IFRS 9 "Financial Instruments" (revised on July 2014).

(i) Non-derivative financial assets

Non-derivative financial assets are classified into financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income ("FVTOCI financial assets") upon initial recognition at the date of transaction.

The Group derecognizes a financial asset when (a) the contractual rights to the cash flows from the financial assets expire, or (b) the contractual rights to receive the cash flows from the financial asset are transferred and all risks and rewards of ownership of the financial assets are substantially transferred.

(a) Financial assets measured at amortized cost

The Group classifies financial assets as financial assets measured at amortized cost if the following conditions are met.

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

At initial recognition, financial assets measured at amortized cost are measured at fair value plus transaction costs that are directly attributable to the acquisition. After initial recognition, such financial assets are measured at amortized cost using the effective interest method.

(b) FVTOCI financial assets

The Group classifies financial assets not measured at amortized cost as FVTOCI financial assets. At initial recognition, FVTOCI financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition. After initial recognition, such financial assets are measured at fair value and any subsequent changes in fair value are recognized in other comprehensive income. If the asset is derecognized or its fair value substantially decreases, the Group reclassifies the cumulative amounts recognized in other comprehensive income to retained earnings.
Dividends are recognized in profit or loss.

(ii) Impairment of non-derivative financial assets

The Group assumes the loss allowance for trade receivables, one of the financial assets measured at amortized cost, at amounts equivalent to lifetime expected credit losses. For loan receivables, the Group measures a loss allowance at an amount equivalent to expected credit losses for 12 months when its credit risk has not significantly increased since initial recognition. However, when credit risk has significantly increased since initial recognition, the allowance is measured at an amount equivalent to lifetime expected credit losses. The Group assumes that there is no significant increase in credit risk if a receivable is not delinquent more than 30 days or a receivable is from a customer with an investment-grade or equivalent credit profile based on internal credit rating system. On the other hand, the Group assumes that a receivable is in default if the receivable is delinquent over 90 days or a receivable is from a customer with highly speculative credit profile based on internal credit rating system. After taking into consideration forward-looking information related to credit risk, the Group measures a loss allowance for a financial asset by evaluating expected credit losses individually if the financial asset is individually significant, and by evaluating expected credit losses collectively by asset groups with similar credit risk profiles, based on internal credit rating system, if financial assets are individually insignificant.

The Group assesses a financial asset as "credit-impaired" based on objective evidences such as a borrower's significant financial difficulty, default or delinquency of interest or principle payments, and bankruptcy.

The Group writes off the gross carrying value of a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on the asset.

(iii) Non-derivative financial liabilities

At initial recognition, non-derivative financial liabilities are classified as financial liabilities measured at amortized cost, and measured at fair value less transaction costs that are directly attributable to incurring the liability. After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

The financial liabilities are derecognized when the contractual obligation is fulfilled, discharged, cancelled or expired.

(iv) Derivatives and hedge accounting

The Group uses derivatives transactions including forward exchange contracts, interest rate swaps, commodity futures and forwards transactions, in order to hedge foreign currency fluctuation risk, interest rate fluctuation risk and commodity price fluctuation risk.

At initial recognition, derivatives are measured at fair value and the related transaction costs are recognized in profit and loss as incurred. After initial recognition, derivatives are measured at fair value and any subsequent changes in value are recognized in profit and loss.

When qualified for hedge accounting, derivatives are accounted for as follows:

(a) Fair value hedge

The Group recognizes changes in fair value of a derivative used as a hedging instrument in profit or loss, and the changes in the fair value of a hedged item in profit or loss by adjusting the carrying amount of the hedged item.

(b) Cash flow hedge

Of the changes in fair value of a derivative used as a hedging instrument, the portion determined to be effective hedge is recognized in other comprehensive income, and the portion determined to be in effective is recognized in profit and loss.

The amount recognized in other comprehensive income is reclassified from other components of equity to profit or loss in the fiscal year that the hedged transaction affects profit or loss. However, if hedging on a forecasted transaction subsequently results in the recognition of a non-financial asset or liability, the amount recognized in other comprehensive income is then accounted for as an adjustment to the initial carrying amount of the non-financial asset or liability.

When future cash flows from a hedging instrument are no longer expected, the Group discontinues hedge accounting and reclassifies the amounts recognized in other comprehensive income from other components of equity to profit or loss.

(c) Hedges of net investments in foreign operations

For non-derivative financial liabilities such as borrowings, which are hedging instruments to hedge foreign exchange fluctuation risk on investments in foreign operations, the same treatment as cash flow hedge is applied. The portion determined to be effective hedge and recognized in other comprehensive income is reclassified from other components of equity to profit or loss upon disposals of the foreign operation.

(v) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount of such offset is presented in the consolidated statement of financial position only when the Group has a legally enforceable right to offset the recognized amounts and intends either to settle them on a net basis or realize the assets and settle the liabilities simultaneously.

(7) Property, plant and equipment

Property, plant and equipment is initially recognized at acquisition cost and includes costs directly attributable to the acquisition, dismantling and removal costs, restoration costs, and borrowing costs directly attributable to the acquisition and construction of assets which require a significant period of time to complete. After initial recognition, property, plant and equipment is measured at costs less any accumulated depreciation and any accumulated impairment loss based on a cost model.

Depreciation on property, plant and equipment, other than land and construction in progress, is calculated on a straight-line basis over the following estimated useful lives.

Buildings and structures 2 to 60 years
Machinery and vehicles 2 to 40 years

Depreciation method, estimated useful lives and residual values are reviewed at the fiscal year-end and amended as necessary.

(8) Intangible assets

(i) Goodwill

After initial recognition, goodwill is not amortized but measured at cost less accumulated impairment losses.

(ii) Intangible assets other than goodwill

Intangible assets other than goodwill are initially recognized at acquisition cost if acquired individually or at fair value at the acquisition date if acquired through a business combination. After initial recognition, the assets are measured at acquisition costs less any accumulated amortization and applicable accumulated impairment loss based on a cost model.

Mining rights are generally amortized utilizing a unit-of production method based on the estimated volume of reserves. Except for mining rights, intangible assets other than goodwill are amortized on a straight-line basis over the estimated useful life as follows:

Marketing rights, customer-related, etc.	10 to 15 years
Software	2 to 15 years

Amortization method, estimated useful lives and residual values are reviewed at the fiscal year-end and amended as necessary.

(9) Investment property

An investment property is a property held to earn rent or for capital appreciation, or both.

An investment property is initially recognized at acquisition cost including direct costs incurred for acquisition and borrowing costs to be capitalized. After initial recognition, it is measured at cost less accumulated depreciation and accumulated impairment losses based on cost model.

Investment property is amortized on a straight-line basis over estimated useful lives (3 – 47 years).

Depreciation method, estimated useful lives and residual values are reviewed at the fiscal year-end and amended as necessary.

(10) Leases

The Group determines whether an agreement is, or contains, a lease based on the substance of the agreement at inception of the lease.

In case that all the risks and rewards incidental to ownership of an asset substantially transfers to the lessee, the lease is classified as a finance lease; otherwise, a lease is classified as an operating lease.

(i) Finance lease

(a) Lessee

Leased assets and liabilities are initially recognized at the lower of fair value and present value of total minimum lease payments at inception of the lease. After initial recognition, depreciation of leased assets is computed on a straight-line basis over the respective lease term according to its estimated useful life. Lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability in a manner to produce a constant periodic rate of interest on the remaining balance of the liability.

(b) Lessor

Leased assets are capitalized on the consolidated statements of financial position at an amount equivalent to net investment in the lease at the inception of the lease. Financial income is recognized based on a pattern reflecting a constant rate of return on the lessor's net investment in the lease.

(ii) Operating lease

(a) Lessee

Lease payments are recognized on a straight-line basis mainly over the lease term.

(b) Lessor

Leased assets are capitalized on the consolidated statement of financial position, and their depreciation is computed using the same method as other similar assets held by the Group. Lease fees received are generally recognized on a straight-line basis over the lease term.

(11) Impairment of non-financial assets

The Group assesses whether there is any indication that any of the following non-financial assets may be impaired as of the fiscal year-end: property, plant and equipment, intangible assets other than goodwill, investment property and leased assets. If any such indication of impairment exists, the Group estimates the recoverable amount of the asset or the cash-generating unit. The Group examines impairment of goodwill by comparing carrying amount and recoverable amount on an annual basis, or on a timely basis if there is an indication that the goodwill may be impaired. The recoverable amount of an asset or a cash-generating unit is measured at the higher of its fair value less costs of disposals and value in use. If the carrying amount of the asset or cash-generating unit exceeds its recoverable amount, the carrying amount of the asset is reduced to its recoverable amount and that reduction is recognized as an impairment loss.

In addition, as of the fiscal year-end, the Group assesses whether there is any indication that an impairment loss recognized in the past no longer exists or may have decreased. If such indication exists, the Group assesses the recoverable amount of the asset or cash-generating unit. If the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, an impairment loss is reversed to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset. Impairment losses recognized for goodwill are not reversed in subsequent periods.

The total amount of investment accounted for using the equity method is tested for impairment as a single asset.

(12) Provisions

The Group recognizes a provision when (a) the Group has a present legal obligation or constructive obligation as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the Group measures the amount of a provision at the present value using the discount rate which reflects risks specific to the liability.

(13) Employee benefits

(i) Defined benefit plans

For each of the defined benefit plans, the present value of the obligations and fair value of the plan assets are calculated and the net of those values is accounted for as either an asset or a liability. The discount rate is determined by reference to the market yields on highly rated corporate bonds at the fiscal year-end that have the same or similar maturity terms and currencies as those of the Group's defined benefit obligations. Past service cost is charged to profit or loss when recognized.

The Group recognizes the changes in the net defined benefit liability (asset) due to remeasurements in other comprehensive income and immediately reclassifies them from other components of equity to retained earnings.

(ii) Defined contribution plans

The Group recognizes contributions under the defined contribution plans as expenses in the period when the employees render the related services.

(iii) Short-term employee benefits

The Group recognizes short-term benefits as expenses, when the related service is rendered, at an amount assumed without discounting. The Group also recognizes the estimated amount as a liability when it has present legal or constructive obligations to pay as a result of past employee service and when the amount of the obligations can be reliably estimated.

(14) Equity

(i) Share capital and capital surplus

The total amount of equity instruments issued by the Group is recognized as share capital and capital surplus. Issuance costs directly attributable to the issuance of equity instruments are recognized as a deduction from capital surplus.

(ii) Treasury shares

When the Group repurchases treasury shares, the acquisition cost including costs directly attributable to the acquisition of shares is recognized as a deduction of equity. When the Group sells treasury shares, the consideration received is recognized as an increase in equity.

(15) Revenue recognition

(i) Revenue recognition criteria

(a) Sales of goods

Sales of goods includes sales of merchandises and products such as metals, automobiles, automotive components, machinery, chemicals and foods.

Revenue from the sales of goods is recognized when all of the following conditions are met:

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

Specifically, the Group recognizes revenues when contractual conditions of delivery are met, which include delivery of a merchandise or product to a buyer and completion of a trial run.

(b) Rendering of services

Services include financial services, logistics, information and communication, insurance and other services.

Revenue from the rendering of services is recognized by reference to the stage of completion of the transaction as of the fiscal year-end when all of the following conditions are met:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction can be reliably measured at the fiscal year-end;
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When it is not possible to reliably measure the state of completion of a transaction, the revenue from the service rendered is recognized only to the extent of the recoverable amount of costs.

(c) Other

Other revenue includes mainly income generated from loans receivable and revenue from leasing business.

Income on loans receivable is recognized using effective interest method. Details on the leasing business are stated in "(10) Leases."

(ii) Revenue measurement

Revenue from sales of goods is measured at fair value of the consideration received or receivable taking into account the amount of any returned goods, trade discount and volume rebates.

(iii) Gross and net presentation of revenues

When the Group is acting as a principal in a transaction, revenue is presented based on the gross amount received from a customer. On the other hand, when the Group is acting as an agent, revenue is presented in net. The Group comprehensively determines whether the Group is acting as a principal or an agent based on the following five criteria:

- whether the Group has the primary responsibility for providing goods or services to the customer or for fulfilling the order;
- whether the Group has inventory risk before or after receiving the customer order, during shipping or on return;
- whether the Group has latitude in establishing prices, either directly or indirectly;
- whether the Group bears the customer's credit risk for the amount receivable from the customer; and
- whether the amount the Group earns is predetermined, being either a fixed fee per transaction or a stated percentage of the amount billed to the customer.

(16) Income taxes

Income tax expenses comprise current tax expense and deferred tax expense. The Group recognizes each in profit or loss, except when the related expense is recognized directly in other comprehensive income, equity, or from a business combination.

Current tax expense is measured by the amount expected to be paid to or received from the tax authorities. The tax rates or tax laws that are used to calculate the tax amounts are those that have been enacted or substantially enacted by the fiscal year-end.

The Group recognizes deferred tax assets and deferred tax liabilities for temporary differences between the carrying amounts of assets and liabilities and its tax base, with the unused tax losses carried forward and unused tax credits carried forward. The amounts of deferred tax assets and deferred tax liabilities are calculated by applying the expected tax rate or tax law applicable for the fiscal year in which those assets are realized or liabilities are settled in accordance with a statutory tax rate or a substantially enacted statutory tax rate and the tax law as of the fiscal year-end. The Group does not recognize deferred tax assets and deferred tax liabilities in the following cases:

- when future taxable temporary differences arise from the initial recognition of goodwill;
- when future taxable temporary differences arise from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit (tax loss) on the transaction date;
- with respect to future taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, when the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future; or,
- with respect to future deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, when it is probable that the temporary differences will not reverse in the foreseeable future or it is remote that taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets are recognized for deductible temporary differences, net operating tax losses and deferred tax credits to the extent that it is probable that they can be used against future taxable profit. At the fiscal year-end, the Group reviews the carrying amount of deferred tax assets and reduces it to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit to be utilized. The Group also reviews items unrecognized as deferred tax assets at the fiscal year-end and recognizes them to the extent that it becomes probable that future taxable profits will be available to allow the benefits to be utilized.

The deferred tax assets and deferred tax liabilities are offset and presented in net on the consolidated statement of financial position only if (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and (b) the income taxes are levied by the same taxation authority on either (i) the same taxable entity or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously.

(17) Government grants

Government grants are recognized when there is reasonable assurance that the Group will comply with conditions of the grant and receive the grants. The government grants are measured at fair value. The amount of grants related to an asset is deducted from acquisition cost of the asset.

(18) Accounting standards and interpretations issued but not yet adopted

The following table summarizes the major standards and interpretations issued prior to the date of approval for issuance of the consolidated financial statements, but not yet adopted. The potential impact of adoption of these standards and interpretations is currently under assessment and cannot be estimated as of the filing date.

IFRSs	Title	Mandatory adoption date (from fiscal years beginning on or after)	Planned fiscal year of adoption	Outline of new or amended standard
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Fiscal year ending March 31, 2019	Amendment of accounting treatment for and disclosure on revenue recognition
IFRS 16	Leases	January 1, 2019	Fiscal year ending March 31, 2020	Amendment of accounting treatment for lease contracts

NOTE 4. Segment Information

(1) Description of reportable segments

The Group's reportable segments are components of the Group about which separate financial information is available and such information is evaluated regularly by the Company's Board of Directors in order to decide how to allocate resources and assess performance.

The main business of the Group is buying and selling various goods in Japan and overseas. The Group also engages in a wide range of businesses including manufacturing, processing and selling products, investments, and providing services. The Group's operations are segmented based on products and services categories into six segments: Metals, Global Parts & Logistics, Automotive, Machinery, Energy & Project, Chemicals & Electronics, Food & Consumer Services. These segments correspond to the Group's six business divisions. The business of each segment is conducted by the Company's business divisions and associates directly supervised by each business division.

The businesses of each division are listed below. Effective from April 1, 2017, the Group combined all African-related business from each division into the "Africa Division."

(i) Metals Division

The Metals Division mainly handles steel products, steel specialty products, steel construction materials, non-ferrous metal ingots, precious metals, aluminum products, copper alloy products, iron and steel scrap, nonferrous metals scrap, ferro-alloy products, pig iron, recycling of end-of-life vehicles (ELVs) and auto parts, waste catalysts, rare earth resources and rare metals. The Division manufactures, processes, sells and disposes of the products listed above.

(ii) Global Parts & Logistics Division

The Global Parts & Logistics Division mainly manufactures, sells and provides services for component parts for automotive production, as well as running logistics business and tire assembly business.

(iii) Automotive Division

The Automotive Division mainly handles passenger vehicles, commercial vehicles, motorcycles, trucks, buses, industrial vehicles and automotive parts. The Division exports, sells and provides services for the products listed above. The Division also engages in various business related to automotive sales, including small and medium-scale vehicle assembly, body mounting and conversion, used vehicle sales and captive finance and leases.

(iv) Machinery, Energy & Project Division

The Machinery, Energy & Project Division mainly handles machine tools, testing and measuring instruments, electronic devices, environmental equipment, coal, crude oil, natural gas products, petroleum products, liquefied petroleum gas (LPG), plant, construction machinery, and industrial machinery. The Division sells and provides services relevant to the products listed above, as well as running energy and electric power supply business and water treatment business.

(v) Chemicals & Electronics Division

The Chemicals & Electronics Division sells and provides services for component parts for automobile production, semiconductors, electronic parts, modular products, automotive embedded software development, network integration and support, electronic equipment, overseas IT infrastructure exports, PCs, PC peripherals and software, and ITS (Intelligent Transport Systems). The Division also handles plastics, rubber, batteries and electronic materials, specialty and inorganic chemicals, fat and oil products, chemical additives, and pharmaceuticals and pharmaceutical ingredients. The Division processes, manufactures, sells and provides services relevant to the products listed above.

(vi) Food & Consumer Services Division

The Food & Consumer Services Division manufactures, processes, sells, and provides services relevant to the products such as feed and oilseeds, grains, processed foods, food ingredients, agricultural, marine and livestock products, and alcoholic beverages. The Division also sells and provides services relevant to the products such as property, casualty and life insurance, brokered securities, textile products, apparel, nursing care and medical products, construction and housing materials, and office furniture. In addition, the Division also engages in general hospital business and hotel residence business.

(2) Reportable segment information

The accounting policies of each reportable segment are consistent with those in Note 3. "Significant Accounting Policies."

