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To Our Shareholders

I am happy to report that our consolidated profit attributable to owners of the parent totaled ¥102.5 billion—the highest ever—in the fiscal year ended March 31, 2017. Underlying our record net earnings were operating income of ¥146.6 billion on net sales of ¥7,919.6 billion.

We will propose a year-end dividend of ¥39 per share at the General Meeting of Shareholders. That, together with the interim dividend of ¥31 per share, would result in an aggregate annual dividend of ¥70—¥8 more than the aggregate annual dividend for the previous year.

Toyota Tsusho remains a company focused on contributing to social vitality by providing innovative products and services that fulfill individual needs, community expectations, and environmental requirements in compliance with our Global Code of Conduct & Ethics. We tackle issues of universal concern in pursuit of sustainable growth.

I am grateful to you, our shareholders, for your goodwill and for your understanding of our aims and direction at Toyota Tsusho. And I assure you that we will continue striving to reward the confidence that you have place in our company.

June 2017

Jun Karube
President and CEO

-Global Vision -for the Next 10 years established in 2016-

Our Global Vision sets the direction of the Toyota Tsusho Group's continued evolution as a true global company over the next 10 years. It sets forth guidelines to which our entire global workforce should aspire.

To formulate more precise business plan, we have shortened its time horizon from five years (long-term) to three years (mid-term) so that we can reflect huge environmental changes continually.

Global Vision — Ideal Image

For the next 10 years, the TTC Group will evoke our ideal as



Be the **Right ONE**

The Right ONE for you

The best assurance of safety, quality, and reliability
— based on your needs (Genba)

The Right ONE for us

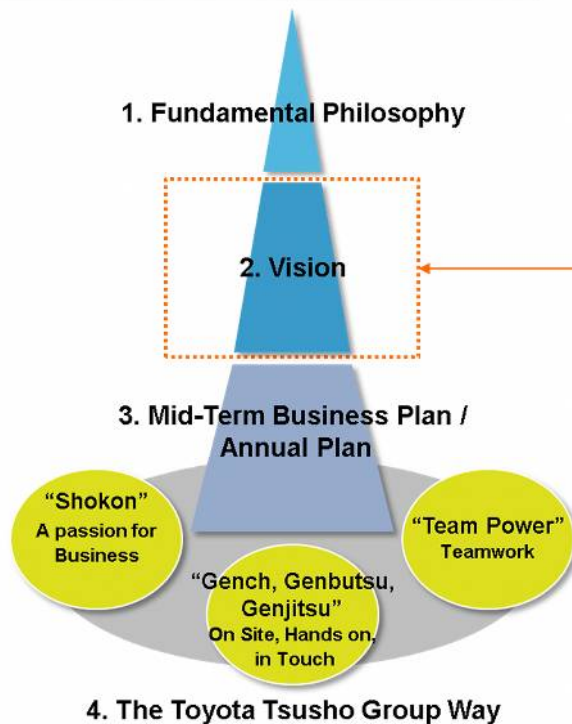
Maximization of individual capabilities, global
networks and diversity to create synergistic strengths

The Right ONE for future

Unique insights and capabilities to explore
new possibilities for future and sustainable society

The Toyota Tsusho Group's philosophy system

The Toyota Tsusho Group's Four-tier Conceptual Hierarchy



The Toyota Tsusho Group's philosophy system is comprised of four levels.

1. Fundamental Philosophy

Unchanging ideals that should be passed on to the future.

2. Vision

Guidelines and signposts that we should reach within 10 years as we continue pursuing and realizing our fundamental philosophy

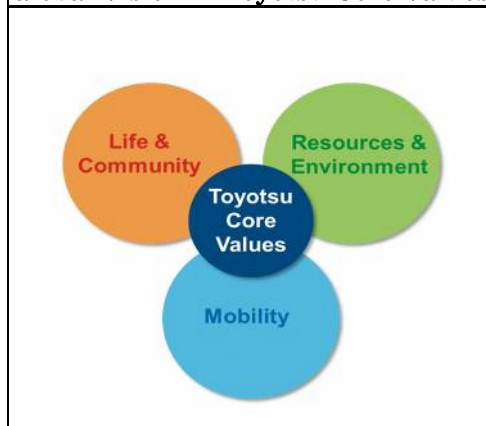
3. Mid-Term and Annual Plans

Strategies for business activities reflecting shifts in the business environment, consisting of policies, concrete action plans and numerical targets

4. The Toyota Tsusho Group Way

The bedrock principles that all Toyota Tsusho Group employees should share and the values that should be embodied in their actions to realize our fundamental philosophy and achieve our vision

Global Vision — Toyotsu Core Values



Under our Global Vision, we have made a more explicit commitment to emphasize the importance of an environmental consciousness, and our contributions to a convenient, comfortable, healthy and sustainable society.

Mobility

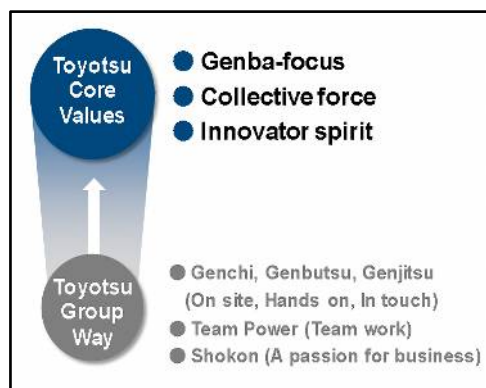
A focused field that contributes to future convenient society

Life & Community

A focused field that contributes to comfortable & healthy society

Resources & Environment

A focused field that contributes to sustainable society



Initiatives to realize Global Vision

Recent initiatives embodying Toyotsu Core Values

Aiming to be a leading corporate group in Africa

In December 2016, the Company bought out the remaining minority shareholders of CFAO, France's largest trading company and its now wholly-owned subsidiary of Toyota Tsusho. In April 2017, the Company established a new Africa Division, its first geographically delineated operating division.

CFAO operates mainly in central and western Africa, complementing the Company's own operations in Anglophone southeastern Africa. The Company and CFAO's combined network encompasses all 54 African countries except Libya. Treating each of Africa's regional economic blocs as a separate market, the Group has established regional headquarters in France, South Africa and Kenya to optimally tailor its operations to each region.

Front-line personnel are farsightedly developing businesses deeply rooted in their local communities in pursuit of growth together with local residents. Such business creation requires cooperation with local governments. The Company signed a comprehensive memorandum of understanding with the government of Kenya in 2012 and is committed to helping Kenya realize its national vision as a strategic business partner. The Company aims to contribute to Africa's sustainable growth in cooperation with governments throughout Africa.

The Group will contribute to Africa's autonomous development through not only business creation but also human resource development and other socially contributive activities in the aim of becoming a true leading corporate group in Africa.

Initiatives to advance electronic technologies

In the electronics industry, information & communication and home electronics technologies and even leading-edge technologies such as artificial intelligence are being applied to automotive connectivity and Autonomous driving vehicles. In the industrial machinery sector as well, technologies such as the Internet of Things are upgrading societal infrastructure and manufacturing processes. This trend is expected to drive market growth.

Against such a backdrop, the Company established NEXTY Electronics Corporation on April 1, 2017, by merging subsidiaries Tomen Electronics Corporation and Toyota Tsusho Electronics Corporation. At the same time, the Company transferred its overseas subsidiaries' electronics operations to the new company. Ranked by sales, NEXTY Electronics is the world's fourth largest electronics trading company and top automotive electronics trading company. By combining its predecessor companies' strengths, NEXTY Electronics will differentiate itself from competitors technologically, functionally and quality-wise while utilizing an overseas network spanning over 90 countries to expedite global business expansion.

Additionally, to respond more swiftly to development and proliferation of next-generation automobiles, the Company recently established a Next Mobility Development Department to develop and promote next-generation automotive businesses. Leveraging Group companies' diverse technologies and know-how, the Group will advance electronic technologies for the betterment of society.

Business Report from April 1, 2016 to March 31, 2017

I . Outlook of Associated Companies

1. Progress and Achievement in Operation

In the fiscal year ended March 31, 2017, overall global economic growth picked up as the emerging market economic slowdown came to a halt while the U.S. and European economies held firm.

The U.S. economic recovery remained intact, fueled by robust personal consumption, improvement in the employment and income environments, growth in capital investment and equity market gains driven by optimism about the new administration's economic and fiscal policies, most notably tax reform and infrastructure investment. The European economy gradually recovered despite uncertainty stemming from the UK's impending exit from the EU. Its recovery was fueled by domestic demand growth underpinned by monetary accommodation, an improving employment environment and export growth. The Chinese economy remained in a lull. Although bolstered by consumer spending on homes, autos and other goods in response to government policies, the Chinese economy was weighed down by corporate deleveraging and efforts to reduce excess production capacity. Emerging market economies slowly recovered as local economic sentiment improved, largely in response to resurgent resource prices.

Against such a backdrop, the Japanese economy continued to recover, driven largely by robust capital investment and growth in exports to Europe, the Americas and Asia.

Amid such an environment, the Toyota Tsusho Group's consolidated net sales for the fiscal year ended March 31, 2017, decreased 250.6 billion yen (3.1%) year on year to 7,919.6 billion yen, largely as a result of yen appreciation.