	Millions of Yen									
	Reportable segments									
For the year ended March 31, 2017	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue										
External customers	¥1,394,382	¥780,609	¥877,604	¥724,264	¥1,586,223	¥431,206	¥5,794,291	¥ 3,071	¥ –	¥5,797,362
Inter-segment	186	1,941	35	2,557	5,879	1,142	11,743	893	(12,636)	–
Total	1,394,569	782,551	877,640	726,822	1,592,103	432,348	5,806,035	3,964	(12,636)	5,797,362
Gross profit	85,347	65,590	159,860	66,818	140,241	57,624	575,483	2,171	(6,782)	570,872
Profit (loss) for the year attributable to owners of the parent	¥ 25,405	¥ 16,986	¥ 18,633	¥ 15,939	¥ 13,686	¥ (7,726)	¥ 82,924	¥ 24,967	¥ 10	¥ 107,903
Segment assets	¥ 806,023	¥375,726	¥604,442	¥755,207	¥ 753,207	¥318,844	¥3,613,451	¥791,274	¥(192,661)	¥4,212,064
Other items:										
(1) Investments accounted for using the equity method	¥ 16,418	¥ 16,338	¥ 28,995	¥ 51,924	¥ 60,136	¥ 32,947	¥ 206,761	¥ 11,918	¥ –	¥ 218,679
(2) Share of profit (loss) of investments accounted for using the equity method	961	1,787	1,643	4,227	1,403	(2)	10,020	456	(0)	10,476
(3) Depreciation and amortization	10,904	5,663	22,190	18,923	6,034	6,554	70,270	5,794	–	76,065
(4) Impairment losses on non-current assets	1,686	388	189	33	8,041	15,932	26,272	14	–	26,287
(5) Capital expenditures	11,390	3,854	22,535	26,238	7,595	5,344	76,959	11,724	–	88,683

	Thousands of U.S. Dollars									
	Reportable segments									
For the year ended March 31, 2017	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue										
External customers	$12,428,754	$6,957,919	$7,822,479	$6,455,691	$14,138,720	$3,843,533	$51,647,125	$ 27,373	$ –	$51,674,498
Inter-segment	1,657	17,301	311	22,791	52,402	10,179	104,670	7,959	(112,630)	–
Total	12,430,421	6,975,229	7,822,800	6,478,491	14,191,131	3,853,712	51,751,804	35,332	(112,630)	51,674,498
Gross profit	760,736	584,633	1,424,904	595,578	1,250,031	513,628	5,129,539	19,351	(60,451)	5,088,439
Profit (loss) for the year attributable to owners of the parent	$ 226,446	$ 151,403	$ 166,084	$ 142,071	$ 121,989	$ (68,865)	$ 739,138	$ 222,542	$ 89	$ 961,788
Segment assets	$ 7,184,446	$3,349,015	$5,387,663	$6,731,500	$ 6,713,673	$2,842,000	$32,208,316	$7,052,981	$(1,717,274)	$37,544,023
Other items:										
(1) Investments accounted for using the equity method	$ 146,341	$ 145,627	$ 258,445	$ 462,821	$ 536,019	$ 293,671	$ 1,842,953	$ 106,230	$ –	$ 1,949,184
(2) Share of profit (loss) of investments accounted for using the equity method	8,565	15,928	14,644	37,677	12,505	(17)	89,312	4,064	(0)	93,377
(3) Depreciation and amortization	97,192	50,476	197,789	168,669	53,783	58,418	626,348	51,644	–	678,001
(4) Impairment losses on non-current assets	15,028	3,458	1,684	294	71,673	142,009	234,174	124	–	234,307
(5) Capital expenditures	101,524	34,352	200,864	233,871	67,697	47,633	685,970	104,501	–	790,471

Notes: 1. "Other" comprises businesses, such as a professional division that supports group-wide operations not included in reportable segments. "Other" also includes profit or loss not allocated to other specific reportable segments. "Profit (loss) for the year attributable to owners of the parent" is mainly attributable to a review of the recoverability of deferred tax assets recognized in each reportable segment.
2. Figures in "Adjustments" represent the amounts of inter-segment transactions.
3. Prices of inter-segment transactions are individually determined based on negotiation.

	Millions of Yen									
	Reportable segments									
For the year ended March 31, 2016	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue										
External customers	¥1,467,710	¥819,939	¥965,999	¥788,534	¥1,686,406	¥515,359	¥6,243,950	¥ 2,153	¥ –	¥6,246,103
Inter-segment	215	1,727	20	2,487	4,844	874	10,169	735	(10,904)	–
Total	1,467,926	821,667	966,019	791,021	1,691,251	516,233	6,254,119	2,888	(10,904)	6,246,103
Gross profit	85,765	69,652	184,900	69,945	139,809	65,843	615,916	2,196	(5,574)	612,539
Profit (loss) for the year attributable to owners of the parent	¥ 12,370	¥ 13,306	¥ 23,747	¥ (48,252)	¥ 9,759	¥ 771	¥ 11,702	¥ (30,991)	¥ 9	¥ (19,280)
Segment assets	¥ 775,510	¥347,624	¥621,260	¥695,070	¥ 748,995	¥326,165	¥3,514,626	¥690,675	¥(151,910)	¥4,053,391
Other items:										
(1) Investments accounted for using the equity method	¥ 15,343	¥ 19,510	¥ 27,809	¥ 55,827	¥ 60,758	¥ 26,466	¥ 205,715	¥ 17,073	¥ –	¥ 222,789
(2) Share of profit (loss) of investments accounted for using the equity method	(6,329)	2,186	3,590	3,220	(4,499)	(2,837)	(4,669)	1,284	(12)	(3,397)
(3) Depreciation and amortization	11,676	6,981	23,473	20,141	6,550	6,111	74,935	6,294	–	81,229
(4) Impairment losses on non-current assets	4,760	993	1,036	59,868	77	5,258	71,993	–	–	71,993
(5) Capital expenditures	12,929	4,929	29,821	47,855	7,880	10,442	113,858	6,511	–	120,370

Notes: 1. "Other" comprises businesses, such as a professional division that supports group-wide operations not included in reportable segments. "Other" also includes profit or loss not allocated to other specific reportable segments. "Profit (loss) for the year attributable to owners of the parent" is mainly attributable to a review of the recoverability of deferred tax assets recognized in each reportable segment.
2. Figures in "Adjustments" represent the amounts of inter-segment transactions.
3. Prices of inter-segment transactions are individually determined based on negotiation.

As of the transition date (April 1, 2015)	Millions of Yen Reportable segments Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Segment assets	¥907,250	¥373,005	¥667,450	¥757,954	¥828,768	¥321,658	¥3,856,088	¥876,276	¥(142,837)	¥4,589,526
Other items:										
Investments accounted for using the equity method	¥ 27,935	¥ 23,628	¥ 27,147	¥ 57,593	¥ 59,295	¥ 23,880	¥ 219,481	¥ 16,400	¥ –	¥ 235,882

Notes: 1. "Other" comprises businesses, such as a professional division that supports group-wide operations not included in reportable segments.
2. Figures in "Adjustments" represent the amounts of inter-segment transactions.
3. Prices of inter-segment transactions are individually determined based on negotiation.

(3) Information on products and services

Products and services are the same as that of reportable segments noted above.

(4) Geographic information

(i) External revenue

	Millions of Yen 2017	Millions of Yen 2016	Thousands of U.S. Dollars 2017
Japan	¥1,964,250	¥2,048,167	$17,508,244
China	738,162	779,698	6,579,570
U.S.	600,551	642,761	5,352,981
Other	2,494,399	2,775,475	22,233,701
Total	¥5,797,362	¥6,246,103	$51,674,498

Revenue is classified based on the locations of customers.

(ii) Non-current assets (excluding financial assets and deferred tax assets, etc.)

	Millions of Yen 2017	Millions of Yen 2016	Millions of Yen Transition date (April 1, 2015)	Thousands of U.S. Dollars 2017
Japan	¥302,929	¥301,843	¥287,289	$2,700,142
U.S.	82,969	77,619	80,040	739,540
Other	439,039	452,909	529,097	3,913,352
Total	¥824,938	¥832,372	¥896,427	$7,353,043

(5) Information on major customers

The major customer of the Group is Toyota Motor Corporation Group. Each of the Group's segments reports revenue from them. The total revenues recognized from Toyota Motor Corporation Group for the years ended March 31, 2017 and 2016 are ¥695,208 million ($6,196,702 thousand) and ¥719,763 million, respectively.

NOTE 5. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Notes and accounts receivable	¥1,280,414	¥1,205,076	¥1,362,589	$11,412,906
Other	123,348	113,919	137,372	1,099,456
Loss allowance	(44,907)	(40,995)	(46,257)	(400,276)
Total	1,358,855	1,278,001	1,453,704	12,112,086
Current assets	1,323,165	1,243,547	1,420,166	11,793,965
Non-current assets	35,690	34,453	33,538	318,121
Total	¥1,358,855	¥1,278,001	¥1,453,704	$12,112,086

NOTE 6. Inventories

The breakdown of inventories is as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Merchandise and finished goods	¥574,743	¥578,657	¥663,947	$5,122,943
Work in progress	6,521	5,823	7,664	58,124
Raw materials and supplies	22,626	22,604	30,284	201,675
Total	¥603,891	¥607,085	¥701,896	$5,382,752

The carrying amount of inventories measured at fair value after deducting direct selling cost and the revaluation loss of inventories recognized as expense during the year are not significant. Inventory primarily consists of direct costs incurred during the year as recorded in cost of sales on the consolidated statement of profit or loss.

NOTE 7. Assets Held for Sale and Liabilities Directly Associated

The breakdown of assets held for sale and liabilities directly associated with such assets is shown below.

(1) Assets held for sale

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Trade and other receivables	¥ 7,027	¥–	¥–	$ 62,634
Inventories	3,479	–	–	31,009
Other financial assets	1,578	–	–	14,065
Property, plant and equipment	1,312	–	–	11,694
Other	810	–	–	7,219
Total	¥14,208	¥–	¥–	$126,642

(2) Liabilities directly associated with assets held for sale

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Trade and other payables	¥6,872	¥–	¥–	$61,253
Other	2,772	–	–	24,708
Total	¥9,645	¥–	¥–	$85,970

Assets held for sale and liabilities directly associated with assets held for sale as of March 31, 2017 represent assets and liabilities of TDmobile Corporation ("TDmobile"), a consolidated subsidiary, which is jointly held by the Company and DENSO CORPORATION ("DENSO"). Addressing the future expansion of the mobile market, the Company and DENSO agreed to start up mobile-related products and services business and expand its business through TDmobile's sales channels and marketing divisions, in cooperation with DENSO's current marketing channels. In this connection, the holding share of the Company will be changed from 51% to 49% after the TDmobile's shareholders' meeting.

Assets held for sale are classified as level 3 of the fair value hierarchy in IFRS 13 "Fair Value Measurement" and measured at fair value after deducting cost to sell on a non-recurring basis.

Fair value of assets held for sale is measured based on the estimated selling price.

NOTE 8. Financial Instruments

(1) Classification of financial instruments

The breakdown of financial instruments for each classification is shown as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Financial assets				
Financial assets measured at amortized cost:				
Cash and cash equivalents	¥ 426,208	¥ 392,247	¥ 495,536	$ 3,798,983
Trade and other receivables	1,358,855	1,278,001	1,453,704	12,112,086
Other financial assets	59,920	23,168	13,610	534,093
Financial assets measured at amortized cost, total	1,844,984	1,693,417	1,962,851	16,445,173
Financial assets measured at fair value through profit and loss:				
Other financial assets	55,025	48,869	65,939	490,462
Financial assets measured at fair value through profit and loss, total	55,025	48,869	65,939	490,462
FVTOCI financial assets:				
Other investments	505,350	477,476	575,621	4,504,412
FVTOCI financial assets, total	505,350	477,476	575,621	4,504,412
Total	¥2,405,361	¥2,219,763	¥2,604,412	$21,440,065
Financial liabilities				
Financial liabilities measured at amortized cost:				
Trade and other payables	¥1,056,884	¥ 992,075	¥1,090,186	$ 9,420,483
Bonds and borrowings	1,568,159	1,517,088	1,752,514	13,977,707
Financial liabilities measured at amortized cost, total	2,625,043	2,509,164	2,842,701	23,398,190
Financial liabilities measured at fair value through profit and loss:				
Other financial liabilities	41,216	41,398	30,485	367,376
Financial liabilities measured at fair value through profit and loss, total	41,216	41,398	30,485	367,376
Total	¥2,666,259	¥2,550,562	¥2,873,186	$23,765,567

(2) Fair value of financial instruments

(i) Fair value hierarchy

The Group classifies financial instruments measured at fair value into the following three categories depending on the inputs used to measure fair value.

Level 1: Quoted prices 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 3: Inputs not based on observable market data

(ii) Financial instruments measured at amortized cost

The following summarizes the carrying amount and fair value of financial instruments measured at amortized cost.

	Millions of Yen						Thousands of U.S. Dollars	
	2017		2016		Transition date (April 1, 2015)		2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:								
Cash and cash equivalents	¥ 426,208	¥ 426,208	¥ 392,247	¥ 392,247	¥ 495,536	¥ 495,536	$ 3,798,983	$ 3,798,983
Trade and other receivables	1,358,855	1,359,113	1,278,001	1,278,427	1,453,704	1,453,843	12,112,086	12,114,386
Other financial assets	59,920	59,920	23,168	23,168	13,610	13,610	534,093	534,093
Total	¥1,844,984	¥1,845,242	¥1,693,417	¥1,693,843	¥1,962,851	¥1,962,990	$16,445,173	$16,447,473
Financial liabilities:								
Trade and other payables	¥1,056,884	¥1,056,884	¥ 992,075	¥ 992,075	¥1,090,186	¥1,090,186	$ 9,420,483	$ 9,420,483
Bonds and borrowings	1,568,159	1,576,737	1,517,088	1,537,437	1,752,514	1,762,270	13,977,707	14,054,167
Total	¥2,625,043	¥2,633,622	¥2,509,164	¥2,529,512	¥2,842,701	¥2,852,456	$23,398,190	$23,474,659

Method to measure the fair value is shown below. Each is classified into Level 2 of the fair value hierarchy.

(a) Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand, cash in checking accounts and time deposits with the short maturities. Since the fair value approximates the carrying amount, the carrying amount is used as fair value.

(b) Trade and other receivables

The fair value of short-term receivables and receivables with floating interest rates approximates the carrying amount; thus, the carrying amount is used as fair value. The fair value of other receivables is measured by discounting future estimated cash flows by interest rates which would have been applied for new receivables with similar maturities and credit risk.

(c) Other financial assets

Other financial assets consist mainly of time deposits with a maturity of more than three months and less than one year. The carrying amount is used as fair value.

(d) Trade and other payables

For payables settled in less than one year, the carrying amount is used as fair value.

(e) Bonds and borrowings

The fair value of bonds is measured based on their market price. The fair value of borrowings is measured by discounting future cash flows using a rate which may be applied for a new loan with similar terms and conditions.

(iii) Financial instruments measured at fair value

Fair value hierarchy of financial instruments measured at fair value on a recurring basis is as shown below. There are no financial instruments measured at fair value on a non-recurring basis.

	Millions of Yen			
As of March 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets	¥ 8,756	¥46,268	¥ –	¥ 55,025
Other investments	279,459	–	225,891	505,350
Total	¥288,216	¥46,268	¥225,891	¥560,376
Financial liabilities				
Other financial liabilities	¥ 4,399	¥36,816	¥ –	¥ 41,216

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets	$ 78,046	$412,407	$ –	$ 490,462
Other investments	2,490,943	–	2,013,468	4,504,412
Total	$2,568,999	$412,407	$2,013,468	$4,994,883
Financial liabilities				
Other financial liabilities	$ 39,210	$328,157	$ –	$ 367,376

	Millions of Yen			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets	¥ 1,630	¥47,238	¥ –	¥ 48,869
Other investments	242,845	–	234,630	477,476
Total	¥244,476	¥47,238	¥234,630	¥526,345
Financial liabilities				
Other financial liabilities	¥ 5,776	¥35,621	¥ –	¥ 41,398

	Millions of Yen			
As of the transition date (April 1, 2015)	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets	¥ 13,647	¥52,291	¥ –	¥ 65,939
Other investments	306,537	–	269,084	575,621
Total	¥320,184	¥52,291	¥269,084	¥641,560
Financial liabilities				
Other financial liabilities	¥ 9,917	¥20,567	¥ –	¥ 30,485

The methods of determining fair value are described as follows:

(a) Other financial assets

Financial instruments classified into Level 1 are marketable derivatives and measured based on their market price. Financial instruments classified into Level 2 are over-the-counter derivatives and measured based on broker pricing or observable inputs.

(b) Other investments

Financial instruments classified into Level 1 are marketable equity securities and measured based on their market price. Financial instruments classified into Level 3 are non-marketable equity securities and capital contributions, and are measured individually by selected methods in accordance with the pre-approved internal policies and procedures of fair value measurement. The measurement methods include the comparable peer company analysis, net asset approach and other evaluation methods. The Price Book-value Ratio (PBR) and illiquidity discount and other methods are also used for measurement.

(c) Other financial liabilities

Financial instruments classified into Level 1 are marketable derivatives and measured based on their market price. Financial instruments classified into Level 2 are over-the-counter derivatives and measured based on the offered prices by brokers or observable inputs.

The changes in financial instruments classified into Level 3 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
	Other investments	Other investments	Other investments
Balance at the beginning of the year	¥234,630	¥269,084	$2,091,362
Other comprehensive income	(8,889)	(32,176)	(79,231)
Purchases	3,190	2,878	28,433
Sales	(1,047)	(431)	(9,332)
Foreign exchange translation	263	(1,824)	2,344
Other	(2,256)	(2,900)	(20,108)
Balance at the end of the year	¥225,891	¥234,630	$2,013,468

Significant unobservable inputs used for measurement of financial instruments classified into Level 3 are as follows:

	Millions of Yen		
	2017	2016	Transition date (April 1, 2015)
PBR	0.5 to 4.8 times	0.3 to 5.1 times	0.6 to 4.6 times
Illiquidity discount	30.0%	30.0%	30.0%

When PBR increases (decreases), the fair value also increases (decreases). When illiquidity discount increases (decreases), the fair value decreases (increases).

(3) Financial assets measured at fair value through other comprehensive income (FVTOCI financial assets)

(i) Fair value by major issuers

Investments held for the main purpose of maintaining and strengthening business relationships are measured at fair value through other comprehensive income and accounted for as "Other investments." The names of major issuers are as follows:

As of March 31, 2017

Name of issuer	Millions of Yen	Thousands of U.S. Dollars
Toyota Industries Corporation	¥84,576	$753,863
Toyota Motor Corporation	60,338	537,819
P.T. ASTRA DAIHATSU MOTOR	20,347	181,361
TIANJIN DENSO ELECTRONICS CO.,LTD.	20,098	179,142
Indus Motor Company Ltd.	16,888	150,530
TOYOTA INDUSTRY KUNSHAN CO., LTD.	15,201	135,493
Toyota Boshoku Corporation	11,280	100,543
JTEKT Corporation	10,369	92,423
SHANGHAI KOITO AUTOMOTIVE LAMP CO., LTD.	8,791	78,358
RATCHABURI POWER CO.,LTD.	8,134	72,502

As of March 31, 2016

Name of issuer	Millions of Yen
Toyota Industries Corporation	¥77,387
Toyota Motor Corporation	58,000
P.T. ASTRA DAIHATSU MOTOR	24,566
UMW TOYOTA MOTOR SDN. BHD.	24,218
Towa Real Estate Co., Ltd.	21,520
CHENGDU KOBELCO CONSTRUCTION MACHINERY FINACIAL LEASING LTD.	12,810
RATCHABURI POWER CO.,LTD.	12,362
Indus Motor Company Ltd.	10,051
JTEKT Corporation	8,755
TIANJIN DENSO ELECTRONICS CO.,LTD.	8,151

As of the transition date (April 1, 2015)

Name of issuer	Millions of Yen
Toyota Industries Corporation	¥105,223
Toyota Motor Corporation	78,523
P.T. ASTRA DAIHATSU MOTOR	29,159
UMW TOYOTA MOTOR SDN. BHD.	24,222
Towa Real Estate Co., Ltd.	14,117
Indus Motor Company Ltd.	11,867
JTEKT Corporation	11,250
RATCHABURI POWER CO.,LTD.	8,775
Oakbridge Pty Limited.	8,552
TIANJIN DENSO ELECTRONICS CO.,LTD.	8,343

(ii) Dividend income

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Investments derecognized during the year	¥ 90	¥ 45	$ 802
Investments held at the year end	18,662	19,809	166,342
Total	¥18,752	¥19,854	$167,145

(iii) FVTOCI financial assets that were derecognized during the year

FVTOCI financial assets are derecognized during the year when they are sold due to changes in business strategy. The fair value at the date of sale and cumulative profit or loss upon sale, before tax, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Fair value at the date of sale	¥5,719	¥5,987	$50,976
Cumulative profit or loss upon sale	665	2,276	5,927

(iv) Reclassification to retained earnings

Cumulative profit or loss from changes in fair value of FVTOCI financial assets is reclassified to retained earnings when the investment is disposed or impaired. The cumulative profit or loss in other comprehensive income reclassified to retained earnings, net of tax, is a profit of ¥9,524 million ($84,891 thousand) and a loss of ¥11,212 million for the years ended March 31, 2017 and 2016, respectively.

(4) Derivatives

The following is the breakdown of derivative transactions.

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Commodity-related derivatives	¥ (1,305)	¥ (7,183)	¥ 3,007	$ (11,632)
Currency-related derivatives	8,909	10,541	(1,246)	79,409
Interest-related derivatives	6,205	4,112	33,692	55,307
Total	¥ 13,809	¥ 7,470	¥ 35,453	$ 123,085
Other financial assets (current)	¥ 23,906	¥ 19,733	¥ 19,284	$ 213,084
Other financial assets (non-current)	31,118	29,135	46,654	277,368
Other financial liabilities (current)	(21,483)	(15,820)	(20,582)	(191,487)
Other financial liabilities (non-current)	(19,732)	(25,578)	(9,903)	(175,880)
Total	¥ 13,809	¥ 7,470	¥ 35,453	$ 123,085

(5) Hedge accounting

(i) Type of hedge accounting

(a) Fair value hedge

The Group designates commodity-related derivatives as hedging instruments mainly to hedge from the risk of fluctuation in fair value of inventories and firm commitments.

(b) Cash flow hedge

The Group designates the following derivatives as hedging instruments: interest-related derivatives mainly in order to hedge from the risk of fluctuation in cash flows attributable to interests on floating-rate loans payable; currency-related derivatives to hedge from the risk of fluctuation in cash flows attributable to firm commitments denominated in foreign currencies; and commodity-related derivatives to hedge from the risk of fluctuation in cash flows attributable to forecasted transactions.

(c) Hedge of net investments in foreign operations

The Group designates loans payable denominated in foreign currencies as hedging instruments in order to hedge fluctuation risk of foreign currency exchange rates in connection with net investments in foreign operations.

(ii) Matters regarding hedge accounting

Matters regarding hedge accounting are stated below. The effects arising from ineffectiveness of hedges and derecognition of hedge accounting are insignificant.

(a) Hedging instruments

As of March 31, 2017 Type of hedge accounting	Millions of Yen				
	Notional amount	Carrying amount			Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
		Other financial assets	Other financial liabilities	Bonds and borrowings	
Fair value hedge:					
Commodity price fluctuation risk	¥ 41,387	¥ 206	¥ 160	¥ –	¥ (101)
Cash flow hedge:					
Commodity price fluctuation risk	8,614	161	172	–	130
Foreign exchange fluctuation risk	257,757	4,209	1,628	–	572
Interest rate fluctuation risk	449,561	26,444	18,469	–	5,850
Hedge of net investments:					
Foreign exchange fluctuation risk	30,670	3,585	–	34,467	1,015

Type of hedge accounting	Thousands of U.S. Dollars				
	Notional amount	Carrying amount			Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
		Other financial assets	Other financial liabilities	Bonds and borrowings	
Fair value hedge:					
Commodity price fluctuation risk	$ 368,900	$ 1,836	$ 1,426	$ –	$ (900)
Cash flow hedge:					
Commodity price fluctuation risk	76,780	1,435	1,533	–	1,158
Foreign exchange fluctuation risk	2,297,504	37,516	14,511	–	5,098
Interest rate fluctuation risk	4,007,139	235,707	164,622	–	52,143
Hedge of net investments:					
Foreign exchange fluctuation risk	273,375	31,954	–	307,219	9,047

As of March 31, 2017 Type of hedge accounting	Millions of Yen			
	Changes in amount in other comprehensive income	Reclassification adjustment		Cash flow hedge reserve and foreign exchange reserve as a result of applying hedge accounting
		Account name	Amount	
Fair value hedge:				
Commodity price fluctuation risk	¥ –		¥ –	¥ –
Cash flow hedge:				
Commodity price fluctuation risk	(867)	Cost of sales	1,171	29
Foreign exchange fluctuation risk	887	Other income (expenses), other	142	1,147
Interest rate fluctuation risk	5,503	Interest expenses, other	3,611	(22,148)
Hedge of net investments:				
Foreign exchange fluctuation risk	268	Other income (expenses), other	92	6,304

Type of hedge accounting	Thousands of U.S. Dollars			
	Changes in amount in other comprehensive income	Reclassification adjustment		Cash flow hedge reserve and foreign exchange reserve as a result of applying hedge accounting
		Account name	Amount	
Fair value hedge:				
Commodity price fluctuation risk	$ –		$ –	$ –
Cash flow hedge:				
Commodity price fluctuation risk	(7,727)	Cost of sales	10,437	258
Foreign exchange fluctuation risk	7,906	Other income (expenses), other	1,265	10,223
Interest rate fluctuation risk	49,050	Interest expenses, other	32,186	(197,415)
Hedge of net investments:				
Foreign exchange fluctuation risk	2,388	Other income (expenses), other	820	56,190

As of March 31, 2016 Type of hedge accounting	Millions of Yen Notional amount	Carrying amount Other financial assets	Other financial liabilities	Bonds and borrowings	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
Fair value hedge:					
Commodity price fluctuation risk	¥ 36,593	¥ 329	¥ 515	¥ –	¥ (275)
Cash flow hedge:					
Commodity price fluctuation risk	10,115	54	326	–	(289)
Foreign exchange fluctuation risk	201,653	1,541	2,351	–	(2,941)
Interest rate fluctuation risk	434,714	25,836	22,204	–	(28,112)
Hedge of net investments:					
Foreign exchange fluctuation risk	39,309	5,050	–	44,760	5,169

Type of hedge accounting	Millions of Yen Changes in amount in other comprehensive income	Reclassification adjustment Account name	Amount	Cash flow hedge reserve and foreign exchange reserve as a result of applying hedge accounting
Fair value hedge:				
Commodity price fluctuation risk	¥ –		¥ –	¥ –
Cash flow hedge:				
Commodity price fluctuation risk	(474)	Cost of sales	(67)	(274)
Foreign exchange fluctuation risk	(2,205)	Other income (expenses), other	1,430	118
Interest rate fluctuation risk	(28,428)	Interest expenses, other	16,439	(31,263)
Hedge of net investments:				
Foreign exchange fluctuation risk	6,197	Other income (expenses), other	(254)	5,943

As of the transition date (April 1, 2015) Type of hedge accounting	Millions of Yen Notional amount	Carrying amount Other financial assets	Other financial liabilities	Bonds and borrowings	Cash flow hedge reserve and foreign exchange reserve as a result of applying hedge accounting
Fair value hedge:					
Commodity price fluctuation risk	¥ 45,007	¥ 86	¥ 813	¥ –	¥ –
Cash flow hedge:					
Commodity price fluctuation risk	6,047	409	2	–	267
Foreign exchange fluctuation risk	187,783	2,083	713	–	893
Interest rate fluctuation risk	442,210	40,041	8,738	–	(19,274)
Hedge of net investments:					
Foreign exchange fluctuation risk	62,572	6,605	–	70,247	–

The Group uses interest-rate currency swaps for the purpose of fixing interest rates of interest-bearing borrowings that are denominated in foreign currencies. These transactions are included in interest rate fluctuation risk in the above tables.

The breakdown of notional amounts of hedging instruments by maturity is as follows:

	Millions of Yen			
	Within one year	Between one and five years	Over five years	Total
March 31, 2017				
Fair value hedge:				
Commodity price fluctuation risk	¥ 41,387	¥ –	¥ –	¥ 41,387
Cash flow hedge:				
Commodity price fluctuation risk	8,614	–	–	8,614
Foreign exchange fluctuation risk	221,188	27,628	8,940	257,757
Interest rate fluctuation risk	87,166	252,408	109,985	449,561
Hedge of net investments:				
Foreign exchange fluctuation risk	16,345	11,759	2,565	30,670
March 31, 2016				
Fair value hedge:				
Commodity price fluctuation risk	¥ 36,593	¥ –	¥ –	¥ 36,593
Cash flow hedge:				
Commodity price fluctuation risk	10,115	–	–	10,115
Foreign exchange fluctuation risk	187,458	14,194	–	201,653
Interest rate fluctuation risk	56,842	263,410	114,460	434,714
Hedge of net investments:				
Foreign exchange fluctuation risk	5,641	25,678	7,990	39,309
Transition date (April 1, 2015)				
Fair value hedge:				
Commodity price fluctuation risk	¥ 45,007	¥ –	¥ –	¥ 45,007
Cash flow hedge:				
Commodity price fluctuation risk	6,047	–	–	6,047
Foreign exchange fluctuation risk	182,813	4,969	–	187,783
Interest rate fluctuation risk	53,451	296,330	92,428	442,210
Hedge of net investments:				
Foreign exchange fluctuation risk	3,646	37,071	21,854	62,572

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2017				
Fair value hedge:				
Commodity price fluctuation risk	$ 368,900	$ –	$ –	$ 368,900
Cash flow hedge:				
Commodity price fluctuation risk	76,780	–	–	76,780
Foreign exchange fluctuation risk	1,971,548	246,260	79,686	2,297,504
Interest rate fluctuation risk	776,949	2,249,826	980,345	4,007,139
Hedge of net investments:				
Foreign exchange fluctuation risk	145,690	104,813	22,863	273,375

(b) Hedged item

As of March 31, 2017 Type of hedge accounting	Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness (Millions of Yen)	Carrying amount: Inventories	Carrying amount: Other current assets	Carrying amount: Other current liabilities	Accumulated adjustment for fair value hedge included in carrying mount
Fair value hedge:					
Commodity-price fluctuation risk	¥ 101	¥6,937	¥231	¥–	¥101
Cash flow hedge:					
Commodity price fluctuation risk	(130)	–	–	–	–
Foreign exchange fluctuation risk	(353)	–	–	–	–
Interest rate fluctuation risk	(5,850)	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	(859)	–	–	–	–

Type of hedge accounting	Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness (Thousands of U.S. Dollars)	Carrying amount: Inventories	Carrying amount: Other current assets	Carrying amount: Other current liabilities	Accumulated adjustment for fair value hedge included in carrying mount
Fair value hedge:					
Commodity-price fluctuation risk	$ 900	$61,382	$2,059	$–	$900
Cash flow hedge:					
Commodity price fluctuation risk	(1,158)	–	–	–	–
Foreign exchange fluctuation risk	(3,146)	–	–	–	–
Interest rate fluctuation risk	(52,143)	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	7,656	–	–	–	–

As of March 31, 2016 Type of hedge accounting	Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness (Millions of Yen)	Carrying amount: Inventories	Carrying amount: Other current assets	Carrying amount: Other current liabilities	Accumulated adjustment for fair value hedge included in carrying mount
Fair value hedge:					
Commodity-price fluctuation risk	¥ 275	¥1,687	¥295	¥–	¥275
Cash flow hedge:					
Commodity price fluctuation risk	289	–	–	–	–
Foreign exchange fluctuation risk	3,095	–	–	–	–
Interest rate fluctuation risk	28,112	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	(5,040)	–	–	–	–

As of the transition date (April 1, 2015) Type of hedge accounting	Millions of Yen Carrying amount: Inventories	Carrying amount: Other current assets	Carrying amount: Other current liabilities	Accumulated adjustment for fair value hedge included in carrying amount
Fair value hedge:				
Commodity-price fluctuation risk	¥3,783	¥983	¥–	¥741

(6) Offsetting financial assets and financial liabilities

Any financial assets and financial liabilities which fulfill the offsetting criteria are offset on the consolidated statement of financial position. The following provides the offsetting status of financial assets and financial liabilities arisen from derivative transactions. Except for financial assets and financial liabilities related to derivative transactions, there are no other significant financial assets or financial liabilities offset on the consolidated statement of financial position.

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Gross amount of financial assets recognized	¥57,990	¥51,862	¥70,708	$516,890
Amount offset on the consolidated statement of financial position	(2,965)	(2,993)	(4,769)	(26,428)
Net amount of financial assets presented in the consolidated statement of financial position	¥55,025	¥48,869	¥65,939	$490,462

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Gross amount of financial liabilities recognized	¥44,181	¥44,391	¥35,254	$393,805
Amount offset on the consolidated statement of financial position	(2,965)	(2,993)	(4,769)	(26,428)
Net amount of financial liabilities presented in the consolidated statement of financial position	¥41,216	¥41,398	¥30,485	$367,376

There is no significance in amounts of financial assets and financial liabilities which were not offset since they did not meet some or all of the offsetting criteria.

(7) Transfer of financial assets

As to some liquidated receivables such as discounted notes, the Group may be obligated to make payments as recourse when a debtor cannot make a payment. Since recourse receivables do not meet the criteria for derecognition of financial assets, the Group includes them as "Trade and other receivables" and "Bonds and borrowings." As of March 31, 2017, March 31, 2016 and the transition date, those amounts are ¥49,851 million ($444,344 thousand), ¥14,911 million and ¥26,091 million, respectively.

(8) Risks arising from financial instruments

(i) Capital management

The Group performs capital management aiming to maximize its corporate value through continuous growth. The Group's main KPI used for capital management is the net interest-bearing debt to equity ratio, which is a ratio of (a) the net interest bearing debt calculated by deducting the amounts of cash and cash equivalents and time deposits from the amount of interest-bearing debt to (b) the total equity attributable to the owners of the parent. The Group's target ratio is below 1.0. As of March 31, 2017, March 31, 2016 and the transition date, the net interest-bearing debt to equity ratio was 1.0, 1.2 and 1.1, respectively.

The Group is not subject to the significant capital adequacy requirement but is subject to the general requirement under the Companies Act.

(ii) Financial risk management

In operating activities, the Group is exposed to financial risks including foreign exchange fluctuation risk, interest rate fluctuation risk, price fluctuation risk, credit risk and liquidity risk. The Group conducts risk management in order to mitigate such financial risks. As a policy, the Group uses derivative transactions for risk-aversion purposes.

(a) Foreign exchange fluctuation risk management

Developing businesses overseas, the Group is exposed to foreign exchange fluctuation risk arising from buy/sell transactions, financing transactions and investments denominated in currencies other than local currencies of overseas offices. The Group defines a foreign exchange position as each balance of contracts, and assets and liabilities denominated in foreign currencies, which are exposed to the foreign exchange fluctuation risk at a certain point of time. As a basic policy, the Group hedges foreign exchange positions exposed to the foreign exchange fluctuation risk in an appropriate and timely manner. With respect to foreign exchange position, the Group has to take risks on certain transactions and contracts. For such positions, the department which is responsible for the foreign exchange fluctuation risk-management monitors and manages the risk in an appropriate and timely manner in accordance with the internal policies.

The foreign exchange position, net, as of March, 31 2017 and 2016 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
USD	¥(38,681)	¥(12,058)	$(344,781)
Other	4,684	6,853	41,750
Total	¥(33,996)	¥ (5,205)	$(303,021)

A positive figure indicates a receiving position and negative figure indicates a paying position.

1) Sensitivity analysis of foreign currency

Sensitivity analysis shows the amount affecting profit when Japanese yen is appreciated by 1%, assuming all other variable factors such as balances and interests are held constant. For the years ended March 31, 2017 and 2016, such amounts affecting profit for the year attributable to owners of the parent are ¥(313) million ($(2,789) thousand) and ¥(236) million, respectively. Similarly, the amounts affecting exchange differences on translation of foreign operations are ¥(1,826) million ($(16,275) thousand) and ¥(1,662) thousand for the years ended March 31, 2017 and 2016, respectively.

2) Foreign exchange contracts

The outstanding foreign exchange forward contracts as of March 31, 2017, March 31, 2016 and the transition date are as follows:

	Millions of Yen						Thousands of U.S. Dollars	
	2017		2016		Transition date (April 1, 2015)		2017	
	Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value
Buy USD/ Sell JPY	¥104,001	¥ 455	¥115,942	¥(1,961)	¥130,327	¥ 2,948	$ 927,007	$ 4,055
Buy JPY/ Sell USD	193,895	(2,171)	160,256	5,420	210,096	(5,491)	1,728,273	(19,351)

(b) Interest rate fluctuation risk management

The Group is exposed to interest rate fluctuation risk from floating rate financial instruments. The Group defines interest rate fluctuation risk as the differences between receiving interests and paying interests. As a basic policy, the Group hedges such risks by matching floating-interest-rate-bearing assets and floating-interest-rate-bearing liabilities denominated in the same currency whenever possible. In addition, the Group utilizes derivatives to hedge the interest rate fluctuation risk. Furthermore, the Group flexibly and strategically fixes or floats interest rates on financing based on the status of financing and market trends, and establishes the internal procedures to report the policies and status of risk management of interest rates and derivatives transactions.

Sensitivity analysis of interest rates

For financial instruments that are subject to interest rate fluctuation risk, the amount affecting profit (loss) before income taxes when interest rates increase by 1% are ¥4,392 million ($39,147 thousand) and ¥3,345 million for the years ended March 31, 2017 and 2016, respectively. Under this analysis, the amount affecting profit (loss) before income taxes is calculated by multiplying the net balance of floating rate financial instruments as of the fiscal year-end by 1%, without considering future changes in: the net balance, exchange fluctuations, dispersing effects for floating rate borrowings derived from the difference in timing of refinancing and resetting of the interest rate. All other variables are held constant. The Group deems the following financial instruments affected by interest fluctuation and calculates the sensitivity on: floating rate financial instruments, fixed rate financial instruments but substantially deemed as floating rate financial instruments by using interest rate swaps, and cash and cash equivalents.

(c) Stock price fluctuation risk management

The Group is exposed to the risk of loss from stock price fluctuation. The Group mitigates such risk by risk management, by operating and reporting in accordance with the internal risk management policies.