Segment Information
Consolidated Net Sales by Segment

(Unit: Billions of yen)

	FY2016		FY2015		Year-on-year change	
	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)	Amount	Composition Ratio (%)
Metals	1,722.6	21.7	1,817.4	22.3	(94.8)	(5.2)
Global Parts & Logistics	947.1	12.0	999.0	12.2	(51.9)	(5.2)
Automotive	1,146.9	14.5	1,252.3	15.3	(105.4)	(8.4)
Machinery, Energy & Project	1,851.6	23.4	1,600.3	19.6	251.3	15.7
Chemicals & Electronics	1,762.7	22.3	1,923.7	23.6	(161.0)	(8.4)
Food & Consumer Products	484.0	6.1	574.2	7.0	(90.2)	(15.7)
Others	4.3	0.0	3.0	0.0	1.3	40.6
Total	7,919.6	100.0	8,170.2	100.0	(250.6)	(3.1)

Note: Effective April 1, 2016, the Food & Agribusiness and Consumer Products & Services Divisions were combined to form the Food & Consumer Services Division.

Note: *From April 1, 2017, product divisions' African operations were consolidated into the newly established Africa Division.

Consolidated operating income increased 6.357 billion yen (4.5%) to 146.656 billion yen from 140.299 billion yen in the previous fiscal year, largely by virtue of a reduction in selling, general and administrative expenses. Consolidated ordinary income increased 30.184 billion yen (23.6%) to 158.279 billion yen from 128.095 billion yen in the previous fiscal year. Consolidated profit attributable to owners of the parent was 102.597 billion yen, a 146.311 billion yen improvement from the previous fiscal year's 43.714 billion yen loss attributable to owners of the parent. The improvement was largely attributable to reduction in extraordinary losses and a decrease in tax expenses as a result of a switch to accounting for income taxes predicated on application of consolidated taxation.

Metals

Net sales decreased 94.8 billion yen (5.2%) year on year to 1,722.6 billion yen.

In the automotive steel business, TT Steel Service India Private Ltd., a sheet-steel importer, warehouse and processor, is constructing a branch plant in India that is scheduled to commence operation in May 2017. In the nonferrous metals business, subsidiary Toyotsu Rare Earths Corporation was merged into Toyotsu Material Inc. to improve profitability and governance and unify channels for sourcing and stably supplying metal raw materials. The post-merger Toyotsu Material Inc. has been expanding its operations and services since April 1, 2017. In Mexico, TOYOTSU SMELTING TECHNOLOGY MEXICO, S.A. DE C.V. commenced commercial production in the aim of stably producing and supplying smelted aluminum for die-cast auto parts.

Global Parts & Logistics

Net sales decreased 51.9 billion yen (5.2%) year on year to 947.1 billion yen.

The Group entered into a distribution agreement with Ballard Power Systems Inc., one of the world's foremost fuel-cell developers and manufacturers, and commenced sales of Ballard fuel cells in the Japanese market. In Kenya, the Group joined forces with Bolloré Transport & Logistics Kenya Limited and NYK Line to jointly establish Bolloré NYK Auto Logistics Limited, a vehicle logistics company.

Automotive

Net sales decreased 105.4 billion yen (8.4%) year on year to 1,146.9 billion yen.

In Japan, the Group teamed up with leading Korean tire manufacturer NEXEN TIRE Corporation to establish and commence operations of NEXEN TIRE JAPAN INC., an importer and distributor of NEXEN tires. By entering the tire distribution business, the Group aims to expand its aftermarket auto parts value chain. In Uganda, TOYOTA UGANDA LTD., a Toyota vehicle importer and dealer, expanded its network by opening its fourth auto dealership and service center in Uganda.

Machinery, Energy & Projects

Net sales increased 251.3 billion yen (15.7%) year on year to 1,851.6 billion yen.

Group Company Eurus Energy Holdings Corporation entered the wind power business in Finland and the Netherlands. It now has projects in 11 countries throughout the world. In January 2017, it completed construction and commenced operation of a large-scale solar power plant in Hawaii. In Iraq, the Group was awarded a contract for construction of stationary and mobile substations by the Iraqi Ministry of Electricity.

Chemicals & Electronics

Net sales decreased 161.0 billion yen (8.4%) year on year to 1,762.7 billion yen.

In the chemical and synthetic resin business, Toyota Tsusho Fertilizer Africa Limited began developing, manufacturing and selling fertilizer optimized for local soil, in Kenya. In the electronics business, the Group merged Tomen Electronics Corporation and Toyota Tsusho Electronics Corporation to form NEXTY Electronics Corporation, which commenced operations on April 1, 2017.

Food & Consumer Services

Net sales decreased 90.2 billion yen (15.7%) year on year to 484.0 billion yen.

In the food business, investee Country Pure Foods, Inc., a U.S. fruit juice maker co-owned with Sapporo International Inc., acquired the frozen fruit juice business of The Ridgefield's Brand Corporation, Inc., a U.S. commercial frozen fruit juice manufacturer. In the consumer services business, the newly constructed second phase of the AXIA SOUTH CIKARANG residential hotel complex for long-term residents and business travelers opened for business in Indonesia.

(2) Financing

The Company raises debt financing from various sources including loans from financial institutions and issuance of both commercial paper and bonds in accord with a basic policy of tailoring financing to assets' attributes. In doing so, the Company takes into account interest rate risk and refinancing risk while endeavoring to maintain adequate liquidity and financial stability.

In the fiscal year ended March 31, 2017, the Company issued 40 billion yen of bonds in the form of its 23rd and 24th issues of unsecured domestic straight bonds, each in the amount of 20 billion yen.

To ensure access to funding even in the event of financial market turmoil or other unforeseen circumstances, the Company has arranged a 50 billion yen equivalent multicurrency revolving credit facility and 200 million US dollar long-term tiered-rate revolving credit facility with major domestic and foreign banks as of March 31, 2017. Both facilities were undrawn at March 31, 2017.

Some consolidated subsidiaries have arranged committed lines of credit with financial institutions to ensure immediate availability and stability of funding. The subsidiaries' undrawn credit lines at March 31, 2016 were as follows.

Total committed credit lines: 10 billion yen and 400 million euro

Drawn balances: 221 million euro

Undrawn balances: 10 billion yen and 179 million euro

(3) Capital investment

The Company and its consolidated subsidiaries invested a total of 77,950 million yen in property plant and equipment, mainly wind power generation facilities, and in car sales facilities in the fiscal year ended March 2017.

2. Management priorities

The Group will focus on the following priorities in the aim of realizing its Global Vision unveiled in May 2016.

In the Mobility business domain, the Group will expand its transactions with customers both inside and outside the Toyota Group along three dimensions: regions, partners and functions (e.g., logistics, assembly) cultivated within the Toyota Group. The Group will focus its efforts on businesses that contribute to the realization of a highly convenient society, such as the Next Mobility business exemplified by self-driving vehicle technology.

In the Life & Community business domain, the Group will focus on businesses that contribute to a comfortable and healthy society, including medical and consumer goods businesses. In the Resources & Environment business domain, the Group will focus on renewable energy and other businesses that contribute to a sustainable society.

The Group reorganized effective April 1, 2017, to expand its operations in these three business domains by maximally utilizing its resources in businesses and regions in which it can leverage its know-how and by challenging to create new businesses in rapidly evolving technology, service and goods sectors.

Specifically, the Group newly established an Africa Division, its first regional operating division. The Africa Division predominantly consists of wholly owned subsidiary CFAO S.A.S.'s operations. With an over 120-year history, CFAO has built an operational foundation in Africa. The Group aims to expedite its regional strategy by incorporating CFAO's knowledge into Group management. Additionally, the Group established a Next Mobility Development Department headed by a vice president to respond more swiftly to next-generation autos' development and proliferation. The Group also established organizational units specializing in next-generation automotive businesses within product divisions. The Next Mobility Development Department oversees next-generation automotive initiatives throughout the Group. Lastly, the Group internally established the Next Technology Fund to promote development of and investment in innovative technologies, patents and new businesses not only in the automotive sector but across all sectors in which the Group operates.

To realize sustained growth globally, the Group will deepen its commitment to global diversity and inclusion as one key management strategy in the aim of creating value through diversity based on recognition that human resources are a precious asset.

While developing these businesses, the Group will endeavor to upgrade its management systems to optimally allocate its management resources and earn reliable investment returns. To remain financially sound, the Group intends to continue to manage its operations with a focus on cash flow, on ROE, which is highly correlated with cost of shareholders' equity, and on its net debt/equity ratio, a measure of financial stability.

We sincerely hope that our shareholders will continue to extend their patronage and support to us.

3. Consolidated Financial Summary

(Yen in millions unless otherwise stated)

	FY2013	FY 2014	FY 2015	FY2016
Net Sales	7,743,237	8,663,460	8,170,237	7,919,663
Ordinary income	163,438	156,267	128,095	158,279
Net Income	73,034	67,571	(43,714)	102,597
Basic Net Income per Share (yen)	208.01	192.23	(124.26)	291.56
Total Assets	4,072,728	4,533,693	3,952,100	4,096,843
Total Equity	1,156,080	1,304,483	1,055,777	1,151,969

Note: To enhance the international comparability of its financial information in capital markets and unify Group companies' accounting standards, the Group will voluntarily adopt International Financial Reporting Standards (IFRS) to replace its existing accounting standards, beginning with its consolidated financial statements in its Securities Report for the fiscal year ended March 31, 2017 (its 96th fiscal year).