Sensitivity analysis of stock prices

For marketable stocks, the amounts affecting other comprehensive income, before tax, in the case that the stock price decreases by 1% are ¥(2,794) million ($(24,904) thousand) and ¥(2,428) million for the years ended March 31, 2017 and 2016, respectively. Under this analysis, all variables other than the stock price are assumed to be constant and the correlation among issuers is disregarded.

(d) Commodity price fluctuation risk management

Engaging in business of non-ferrous metals, oils and foodstuffs, the Group is exposed to the related commodity price fluctuation risk. The Group avoids the commodity price fluctuation risk by hedge-selling, matching of buy/sell volumes and via derivatives such as futures, options and swaps.

The Group's major fluctuation risk of commodity price is offset by commodity derivatives.

(e) Credit risk management

The Group implements the internal credit rating system to manage the credit risk of customers. Under this rating system, the Group classifies all customers into eight categories depending on the creditability and establishes the authority to determine a credit line depending on the rating. The Group reviews the credit line of each customer on a periodical basis and properly manages credit risk exposures within the predetermined credit lines.

The Group's receivables consist of receivables from many customers in various industries and areas. The Group continuously monitors the credit status of customers and takes actions to secure the receivables as necessary, including acquisition of collateral.

The Group does not have significant concentrations of credit risk, whether through exposure to individual customers or groups which they belong to.

Regarding cash deposits and derivatives, the Group considers the risk is limited since most of the counter parties are international financial institutions with high credit profiles.

1) Changes in loss allowance on trade and loans receivables

Changes in loss allowance on trade and loans receivables are as follows:

	Millions of Yen							
	Trade and other receivables			Loans receivables				
	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Total
Transition date (April 1, 2015)	¥22,982	¥16,785	¥39,768	¥1,991	¥ 4,486	¥10	¥ 6,489	¥46,257
Changes in financial instruments originated or purchased	3,551	–	3,551	129	–	–	129	3,680
Direct write off	(851)	(61)	(913)	(164)	(4,486)	–	(4,651)	(5,564)
Changes due to derecognition	(1,169)	(5,379)	(6,549)	(7)	–	(2)	(9)	(6,558)
Changes in rate of loss	–	5,055	5,055	–	–	–	–	5,055
Foreign exchange translation	(849)	(694)	(1,543)	(37)	–	–	(37)	(1,581)
Other	(421)	32	(388)	97	–	(2)	94	(293)
March 31, 2016	¥23,243	¥15,738	¥38,981	¥2,008	¥ –	¥ 5	¥ 2,014	¥40,995
Changes in financial instruments originated or purchased	4,450	–	4,450	222	–	–	222	4,673
Direct write off	(629)	(170)	(799)	(19)	–	–	(19)	(819)
Changes due to derecognition	(3,386)	(233)	(3,620)	(19)	–	(2)	(21)	(3,641)
Changes in rate of loss	–	4,883	4,883	–	–	–	–	4,883
Foreign exchange translation	(1,351)	(58)	(1,409)	(112)	–	–	(112)	(1,522)
Other	4	(35)	(30)	368	–	–	368	337
March 31, 2017	¥22,331	¥20,123	¥42,455	¥2,448	¥ –	¥ 3	¥ 2,452	¥44,907

	Thousands of U.S. Dollars							
	Trade and other receivables			Loans receivables				
	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Total
March 31, 2016	$207,175	$140,279	$347,455	$17,898	$–	$ 44	$17,951	$365,406
Changes in financial instruments originated or purchased	39,664	–	39,664	1,978	–	–	1,978	41,652
Direct write off	(5,606)	(1,515)	(7,121)	(169)	–	–	(169)	(7,300)
Changes due to derecognition	(30,180)	(2,076)	(32,266)	(169)	–	(17)	(187)	(32,453)
Changes in rate of loss	–	43,524	43,524	–	–	–	–	43,524
Foreign exchange translation	(12,042)	(516)	(12,559)	(998)	–	–	(998)	(13,566)
Other	35	(311)	(267)	3,280	–	–	3,280	3,003
March 31, 2017	$199,046	$179,365	$378,420	$21,820	$–	$ 26	$21,855	$400,276

Trade and other receivables include lease receivables.

The Group does not hold credit-impaired financial assets that the Group originated or purchased.

2) Changes in loss allowance on financial guarantee contracts

Changes in loss allowance on financial guarantee contracts are as follows:

	Millions of Yen			
	Financial guarantee contracts			
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Total
Transition date (April 1, 2015)	¥ 52	¥1,023	¥ 756	¥1,831
Changes in financial instruments originated or purchased	8	322	–	330
Decrease during the year (write off)	(11)	–	–	(11)
Changes due to derecognition	(30)	(127)	(48)	(205)
Changes in classification	20	(48)	28	–
Changes in rate of loss	–	–	580	580
Other	(2)	(36)	–	(38)
March 31, 2016	¥ 37	¥1,134	¥1,316	¥2,487
Changes in financial instruments originated or purchased	1	79	–	80
Changes due to derecognition	(188)	(302)	(329)	(819)
Changes in classification	175	(3)	(172)	–
Changes in rate of loss	–	–	1,769	1,769
March 31, 2017	¥ 25	¥ 908	¥2,584	¥3,517

	Thousands of U.S. Dollars			
	Financial guarantee contracts			
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Total
March 31, 2016	$ 329	$10,107	$11,730	$22,167
Changes in financial instruments originated or purchased	8	704	–	713
Changes due to derecognition	(1,675)	(2,691)	(2,932)	(7,300)
Changes in classification	1,559	(26)	(1,533)	–
Changes in rate of loss	–	–	15,767	15,767
March 31, 2017	$ 222	$ 8,093	$23,032	$31,348

3) Carrying amounts of financial assets

Carrying amounts of financial assets are as follows:

	Millions of Yen		
	Basis of recognition of loss allowance		
As of March 31, 2017	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	¥ –	¥1,410,275	¥34,498
Loans receivables	29,622	–	3
Financial guarantee contracts	13,816	31,489	3,925

	Thousands of U.S. Dollars		
	Basis of recognition of loss allowance		
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	$ –	$12,570,416	$307,496
Loans receivables	264,034	–	26
Financial guarantee contracts	123,148	280,675	34,985

	Millions of Yen		
	Basis of recognition of loss allowance		
As of March 31, 2016	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	¥ –	¥1,318,559	¥34,223
Loans receivables	32,098	–	56
Financial guarantee contracts	17,048	33,130	4,032

	Millions of Yen		
	Basis of recognition of loss allowance		
As of the transition date (April 1, 2015)	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	¥ –	¥1,469,089	¥32,216
Loans receivables	28,433	7,819	232
Financial guarantee contracts	33,557	42,062	1,875

Carrying amounts for the recognition basis of loss allowance of credit-impaired financial assets and credit-impaired financial guarantee contracts include receivables that are delinquent over 90 days or receivables from customers with highly speculative credit profile based on the internal credit rating system. Carrying amounts for the basis of expected credit losses for 12 months include receivables from customers with investment-grade or equivalent credit profiles based on internal credit rating system.

As for financial assets, the Group's maximum credit risk exposures are the carrying amounts stated on the consolidated financial statements.

There is no significant credit enhancement such as collateral to these credit risk exposures.

(f) Liquidity risk management

The Group is exposed to a risk that the Group may not be able to make repayments on due dates of financial liabilities. The Group manages such liquidity risk by continuously monitoring cash flow plans and actual results while obtaining appropriate amounts of funds to meet repayments and utilizing credit lines based on credit line contracts with financial institutions. Financial liabilities balances by maturities are as follows:

	Millions of Yen			
	Within one year	Between one and five years	Over five years	Total
March 31, 2017				
Bonds and borrowings	¥ 536,120	¥518,330	¥514,231	¥1,568,681
Trade and other payables	1,053,646	3,160	77	1,056,884
Financial guarantee contracts	36,424	6,742	6,064	49,230
March 31, 2016				
Bonds and borrowings	¥ 537,876	¥514,680	¥464,947	¥1,517,503
Trade and other payables	989,223	2,682	169	992,075
Financial guarantee contracts	39,709	6,918	7,583	54,211
Transition date (April 1, 2015)				
Bonds and borrowings	¥ 773,162	¥504,800	¥474,908	¥1,752,870
Trade and other payables	1,086,936	3,054	195	1,090,186
Financial guarantee contracts	59,525	11,806	6,162	77,495

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2017				
Bonds and borrowings	$4,778,679	$4,620,108	$4,583,572	$13,982,360
Trade and other payables	9,391,621	28,166	686	9,420,483
Financial guarantee contracts	324,663	60,094	54,051	438,809

The breakdown of cash inflows and outflows arising from derivative contracts by maturity is as follows:

	Millions of Yen			
	Within one year	Between one and five years	Over five years	Total
March 31, 2017				
Commodity-related derivatives				
(Cash inflows)	¥(12,246)	¥ (376)	¥ –	¥ (12,622)
Cash outflows	13,700	227	–	13,927
Currency-related derivatives				
(Cash inflows)	(6,061)	(28,123)	(5,832)	(40,016)
Cash outflows	2,617	23,755	4,734	31,107
Interest-related derivatives				
(Cash inflows)	(28,153)	(109,201)	(109,985)	(247,340)
Cash outflows	27,720	102,641	110,774	241,135
March 31, 2016				
Commodity-related derivatives				
(Cash inflows)	¥ (3,187)	¥ (151)	¥ –	¥ (3,339)
Cash outflows	10,295)	226	–	10,522
Currency-related derivatives				
(Cash inflows)	(11,382)	(20,968)	(12,361)	(44,711)
Cash outflows	2,839	21,071	10,259	34,169
Interest-related derivatives				
(Cash inflows)	(27,920)	(112,350)	(114,460)	(254,732)
Cash outflows	25,441	112,204	112,973	250,619
Transition date (April 1, 2015)				
Commodity-related derivatives				
(Cash inflows)	¥(18,901)	¥ (5)	¥ –	¥ (18,906)
Cash outflows	15,679	219	–	15,898
Currency-related derivatives				
(Cash inflows)	(6,772)	(14,138)	(18,944)	(39,854)
Cash outflows	9,542	15,548	16,009	41,101
Interest-related derivatives				
(Cash inflows)	(1,202)	(120,165)	(112,264)	(233,632)
Cash outflows	2,951	103,247	93,741	199,939

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2017				
Commodity-related derivatives				
(Cash inflows)	$(109,154)	$ (3,351)	$ –	$ (112,505)
Cash outflows	122,114	2,023	–	124,137
Currency-related derivatives				
(Cash inflows)	(54,024)	(250,672)	(51,983)	(356,680)
Cash outflows	23,326	211,739	42,196	277,270
Interest-related derivatives				
(Cash inflows)	(250,940)	(973,357)	(980,345)	(2,204,652)
Cash outflows	247,080	914,885	987,378	2,149,344

Regarding derivatives for which net cash flows are exchanged, the amount of net cash flows generated from derivative assets is shown as "cash inflows," and the amount of those generated from derivative liabilities is shown as "cash outflows." Regarding derivatives for which gross cash flows are exchanged, the total amount of cash inflows from derivative assets and liabilities is shown as "cash inflows," and the total amount of cash outflows is shown as "cash outflows."

NOTE 9. Investments Accounted for Using the Equity Method

The following investments, individually insignificant, are accounted for using the equity method.

	Millions of Yen						Thousands of U.S. Dollars	
	2017		2016		Transition date (April 1, 2015)		2017	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Investments accounted for using the equity method	¥178,882	¥39,797	¥183,507	¥39,281	¥186,440	¥49,441	$1,594,455	$354,728

	Millions of Yen				Thousands of U.S. Dollars	
	2017		2016		2017	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Profit for the year	¥ 7,040	¥ 3,435	¥ 3,948	¥ (7,345)	$ 62,750	$ 30,617
Other comprehensive income	(4,627)	(1,794)	(3,415)	(4,571)	(41,242)	(15,990)
Comprehensive income for the year	¥ 2,413	¥ 1,641	¥ 533	¥(11,917)	$ 21,508	$ 14,626

NOTE 10. Property, Plant and Equipment

Acquisition cost, accumulated depreciation and accumulated impairment losses of property, plant and equipment are as follows:

	Millions of Yen					
[Acquisition cost]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
Transition date (April 1, 2015)	¥312,898	¥432,572	¥77,500	¥ 67,317	¥68,002	¥ 958,290
Acquisitions	13,204	36,922	1,867	47,293	12,307	111,595
Acquisition due to business combinations	6,272	5,133	535	2,102	151	14,196
Disposals	(8,613)	(28,212)	(3,530)	(2,004)	(8,359)	(50,720)
Foreign exchange translation	(19,027)	(21,875)	(3,552)	176	(3,536)	(47,816)
Other	32,171	61,113	2,332	(88,605)	(1,049)	5,962
March 31, 2016	¥336,906	¥485,653	¥75,152	¥ 26,280	¥67,515	¥ 991,508
Acquisitions	14,131	30,713	1,972	24,463	8,881	80,163
Acquisition due to business combinations	296	21,625	12	–	1	21,936
Disposals	(4,294)	(15,557)	(294)	(1,420)	(4,477)	(26,045)
Foreign exchange translation	(3,715)	(6,940)	(2,050)	449	(1,526)	(13,783)
Other	(2,299)	17,157	(1,110)	(12,006)	(895)	844
March 31, 2017	¥341,025	¥532,651	¥73,682	¥ 37,766	¥69,498	¥1,054,624

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
March 31, 2016	$3,002,994	$4,328,843	$669,863	$ 234,245	$601,791	$8,837,757
Acquisitions	125,955	273,758	17,577	218,049	79,160	714,528
Acquisition due to business combinations	2,638	192,753	106	–	8	195,525
Disposals	(38,274)	(138,666)	(2,620)	(12,657)	(39,905)	(232,150)
Foreign exchange translation	(33,113)	(61,859)	(18,272)	4,002	(13,601)	(122,854)
Other	(20,492)	152,928	(9,893)	(107,014)	(7,977)	7,522
March 31, 2017	$3,039,709	$4,747,758	$656,760	$ 336,625	$619,466	$9,400,338

[Accumulated depreciation and accumulated impairment losses]	Millions of Yen					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
Transition date (April 1, 2015)	¥140,339	¥228,572	¥ 1,414	¥–	¥41,306	¥411,632
Depreciation	14,062	33,967	–	–	8,518	56,548
Impairment losses	1,912	9,078	50	–	70	11,111
Disposals	(5,619)	(23,525)	(1,172)	–	(4,442)	(34,759)
Foreign exchange translation	(6,681)	(11,210)	(40)	–	(1,828)	(19,761)
Other	3,155	(1,336)	24	–	(1,864)	(21)
March 31, 2016	¥147,168	¥235,546	¥ 275	¥–	¥41,760	¥424,751
Depreciation	13,681	34,715	–	–	7,715	56,112
Impairment losses	772	1,028	358	–	47	2,206
Disposals	(2,766)	(10,346)	(32)	–	(3,739)	(16,884)
Foreign exchange translation	(1,460)	(3,276)	(8)	–	(1,002)	(5,746)
Other	(1,618)	2,539	47	–	(2,299)	(1,330)
March 31, 2017	¥155,776	¥260,206	¥ 640	¥–	¥42,484	¥459,108

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
March 31, 2016	$1,311,774	$2,099,527	$2,451	$–	$372,225	$3,785,996
Depreciation	121,944	309,430	–	–	68,767	500,151
Impairment losses	6,881	9,163	3,191	–	418	19,663
Disposals	(24,654)	(92,218)	(285)	–	(33,327)	(150,494)
Foreign exchange translation	(13,013)	(29,200)	(71)	–	(8,931)	(51,216)
Other	(14,421)	22,631	418	–	(20,492)	(11,854)
March 31, 2017	$1,388,501	$2,319,333	$5,704	$–	$378,679	$4,092,236

[Carrying amount]	Millions of Yen					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
Transition date (April 1, 2015)	¥172,559	¥203,999	¥76,086	¥67,317	¥26,696	¥546,657
March 31, 2016	189,737	250,107	74,877	26,280	25,754	566,757
March 31, 2017	185,248	272,444	73,042	37,766	27,014	595,516

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
March 31, 2017	$1,651,198	$2,428,416	$651,056	$336,625	$240,787	$5,308,102

Depreciation is included in "cost of sales" or "selling, general and administrative expenses" in the consolidated statement of profit or loss.

Impairment losses are presented as "Impairment losses on non-current assets" in the consolidated statement of profit or loss. Impairment losses for the year ended March 31, 2017 were ¥2,206 million ($19,663 thousand) in total, but were individually insignificant.

For the year ended March 31, 2016, the Group recognized an impairment loss of ¥11,111 million for power generation business properties of the Machinery, Energy & Project Division by reducing its carrying amount to the recoverable amount, since it became highly unlikely to earn profits as initially projected due to declines in electricity's pricing. The recoverable amount is measured at value in use estimated by applying appropriate discount rate, which reflects assumed risks specific to the asset or cash-generating unit.

NOTE 11. Intangible Assets

Acquisition cost, accumulated amortization and accumulated impairment losses of intangible assets are as follows:

	Millions of Yen					
[Acquisition cost]	Goodwill	Marketing rights, customer-related, etc.	Mining right	Software	Other intangible assets	Total
Transition date (April 1, 2015)	¥185,530	¥99,043	¥115,118	¥46,834	¥16,205	¥462,732
Acquisitions	–	–	8,703	3,677	5,207	17,589
Acquisition due to business combinations	18,648	661	–	152	8,903	28,365
Disposals	–	–	(21,613)	(4,890)	(1,153)	(27,657)
Foreign exchange translation	(7,576)	(2,127)	(11,329)	(1,375)	555	(21,852)
Other	2,108	–	2,680	6,386	(6,705)	4,470
March 31, 2016	¥198,710	¥97,577	¥ 93,560	¥50,786	¥23,013	¥463,648
Acquisitions	–	–	1,681	3,145	5,875	10,702
Acquisition due to business combinations	70	–	–	3	2,855	2,929
Disposals	–	(601)	(2,821)	(5,323)	(380)	(9,126)
Foreign exchange translation	(2,785)	(5,935)	(1,629)	(390)	628	(10,111)
Other	(206)	–	(357)	1,665	(2,218)	(1,117)
March 31, 2017	¥195,788	¥91,040	¥ 90,434	¥49,886	¥29,773	¥456,924

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Mining right	Software	Other intangible assets	Total
March 31, 2016	$1,771,191	$869,747	$833,942	$452,678	$205,125	$4,132,703
Acquisitions	–	–	14,983	28,032	52,366	95,391
Acquisition due to business combinations	623	–	–	26	25,447	26,107
Disposals	–	(5,356)	(25,144)	(47,446)	(3,387)	(81,344)
Foreign exchange translation	(24,823)	(52,901)	(14,520)	(3,476)	5,597	(90,123)
Other	(1,836)	–	(3,182)	14,840	(19,770)	(9,956)
March 31, 2017	$1,745,146	$811,480	$806,078	$444,656	$265,380	$4,072,769

	Millions of Yen					
[Accumulated amortization and accumulated impairment losses]	Goodwill	Marketing rights, customer-related, etc.	Mining right	Software	Other intangible assets	Total
Transition date (April 1, 2015)	¥102,006	¥20,683	¥10,511	¥26,923	¥3,261	¥163,386
Amortization	–	9,384	6,196	7,666	747	23,995
Impairment losses	2,283	–	53,298	–	179	55,761
Disposals	–	–	(1,191)	(4,639)	(898)	(6,729)
Foreign exchange translation	(1,814)	226	(77)	(948)	(321)	(2,935)
Other	48	–	(356)	1,312	56	1,060
March 31, 2016	¥102,523	¥30,295	¥68,380	¥30,313	¥3,024	¥234,538
Amortization	–	8,416	3,279	6,775	985	19,456
Impairment losses	15,767	–	7,018	4	1,290	24,080
Disposals	–	(63)	(1,896)	(5,276)	(207)	(7,443)
Foreign exchange translation	(292)	(2,735)	(268)	(254)	(186)	(3,737)
Other	59	–	(397)	327	(8)	(17)
March 31, 2017	¥118,058	¥35,912	¥76,116	¥31,890	¥4,897	¥266,876

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Mining right	Software	Other intangible assets	Total
March 31, 2016	$ 913,833	$270,032	$609,501	$270,193	$26,954	$2,090,542
Amortization	–	75,015	29,227	60,388	8,779	173,420
Impairment losses	140,538	–	62,554	35	11,498	214,635
Disposals	–	(561)	(16,899)	(47,027)	(1,845)	(66,342)
Foreign exchange translation	(2,602)	(24,378)	(2,388)	(2,264)	(1,657)	(33,309)
Other	525	–	(3,538)	2,914	(71)	(151)
March 31, 2017	$1,052,304	$320,099	$678,456	$284,249	$43,649	$2,378,785

	Millions of Yen					
[Carrying amount]	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
Transition date (April 1, 2015)	¥83,523	¥78,359	¥104,607	¥19,911	¥12,944	¥299,346
March 31, 2016	96,186	67,281	25,180	20,473	19,988	229,109
March 31, 2017	77,730	55,127	14,317	17,996	24,875	190,047

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2017	$692,842	$491,371	$127,613	$160,406	$221,722	$1,693,974

Amortization expense is included in "cost of sales" or "selling, general and administrative expenses" in the consolidated statement of profit or loss. Of the intangible assets above, there is no significant intangible asset whose useful life is not readily determinable.