4. Major Subsidiaries and Affiliated Companies

(1) Major consolidated subsidiaries

Company Name	Capital stock	Voting Rights	Main Business
Toyota Steel Center Co., Ltd.	1,500 Million Yen	90.0%	Processing and warehousing of steel sheets
Toyotsu Material Incorporated	500 Million Yen	100.0	Sales of nonferrous metal products, nonferrous scrap and iron scrap
Eurus Energy Holdings Corporation	18,199 Million Yen	60.0	Operation and management of wind /solar power generation projects worldwide
Toyotsu Machinery Corporation	325 Million Yen	100.0	Manufacture, sales, and maintenance of mechanical equipment
Toyotsu Energy Corporation	310 Million Yen	100.0	Sales of liquefied petroleum gas (LPG) and other substances
Tomen Electronics Corporation	5,251 Million Yen	100.0	Marketing and sales of semiconductors, integrated circuits, electronic components, and computer-related equipment
Elematec Corporation	2,142 Million Yen	58.6	Sales, import / export, and processing of electrical materials, electronic components, optical parts, and materials
Tomen Devices Corporation	2,054 Million Yen	50.1 ※	Sales of semiconductors and electronic components
Toyotsu Chemiplas Corporation	670 Million Yen	100.0	Domestic sales, import / export, and third-company transactions involving chemicals, compound resins, and other items

TD Mobile Corporation	490 Million Yen	51.0	Sales agent for mobile phone, fixed-line telephone, and other services, as well as content development and distribution for mobile phones
Toyota Tsusho Insurance Partners Corporation	10 Million Yen	100.0	Insurance agencies and insurance services
Toyota Tsusho America, Inc.	90,000 Thousand USD	100.0	Trade business and wholesale trade
Toyota Tsusho Europe S.A.	19,656 Thousand EUR	100.0	〃
Toyota Tsusho(Thailand) Co., Ltd.	60,000 Thousand THB	49.0	〃
Toyota Tsusho Asia Pacific Pte. Ltd.	1,210 Thousand USD	100.0	Trade business, wholesale trade, and Asia and Oceania Region strategy and management
PT Toyota Tsusho Indonesia	3,350 Thousand USD	100.0	Trade business and wholesale trade
Toyota Tsusho Africa(Pty)Ltd.	20 Thousand ZAR	100.0	〃
Toyota Tsusho(Shanghai) Co., Ltd.	33,178 Thousand RMB	100.0※	〃
Toyota Tsusho(Guangzhou) Co., Ltd.	9,934 Thousand RMB	100.0※	〃
Toyota Tsusho(Tianjin) Co., Ltd.	16,557 Thousand RMB	100.0※	〃
Toyota Tsusho(Taiwan) Co., Ltd.	142,485 Thousand TWD	79.9	〃
CFAO SAS	10,459 Thousand EUR	100.0	Retail of vehicle and pharmaceutical Wholesale
Toyota Tsusho South Pacific Holdings Pty. Ltd.	74,865 Thousand AUD	100.0	Holding company
Business Car Co., Ltd.	1,502 Thousand RUB	92.1	Retail of vehicles and spare parts and after-sales service
Toyota De Angola, S.A.	76,362 Thousand AOR	100.0※	Import and sales of vehicles and spare parts and after-sales service
Toyota Kenya Ltd.	41,863 Thousand KES	100.0※	Import and sales of vehicles and spare parts and after-sales service
Toyota Tsusho Petroleum Pte. Ltd.	1,061 Thousand USD	100.0	Sales of bunker oil and petroleum products

Note: ※ Indicates that the ownership interest includes such ratio of the subsidiaries.

Note: ※CFAO SAS was changed the company name from CFAO S.A. on February 27, 2017.

Note: ※Toyota Tsusho Electronics merged Tomen Electronics Corporation. on April 1, 2017, and the company name changed to NEXTY Electronics Corporation.

(2) Other material matters

Toyota Motor Corporation (capital stock: 635,401 million yen) owns 21.8% of the Company's voting stock. Toyota Motor Corporation's consolidated subsidiaries own an additional 0.3% of the Company's voting stock. Sales to Toyota Motor Corporation account for 7.1% of the Company's total net sales.

5. Major Businesses

The Toyota Tsusho Group comprises 1,018 subsidiaries and affiliates in addition to the Company, a trading company. With the Company as its nucleus, the Group engages in a wide range of domestic and overseas trading businesses, including Metals; Global Parts & Logistics; Automotive; Machinery, Energy & Projects; Chemicals & Electronics; Food & Consumer Services. Additionally, the Group also operates a broad range of businesses that manufacture, assemble and/or sell products, business investments and/or provide services.

The Group's main products and businesses are listed above under.

1. Progress and Achievement in Operation (1) Overview of Operations

6. Office Network of the Toyota Tsusho Corporation Group

(1) Toyota Tsusho Corporation

Domestic	Head Office	9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan
	Tokyo Head Office	3-13, Konan 2-chome, Minato-ku, Tokyo 108-8208, Japan
Over Seas	Branches	Hokkaido, Tohoku, Niigata, Hokuriku, Hamamatsu, Toyota, Osaka, Hiroshima, Kyushu
	Branch	Notes: In addition to above, there are two sub-branches, two offices. Manila(Philippines), Baghdad(Iraq)
	Representative Office	19 Offices, including Yangon (Myanmar), Cairo(Egypt)

(2) Consolidated Subsidiaries

Domestic	118 Companies, including Toyota Steel Center Co., Ltd. (Aichi), Tomen Electronics Corporation (Tokyo), Elematec Corporation (Tokyo), Tomen Devices Corporation (Tokyo)
Overseas	645 Companies, including Toyota Tsusho America, Inc (U.S.A.), Toyota Tsusho Europe S.A. (Belgium), Toyota Tsusho (Thailand) Co., Ltd. (Thailand), CFAO SAS(France)

7. Number of Employees

58,086 (Increase from end of FY 2016 +4)

Notes: Number of employees is the number of persons in employment (excludes individuals seconded from the Toyota Tsusho Group to outside the Group, but includes individuals seconded to the Toyota Tsusho Group from outside the Group.)

8. Major Lenders

Name of lenders	Loans payable (Million yen)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	465,363
Sumitomo Mitsui Banking Corporation	152,773
Mizuho Bank, Ltd.	84,967

II Status of Company

1. Status of Shares (As of March 31, 2017)

- (1) Number of shares authorized for issuance 1,000,000,000 shares
 (2) Shares of common stock issued 352,118,524 shares (Except treasury stocks 1,937,992 shares)
 (3) Numbers of shareholders 41,933
 (4) Principal Shareholders

Name of Shareholders	Number of shares (Thousands shares)	Percentage of Shareholding(%)
TOYOTA MOTOR CORPORATION	76,368	21.69
TOYOTA INDUSTRIES CORPORATION	39,365	11.18
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,206	7.16
Japan Trustee Services Bank, Ltd. (Trust Account)	15,226	4.32
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,098	2.30
Mitsui Sumitomo Insurance Company, Limited	5,400	1.53
Japan Trustee Services Bank, Ltd. (Trust Account 9)	4,249	1.21
Sumitomo Mitsui Banking Corporation	4,249	1.21
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,049	1.15
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,039	1.15

Note: The percentage of shareholding is computed excluding 1,937,992 shares of treasury stock

2. Matters relating to company officers

(1) Status of directors and Audit & Supervisory Board members

Name	Position in the company
Satoshi Ozawa	* Chairman of the Board
Jun Karube	* President & Chief Executive Officer
Mikio Asano	* Executive Vice President
Yasuhiko Yokoi	* Executive Vice President
Kuniaki Yamagiwa	* Executive Vice President
Soichiro Matsudaira	Senior Managing Director
Takashi Hattori	Senior Managing Director
Yuichi Oi	Senior Managing Director
Yoshiki Miura	Senior Managing Director
Hideki Yanase	Managing Director
Toshiro Hidaka	Managing Director
Minoru Murata	Managing Director
Ichiro kashitani	Managing Director
Jiro Takahashi	Director
Yoriko Kawaguchi	Director
Kumi Fujisawa	Director
Yoshihiro Shiji	Audit & Supervisory Board member (Full-Time)
Yasushi Shiozaki	Audit & Supervisory Board member (Full-Time)
Tetsuro Toyoda	Audit & Supervisory Board member
Kazunori Tajima	Audit & Supervisory Board member
Yuichiro Kuwano	Audit & Supervisory Board member

Notes:

1. An asterisk designates a representative director.
2. Directors Messrs. Jiro Takahashi, Yoriko Kawaguchi, and Kumi Fujisawa are outside directors as stipulated in Article 2, Paragraph 15 of the Companies Act. Further, the Company has designated them as independent officers in accordance with the rules of the Tokyo Stock Exchange.
3. Audit & Supervisory Board member Messrs. Tetsuro Toyoda, Kazunori Tajima and Yuichiro Kuwano are outside Audit & Supervisory Board member as stipulated in Article 2, Item 16 of the Companies Act. Further, the Company has designated Mr. Tajima and Yuichiro Kuwano as an independent officer in accordance with the rules of the Tokyo Stock Exchange.
4. Audit & Supervisory Board member Mr. Tajima has qualifications as a certified public accountant and certified tax accountant, and has considerable knowledge of finance and accounting.
5. Audit & Supervisory Board member Mr. Yuichiro Kuwano Sasazu has qualification as Lawyer, and has considerable knowledge of corporate law and compliance.
6. Audit & Supervisory Board member Tetsuro Toyoda stepped down as chairman of the Japan Textile Machinery Association in May 2017.