Of intangible assets with readily determinable useful lives, the carrying amounts of significant intangible assets as of March 31, 2017, March 31, 2016 and the transition date are as follows: customer-related assets of automotive marketing business in Africa, included in "Marketing rights, customer related, etc.," of ¥37,532 million ($334,539 thousand), ¥46,969 million and ¥55,033 million, respectively, and natural gas development rights in Canada, included in "Mining rights," of ¥8,288 million ($73,874 thousand), ¥11,018 million and ¥42,057 million, respectively. The average remaining useful lives of "Marketing rights, customer related, etc." as of March 31, 2017, March 31, 2016 and the transition date are 7 years, 8 years and 9 years, respectively.

Impairment losses on intangible assets are included in "Impairment losses on non-current assets" in the amounts of ¥24,080 million ($214,635 thousand) and ¥55,761 million for the years ended March 31, 2017 and 2016, respectively.

For the year ended March 31, 2017, the Group recognized an impairment loss for the iodine mining right of the Chemicals & Electronics Division. Since it became highly unlikely to earn profits as initially projected due to decline in prices of iodine, the Group reduced the carrying amount of the asset to the recoverable amount. In addition, regarding goodwill recognized in connection with the acquisition of a grain infrastructure subsidiary by the Food & Consumer Services Division, the Group decided to reduce its carrying amount to the recoverable amount as a result of reviews of the business plan, taking into consideration the country risk and the delay in business commencement. The recoverable amount is measured at value in use estimated by applying appropriate discount rate, which reflects assumed risks specific to the asset or cash-generating unit.

For the year ended March 31, 2016, the Group recognized an impairment loss for the mining right of the Machinery, Energy & Project Division. Since it became highly unlikely to earn profits as initially projected due to decline in prices of oil and gas, the Group reduced the carrying amount of the asset to the recoverable amount. The recoverable amount is measured at value in use estimated by applying appropriate discount rate, which reflects assumed risks specific to the asset or cash-generating unit.

The carrying amounts of goodwill by segment are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Metals	¥ 110	¥ 590	¥ 30	$ 980
Global Parts & Logistics	299	300	320	2,665
Automotive	30,347	32,297	34,004	270,496
Machinery, Energy & Project	6,745	6,709	6,911	60,121
Chemicals & Electronics	24,102	26,072	25,819	214,831
Food & Consumer Services	16,087	30,177	16,122	143,390
Other	38	38	315	338
Total	¥77,730	¥96,186	¥83,523	$692,842

The significant goodwill is the one related to CFAO SAS in the amounts of ¥66,596 million ($593,600 thousand), ¥71,206 million and ¥73,272 million as of March 31, 2017, March 31, 2016 and the transition date, respectively.

The recoverable amount of goodwill is measured at value in use based on the next-five-year business plan and growth rates as approved by the management and a growth rate. The Group determines the growth rate based on the average growth rate of markets or countries to which cash-generating units belong. The growth rate which exceeds the average growth rate of markets or countries is not used. The discount rates are determined, based on cost of capital, to be 6.5% for domestic and 6.4 to 21.3% for overseas.

Management considers it highly unlikely to impair goodwill significantly even if major assumptions used for the aforementioned impairment test would have changed within a reasonable and predictable scope.

NOTE 12. Investment Property

Changes in acquisition cost, accumulated depreciation and accumulated impairment losses are as follows:

	Millions of Yen		Thousands of U.S. Dollars
[Acquisition cost]	2017	2016	2017
Balance at the beginning of the year	¥31,499	¥36,725	$280,764
Acquisitions	278	263	2,477
Disposals or reclassifications to assets held for sale	–	(5,299)	–
Foreign exchange translation	1	(167)	8
Other	370	(22)	3,297
Balance at the end of the year	¥32,150	¥31,499	$286,567

	Millions of Yen		Thousands of U.S. Dollars
[Accumulated depreciation and accumulated impairment losses]	2017	2016	2017
Balance at the beginning of the year	¥ 9,527	¥4,201	$84,918
Depreciation	496	685	4,421
Impairment losses	–	5,120	–
Disposals or reclassifications to assets held for sale	–	(380)	–
Foreign exchange translation	(0)	(41)	(0)
Other	9	(59)	80
Balance at the end of the year	¥10,033	¥9,527	$89,428

	Millions of Yen			Thousands of U.S. Dollars
[Carrying amount and fair value]	2017	2016	Transition date (April 1, 2015)	2017
Carrying amount	¥22,116	¥21,971	¥32,523	$197,129
Fair value	25,345	24,375	33,106	225,911

Fair value of investment property is based on the value determined by an independent appraiser who has a professional qualification and recent work similar to the target investment property in terms of location and characteristics. The input used at measurement of fair value is Level 3 of fair value hierarchy in IFRS 13 "Fair Value Measurement."

Rental revenue earned from investment property, shown as "Sales of services and others" on the consolidated statement of profit or loss, were ¥2,312 million ($20,607 thousand) and ¥3,050 million for the years ended March 31, 2017 and 2016, respectively.

Direct costs incurred to earn rental revenue are accounted for as "Cost of sales" on the consolidated statement of profit or loss, amounting to ¥1,224 million ($10,910 thousand) and ¥1,617 million for the years ended March 31, 2017 and 2016, respectively.

Impairment losses are shown as "Impairment losses on non-current assets" on the consolidated statements of profit or loss.

For the year ended March 31, 2016, the Group recognized an impairment loss of ¥5,120 million for commercial facilities of the Food & Consumer Services Division. Since it became highly unlikely to earn profits as initially projected due to a decrease in the number of customers, the Group reduced the carrying amount of the asset to the recoverable amount. The recoverable amount is measured at fair value, after deducting cost to sell, based on appraisals. The input used at measurement of fair value is Level 3 of fair value hierarchy in IFRS 13 "Fair Value Measurement."

NOTE 13. Lease

(1) Finance leases

(i) Lessee

The Group carries certain property, plant and equipment under finance lease contracts as a lessee. The net carrying amount of leased assets is as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Buildings and structures	¥ 3,401	¥ 2,506	¥ 3,326	$ 30,314
Machinery and vehicles	5,324	4,916	7,056	47,455
Other	3,084	3,353	3,386	27,489
Total	¥11,810	¥10,775	¥13,770	$105,267

The total future minimum lease payments and their present value in connection with finance lease contracts are as follows:

	Millions of Yen			Thousands of U.S. Dollars
[Total future minimum lease payments]	2017	2016	Transition date (April 1, 2015)	2017
Within one year	¥2,827	¥2,717	¥4,750	$25,198
Between one and five years	3,180	2,697	3,075	28,344
Over five years	79	173	202	704
Total	¥6,087	¥5,587	¥8,028	$54,256
Interest equivalent	¥ (22)	¥ (18)	¥ (27)	$ (196)
Present value of total future minimum lease payments	6,065	5,569	8,000	54,060

	Millions of Yen			Thousands of U.S. Dollars
[Present value of total future minimum lease payments]	2017	2016	Transition date (April 1, 2015)	2017
Within one year	¥2,827	¥2,717	¥4,750	$25,198
Between one and five years	3,160	2,682	3,054	28,166
Over five years	77	169	195	686
Total	¥6,065	¥5,569	¥8,000	$54,060

The total minimum lease payments receivable under subleases of financing lease contracts is ¥46 million ($410 thousand), ¥57 million and ¥2,086 million as of March 31, 2017, March 31, 2016 and the transition date, respectively.

(ii) Lessor

The Group leases certain property, plant and equipment under financing lease contracts as a lessor. Total net investment in the leases and present value of total minimum lease payments receivable are as follows:

	Millions of Yen			Thousands of U.S. Dollars
[Total net investment in the lease]	2017	2016	Transition date (April 1, 2015)	2017
Within one year	¥ 4,285	¥ 3,407	¥ 4,027	$ 38,194
Between one and five years	14,845	13,080	12,934	132,320
Over five years	25,906	27,059	32,139	230,911
Total	¥ 45,037	¥ 43,547	¥ 49,101	$ 401,435
Unsecured remaining balance	¥ –	¥ –	¥ –	$ –
Unearned finance income	(17,092)	(18,149)	(21,649)	(152,348)
Present value of total minimum lease payments receivable	27,945	25,397	27,452	249,086

	Millions of Yen			Thousands of U.S. Dollars
[Present value of total minimum lease payments receivable]	2017	2016	Transition date (April 1, 2015)	2017
Within one year	¥ 2,646	¥ 2,149	¥ 2,624	$ 23,584
Between one and five years	9,741	8,159	7,391	86,825
Over five years	15,557	15,089	17,436	138,666
Total	¥27,945	¥25,397	¥27,452	$249,086

(2) Operating leases

(i) Lessee

The Group carries certain property, plant and equipment under operating lease contracts as a lessee. The total future minimum lease payments are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Within one year	¥11,085	¥11,535	¥11,790	$ 98,805
Between one and five years	25,431	18,799	26,039	226,677
Over five years	4,236	2,412	4,989	37,757
Total	¥40,753	¥32,747	¥42,819	$363,249

Lease payments recognized as expenses under cancellable or non-cancellable operating lease contracts were ¥29,320 million ($261,342 thousand) and ¥30,290 million for the years ended March 31, 2017 and 2016, respectively.

(ii) Lessor

The Group leases certain property, plant and equipment under operating lease contracts as a lessor. The total minimum lease payments receivable is as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Within one year	¥1,199	¥1,224	¥ 789	$10,687
Between one and five years	1,393	1,371	1,731	12,416
Over five years	6	5	–	53
Total	¥2,599	¥2,602	¥2,521	$23,166

NOTE 14. Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Notes payable and accounts payable	¥ 910,482	¥853,345	¥ 952,568	$8,115,536
Other	146,402	138,730	137,617	1,304,946
Total	¥1,056,884	¥992,075	¥1,090,186	$9,420,483
Current liabilities	¥1,053,646	¥989,223	¥1,086,936	$9,391,621
Non-current liabilities	3,238	2,851	3,249	28,861
Total	¥1,056,884	¥992,075	¥1,090,186	$9,420,483

NOTE 15. Bonds and Borrowings

(1) The breakdown of bonds and borrowings is as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2017	2016	Transition date (April 1, 2015)	2017	Average rate (Note)	Maturity
Short-term borrowings	¥ 403,932	¥ 367,310	¥ 518,005	$ 3,600,427	2.53%	–
Commercial papers	–	40,000	135,000	–	–	–
Current portion of bonds	–	26,035	9,998	–	–	–
Current portion of long-term borrowings	132,187	104,530	110,158	1,178,242	2.50	–
Bonds (excluding current portion)	149,405	109,584	115,785	1,331,714	1.06	2021–2037
Long-term borrowings (excluding current portion)	882,633	869,628	863,567	7,867,305	1.27	2018–2037
Total	¥1,568,159	¥1,517,088	¥1,752,514	$13,977,707	–	–
Current liabilities	¥ 536,120	¥ 537,876	¥ 773,162	$ 4,778,679	–	–
Non-current liabilities	1,032,038	979,212	979,352	9,199,019	–	–
Total	¥1,568,159	¥1,517,088	¥1,752,514	$13,977,707	–	–

(Note) "Average rate" presents the weighted average interest rate to the balances for the year ended March 31, 2017.

In order to secure financing under unforeseeable circumstances such as financial market turmoil, the Group has entered into multi-currency revolving facility contracts and multi-pricing long-term revolving credit facility contracts with major financial institutions in Japan and overseas. The facility balances and unused balances of multi-currency revolving facility and multi-pricing long-term revolving credit facility are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Multi-currency revolving facility, total	¥50,000 million equivalent	¥50,000 million equivalent	¥20,000 million equivalent	$445,672 thousand equivalent
Multi-pricing long-term revolving credit facility, total	$200 million equivalent	–	–	$200,000 thousand equivalent
Balance executed	–	–	–	–
Balance unused	¥50,000 million equivalent	¥50,000 million equivalent	¥20,000 million equivalent	$445,672 thousand equivalent
	$200 million equivalent	–	–	$200,000 thousand equivalent

In order to secure financial flexibility and safety, the Group has entered into line of credit contracts with financial institutions. The line of credit given and unused balances are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Total line of credit	¥10,000 million and €400 million	¥10,000 million and €400 million	¥10,000 million and €400 million	$89,134 thousand and $427,096 thousand
Balance executed	€200 million	€225 million	€110 million	$213,548 thousand
Balance unused	¥10,000 million and €200 million	¥10,000 million and €175 million	¥10,000 million and €290 million	$89,134 thousand and $213,548 thousand

(2) Details of bonds

The following table summarizes details of bonds.

			Millions of Yen			Thousands of U.S. Dollars		
Issuer	Description	Issue date	2017	2016	Transition date (April 1, 2015)	2017	Coupon (%)	Redemption date
The Company	The 9th unsecured domestic corporate bond	May 20, 2003	¥ –	¥ –	¥ 9,998 (9,998)	$ –	1.09	May 20, 2015
The Company	The 11th unsecured domestic corporate bond	December 21, 2004	–	9,995 (9,995)	9,991	–	(Note 2)	December 21, 2016
The Company	The 14th unsecured domestic corporate bond	June 8, 2006	–	14,996 (14,996)	14,988	–	2.26	June 8, 2016
The Company	The 16th unsecured domestic corporate bond	December 8, 2011	29,928	29,914	29,900	266,761	1.35	December 8, 2021
The Company	The 17th unsecured domestic corporate bond	December 5, 2013	14,953	14,946	14,940	133,282	0.81	December 5, 2023
The Company	The 18th unsecured domestic corporate bond	December 5, 2013	14,949	14,943	14,938	133,247	1.01	December 5, 2025
The Company	The 19th unsecured domestic corporate bond	July 10, 2014	14,945	14,940	14,935	133,211	0.95	July 10, 2026
The Company	The 20th unsecured domestic corporate bond	July 10, 2014	14,938	14,934	14,930	133,149	1.27	July 10, 2029
The Company	The 21st unsecured domestic corporate bond	September 3, 2015	9,960	9,955	–	88,777	0.74	September 3, 2025
The Company	The 22nd unsecured domestic corporate bond	September 3, 2015	9,950	9,948	–	88,688	1.57	September 2, 2033
The Company	The 23rd unsecured domestic corporate bond	July 20, 2016	19,889	–	–	177,279	0.70	July 18, 2036
The Company	The 24th unsecured domestic corporate bond	March 7, 2017	19,888	–	–	177,270	1.02	March 6, 2037
Toyota Tsusho (Shanghai) Co., Ltd.	Corporate bond (private placement) (Note 3)	May 22, 2014	–	1,042 (1,042) [CNY 59,970 thousand]	1,161 [CNY 59,974 thousand]	–	3.98	May 21, 2016
Total	–	–	¥149,405 (–)	¥135,619 (26,035)	¥125,783 (9,998)	$1,331,714 (–)	–	

Notes: 1. The amount in parentheses presents the amount to be redeemed within one year from the fiscal year-end and shown as "bonds and borrowings" under current liabilities on the consolidated statement of financial position.
2. First year: 2.20% annual.
The second year and thereafter till redemption: The coupon rate is calculated as follows: 20-year-swap-rate minus two-year-swap-rate plus 0.20% annual. (If the calculation results in minus figure, it is stated as zero%.)
3. This is a corporate bond issued by Toyota Tsusho (Shanghai) Co., Ltd., a foreign subsidiary of the Company. The bond was privately placed in China.
4. None of these bonds are secured by collateral.

(3) Assets pledged as collateral

Following assets are pledged as collateral for bonds and borrowings.

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Cash and cash equivalents	¥ 19,797	¥ 19,061	¥ 6,733	$ 176,459
Trade and other receivables	6,851	6,538	5,655	61,066
Inventories	1,359	1,107	1,701	12,113
Property, plant and equipment	187,038	165,237	122,313	1,667,153
Other investments	13,022	20,117	14,838	116,070
Other	15,173	15,875	17,802	135,243
Total	¥243,243	¥227,938	¥169,045	$2,168,134

The debt secured by the above collateral is as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Bonds and borrowings	¥169,203	¥157,593	¥119,402	$1,508,182

In addition to the above, the Group normally uses trust receipts financing to settle imported goods under a letter of credit where the title or sales proceeds of imported goods are held by the bank as collateral. The amount of trust receipts is not included in the above since it is impractical to obtain the total amount of assets subject to trust receipts financing due to the following reasons: (i) the volume of imports is significant and (ii) the Group does not track each amount of letter of credit with applicable sales proceed when settling the letter of credit on the due date.