(2) Outline of contracts for limitation of liability

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and the outside directors and outside Audit & Supervisory Board members have entered into contracts to limit the liability for damages under Article 423, Paragraph 1 of said Act. The maximum amount of liability under said contracts is the amount set forth in Article 425, Paragraph 1 of said Act.

(3) Total amount of remuneration, etc. of directors and Audit & Supervisory Board members

Classification	Number of personnel	Amount of remuneration, etc.
Directors (of which, outside directors)	18 persons (3)	1,028 million yen (37)
Audit & Supervisory Board members (of which, outside Audit & Supervisory Board members)	6 (4)	120 (37)
Total	24	1,149

Notes:

1. There are no employees serving concurrently as Directors.
2. The above includes 2 Directors and 1 Audit & Supervisory Board member who retired at the 95th Ordinary General Meeting of Shareholders held on June 23, 2016.
3. The remuneration limit for Directors was resolved at the 86th Ordinary General Meeting of Shareholders on June 26, 2007 to be 90 million yen a month.
4. The remuneration limit for a member of Audit & Supervisory Board was resolved at the 93rd Ordinary General Meeting of Shareholders held on June 20, 2014 to be 16 million yen a month.
5. Total remuneration includes director bonuses in the following amount, subject to shareholder approval at the 96th Ordinary General Meeting of Shareholders on June 23, 2017.
458 million yen to be paid to 13 directors

(4) Matters relating to outside directors and Audit & Supervisory Board member

- ① Relationship between important entities that outside directors concurrently serve at and the Company
 - Director Mr. Jiro Takahashi serves as Chairman of the Board at Meiko Trans Co., Ltd. There is a business relationship between Meiko Trans Co., Ltd. and the Company regarding the transportation and storage of products and raw materials
 - Director Ms. Yoriko Kawaguchi is outside director at Japan Petroleum Exploration Co., Ltd. There is no special relationship between Japan Petroleum Exploration Co., Ltd. and the Company
 - Director Ms. Kumi Fujisawa is outside director at The Shizuoka Bank and at CREEK & RIVER Co., Ltd. . There is a business relationship of borrowing between The Shizuoka Bank and the Company. There is no special relationship between CREEK & RIVER Co., Ltd. and the Company.
 - Audit & Supervisory Board member Mr. Tetsuro Toyoda is Chairman of the Board at Toyota Industries Corporation, outside corporate auditor at Aichi Steel Corporation, and Chairman at Chubu Economic Federation. Toyota Industries Corporation is a major shareholder of the Company, and holds 39,365 thousand shares in it. There is a business relationship between it and the Company regarding the purchase and sale of products and raw materials. There is a business relationship between Aichi Steel Corporation and the Company regarding the purchase and sale of products and raw materials. There is no special relationship between Chubu Economic Federation and the Company.

- Audit & Supervisory Board member Mr. Kazunori Tajima is Head of Kazunori Tajima Certified Public Accounting Office, outside director at Nihon Decoluxe Co., Ltd., and outside corporate auditor at SHINWA Co., Ltd., Daikoku Denki Co. Ltd. There is a business relationship between SHINWA Co., Ltd. and the Company regarding the purchase and sale of products and raw materials. There is no special relationship between Kazunori Tajima Certified Public Accounting Office, Daikoku Denki Co. Ltd., Nihon Decoluxe Co., Ltd., and the Company.
- Audit & Supervisory Board member Mr. Yuichiro Kuwano is outside director at Shobunsha Publications, Inc. . There is no special relationship between Shobunsha Publications, Inc. and the Company.

② Status of major activities during the fiscal year under review

Classification	Name	Main activities
Director	Jiro Takahashi	He attended 13 out of 15 meetings of the Board of Directors held during the fiscal year under review, and made appropriate remarks using his wealth of experience and broad-based knowledge as a manager.
Director	Yoriko Kawaguchi	She attended 14 out of 15 meetings of the Board of Directors held during the fiscal year under review, and made appropriate remarks using her advanced professional insight on environmental issues and international trends of a political and economic nature.
Director	Kumi Fujisawa	She attended 14 out of 15 meetings of the Board of Directors held during the fiscal year under review, and made appropriate remarks using her wealth of experience and broad-based knowledge in the financial and economic fields.
Audit & Supervisory Board member	Tetsuro Toyoda	He attended 15 out of 15 meetings of the Board of Directors and 13 out of 14 Audit & Supervisory Board meetings held during the fiscal year under review, and made appropriate remarks using his wealth of experience and broad-based knowledge as a manager.
Audit & Supervisory Board member	Kazunori Tajima	He attended 14 out of 15 meetings of the Board of Directors and 14 out of 14 Audit & Supervisory Board meetings held during the fiscal year under review, and made appropriate remarks using his expertise and experience as a certified public accountant and tax accountant.
Audit & Supervisory Board member	Yuichiro Kuwano	He attended 11 out of 11 meetings of the Board of Directors and 10 out of 10 Audit & Supervisory Board meetings held during the fiscal year under review, and made appropriate remarks using his expertise and experience as a certified public accountant and tax accountant.

3. Matters relating to Independent Auditors

(1) Name of Independent Auditor: PricewaterhouseCoopers Aarata LLC

Note: PricewaterhouseCoopers Aarata reorganized as an LLC, becoming PricewaterhouseCoopers Aarata LLC, on July 1, 2016.

(2) Amount of remuneration, etc.

- Amount of remuneration for the fiscal year under review
337 million yen
- Total amount of cash and other financial profit that the Company and its subsidiaries pay Independent Auditors
595 million yen

Notes:

1. The Audit & Supervisory Board members perform the necessary verification to determine whether or not the contents of the Independent Auditor's audit plan, status of Independent Auditor's performance of its duties and basis for calculating estimates of its remuneration are appropriate. Following this, the members decided to consent to the decision about the amount of remuneration of the Independent Auditor.
2. In the audit contract between the Company and the Independent Auditor there is no distinction between the remuneration for the audit based on Companies Act and that for the audit based on the Financial Instruments and Exchange Law and it is not practically possible to distinguish them. Hence, the above amounts are the total of these two amounts.

(3) Contents of the non-audit services

The Company has commissioned the Independent Auditor to provide advisory services concerning a new domestic core IT system architecture project, in addition to the services stated in the Certified Public Accountant Law Article 2, Paragraph 1.

(4) Policy on dismissal or non-reappointment of the Independent Auditor

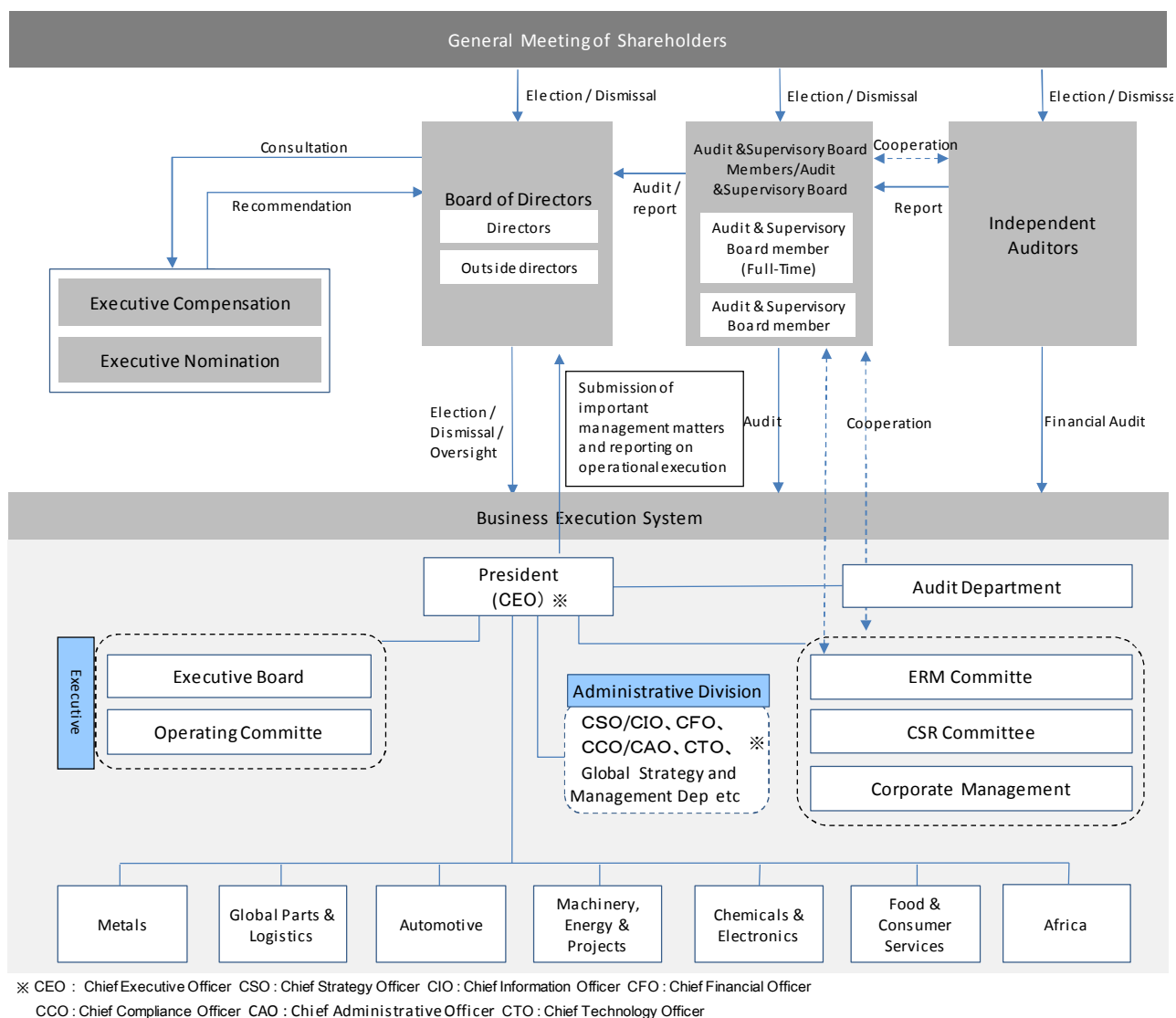
If the Independent Auditor is deemed to correspond to the items set forth in Article 340, Paragraph 1 of the Companies Act, the Company shall dismiss the Independent Auditor, and in addition, if it is determined that there is a need to dismiss the Independent Auditor due to a hindrance to the Independent Auditor's performance of its duties, the members of the Audit & Supervisory Board will determine the contents of an agenda item regarding dismissal or non-reappointment of the Independent Auditor to be submitted to the Ordinary General Meeting of Shareholders.

(5) Independent Auditors in subsidiaries

Of the major subsidiaries of the Company, some of the domestic subsidiaries and overseas subsidiaries are subject to a statutory audit by an audit firm other than the Independent Auditor of the Company (including a person with a qualification equivalent to those qualifications in foreign countries).

III. Company's Systems and Policies

◆ Corporate Governance Structure (as of April 2017)



1. Systems to ensure the propriety of business operations

(1) System to ensure that Members of the Board of Directors execute their responsibilities in compliance with relevant laws and regulations and the Articles of Incorporation.

- Directors have ensured that compliance with laws, regulations, and social ethics is the basis for business activities by repeatedly communicating to officers and employees the spirit of the Toyota Tsusho Group's Fundamental Philosophy through documents and through their words and actions.
- The Company has appointed more than one outside directors and established a structure in which decision-making by the Board of Directors is appropriately conducted from a professional and objective perspective.
- The Company has appointed a Chief Strategy Officer/Chief Information Officer, Chief Financial Officer, Chief Compliance Officer/Chief Administrative Officer and Chief Technology Officer, supporting the Board of Directors to appropriately make decisions and facilitating appropriate operational execution of those decisions from an expert standpoint.
- The Company has formed a CSR Committee chaired by the president and CEO, established a company-wide CSR activities policy and inculcate it among all officers and employees, and establish a CSR promotion structure.

- The Company has promoted information sharing and mutual checks and balances among officers and established a structure that enables decision-making controlled on a company-wide basis by means of various committees and other cross-organizational deliberative bodies in addition to the executive deliberative bodies consisting of the Board of Directors, Executive Board Members' Meeting, and Operating Committee.
- By practicing their segregated duties, involved departments have evaluated, control, check, and monitor business execution in business processes and endeavor to improve management systems by means such as collecting and enlightening the latest information on compliance and identifying and rectifying problems.
- The Company has systems in place to ensure the reliability of financial reporting under the direction of the Chief Financial Officer.
- The Company has systems in place to enable evaluation of and reporting on the effectiveness of internal controls over financial reporting while its Enterprise Risk Management (ERM) Department, which engages in company-wide integrated risk management, is responsible for establishing compliance systems, under the direction of the Chief Compliance Officer.
- The Audit Department has regularly conducted internal audits of departments and business sites and advised officers in charge of the audit results at audit review meetings, submitting recommendations for improvement and correction of problems, after reporting to the vice president/executive officer in charge of the Audit Department.
- The Audit Department has persons in charge at audited departments report on the status of improvement in response to audit findings and confirm in follow-up audits the status of improvement of any matters the general manager of the Audit Department considers necessary.
- While maintaining a framework for smooth reporting, communication, and consultation through the corporate organization, the Company has set up the "Hotline Services: Will Do" an internal reporting system separate from corporate organization reporting channels to complement that framework and endeavors to gather information through the ERM Department or an external professional. The ERM Department or involved departments formulate recurrence prevention measures as warranted by the importance of reported information.
- To support these measures, The Company has conducted awareness activities and training as needed from the perspectives of compliance assurance and motivation and created an environment in which employees are able to self-check their personal conduct at any time in their day-to-day activities by posting on an electromagnetic medium or distributing the Global Code of Conduct & Ethics and a portable version thereof.

(2)System to ensure Members of the Board of Directors executes their responsibilities in compliance with relevant laws and regulations and the Article of Incorporation.

- The Company has retained and managed in documents or electromagnetic media information concerning the execution of duties by directors in accordance with laws, regulations, and internal document regulations. The department responsible for retention, retention period, etc. for each document shall comply with the Handling Protocols for Management and Storage of Documents
- The Company has established Regulations for Confidential Information and Personal Information with respect to the management of confidential information and ensured the appropriate and effective use of confidential information.

(3) Rules and systems related to the management of risk of loss

- The Company has formulated a Risk Management Policy with respect to risks surrounding the Company, conducted training, preparing and distributing manuals, Engaging in necessary examination and monitoring of business processes in accordance with the segregated duties of each department, and striving for the early detection and prevention of risks.
- In light of the importance of risk identification, assessment, monitoring, and management, the Company has put in place a framework for the identification and management in business processes of the following risks requiring particular diligence in the Company's business execution.
 - 1) The Company has assessed in the Investment and Loan Meeting and Investment and Loan Committee risks relating to investments and loans from perspectives such as profitability, strategic value, safety, and viability in accordance with the investment guidelines and endeavors to appropriately respond to risks and reduce risks.

2) For credit risks, the Company has established Transaction Management Regulations and endeavor to prevent the occurrence of bad debt and other unforeseen losses. For market risks, the Company has established necessary regulations for each type of risk in accordance with the Basic Policies on Market Risk Management and identifying and managing risks appropriately

3) For risks relating to occupational health and safety and environmental conservation, the Safety and Global Environmental Promotion Department has provided guidance and education for the entire Group and strives to prevent disasters, accidents, and pollution.

- In addition, the Company has established in concerned departments appropriate management systems for the prevention of operational risks in areas such as information security and the management system in emergency situations.

- The Company has formed an ERM Committee as a cross-organizational management body and established a structure that contributes to enhancement of corporate value by endeavoring to identify risks and discover problems on a companywide basis and implementing necessary countermeasures.

(4) System to ensure that members of Board of Directors exercise their duties efficiently

- In accordance with the Board of Directors Regulations, the Board of Directors meeting have been held once a month, in principle, and also held extraordinary meetings as necessary. The Board of Directors confers in advance with appropriate separately established institutions about important management policies, business plans, etc.

- The Company has introduced an Executive Officer System for executing the directors' duties. The executive officers are appointed by the Board of Directors.

- The Board of Directors assigns responsibilities to executive officers based on Board-authorized institutional design and segregation of duties and monitors operational execution status.

- For every matter for which operational executive-making authority has been delegated to executive officers, the Company has explicitly delineated operational authority, designated a party responsible for the matter and defined the party's responsibilities through its administrative authority regulations, regulations for approval of important matters and other internal regulations. The Company has also established clearly defined decision-making processes, including deliberative bodies, to ensure that their duties are executed appropriately and effectively.

- The Company has put in place a system for sharing with outside directors the details of deliberations in meetings and committees to enable outside directors to engage in appropriate decision-making at meetings of the Board of Directors.

- The Company has organized its business under operating divisions based on products or geographic regions. Each division is headed by an executive officer. The division heads practice expeditious management in close contact with frontline personnel.

- The Board of Directors has approved the Global Vision, which sets the Group's long-term direction, and is sharing it throughout the Group.

- The Board of Directors approves mid-term business plan with a frontline-centric orientation and shares its throughout the Group.

- The Board of Directors approves effective annual policies and plans that include specific targets, resource allocations and risk factor analyses in the aim of achieving medium-term business plan targets.

- The Board of Directors receives monthly reports in the form of timely accounting data on progress toward attainment of annual plan targets.

- Annual plan progress is reviewed quarterly in addition to monthly. If progress toward any target is deficient, the cause of the deficiency is analyzed, remedial measures are devised and the target is revised if necessary. Revised targets are approved by the Board of Directors.