NOTE 16. Provisions

The breakdown and changes of provisions for the year ended March 31, 2017 are as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Asset retirement obligations	Other	Total	Asset retirement obligations	Other	Total
Balance at the beginning of the year	¥16,900	¥ 9,175	¥26,075	$150,637	$ 81,780	$232,418
Increase	3,479	5,378	8,858	31,009	47,936	78,955
Decrease (wrote off)	(241)	(4,931)	(5,172)	(2,148)	(43,952)	(46,100)
Decrease (reversal)	(1,393)	(1,206)	(2,600)	(12,416)	(10,749)	(23,174)
Changes due to present value calculation	(108)	–	(108)	(962)	–	(962)
Foreign exchange translation	(130)	(200)	(330)	(1,158)	(1,782)	(2,941)
Other	(391)	26	(364)	(3,485)	231	(3,244)
Balance at the end of the year	¥18,116	¥ 8,241	¥26,358	$161,476	$ 73,455	$234,940
Current liabilities	¥ 0	¥ 4,565	¥ 4,565	$ 0	$ 40,689	$ 40,689
Non-current liabilities	18,115	3,676	21,792	161,467	32,765	194,241
Total	¥18,116	¥ 8,241	¥26,358	$161,476	$ 73,455	$234,940

The Group's provisions for asset retirement obligations primarily include costs to remove facilities in wind power and solar power business.

NOTE 17. Employee Benefits

(1) Post-employment benefits

(i) Outline of the Group's retirement benefit plans

The Company and certain consolidated subsidiaries have defined benefit plans, a lump-sum severance benefits plan and a defined contribution benefits plan, available to almost all employees. The amount of benefits is determined based on each employee's salary, qualification and length of service. The Group's defined benefit plans are mainly the pension plans pursuant to the Defined-Benefit Corporate Pension Act of Japan, under which directors of the fund have a responsibility to perform administrations and operations of the pension funds in a faithful manner in accordance with laws and regulations and an employer is obligated to make contributions to the plans. A lump-sum severance benefits plan is a plan under which an employer provides employees with lump-sum money payments upon their retirement as retirement benefits. The defined contribution plan is a plan under which an employer does not obligate to pay more than the amount contributed.

(ii) Defined benefit plans

(a) Defined benefit obligations and plan assets

Changes in present value of defined benefit obligations and fair value of plan assets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Balance of net defined benefit liability at the beginning of the year	¥ 27,117	¥ 14,667	$241,706
Changes in present value of defined benefit obligations:			
Balance at the beginning of the year	¥108,600	¥100,705	$968,000
Service cost	5,536	5,193	49,344
Interest cost	649	1,967	5,784
Remeasurements	1,763	5,391	15,714
Benefit paid	(5,049)	(4,856)	(45,004)
Foreign exchange translation	(889)	(840)	(7,924)
Other	(1,383)	1,040	(12,327)
Balance at the end of the year	¥109,227	¥108,600	$973,589
Changes in fair value of plan assets:			
Balance at the beginning of the year	¥ 81,483	¥ 86,038	$726,294
Interest income	1,022	2,220	9,109
Remeasurements	604	(6,180)	5,383
Employer contributions	2,882	2,632	25,688
Benefit paid	(3,190)	(2,212)	(28,433)
Foreign exchange translation	(673)	(463)	(5,998)
Other	(899)	(551)	(8,013)
Balance at the end of the year	¥ 81,229	¥ 81,483	$724,030
Balance of net defined benefit liability at the end of the year	¥ 27,997	¥ 27,117	$249,549

Remeasurements are the differences mainly arisen from changes in actuarial assumptions.

The breakdown of defined benefit obligations of funded plan and unfunded plan is as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	**2017**
Defined benefit obligations of funded plan	¥ 72,910	¥ 72,462	¥ 67,202	$ 649,879
Plan assets	(81,229)	(81,483)	(86,038)	(724,030)
Subtotal	(8,318)	(9,020)	(18,836)	(74,142)
Defined benefit obligations of unfunded plan	36,316	36,137	33,503	323,700
Total	¥ 27,997	¥ 27,117	¥ 14,667	$ 249,549

(b) The breakdown of plan assets and their fair value

The breakdown of plan assets and their fair value are as follows:

As of March 31, 2017

Plan assets	Millions of Yen		
	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	¥ 1,103	¥ –	¥ 1,103
Equity securities:			
Japan	17,773	4,229	22,003
Other than Japan	2,308	5,114	7,422
Debt securities:			
Japan	–	25,586	25,586
Other than Japan	–	5,209	5,209
Life insurance company general accounts	–	12,542	12,542
Other	2	7,359	7,361
Total	¥21,188	¥60,041	¥81,229

Plan assets	Thousands of U.S. Dollars		
	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	$ 9,831	$ –	$ 9,831
Equity securities:			
Japan	158,418	37,694	196,122
Other than Japan	20,572	45,583	66,155
Debt securities:			
Japan	–	228,059	228,059
Other than Japan	–	46,430	46,430
Life insurance company general accounts	–	111,792	111,792
Other	17	65,594	65,611
Total	$188,858	$535,172	$724,030

As of March 31, 2016

Plan assets	Millions of Yen		
	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	¥ 768	¥ –	¥ 768
Equity securities:			
Japan	18,452	3,257	21,710
Other than Japan	2,443	4,342	6,786
Debt securities:			
Japan	–	25,792	25,792
Other than Japan	–	5,446	5,446
Life insurance company general accounts	–	14,889	14,889
Other	2	6,086	6,089
Total	¥21,667	¥59,815	¥81,483

As of the transition date (April 1, 2015)

Plan assets	Millions of Yen		
	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	¥ 1,085	¥ –	¥ 1,085
Equity securities:			
Japan	22,334	5,096	27,431
Other than Japan	2,459	4,726	7,185
Debt securities:			
Japan	–	24,000	24,000
Other than Japan	–	5,424	5,424
Life insurance company general accounts	–	14,142	14,142
Other	3	6,764	6,767
Total	¥25,883	¥60,154	¥86,038

(c) Major actuarial assumption

Major actuarial assumption used to determine the present value is as follows:

	Millions of Yen		
	2017	2016	Transition date (April 1, 2015)
Discount rate	Primarily 0.8%	Primarily 0.5%	Primarily 0.8%
Salary increase rate	Primarily 3.9%	Primarily 3.9%	Primarily 3.3%

Actuarial calculations are based an estimates for future uncertainties. If the discount rate increased or decreased by 0.5%, the defined benefit obligations as of March 31, 2017 decreases by ¥4,748 million ($42,321 thousand) or increases by ¥4,749 million ($42,329 thousand). The Group performs such sensitivity analysis based on changes in assumption which are reasonably expected as of the fiscal year-end. Although the Group assumes variable factors other than the discount rate are constant, changes in other variable factors may affect the sensitivity analysis results.

(d) Managing plan assets

The Group manages plan assets to generate sufficient earnings to meet future benefit payments. The Group has established the portfolio to meet the objective, considering operational risks and returns, past performance and forecasts.

(e) Impacts on future cash flows

The contribution amount is planned to be ¥2,104 million ($18,753 thousand) for next fiscal year. The Group will contribute amounts required in accordance with the internal rules when a defined benefit plan is not funded by sufficient plan assets. For the year ended March 31, 2017, the weighted-average duration of the defined benefit plan obligations is 16 years.

(iii) Defined contribution plans

Costs of defined contribution plans are ¥1,053 million ($9,385 thousand) and ¥1,669 million for the years ended March 31, 2017 and 2016, respectively.

(iv) Multi-employer plans

Certain consolidated subsidiaries participate in the Toyota Tsusho Group corporate pension plan, a multi-employer welfare pension fund. This plan differs from a single-employer plan in the following aspects:

(a) Assets contributed to a multi-employer welfare pension fund may be used for the benefits to the employees of employers other than the Group companies.

(b) If some employers stop making contributions, other employers may be obligated to provide sufficient funds.

(c) If a multi-employer plan is terminated or if an employer withdraws from the plan, employers may be obligated to make special contributions for unfunded portion, if any, upon termination of the plan or the withdrawal from the plan.

Since the amount of plan assets corresponding to the Company's contributions is reasonably determined, the plan is included in notes of the defined benefit plans.

(2) Employee benefit costs

Employee benefit costs are included in "cost of sales" and "selling, general and administration expenses" in the amount of ¥221,414 million ($1,973,562 thousand) and ¥229,784 million for the years ended March 31, 2017 and 2016, respectively.

NOTE 18. Equity

(1) Share capital

The number of authorized shares and shares issued and outstanding is as follows:

	Thousands of shares	
	2017	2016
Number of authorized shares:		
Common stock (no par-value)	1,000,000	1,000,000
Number of shares issued and outstanding:		
Beginning of the year	354,056	354,056
Changes during the year	–	–
End of the year	354,056	354,056

The number of shares issued and outstanding includes the number of treasury shares as follows:
2,162 thousand, 2,217 thousand and 2,366 thousand, as of March 31, 2017, March 31, 2016 and the transition date, respectively.

(2) Capital surplus

Under the Companies Act in Japan (the "Act"), it is prescribed that more than a half of the amount contributed at the share issuance shall be recorded as share capital and the remaining shall be recorded as capital reserve under capital surplus. In addition, the Act allows a company to reclassify the amount of capital reserve to share capital upon approval at the shareholders' meeting.

(3) Retained earnings

Under the Act, it is prescribed that an amount equal to 10% of the amount to be disbursed as distributions of surplus shall be reserved as capital reserve or legal reserve until the sum of the capital reserve and legal reserve equals 25% of the amount of share capital. In addition, the amount of legal reserve can be reversed for a purpose of covering a loss upon approval at a shareholders' meeting.

(4) Dividends

(i) Amount of dividend payments

Resolution	Class of stock	Total amounts of dividends (Millions of Yen)	Total amounts of dividends (Thousands of U.S. Dollars)	Dividends per share (Yen)	Dividends per share (U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 23, 2015	Common stock	¥ 9,853	$87,824	¥28	$0.25	March 31, 2015	June 24, 2015
Board of Directors meeting held on October 30, 2015	Common stock	10,913	97,272	31	0.28	September 30, 2015	November 26, 2015
General meeting of shareholders held on June 23, 2016	Common stock	10,913	97,272	31	0.28	March 31, 2016	June 24, 2016
Board of Directors meeting held on October 28, 2016	Common stock	10,915	97,290	31	0.28	September 30, 2016	November 25, 2016

(ii) Dividend with record date in the current fiscal year, and effective date in the following fiscal year

Resolution	Class of stock	Total amounts of dividends (Millions of Yen)	Total amounts of dividends (Thousands of U.S. Dollars)	Sources of dividends	Dividends per share (Yen)	Dividends per share (U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 23, 2017	Common stock	¥13,732	$122,399	Retained earnings	¥39	$0.35	March 31, 2017	June 26, 2017

NOTE 19. Share-based Payment

(1) Outline of share-based payment

Although the stock option plan was terminated in March 2011, the Company has subscription rights to shares granted before the termination, which are accounted for as equity-settled share-based payments. Since all subscription rights are vested as of the IFRS transition date (April 1, 2015), the Company does not adopt IFRS 2 "Share-based Payment" based on exemptions under IFRS 1. In addition, a disclosure of the plan outline is omitted since there is no balance of exercisable stock options as of March 31, 2017.

(2) Status of stock options

The following summarizes the status of stock options.

	2017		2016		2017
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Weighted average exercise price
	(Share)	(Yen)	(Share)	(Yen)	(U.S. Dollars)
Outstanding balance at the beginning of the year	93,400	¥1,375	287,800	¥1,428	$12.26
Exercised	(63,400)	1,375	(158,400)	1,445	12.26
Expired	(30,000)	1,375	(36,000)	1,492	12.26
Outstanding balance at the end of the year	–	–	93,400	1,375	–
Exercisable balance at the end of the year	–	–	93,400	1,375	–

Regarding stock options exercised during the year, the weighted average stock price as of the exercise date is ¥2,404 ($21.43) and ¥3,151 for the years ended March 31, 2017 and 2016, respectively.

NOTE 20. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Salaries and wages	¥220,180	¥229,231	$1,962,563
Travel and transportation	18,485	20,130	164,765
Commissions and fees	36,044	40,184	321,276
Rent	26,685	27,587	237,855
Depreciation and amortization	35,373	39,334	315,295
Other	74,465	81,953	663,740
Total	¥411,235	¥438,422	$3,665,522

NOTE 21. Foreign Exchange Translation Gains and Losses

Foreign exchange translation gains and losses included in "Other, net" under "Other income (expenses)" in the consolidated statement of profit or loss for the years ended March 31, 2017 and 2016 are ¥(2,042) million ($(18,201) thousand) and ¥(11,529) million, respectively.

NOTE 22. Finance Income (Costs)

The breakdown of finance income (costs) is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Interest income			
Financial assets measured at amortized cost	¥ 7,508	¥ 8,079	$ 66,922
Interest expenses			
Financial liabilities measured at amortized cost	(26,602)	(29,480)	(237,115)
Derivatives	544	1,170	4,848
Total interest expenses	(26,058)	(28,309)	(232,266)
Dividends received			
FVTOCI financial assets	18,752	19,854	167,145
Other	¥ (3,454)	¥ (2,446)	$ (30,787)

In addition to the above, net profit and loss on commodity-related derivatives is included in "Revenue" and "Cost of sales" in the consolidated statement of profit or loss in the amounts of ¥(4,033) million ($(35,947) thousand)and ¥(7,254) million for the years ended March 31, 2017 and 2016, respectively.

NOTE 23. Deferred Taxes and Corporate Income Taxes

(1) Deferred taxes

(i) Breakdown of deferred tax assets and deferred tax liabilities

The following table summarizes the breakdown of main deferred tax assets and deferred tax liabilities by cause.

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	**2017**
Deferred tax assets:				
Elimination of unrealized profits	¥ 2,638	¥ 2,540	¥ 3,627	$ 23,513
Loss allowance	5,664	1,394	7,315	50,485
Retirement benefits liabilities	8,063	5,424	8,536	71,869
Accruals	5,422	3,489	5,803	48,328
Other investment	11,917	481	8,836	106,221
Net operating losses	35,583	16,044	15,393	317,167
Other	33,578	26,807	38,007	299,295
Total deferred tax assets	¥ 102,868	¥ 56,183	¥ 87,519	$ 916,908
Deferred tax liabilities:				
Valuation difference on assets and liabilities of subsidiaries	¥ (18,380)	¥ (22,773)	¥ (25,992)	$ (163,829)
Other investments	(90,651)	(92,409)	(121,083)	(808,013)
Property, plant and equipment	(11,681)	(10,693)	(11,012)	(104,118)
Other	(42,609)	(39,613)	(40,484)	(379,793)
Total deferred tax liabilities	¥(163,324)	¥(165,489)	¥(198,572)	$(1,455,780)
Total deferred tax assets (liabilities), net	¥ (60,456)	¥(109,306)	¥(111,053)	$ (538,871)

(ii) Changes in deferred tax assets and deferred tax liabilities

Changes in deferred tax assets and deferred tax liabilities are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance of deferred tax assets (liabilities), net at beginning of year	¥(109,306)	¥(111,053)	$(974,293)
Deferred tax expense	42,015	(18,395)	374,498
Income tax on other comprehensive income	13,518	18,705	120,492
Other	(6,683)	1,436	(59,568)
Balance of deferred tax assets (liabilities), net at end of year	¥ (60,456)	¥(109,306)	$(538,871)

(iii) Future deductible temporary differences and net operating losses for which deferred tax assets are not accounted for

The amounts of future deductible temporary differences for which deferred tax assets are not accounted for are ¥28,160 million ($251,002 thousand), ¥138,187 million and ¥25,267 million as of March 31, 2017, March 31, 2016 and the transition date, respectively.

Net operating losses by year of expiration for which deferred tax assets are not accounted for are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Expire within one year	¥ –	¥ 400	¥ 463	$ –
Expire in a fiscal year between one and five years	–	2,734	2,531	–
Expire in a fiscal year between five and ten years	16,764	34,258	514	149,425
Expire in a fiscal year over ten years	1,305	11,539	12,224	11,632
Total	¥18,069	¥48,932	¥15,733	$161,057

(iv) Future taxable temporary differences in connection with investments in subsidiaries for which deferred tax liabilities are not accounted for

The amounts of future taxable temporary differences in connection with investments in subsidiaries for which deferred tax liabilities are not accounted for are ¥530,402 million ($4,727,711 thousand), ¥476,197 million and ¥502,355 million as of March 31, 2017, March 31, 2016 and the transition date, respectively.

(2) Corporate income tax expense

(i) Breakdown of corporate income tax expense

Breakdown of corporate income tax expense is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Current	¥ 54,575	¥59,156	$ 486,451
Deferred	(42,015)	18,395	(374,498)
Total	¥ 12,560	¥77,552	$ 111,952

Deferred tax above includes adjustments due to reassessment of recoverability of deferred tax assets in the amount of ¥35,945 million ($320,393 thousand) (income) and ¥25,340 million (expense) for the years ended March 31, 2017 and 2016, respectively. The Company and some consolidated subsidiaries applied for adoption of the consolidated taxation system during the year ended March 31, 2017, and the consolidated taxation system was admitted to start from the year ending March 31, 2018. Accordingly, effective from the year ended March 31, 2017, the Company applied accounting procedures taking into consideration of adoption of the consolidated taxation system.

(ii) Reconciliation of the statutory effective tax rate

The reconciliation between the statutory effective tax rate and the average effective tax rate is as follows:

	%	
	2017	2016
Statutory effective tax rate	30.7	32.8
(Adjustments)		
Permanent nondeductible differences such as entertainment expenses	0.4	1.7
Equity in earnings of unconsolidated subsidiaries and associates accounted for using the equity method	(0.2)	3.4
Differences in tax rates applied for foreign operations	0.1	(1.5)
Reassessment of recoverability of deferred tax assets	(23.3)	63.2
Other	1.2	1.4
Average effective tax rate	8.9	101.0

The statutory effective tax rate in Japan, which is calculated based on corporation tax, inhabitant tax and tax-deductible enterprise tax, is 30.7% and 32.8% for the years ended March 31, 2017 and 2016, respectively. For foreign operations, however, local foreign corporate tax rates are to be applied.

The "Act on Partial Revision of the Income Tax Act" (Act No. 15 of 2016) and the "Act on Partial Revision of Local Tax Act" (Act No. 13 of 2016) were enacted in the Diet session on March 29, 2016 and income tax rates will be reduced effective from years beginning on or after April 1, 2016. Accordingly, the statutory effective tax rate used to measure the Company's deferred tax assets and liabilities was changed from 32.8% to 30.7% for the temporary differences expected to be realized or settled for the fiscal years beginning on April 1, 2016 and April 1, 2017, and to 30.5% for those to be realized or settled for the fiscal years beginning on or after April 1, 2018.

NOTE 24. Other Comprehensive Income

Changes in items of other comprehensive income and income tax effects are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Remeasurements of defined benefit plans:			
Amount arising during the year	¥ 163	¥ (13,532)	$ 1,452
Income tax effects	920	4,986	8,200
Total	1,083	(8,545)	9,653
FVTOCI financial assets:			
Amount arising during the year	26,753	(77,811)	238,461
Income tax effects	10,265	18,620	91,496
Total	37,019	(59,190)	329,967
Cash flow hedge:			
Amount arising during the year	5,522	(31,108)	49,220
Reclassification to profit or loss in the year	4,925	17,802	43,898
Income tax effects	2,296	(3,236)	20,465
Total	12,744	(16,542)	113,593
Exchange differences on translation of foreign operations:			
Amount arising during the year	(24,873)	(82,293)	(221,704)
Reclassification to profit or loss in the year	468	(276)	4,171
Income tax effects	36	(1,665)	320
Total	(24,368)	(84,235)	(217,202)
Share of other comprehensive income of investments accounted for using the equity method:			
Amount arising during the year	(5,450)	(7,113)	(48,578)
Reclassification to profit or loss in the year	(971)	(873)	(8,654)
Total	(6,422)	(7,987)	(57,242)
Total	¥ 20,057	¥(176,501)	$178,777

Exchange differences on translation of foreign operations in the above table include the portion of the gain or loss on a hedging instrument that is determined to be an effective hedge of net investments in foreign operations. The amounts are stated in Note 8 "Financial Instruments (5) Hedge accounting (ii) Matters regarding hedge accounting."