(5) Systems to ensure the propriety of business operations of the corporate group consisting of the Company and its subsidiaries

- In the Toyota Tsusho Group, in accordance with policies on divisional consolidated management, A consolidated business plan including subsidiaries has been formulated, and the Board of Directors supervises the information ascertained and managed about the financial details and important matters of business execution in accordance with management policies aligned with the systems and other characteristics of each subsidiary.

- Each subsidiary has established Board of Directors Regulations and determined the execution of duties of each director and key employee.

- Each subsidiary has established regulations for approval of important matters, administrative authority, etc., clearly define responsibilities and the decision-making process, established a structure in which duties are executed properly and efficiently.
- The Company has clearly defined approval authority in subsidiaries in the regulations of each subsidiary, exercised shareholder rights at the General Meeting of Shareholders of each subsidiary while placing importance on the autonomy and independence of subsidiaries, and required advance consultation or reporting on important matters pertaining to the Toyota Tsusho Group.
- The divisions responsible in cooperation with involved departments, have provided necessary support for the development and operation of systems to ensure the propriety of business operations of subsidiaries. If necessary depending on the systems and other characteristics of subsidiaries, the Company has dispatched directors and Audit & Supervisory Board members to oversee and audit business operations and conducted internal audits at the Company's Audit Department.
- In accordance with the Risk Management Policy Basic Policy on Risk Management, the Company has engaged in necessary examination and monitoring of business processes of subsidiaries and strived for early detection and prevention of risks.
- The Company and Group companies have shared the spirit of the Toyota Tsusho Group's Fundamental Philosophy and ensured compliance with laws, regulations, and social ethics. The Company has set up and operates group wide management committees for mutually sharing information among subsidiaries.

(6) Matters relating to employees requested by Audit & Supervisory Board members to assist in their duties and matters relating to ensuring the independence of such employees from directors and the effectiveness of instructions given to such employees

- The Company has assigned one or more employees to assist in the duties of Audit & Supervisory Board members (assistants).
- Transfers and disciplinary actions relating to assistants have required the advance consent of Audit & Supervisory Board members.
- Audit & Supervisory Board members have performed job performance evaluation of assistants in order to ensure the effectiveness of instructions given to assistants by Audit & Supervisory Board members.
- In addition to the above, the Company has respected the opinions of Audit & Supervisory Board members with respect to the number, rank, and other matters relating to assistants and determined these matters through sufficient consultation with Audit & Supervisory Board members.

(7) System for directors and employees of the Company and directors, Audit & Supervisory Board members, and employees of subsidiaries to report to the Company's Audit & Supervisory Board members, other systems for reporting to the Company's Audit & Supervisory Board members, and systems to ensure that persons who make reports are not treated disadvantageously because of such reporting

- Directors and employees of the Company have promptly reported to Audit & Supervisory Board members matters prescribed by law, matters with material implications for the Company or the Toyota Tsusho Group, the implementation status of internal audits, and information reported or notified via the "Hotline Services: Will Do" internal reporting system.
- Directors and employees of subsidiaries have promptly reported to Audit & Supervisory Board members of the Company matters prescribed by law, matters with material implications for the Company or the Toyota Tsusho Group, including important matters of subsidiaries, and the implementation status of internal audits. Audit & Supervisory Board members of subsidiaries have promptly reported to Audit & Supervisory Board members of the Company the details of audits they have performed in accordance with the prescribed audit purview.
- Directors and employees of the Company and directors, Audit & Supervisory Board members, and employees of subsidiaries have reported to Audit & Supervisory Board members of the Company prescribed matters relating to business operations periodically, as needed, or at the request of Audit & Supervisory Board members.
- Directors of the Company and directors of subsidiaries have put in place a framework to ensure that persons reporting to Audit & Supervisory Board members are not treated disadvantageously because of such reporting.

(8) Matters relating to procedures for prepayment or reimbursement of expenses incurred in the performance of duties by Audit & Supervisory Board members and policies pertaining to processing of other expenses or debts incurred in the performance of said duties

- If an Audit & Supervisory Board member has incurred expenses in the execution of duties or requests prepayment of such expenses, the Company has promptly processed such expenses or debts.

(9) Other systems to ensure that auditing by Audit & Supervisory Board members is conducted effectively

- Representative director has periodically and as needed endeavored to communicate with Audit & Supervisory Board members by holding meetings to exchange opinions about company management.
- The Company has put in place a framework to enable the Audit & Supervisory Board members to attend important meetings of executive deliberative bodies, examine important documents, and conduct research at departments, business sites, and subsidiaries in order to audit the status of business execution by directors and the status of development and operation of the internal control system.
- The Company has put in place a framework to ensure appropriate cooperation between the Audit & Supervisory Board members, independent auditors and Administrative supporting division departments, including the Audit and ERM Departments.
- The Company has put in place a framework to enable Audit & Supervisory Board members to expeditiously engage external professionals through prescribed procedures when deemed necessary in the course of conducting audits.

2. Overview of the status of operation of the internal control system

The Company confirms the efficiency and effectiveness of business operations through implementation of the aforementioned internal control system.

(1) The Board of Directors periodically monitors the system, reviews regulations and business operations as necessary, and strives to increase its effectiveness.

(2) With regard to risk management, each department periodically measures risks and assesses the response, and the ERM Committee ascertains and assesses cross-organizational risks.

(3) The status of the Company and the Toyota Tsusho Group is periodically reported to the Board of Directors, and the Company's Board of Directors makes decisions about events that have a significant impact on the Group as a whole. Internal audit of the effectiveness of internal controls is conducted based on an annual plan.

(4) In addition to conducting statutory audits of the Company and group companies, the Audit & Supervisory Board members attend important internal meetings, including meetings of the Board of Directors, and monitor and supervise business execution and legal compliance.

Followings are the efforts and actions taken by the Company in the fiscal year ended March 31, 2017.

- With the aim of decision-making for overall company management and supervisory functions of operational execution, the Company reorganized the management structure by making directors (excluding the and chairman) e
- The Company appointed a Chief Strategy Officer/Chief Information Officer, Chief Financial Officer, Chief Compliance Officer/Chief Administrative Officer and Chief Technology Officer to clarify responsibility for and improve the efficiency of certain aspects of operational execution.
- The Company reviewed its previous long-term plan with a five-year planning horizon, replacing it with a medium-term (three-year) business plan that places priority on concrete steps toward targets.
- The Company newly formulated the Global Code of Conduct & Ethics, a more specific guidelines to support the Corporate Philosophy, in the aim of upgrading ethical compliance. All of the Company's officers and employees have pledged in writing to abide by the Global Code of Conduct & Ethics.

3. Policy on deciding dividend payments

The Company aims to pay dividends equivalent to 25% of its consolidated profit before goodwill amortization in accord with its policy of providing stable, ongoing shareholder returns.

For the fiscal year ended March 31, 2017, the Company plans to pay a year-end dividend of 39 yen per share. Including the previously paid interim dividend of 31 yen per share, dividends for the fiscal year ended March 31, 2017, will total 70 yen per share, an increase of eight yen per share from the previous fiscal year.

Going forward, the Company will continue to endeavor to maintain a stable dividend and increase its dividend per share as usual. From the fiscal year ending March 31, 2018, onward, the Company aims to pay dividends equivalent to more than 25% of its consolidated profit before goodwill amortization to meet shareholders' dividend expectations.

In accord with this revised dividend policy, the Company plans to pay annual dividends for the fiscal year ending March 31, 2018, of 78 yen per share, consisting of an interim dividend of 39 yen and year-end dividend of 39 yen per share, assuming that it earns 110 billion yen of consolidated profit attributable to owners of the parent, in line with its current forecast.

The Company intends to use internally retained earnings to further enhance and strengthen its operational foundation and invest in business expansion to ensure future shareholder returns.

To enable the Company to flexibly distribute earnings to shareholders in the future, its Articles of Incorporation authorize it to distribute retained earnings and/or additional paid-in capital to shareholders pursuant to a Board of Directors' resolution in accordance with Article 459(1) of the Companies Act. For the time being, however, the Company plans to continue paying dividends twice a year as usual.