NOTE 25. Earnings Per Share

The basis for calculation of basic and diluted earnings per share attributable to owners of the parent is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Profit (loss) for the year attributable to owners of the parent	¥107,903	¥(19,280)	$961,788
Weighted shares:			
Basic weighted average shares (thousand shares)	351,884	351,804	
Dilutive effects: stock option (thousand shares)	11	–	
Weighted average shares after dilutive adjustments (thousand shares)	351,896	351,804	

	Yen		U.S. Dollars
Earnings per share attributable to owners of the parent:			
Basic earnings (losses) per share (yen)	¥306.64	¥(54.80)	$2.73
Diluted earnings (losses) per share (yen)	306.63	(54.80)	2.73

For the year ended March 31, 2016, the exercise of stock options resulted in a decrease of loss per share attributable to owners of the parent. Thus, the diluted shares had no dilutive effect.

NOTE 26. Cash Flow Information

(1) Cash and cash equivalents

Cash and cash equivalents consist of cash and deposits excluding time deposits with a maturity of more than three months.

(2) Amount paid upon acquisition of a subsidiary

The following tables summarize assets acquired and liabilities assumed upon acquisition of a company which became a consolidated subsidiary of the Company and the relationship between consideration payable and the amount paid.

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Assets acquired:			
Current assets	¥ 2,313	¥ 5,336	$ 20,616
Non-current assets	28,315	41,036	252,384
Liabilities assumed:			
Current liabilities	2,321	5,345	20,688
Non-current liabilities	17,278	7,857	154,006

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Consideration payable [of which, cash and cash equivalents]	¥(10,870) [(10,870)]	¥(32,073) [(32,073)]	$(96,889) [(96,889)]
Of assets acquired, the amount of cash and cash equivalents	1,580	43	14,083
Difference: Amount paid upon acquisition of a subsidiary	¥ (9,290)	¥(32,029)	$(82,805)

(3) Amount received upon sale of a subsidiary

The following tables summarize assets sold and liabilities relieved upon sales of a company which used to be a consolidated subsidiary of the Company and the relationship between consideration assumed and the amount received.

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Assets sold:			
Current assets	¥726	¥3,582	$6,471
Non-current assets	109	1,862	971
Liabilities relieved:			
Current liabilities	355	2,958	3,164
Non-current liabilities	–	781	–

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	**2017**
Consideration assumed	¥ 166	¥ 1,154	$ 1,479
[of which, cash and cash equivalents]	[166]	[1,154]	[1,479]
Of assets sold, the amount of cash and cash equivalents	(141)	(803)	(1,256)
Difference: Amount received upon sale of a subsidiary	¥ 25	¥ 350	$ 222

NOTE 27. Business Combinations

The Group executed the business combination in the year ended March 31, 2016 as stated below. No significant business combination was executed during the year ended March 31, 2017.

Business combination through acquisition

1. Overview of the business combination

(1) Name of acquired company and description of the business

Name of the acquired company: NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A.

Description of the business: Grain accumulation, storage, logistics, sales, imports and exports.

(2) Purpose of the business combination

The grain business has long been a key field for the Company, which established its grain silo business in 1968. Currently, the Company operates four grain silos in Japan, counting long experience in the business and the expertise acquired from handling one of the top trading volumes in Japan among its strengths. The acquisition of all shares of NovaAgri as a subsidiary will enable the Company to strengthen customer service beginning with grain collection, and work on establishing a supply chain ranging in scope from upstream to downstream operations. This will be accomplished by leveraging NovaAgri's grain infrastructure business encompassing grain storage and railway reloading facilities to export terminals in Brazil, one of the largest grain producers in the world. Moving forward, the Company will strive to ensure the stable supply of grain and expand further in the business.

(3) Date of the business combination

May 29, 2015

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Name of the company after the business combination

NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A.

(6) Acquired voting rights

100%

(7) Grounds of determination the acquiring company

The Company has acquired the shares for cash consideration.

2. Acquisition cost and breakdown

	Millions of Yen
	2016
Cash payment for acquisition	¥27,491
Total acquisition cost	¥27,491

3. Acquisition-related cost and breakdown

	Millions of Yen
	2016
Advisory cost and other	¥491

4. Goodwill

	Millions of Yen
	2016
Goodwill	¥16,490

Goodwill is recognized for the difference of acquisition cost and the Company's share on the acquired company.

5. Assets acquired and liabilities assumed on the day of the business combination

	Millions of Yen
	2016
Current assets	¥ 2,783
Non-current assets	20,211
Total assets	¥22,995
Current liabilities	¥ 3,039
Non-current liabilities	7,802
Total liabilities	¥10,842

6. Amount allocated to intangible assets other than goodwill, the breakdown by major category and weighted average amortization period

Breakdown by category	Millions of Yen	Weighted average amortization period
Contract-related assets ("Other intangible assets")	¥3,629	21 years
Customer-related assets ("Marketing rights, customer-related, etc.")	661	8 years
Total	¥4,290	19 years

7. Estimated effect on the consolidated statement of profit or loss assuming the business combination completed at the beginning of the year ended March 31, 2016 and method of estimating the effect

Disclosure is omitted as it is immaterial.

Estimated effect on the consolidated statement of profit or loss is unaudited.

NOTE 28. Major Subsidiaries

(1) Major subsidiaries are as follows:

Corporate Name	Location	Major Business Description	Voting Rights (%)
Toyota Steel Center Co., Ltd	Tokai-shi, Aichi	Metals	90.0
Toyota Tsusho Material Incorporated	Nakamura-ku, Nagoya	Metals	100.0
Eurus Energy Holdings Corporation	Minato-ku, Tokyo	Machinery, Energy & Project	60.0
Toyotsu Machinery Corporation	Nakamura-ku, Nagoya	Machinery, Energy & Project	100.0
Toyotsu Energy Corporation	Nakamura-ku, Nagoya	Machinery, Energy & Project	100.0
TOMEN Electronics Corporation	Minato-ku, Tokyo	Chemicals & Electronics	100.0
Elematec Corporation	Minato-ku, Tokyo	Chemicals & Electronics	58.6
Tomen Devices Corporation	Chuo-ku, Tokyo	Chemicals & Electronics	50.1
Toyotsu Chemiplas Corporation	Minato-ku, Tokyo	Chemicals & Electronics	100.0
TDmobile Corporation	Minato-ku, Tokyo	Chemicals & Electronics	51.0
Toyota Tsusho Insurance Partners Corporation	Nakamura-ku, Nagoya	Food & Consumer Services	100.0
Toyotsu Rare Earths India Private Limited	Visak hapatnam, India	Metals	100.0
Toyota Tsusho South Pacific Holdings Pty Ltd	Brisbane, Australia	Automotive	100.0
Business Car	Moscow, Russia	Automotive	92.1
Toyota de Angola S.A.	Luanda, Angola	Automotive	100.0
Toyota Kenya Ltd.	Nairobi, Kenya	Automotive	100.0
Toyota Tsusho Petroleum Pte. Ltd.	Singapore, Singapore	Machinery, Energy & Project	100.0
Toyota Tsusho Mining (Australia) Pty Ltd.	Sydney, Australia	Machinery, Energy & Project	100.0
Toyota Tsusho CBM Queensland Pty Ltd	Brisbane, Australia	Machinery, Energy & Project	100.0
Toyota Tsusho Gas E&P Trefoil Pty Ltd	Brisbane, Australia	Machinery, Energy & Project	100.0
Toyota Tsusho Wheatland Inc.	New Brunswick, Canada	Machinery, Energy & Project	100.0
Toyota Tsusho Energy Europe Cooperatief U.A.	Amsterdam, Netherlands	Machinery, Energy & Project	100.0
NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A.	São Paulo, Brazil	Food & Consumer Services	100.0
Toyota Tsusho America,Inc.	New York, U.S.A.	Overseas subsidiary	100.0
Toyota Tsusho Europe S.A.	Zaventem, Belgium	Overseas subsidiary	100.0
Toyota Tsusho (Thailand) Co.,Ltd.	Bangkok, Thailand	Overseas subsidiary	49.0
Toyota Tsusho Asia Pacific Pte. Ltd.	Singapore, Singapore	Overseas subsidiary	100.0
P.T.Toyota Tsusho Indonesia	Jakarta, Indonesia	Overseas subsidiary	100.0
Toyota Tsusho India Private Limited	Bangalore, India	Overseas subsidiary	100.0
Toyota Tsusho (Africa) Pty.Ltd.	Sandton, South Africa	Overseas subsidiary	100.0
Toyota Tsusho (Shanghai) Co.,Ltd.	Shanghai, China	Overseas subsidiary	100.0
Toyota Tsusho (Guangzhou) Co.,Ltd.	Guangzhou, China	Overseas subsidiary	100.0
Toyota Tsusho (Tianjin) Co.,Ltd.	Tianjin, China	Overseas subsidiary	100.0
Toyota Tsusho (Taiwan) Co.,Ltd.	Taipei, Taiwan	Overseas subsidiary	79.9
CFAO SAS	Sèvres, France	Retail of vehicles and Pharmaceutical Wholesale	100.0

Notes: 1. NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A. became a subsidiary of the Company due to the business combination through acquisition during the year ended March 31, 2016.
2. Toyota Tsusho (Thailand) Co., Ltd., is treated as a subsidiary of the Company, because it is substantially controlled by the Company, although its voting rights held by the Company is not more than 50%.

(2) Transactions with non-controlling interests

Of transactions with non-controlling interests for the year ended March 31, 2017, the significant transaction was the acquisition of shares of CFAO SAS from the non-controlling interests as shown below. As a result of the acquisition, the Company's holding voting rights increased from 97.8% to 100.0%.

	Millions of Yen	Thousands of U.S. Dollars
	2017	2017
Carrying amount of acquired non-controlling interests	¥1,966	$17,523
Amount paid to non-controlling interests	5,395	48,088
Excess of consideration paid recognized in the transactions with non-controlling interests reserve within equity	¥3,429	$30,564

Of transactions with non-controlling interests for the year ended March 31, 2016, the significant transaction was the acquisition of shares of Elematec Corporation from the non-controlling interests as shown below. As a result of the acquisition, the Company's holding voting rights increased from 51.0% to 58.6%.

	Millions of Yen
	2016
Carrying amount of acquired non-controlling interests	¥3,304
Amount paid to non-controlling interests	4,665
Excess consideration recognized in the transaction with non-controlling interests included in equity	¥1,361

NOTE 29. Related Party Information

(1) Related party transactions

For the years ended March 31, 2017 and 2016

			Millions of Yen		Thousands of U.S. Dollars
Classification	Corporate name	Type of transaction	2017	2016	2017
Entity with significant influence over the Group	Toyota Motor Corporation Group	Sales of raw materials	¥695,208	¥719,763	$6,196,702
		Purchase of automobiles	665,661	730,631	5,933,336

Outstanding balances arising from the transactions above are as follows:

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Trade and other receivables	¥90,152	¥86,857	¥85,063	$803,565
Trade and other payables	61,065	52,689	72,813	544,299

Notes: Terms of transactions and policy for determining terms
1. Prices and other terms of transactions are determined individually based on negotiation.
2. The amount of transaction does not include consumption tax. The balance of receivables and payables subject to consumption tax includes consumption tax.

(2) Remuneration to management executives

The amount of remuneration to the Company's management executives for the years ended March 31, 2017 and 2016 are ¥1,149 million ($10,241 thousand) and ¥705 million, respectively.

NOTE 30. Contingent Liabilities

(1) Guarantees

Guarantees given to associates accounted for using the equity method and third party are as shown below. When a debtor defaults on an obligation, it may be necessary to fulfill the obligation.

	Millions of Yen			Thousands of U.S. Dollars
	2017	2016	Transition date (April 1, 2015)	2017
Guarantees issued for associates accounted for using the equity method	¥20,479	¥22,187	¥39,186	$182,538
Guarantees issued for third party	28,751	32,024	38,308	256,270
Total	¥49,230	¥54,211	¥77,495	$438,809

Some of the guarantees above are secured by third party's counter guarantees, whose balances are ¥2,460 million ($21,927 thousand), ¥2,623 million and ¥4,067 million as of March 31, 2017, March 31, 2016 and the transition date, respectively.

In addition, loss allowance is recorded for some of the financial guarantees above. The balance of such loss allowance is ¥3,517 million ($31,348 thousand), ¥2,487 million and ¥1,831 million as of March 31, 2017, March 31, 2016 and the transition date, respectively.

(2) Litigations

There is no litigation which may give a material impact on the Company's financial position.

NOTE 31. Subsequent Events

There is no significant subsequent event which may give a material impact on the Company's financial position.

NOTE 32. Disclosures Regarding Transition to IFRSs

These are the first consolidated financial statements in which the Group prepared in accordance with IFRSs. The consolidated financial statements as of and for the years ended March 31, 2017, the comparable information for the year ended March 31, 2016 and the statement of financial position as of April 1, 2015, the transition date, are prepared in accordance with the policies stated in Note 3. "Significant Accounting Policies."

In general, the IFRSs require an entity applying IFRSs for the first time to retrospectively apply the standards required under IFRSs. However, IFRS 1 grants limited exemptions from these requirements or prohibits retrospective application in some areas. The effects of the application of such provisions are adjusted at the transition date in retained earnings or other components of equity.

(1) Exemptions under IFRS 1

The following summarizes major exemptions adopted by the Group at the transition from Japanese GAAP to IFRSs.

(i) Business combinations

Applying an exemption, the Group elects not to apply IFRS 3 retrospectively to business combinations that occurred before the date of transition to IFRSs. As a result, goodwill generated from business combinations prior to the transition date is recognized based on the carrying amount under Japanese GAAP. Such goodwill was tested for impairment as of the transition date regardless of whether there is any indication of impairment.

(ii) Exchange differences on translation of foreign operations

Applying an exemption, the Group deems the cumulative amount of exchange differences on translation of foreign operations to be zero at the transition date.

(iii) Deemed cost

In order to determine cost of certain property, plant and equipment and investment property at the transition date, the Group applies an exemption and uses fair value at the transition date as its deemed cost as of that date.

(iv) Designation of financial instruments

Applying an exemption, the Group designates an investment in equity instruments as at fair value through other comprehensive income on the basis of the facts and circumstances that exist at the transition date.

(2) Mandatory exemption under IFRS 1

IFRS 1 prohibits retrospective application for certain items such as "estimate", "derecognition of financial assets and financial liabilities", "hedge accounting", "non-controlling interests", and "classification and measurement of financial assets". For these items, the Group applies IFRSs prospectively from the transition date.

(3) Reconciliation

In preparing the consolidated financial statements under IFRSs, the Group has adjusted the amounts reported in the consolidated financial statements under Japanese GAAP. The effects of the adjustments on the financial position, results of operations and cash flows are presented below.

(i) Reconciliation of equity

Year ended March 31, 2016 (As of March 31, 2016)

Japanese GAAP	Japanese GAAP	Changes in closing date	Reclassification	Effect of transition to IFRSs	IFRSs	Notes	IFRSs
	Millions of Yen						
ASSETS							ASSETS
Current assets:							Current assets:
Cash and deposits	¥ 408,310	¥ (6,944)	¥ (9,119)	¥ –	¥ 392,247		Cash and cash equivalents
Notes and accounts receivable—trade	1,198,337	(2,205)	74,883	(27,468)	1,243,547	(a) (b)	Trade and other receivables
Inventories	580,051	(3,956)	(2,034)	33,024	607,085	(b)	Inventories
Deferred tax assets	11,600	–	(11,600)	–		(I)	
Other	260,679	(2,103)	(127,122)	(654)	130,800		Other current assets
Allowance for doubtful accounts	(33,086)	580	32,506	–			
		–	28,852	–	28,852		Other financial assets
Total current assets	2,425,894	(14,629)	(13,635)	4,902	2,402,533		Total current assets
Non-current assets:							Non-current assets:
Property, plant and equipment	598,286	(2,967)	(20,892)	(7,670)	566,757	(II) (c)	Property, plant and equipment
		–	23,298	(1,327)	21,971	(II) (c)	Investment property
Intangible assets:							
Goodwill	135,948	(6,670)	(129,278)	–			
Other	137,849	(4,745)	129,278	(33,273)	229,109	(d)	Intangible assets
Investments and other assets:							
Investment securities	476,774	(171)	(476,603)	–		(III)	
Investments in capital	54,165	–	(54,165)	–		(III)	
		–	216,706	6,083	222,789	(III)	Investments accounted for using the equity method
		–	314,062	163,414	477,476	(III) (e)	Other investments
Long-term loans receivable	25,789	748	6,993	923	34,453		Trade and other receivables
Deferred tax assets	22,833	(131)	11,600	(3,382)	30,920	(I) (f)	Deferred tax assets
Net defined benefit asset	9,694	–	(9,694)	–			
Other	75,128	(19)	(51,060)	145	24,194		Other non-current assets
Allowance for doubtful accounts	(10,264)	60	10,204	–			
		–	43,185	–	43,185		Other financial assets
Total non-current assets	1,526,205	(13,897)	13,635	124,915	1,650,858		Total non-current assets
Total assets	¥3,952,100	¥(28,527)	¥ –	¥129,818	¥4,053,391		Total assets

Japanese GAAP	Japanese GAAP	Changes in closing date	Reclassification	Effect of transition to IFRSs	IFRSs	Notes	IFRSs
	Millions of Yen						
LIABILITIES							Liabilities and equity
							Liabilities
Current liabilities:							Current liabilities:
Notes and accounts payable—trade	¥ 867,302	¥ (7,787)	¥ 134,388	¥ (4,680)	¥ 989,223		Trade and other payables
Lease obligations	2,717	–	(2,717)	–			
Short-term loans payable	468,903	(11,973)	66,042	14,904	537,876	(a)	Bonds and borrowings
Commercial papers	40,000	–	(40,000)	–			
Current portion of bonds	26,042	–	(26,042)	–			
Income taxes payable	27,210	(2,328)	–	112	24,994		Income taxes payable
Deferred tax liabilities	6,206	–	(6,206)	–		(l)	
Provision for directors' bonuses	328	–	(328)	–			
Provision for loss on litigation	616	(92)	(524)	–			
		–	3,291	1,540	4,831		Provisions
Other	297,862	(3,688)	(152,342)	(2,258)	139,574		Other current liabilities
		–	18,232	(2,412)	15,820		Other financial liabilities
Total current liabilities	1,737,191	(25,870)	(6,207)	7,205	1,712,319		Total current liabilities
Non-current liabilities:							Non-current liabilities:
Bonds payable	110,000	–	871,170	(1,958)	979,212		Bonds and borrowings
Long-term loans payable	860,583	10,587	(871,170)	–			
Lease obligations	2,851	–	–	–	2,851		Trade and other payables
Deferred tax liabilities	85,631	(1,480)	6,206	49,869	140,226	(l) (e)	Deferred tax liabilities
Net defined benefit liability	36,917	(178)	–	38	36,777		Retirement benefits liabilities
Provision for directors' retirement benefits	678	–	(678)	–			
Provision for loss on guarantees	55	–	(55)	–			
Provision for loss on business withdrawal	523	–	(523)	–			
Provision for loss on losing contracts	1,697	–	(1,697)	–			
Provision for loss on litigation	380	65	(445)	–			
		–	20,114	1,130	21,244		Provisions
Other	59,810	–	(40,561)	(55)	19,194		Other non-current liabilities
		–	23,848	1,730	25,578		Other financial liabilities
Total non-current liabilities	1,159,130	8,993	6,207	50,755	1,225,087		Total non-current liabilities
Total liabilities	2,896,322	(16,876)	–	57,960	2,937,406		Total liabilities
NET ASSETS							Equity
Capital stock	64,936	–	–	–	64,936		Share capital
Capital surplus	153,725	(62)	37	51	153,751		Capital surplus
Subscription rights to shares	37	–	(37)	–			
Treasury shares	(3,623)	–	–	–	(3,623)		Treasury shares
Accumulated other comprehensive income	111,180	(4,147)	–	(6,404)	100,629	(e) (h)	Other components of equity
Retained earnings	562,417	(7,710)	–	76,257	630,964	(i)	Retained earnings
					946,658		Total equity attributable to owners of the parent
Non-controlling interests	167,103	268	–	1,955	169,326		Non-controlling interests
Total net assets	1,055,777	(11,651)	–	71,858	1,115,984		Total equity
Total liabilities and net assets	¥3,952,100	¥(28,527)	¥ –	¥129,818	¥4,053,391		Total liabilities and equity

Transition date (As of April 1, 2015)

Japanese GAAP	Japanese GAAP	Changes in closing date	Reclassification	Effect of transition to IFRSs	IFRSs	Notes	IFRSs
	Millions of Yen						
ASSETS							ASSETS
Current assets:							Current assets:
Cash and deposits	¥ 499,190	¥ (3,621)	¥ (32)	¥ –	¥ 495,536		Cash and cash equivalents
Notes and accounts receivable—trade	1,346,461	(6,030)	93,204	(13,469)	1,420,166	(a) (b)	Trade and other receivables
Inventories	683,392	(16,629)	(1,568)	36,701	701,896	(b)	Inventories
Deferred tax assets	15,739	–	(15,739)	–		(I)	
Other	253,594	(3,578)	(143,314)	2,319	109,020		Other current assets
Allowance for doubtful accounts	(29,169)	1,765	27,404	–			
		–	22,738	(3,454)	19,284		Other financial assets
Total current assets	2,769,209	(28,094)	(17,307)	22,097	2,745,904		Total current assets
Non-current assets:							Non-current assets:
Property, plant and equipment	583,819	(3,568)	(32,014)	(1,580)	546,657	(II) (c)	Property, plant and equipment
		–	33,964	(1,441)	32,523	(II) (c)	Investment property
Intangible assets:							
Goodwill	170,647	(19,342)	(151,305)	–			
Other	229,745	(13,923)	151,305	(67,782)	299,346	(d)	Intangible assets
Investments and other assets:							
Investment securities	572,927	(1,874)	(571,053)	–		(III)	
Investments in capital	60,069	–	(60,069)	–		(III)	
		–	231,209	4,673	235,882	(III)	Investments accounted for using the equity method
		–	399,913	175,708	575,621	(III) (e)	Other investments
Long-term loans receivable	30,342	(464)	2,615	1,045	33,538		Trade and other receivables
Deferred tax assets	19,533	(279)	15,739	(10,331)	24,663	(I) (f)	Deferred tax assets
Net defined benefit asset	17,223	–	(17,223)	–			
Other	100,268	(14)	(65,889)	759	35,123		Other non-current assets
Allowance for doubtful accounts	(20,091)	242	19,849	–			
		–	60,265	–	60,265		Other financial assets
Total non-current assets	1,764,484	(39,223)	17,307	101,052	1,843,622		Total non-current assets
Total assets	¥4,533,693	¥(67,317)	¥ –	¥123,149	¥4,589,526		Total assets

Japanese GAAP	Japanese GAAP	Changes in closing date	Reclassification	Effect of transition to IFRSs	IFRSs	Notes	IFRSs
	Millions of Yen						
LIABILITIES							Liabilities and equity
							Liabilities
Current liabilities:							Current liabilities:
Notes and accounts payable—trade	¥ 969,099	¥(16,531)	¥ 133,044	¥ 1,324	¥1,086,936		Trade and other payables
Lease obligations	4,750	–	(4,750)	–			
Short-term loans payable	608,661	(6,589)	145,000	26,090	773,162	(a)	Bonds and borrowings
Commercial papers	135,000	–	(135,000)	–			
Current portion of bonds	10,000	–	(10,000)	–			
Income taxes payable	26,806	12	–	167	26,985		Income taxes payable
Deferred tax liabilities	6,591	–	(6,591)	–		(l)	
Provision for directors' bonuses	748	–	(748)	–			
Provision for loss on litigation	1,007	(322)	(685)	–			
		–	2,547	1,825	4,372		Provisions
Other	299,062	(10,305)	(149,990)	(4,817)	133,950		Other current liabilities
		–	20,582	–	20,582		Other financial liabilities
Total current liabilities	2,061,727	(33,737)	(6,591)	24,589	2,045,988		Total current liabilities
Non-current liabilities:							Non-current liabilities:
Bonds payable	116,161	–	864,128	(937)	979,352		Bonds and borrowings
Long-term loans payable	854,927	9,201	(864,128)	–			
Lease obligations	3,249	–	–	–	3,249		Trade and other payables
Deferred tax liabilities	101,102	(4,138)	6,591	32,160	135,716	(l) (e)	Deferred tax liabilities
Net defined benefit liability	32,355	(614)	–	150	31,890		Retirement benefits liabilities
Provision for directors' retirement benefits	528	–	(528)	–			
Provision for loss on guarantees	756	–	(756)	–			
Provision for loss on business withdrawal	3,104	–	(3,104)	–			
Provision for loss on losing contracts	1,941	–	(1,941)	–			
Provision for loss on litigation	727	(361)	(366)	–			
		–	20,320	1,121	21,441		Provisions
Other	52,627	–	(21,796)	(86)	30,745		Other non-current liabilities
		–	8,173	1,730	9,903		Other financial liabilities
Total non-current liabilities	1,167,482	4,088	6,591	34,138	1,212,300		Total non-current liabilities
Total liabilities	3,229,210	(29,649)	–	58,727	3,258,289		Total liabilities
NET ASSETS							Equity
Capital stock	64,936	–	–	–	64,936		Share capital
Capital surplus	155,021	–	127	–	155,148		Capital surplus
Subscription rights to shares	127	–	(127)	–			
Treasury shares	(3,858)	–	–	–	(3,858)		Treasury shares
Accumulated other comprehensive income	281,012	(30,100)	–	(7,697)	243,216	(e) (h)	Other components of equity
Retained earnings	628,399	(6,194)	–	63,520	690,725	(i)	Retained earnings
					1,150,169		Total equity attributable to owners of the parent
Non-controlling interests	178,844	(1,374)	–	3,597	181,067		Non-controlling interests
Total net assets	1,304,483	(37,668)	–	64,421	1,331,236		Total equity
Total liabilities and net assets	¥4,533,693	¥(67,317)	¥ –	¥123,149	¥4,589,526		Total liabilities and equity

(ii) Reconciliation of profit or loss and comprehensive income

Year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

	Millions of Yen						
Japanese GAAP	Japanese GAAP	Changes in closing date	Reclassification	Effect of transition to IFRSs	IFRSs	Notes	IFRSs
Net sales	¥ 8,170,237	¥(8,802)	¥(8,161,435)	¥ –	¥ –	(IV)	Revenue
		–	8,060,456	(1,905,442)	6,155,014	(IV) (b)	Sales of goods
		–	100,978	(9,889)	91,089	(IV)	Sales of services and others
	8,170,237	(8,802)	–	(1,915,332)	6,246,103	(g)	Total revenue
Cost of sales	(7,554,195)	7,041	–	1,913,590	(5,633,564)	(b) (g)	Cost of sales
Gross profit	616,042	(1,761)	–	(1,741)	612,539		Gross profit
Selling, general and administrative expenses	(475,742)	(2)	158	37,164	(438,422)	(d)	Selling, general and administrative expenses
							Other income (expenses)
		–	1,450	–	1,450		Gain (loss) on sale and disposals of non-current assets, net
		–	(64,859)	(7,134)	(71,993)	(d)	Impairment losses on non-current assets
		–	(20,552)	(32)	(20,584)		Other
					(91,127)	(V)	Total other income (expenses)
Operating income	140,299	(1,763)	(83,803)	28,255	82,988		Operating profit
Non-operating income	41,766	142	(41,909)	–		(V)	
Non-operating expenses	(53,970)	(551)	54,522	–		(V)	
Extraordinary income	11,239	(1,017)	(10,222)	–		(V)	
Extraordinary losses	(92,799)	605	92,193	–		(V)	
							Finance income (costs):
		–	8,079	–	8,079		Interest income
		–	(28,214)	(95)	(28,309)		Interest expenses
		–	19,854	–	19,854		Dividend income
		–	(4,602)	2,156	(2,446)		Other
					(2,821)	(V)	Total finance income (costs)
		–	(5,739)	2,342	(3,397)	(V)	Share of profit (loss) of investments accounted for using the equity method
Profit (loss) before income taxes	46,535	(2,584)	158	32,660	76,769		Profit (loss) before income taxes
Income taxes	(69,776)	513	(158)	(8,131)	(77,552)	(f)	Income tax expense
Profit (loss)	¥ (23,240)	¥(2,070)	¥ –	¥ 24,529	¥ (782)		Profit (loss) for the year
							Profit (loss) for the year attributable to:
Profit (loss) attributable to owners of the parent	¥ (43,714)	¥(1,520)	¥ –	¥ 25,954	¥ (19,280)		Owners of the parent
Profit (loss) attributable to non-controlling interests	20,473	(550)	–	(1,426)	18,497		Non-controlling interests

Japanese GAAP	Japanese GAAP	Changes in closing date	Reclassification	Effect of transition to IFRSs	IFRSs	Notes	IFRSs
	Millions of Yen						
Profit (loss)	¥ (23,240)	¥ (2,070)	¥ –	¥ 24,529	¥ (782)		Profit (loss) for the year
Other comprehensive income							Other comprehensive income
							Items that will not be reclassified to profit or loss:
Remeasurements of defined benefit plans	(9,833)	–	–	1,288	(8,545)		Remeasurements of defined benefit pension plans
Valuation difference on available-for-sale securities	(41,348)	–	–	(17,842)	(59,190)	(e)	FVTOCI financial assets
		–	(607)	27	(580)		Share of other comprehensive income of investments accounted for using the equity method
							Items that may be reclassified to profit or loss:
Deferred gains or losses on hedges	(12,358)	–	–	(4,184)	(16,542)		Cash flow hedge
Foreign currency translation adjustment	(109,726)	19,305	–	6,186	(84,235)	(h)	Exchange differences on translation of foreign operations
		–	(6,248)	(1,158)	(7,406)		Share of other comprehensive income of investments accounted for using the equity method
Share of other comprehensive income of entities accounted for using the equity method	(6,737)	(118)	6,855	–			
Total other comprehensive income	(180,003)	19,186	–	(15,684)	(176,501)		Other comprehensive income for the year, net of tax
Comprehensive income	¥(203,244)	¥17,116	¥ –	¥ 8,845	¥(177,283)		Total comprehensive income for the year
							Total comprehensive income for the year attributable to:
Comprehensive income (loss) attributable to owners of the parent	¥(213,576)	¥17,911	¥ –	¥ 14,084	¥(181,581)		Owners of the parent
Comprehensive income attributable to non-controlling interests	10,332	(795)	–	(5,240)	4,297		Non-controlling interests

(iii) Reconciliation of cash flows

The major effects of transition from Japanese GAAP to IFRSs on the consolidated statement of cash flows are items related to transfer of financial assets. For the year ended March 31, 2016, the amounts of effects are as follows: increase of ¥11,180 million due to changes in trade and other receivables under cash flows from operating activities and decrease of ¥11,180 million due to net changes in short-term borrowings under cash flows from financing activities.

(4) Notes on reconciliation

Details on reconciliation of differences between Japanese GAAP and IFRSs are as follows:

(i) Changes in closing date

Under Japanese GAAP, the Group had prepared the consolidated financial statements based on the financial statements of its consolidated subsidiaries or entities accounted for using the equity method as of their closing dates even if such closing dates differ from that of the Company. Under IFRSs, however, closing date has to be consistent among the Company, its consolidated subsidiaries or entities accounted for using the equity method except where impracticable. Thus, necessary changes have been made to the closing dates.

(ii) Reclassifications

The reclassifications affected presentation of the consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income but did not affect retained earnings. The details of reclassifications are as follows:

(I) Under Japanese GAAP, deferred tax assets and deferred tax liabilities are included in "Current assets" and "Current liabilities." Under IFRSs, they are reclassified into "Non-current assets" and "Non-current liabilities," respectively.

(II) Some of property, plant and equipment under Japanese GAAP are included in "Investment property" under IFRSs. Under IFRSs, they are reclassified into "Investment property."

(III) Under Japanese GAAP, investments accounted for using the equity method were included in "Investment securities" and "Investment in capital." Under IFRSs, "Investments accounted for using the equity method" are presented as a separate line item. Investment securities and investment in capital other than investments accounted for using the equity method are presented as "Other investments."

(IV) Net sales under Japanese GAAP are reclassified into "Sales of goods" and "Sales of services and others."

(V) Of items presented as "Non-operating income," "Non-operating expenses," "Extraordinary income" and "Extraordinary losses" under Japanese GAAP, finance-related items are reclassified into "Finance income (costs)" and other items are reclassified into "Other income (expenses)" or "Share of profit (loss) of investments accounted for using the equity method" under IFRSs.

(VI) Accounting items disclosed under Japanese GAAP are reclassified into those under IFRSs.

(iii) Effects of transition to IFRSs

Major effects of transition to IFRSs are as follows:

(a) Transfer of financial assets

Under Japanese GAAP, liquidated receivables such as discounted notes receivable are derecognized after transfer. Of them, those for the Group are obliged to make payments as recourse for non-payment by the debtor are included in "Trade and other receivables" and "Bonds and borrowings," because such liquidated receivables do not meet the criteria for derecognition of financial assets under IFRSs.

The effects of the adjustments are ¥14,911 million and ¥26,091 million as of March 31, 2016 and the transition date, respectively.

(b) Revenue recognition and derecognition of inventories

Under IFRSs, revenue is recognized and inventories are derecognized when pre-defined conditions, such as a transfer of significant risks and economic value, are met. When such conditions are not met, the Group made adjustments to "Trade and other receivables" and "Inventories." The effects on the balances of "Trade and other receivables" are decreases of ¥35,824 million and ¥37,594 million as of March 31, 2016 and the transition date, respectively. The effects on the balances of "Inventories" are increases of ¥33,233 million and ¥36,944 million as of March 31, 2016 and the transition date, respectively. The effects on revenue and profit or loss are insignificant.

(c) Deemed cost

The Group has applied the optional exemption to use fair value of property, plant and equipment and investment property as of the transition date as their deemed cost. Those of property, plant and equipment and investment property are ¥8,316 million and ¥4,446 million, whereas the effects from carrying amount under Japanese GAAP are ¥(6,033) million and ¥(1,630) million, respectively.

(d) Goodwill

While goodwill is amortized under Japanese GAAP, it is not amortized under IFRSs. The effect is ¥36,399 million for the year ended March 31, 2016.

With respect to impairment of goodwill, Japanese GAAP requires an entity to test for impairment only when there is an indication that a unit may be impaired. However, IFRSs requires an entity to test for impairment regardless of whether an indication that a unit may be impaired. As a result, the Group has recognized impairment losses of goodwill as at the transition date, mainly related to acquisition of automobile sales business overseas by reducing its carrying value to the recoverable amount. The effects on intangible assets are ¥(68,610) million and ¥(67,782) million as of March 31, 2016 and the transition date, respectively. The recoverable amount is measured at value in use estimated by applying appropriate discount rate, which reflects assumed risks specific to the asset or cash-generating unit.

(e) Financial assets at fair value through other comprehensive income ("FVTOCI financial assets")

Under Japanese GAAP, financial assets with no readily available market price are measured at cost. Under IFRSs, however, they are measured at fair value and accounted for as other investments regardless of whether their market price is available. The effects of the adjustments are ¥163,414 million and ¥175,708 million as of March 31, 2016 and the transition date, respectively. In addition, the effects on deferred tax liabilities are ¥50,622 million and ¥55,299 million, as of March 31, 2016 and the transition date, respectively.

(f) Deferred tax assets

Under Japanese GAAP, the Group reviews the recoverability of deferred tax assets based on the JICPA Audit Committee Report No. 66 "Auditing treatment on determining the recoverability of deferred tax assets." Under IFRSs, however, the recoverability of deferred tax assets is discussed based on IAS 12 "Income taxes." Thus, except for some deductible temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, the Group recognizes deferred tax assets to the extent that, it is probable to generate taxable profit against which the future deductible temporary difference can be utilized. The amount of effects on deferred tax assets is ¥84 million and ¥15,172 million as of March 31, 2016 and the transition date, respectively.

(g) Presentation of revenue

Of revenue recognized in gross under Japanese GAAP, revenue generated from transactions in which the Group acts as an agent is presented in net under IFRSs. The effect from the adjustment is ¥(1,882,802) million for the year ended March 31, 2016.

(h) Exchange differences on translation of foreign operations

Applying an exemption under IFRS 1, the Group reclassified the cumulative amount of exchange differences as of the transition date to retained earnings. The effects from the adjustment as of March 31, 2016 and the transition date are ¥(123,746) million and ¥(124,803) million, respectively.

(i) Retained earnings

The effects from the aforementioned adjustments on retained earnings are summarized below.

	Millions of Yen	
	2016	Transition date (April 1, 2015)
Deemed cost	¥ (5,839)	¥ (5,839)
Goodwill	(32,211)	(67,782)
Recoverability of deferred tax assets	84	15,172
Exchange differences on translation of foreign operations	123,746	124,803
Other	(9,524)	(2,164)
Total	¥ 76,257	¥ 68,520

Report of Independent Auditors

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries

pwc

Independent Auditor's Report

To the Board of Directors of Toyota Tsusho Corporation

We have audited the accompanying consolidated financial statements of Toyota Tsusho Corporation ("the Company") and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2017, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience translation
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2017 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

PricewaterhouseCoopers Aarata LLC

August 10, 2017

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Printed in Japan