Financial Statements
(1) Consolidated Balance Sheets

	As of March 31, 2017	(Unit: Millions of yen) As of March 31, 2016
	Amount	Amount
Assets		
Current assets:		
Cash and deposits	476,559	408,310
Notes and accounts receivable - trade	1,244,532	1,198,337
Inventories	586,097	580,051
Deferred tax assets	16,693	11,600
Other	243,524	260,679
Allowance for doubtful accounts	(33,456)	(33,086)
Total current assets	2,533,950	2,425,894
Non-current assets:		
Property, plant and equipment		
Buildings and structures	360,572	349,206
(161,937)	(161,937)	(152,174)
Buildings and structures, net	198,634	197,032
Machinery, equipment and vehicles	533,707	485,889
Accumulated depreciation	(257,551)	(231,782)
Machinery, equipment and vehicles, net	276,156	254,107
Land	87,908	88,752
Leased assets	17,889	24,616
Accumulated depreciation	(6,086)	(13,856)
Leased assets, net	11,802	10,759
Construction in progress	36,676	32,636
Other	46,020	42,860
Accumulated depreciation	(30,033)	(27,862)
Other, net	15,987	14,998
Total property, plant and equipment	627,164	598,286
Intangible assets:		
Goodwill	108,652	135,948
Leased assets	8	16
Other	124,433	137,832
Total intangible assets	233,094	273,797
Investments and other assets:		
Investment securities	524,250	476,774
Other investments	43,758	54,165
Long-term loans receivable	26,843	25,789
Net defined benefit asset	11,219	9,694
Deferred tax assets	23,059	22,833
Other	86,213	75,128
Allowance for doubtful accounts	(12,712)	(10,264)
Total investments and other assets	702,632	654,122
Total non-current assets	1,562,892	1,526,205
Total assets	4,096,843	3,952,100

	As of March 31, 2017 Amount	As of March 31, 2016 Amount
Liabilities		
Current liabilities:		
Notes and accounts payable - trade	933,179	867,302
Short-term loans payable	487,611	468,903
Commercial papers	-	40,000
Current portion of bonds	-	26,042
Lease obligations	2,827	2,717
Income taxes payable	28,514	27,210
Deferred tax liabilities	5,273	6,206
Reserve for directors' bonuses	781	328
Provision for loss on litigation	314	616
Other	286,681	297,862
Total current liabilities	1,745,183	1,737,191
Non-current liabilities:		
Bonds payable	150,000	
Long-term loans payable	883,110	
Lease obligations	3,238	2,851
Deferred tax liabilities	67,642	85,631
Directors' retirement benefit liabilities	478	678
Provision for loss on guarantees	850	55
Provision for loss on allowance for liquidation of affiliated companies	373	523
Provision for contract loss	535	1,697
Provision for loss on litigation	379	380
Net defined benefit liability	36,632	36,917
Other	56,451	59,810
Total non-current liabilities	1,199,691	1,159,130
Total liabilities	2,944,874	2,896,322
Net assets		
Shareholders' equity:		
Capital stock	64,936	64,936
Capital surplus	150,190	153,725
Retained earnings	642,732	562,417
Treasury shares	(3,540)	(3,623)
Total shareholders' equity	854,318	777,455
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	129,459	96,043
Deferred gains or losses on hedges	(13,473)	(25,983)
Foreign currency translation adjustment	15,231	46,993
Remeasurements of defined benefit plans	(2,294)	(5,871)
Total accumulated other comprehensive income	128,923	111,180
Subscription rights to shares	-	37
Non-controlling interests	168,727	167,103
Total net assets	1,151,969	1,055,777
Total liabilities and net assets	4,096,843	3,952,100

(2) Consolidated Statements of Income and Comprehensive Income

Year ended March 31, 2017 (April 1, 2016– March 31, 2017)

(Unit: Millions of yen)

	Year ended March 31, 2017 Amount	Year ended March 31, 2016 Amount
Net sales	7,919,663	8,170,237
Cost of sales	7,340,775	7,554,195
Gross profit	578,887	616,042
Selling, general and administrative expenses		
Commission fee	35,759	40,360
Traveling and transportation expenses	18,553	20,118
Communication expenses	4,563	4,972
Provision of allowance for doubtful accounts	5,396	7,802
Salaries and allowances	177,152	184,676
Retirement benefit expenses	6,113	5,014
Welfare expenses	31,504	33,141
Rent expenses	26,689	27,461
Depreciation	35,104	38,403
Taxes and dues	7,929	7,696
Amortization of goodwill	20,328	36,399
Other	63,136	69,696
Total selling, general and administrative expenses	432,231	475,742
Operating income	146,656	140,299
Other income:		
Interest income	7,473	8,090
Dividend income	18,756	19,850
Share of profit of entities accounted for using equity method	10,254	-
Other income	14,419	13,825
Total other income	50,904	41,766
Other expenses:		
Interest expense	25,869	28,247
Share of loss of entities accounted for using equity method	-	5,676
Foreign exchange loss	1,622	11,074
Other expenses	11,788	8,973
Total other expenses	39,280	53,970
Ordinary income	158,279	128,095
Extraordinary income:		
Gain on sales of non-current assets	5,379	4,227
Gain on sales of investment securities and investments in capital	3,688	5,557
Gain on sale of golf membership	2	2
Gain on liquidation of subsidiaries and associates	31	421
Gain on reversal of provision for loss on guarantees	-	7
Gain on reversal of allowance for liquidation of affiliated companies	290	743
Gain on bargain purchase	-	262
Gain on reversal of subscription rights to shares	12	17
Gain on reversal of asset retirement obligations	1,448	-
Total extraordinary income	10,853	11,239
Extraordinary losses:		
Loss on disposal of non-current assets	3,808	2,462
Impairment of property and intangible assets	2,225	64,859
Loss on sales of investment securities and investments in capital	116	1,427
Loss on valuation of investment securities and investments in capital	2,260	8,502

Loss on valuation of golf membership	13	99
Loss on liquidation of subsidiaries and associates	5,239	7
Bad debts loss	-	4,398
Provision of allowance for doubtful accounts	2,787	-
Provision for loss on guarantees	583	22
Loss on provision for liquidation of affiliated companies	221	242
Provision for loss on contracts	-	77
Loss on cancellation of contract	-	8,288
Special retirement expenses	2,452	2,409
Loss on disaster	1,372	-
Total extraordinary losses	21,081	92,799
Profit before income taxes	148,051	46,535
Income taxes:		
Current	55,712	57,935
Deferred	(30,639)	11,840
Total income taxes	25,072	69,776
Profit (loss)	122,979	(23,240)
Profit attributable to non-controlling interests	20,381	20,473
Profit (loss) attributable to owners of the parent	102,597	(43,714)

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2017 (April 1, 2016– March 31, 2017)

(Unit: Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	64,936	153,725	562,417	(3,623)	777,455
Increase (decrease) during the term					
Cash dividends paid			(21,829)		(21,829)
Profit (loss) attributable to owners of the parent			102,597		102,597
Purchase of treasury stock				(25)	(25)
Disposition of treasury stock		5		107	113
Change in equity attributable to parent arising from transactions with non-controlling shareholders		(3,053)			(3,053)
Effect from change in scope of consolidated subsidiaries			(38)		(38)
Effect from change in scope of entities accounted for using equity method			(165)		(165)
Other		(487)	(248)	(0)	(735)
Net increase (decrease) during the term, except for items under shareholders' equity					
Total increase (decrease)	-	(3,535)	80,314	82	76,862
Balance at end of year	64,936	150,190	642,732	(3,540)	854,318

(Unit: Millions of yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	96,043	(25,983)	46,993	(5,871)	111,180	37	167,103	1,055,777
Increase (decrease) during the term								
Cash dividends paid								(21,829)
Profit (loss) attributable to owners of the parent								102,597
Purchase of treasury stock								(25)
Disposition of treasury stock								113
Change in equity attributable to parent arising from transactions with non-controlling shareholders								(3,053)
Effect from change in scope of consolidated subsidiaries								(38)
Effect from change in scope of entities accounted for using equity method								(165)
Other								(735)
Net increase (decrease) during the term, except for items under shareholders' equity	33,416	12,510	(31,761)	3,577	17,742	(37)	1,624	19,328
Total increase (decrease)	33,416	12,510	(31,761)	3,577	17,742	(37)	1,624	96,191
Balance at end of year	129,459	(13,473)	15,231	(2,294)	128,923	-	168,727	1,151,969

Financial Statements
(4) Non-Consolidated Balance Sheets

(Unit: Millions of yen)

	As of March 31, 2017	As of March 31, 2016
Assets		
Current assets	1,003,787	951,213
Cash and deposits	218,295	152,827
Notes receivable - trade	46,981	49,399
Accounts receivable - trade	479,198	482,942
Merchandise and finished goods	79,161	87,484
Goods in transit	19,353	19,470
Prepaid expenses	4,627	5,156
Deferred tax assets	6,237	-
Account receivable - other	65,796	58,725
Short-term loans receivable	67,347	53,610
Other	28,094	50,645
Allowance for doubtful accounts	(11,307)	(9,051)
Non-current assets	1,089,760	1,051,499
Property, plant and equipment	45,752	45,120
Buildings	22,055	20,554
Structures	491	481
Machinery and equipment	221	328
Vehicles	224	226
Tools, furniture and fixtures	2,032	1,096
Land	19,738	21,106
Leased assets	984	1,235
Construction in progress	3	91
Intangible assets	14,268	13,076
Goodwill	10	16
Software	7,868	10,289
Leased assets	1	2
Software in progress	6,195	2,512
Other	192	255
Investments and other assets	1,029,739	993,302
Investment securities	246,412	214,020
Shares of subsidiaries and associates	670,661	671,034
Other investments	14,012	15,217
Investments in capital of subsidiaries and associates	41,952	41,325
Long-term loans receivable	5,034	3,595
Prepaid pension cost	13,548	13,041
Other	43,740	45,792
Allowance for doubtful accounts	(5,623)	(10,725)
Total assets	2,093,548	2,002,712

	As of March 31, 2017	As of March 31, 2016
Liabilities		
Current liabilities	769,189	795,531
Notes payable-trade	84,092	89,802
Accounts payable-trade	321,770	314,479
Short-term loans payable	179,526	152,399
Commercial papers	-	40,000
Current portion of bonds	-	25,000
Lease obligations	413	503
Accounts payable-other	51,452	52,789
Accrued expenses	9,198	7,328
Income taxes payable	583	354
Deferred tax liabilities	-	0
Advances received	11,496	28,480
Deposits received	93,001	69,424
Unearned revenue	2,216	2,399
Reserve for directors' bonuses	458	-
Provision for loss on relocation of offices	-	451
Other	14,978	12,117
Non-current liabilities	837,717	809,524
Bonds payable	150,000	110,000
Long-term loans payable	618,752	609,521
Lease obligations	626	853
Deferred tax liabilities	37,904	56,094
Provision of retirement benefits	12,972	13,318
Provision for loss on guarantees	4,556	2,114
Provision for loss on allowance for liquidation of affiliated companies	258	341
Provision for contract loss	535	1,697
Provision for loss on litigation	210	210
Other	11,899	15,374
Total liabilities	1,606,907	1,605,056
Net assets		
Shareholders' equity	369,912	323,355
Capital stock	64,936	64,936
Capital surplus	155,059	155,053
Legal capital surplus	154,367	154,367
Other capital surplus	691	686
Retained earnings	153,214	106,745
Legal retained earnings	6,699	6,699
Other retained earnings	146,515	100,045
General reserve	100,000	137,700
Retained earnings brought forward	46,515	(37,654)
Treasury shares	(3,297)	(3,380)
Valuation and translation adjustments	116,728	74,263
Valuation difference on available-for-sale securities	122,390	90,762
Deferred gains or losses on hedges	(5,662)	(16,499)
Subscription rights to shares	-	37
Total net assets	486,641	397,656
Total liabilities and net assets	2,093,548	2,002,712

(5) Non-Consolidated Income and Comprehensive Income

Year ended March 31, 2017 (April 1, 2016– March 31, 2017)

(Unit: Millions of yen)

	Year ended March 31, 2017	Year ended March 31, 2016
Net sales	3,478,397	3,618,087
Cost of sales	3,405,539	3,535,803
Gross profit	72,858	82,284
Selling, general and administrative expenses	83,171	102,318
(Operating loss)	(10,312)	(20,034)
Other income	93,225	87,586
Interest income	998	1,054
Dividend income	90,576	84,366
Other income	1,650	2,164
Other expenses	12,877	15,641
Interest expense	7,997	9,240
Foreign exchange loss	101	2,427
Other expenses	4,778	3,972
Ordinary income	70,035	51,911
Extraordinary income	5,634	6,212
Gain on sales of non-current assets	901	414
Gain on sales of investment securities and investments in capital	3,548	4,058
Gain on sales of shares of subsidiaries and associates and investments in capital of subsidiaries and associates	350	1,097
Gain on sale of memberships	-	2
Gain on liquidation of subsidiaries and associates	577	184
Gain on reversal of allowance for doubtful accounts	1	-
Gain on reversal of allowance for liquidation of affiliated companies	243	435
Gain on reversal of subscription rights to shares	12	17
Extraordinary losses	34,362	104,270
Loss on disposal of non-current assets	804	216
Impairment of property and intangible assets	15	5,169
Loss on sales of investment securities and investments in capital	8	139
Loss on valuation of investment securities and investments in capital	1,796	7,996
Loss on sales of shares of subsidiaries and associates and investments in capital of subsidiaries and associates	82	7,577
Loss on valuation of shares of subsidiaries and associates and investments in capital of subsidiaries and associates	23,727	71,504
Loss on valuation of membership	8	0
Loss on liquidation of subsidiaries and associates	3,051	197
Bad debts loss	-	4,398
Provision of allowance for doubtful accounts	-	4,897
Provision for loss on guarantees	2,442	561
Loss on provision for liquidation of affiliated companies	212	242
Provision for loss on contracts	-	77
Provision for loss on relocation of offices	-	47
Special retirement expenses	2,214	1,242
Profit (loss) before income taxes	41,306	(46,147)
Income taxes - current	(47)	(18)
Income taxes - deferred	(26,952)	12,935
Profit (loss)	68,306	(59,063)

(6) Non-Consolidated Income and Comprehensive Income

Year ended March 31, 2017 (April 1, 2016– March 31, 2017)

(Unit: Millions of yen)

	Shareholders' Equity									
	Capital stock	Capital surplus			Retained earnings				Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of year	64,936	154,367	686	155,053	6,699	137,700	(37,654)	106,745	(3,380)	323,355
Increase (decrease) during the term										
Cash dividends paid							(21,829)	(21,829)		(21,829)
Profit							68,306	68,306		68,306
Purchase of treasury stock									(25)	(25)
Disposition of treasury stock			5	5					107	113
Reversal of general reserve						(37,700)	37,700	-		-
Others							(6)	(6)		(6)
Net increase (decrease) during the term, except for items under shareholders' equity										
Total increase (decrease)	-	-	5	5	-	(37,700)	84,169	46,469	82	46,557
Balance at end of year	64,936	154,367	691	155,059	6,699	100,000	46,515	153,214	(3,297)	369,912

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments		
Balance at beginning of year	90,762	(16,499)	74,263	37	397,656
Increase (decrease) during the term					
Cash dividends paid					(21,829)
Profit					68,306
Purchase of treasury stock					(25)
Disposition of treasury stock					113
Reversal of general reserve					-
Others					(6)
Net increase (decrease) during the term, except for items under shareholders' equity	31,627	10,836	42,464	(37)	42,427
Total increase (decrease)	31,627	10,836	42,464	(37)	88,984
Balance at end of year	122,390	(5,662)	116,728	-	486,641

Independent Auditor's Report

(English Translation*)

May 12, 2017

To the Board of Directors of
Toyota Tsusho Corporation.

PricewaterhouseCoopers Aarata LLC
Hitoshi Kiuchi, CPA
Designated and Engagement Partner

Masato Yamagami, CPA
Designated and Engagement Partner

Taisuke Shiino, CPA
Designated and Engagement Partner

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the consolidated financial statements, which consist of the consolidated balance sheet, consolidated profit and loss statement, consolidated statement of change in net assets and consolidated notes to the financial statements of Toyota Tsusho Corporation (hereinafter referred to as the "Company") for the consolidated fiscal year from April 1, 2016 to March 31, 2017.

Management's Responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the 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 the 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 plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 statements 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 examining the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and its financial performance of the corporate group which consists of Toyota Tsusho Corporation and its consolidated subsidiaries, and for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Conflict of Interest

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* The original audit report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

Auditing Report of Audit & Supervisory Board

Auditing Report

The Audit & Supervisory Board have prepared this audit report after deliberations, and report as follows regarding the performance of duties of the Directors of Toyota Tsusho Corporation in the 96th fiscal year, from April 1, 2016 to March 31, 2017, based on the auditing report created by each Audit & Supervisory Board member.

1. Method and contents of the audit by the Audit & Supervisory Board member and Audit & Supervisory Board

The Audit & Supervisory Board has stipulated this period's audit policy and audit plan and received reports from each members of the Audit & Supervisory Board on the status and results of the audit. In addition, the Audit & Supervisory Board has received reports from the Directors and Independent Auditor on the performance of their duties and sought explanations as necessary.

Each Audit & Supervisory Board member has acted in accordance with the standards of the audit stipulated by the Audit & Supervisory Board, and in accordance with the policies and audit plan for the audit of this period has communicated with the Directors, the Internal Audit division and other employees, etc. and made efforts to collect information and improve the audit environment. At the same time, they have attended the Board of Directors meetings and other important meetings, received reports from the Directors and employees, etc. on the performance of their duties, sought explanations as necessary, inspected important decision documents, etc. and examined the status of operations and assets at the Head Office and principal places of business. In addition, for the subsidiaries, each Audit & Supervisory Board member has communicated and exchanged information with the subsidiaries' directors and corporate auditors, etc. and received business reports from subsidiaries as necessary. We have monitored and verified the situation regarding a system to ensure that Directors comply with laws and regulations and the Articles of Incorporation during the performance of their duties, and examined things that are needed in order to ensure the appropriateness of business of a corporate group consisting of corporations and subsidiaries, as stipulated in Item 1 and 3 of Article 100 of the Order for Enforcement of the Companies Act, while examining the contents of the resolution of the Board of Directors concerning the development of the system and maintenance of the system (internal control system) on the basis of the resolution.

In addition, we have carried out monitoring and verification to examine whether the Independent Auditor maintained their independent position and implemented appropriate audits, and received reports on the performance of their duties from the Independent Auditor, and sought explanations as necessary. Furthermore, we have received a notice from the Independent Auditor saying that systems for ensuring the appropriate performance of duties by the Independent Auditor (listed in each item of Article 131 of the Corporate Accounting Rules) have been developed in accordance with the quality control standards concerning audit, and we sought explanations as necessary.

Based on the above methods, we examined the business reports, supplementary statements, and financial

statements (balance sheet, income statement, statement of changes in net assets, and notes to individual financial statements) and their supplementary statements, along with consolidated financial statements (consolidated balance sheet, consolidated income statement, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the fiscal year under review.

2. Result of audit

(1) Result of audit on the business report, etc.

- i) The business report and its supplementary statements present fairly the status of the Company in conformity with the relevant laws and regulations or the Articles of Incorporation.
- ii) We have found no serious violation of any applicable laws and regulations or the Articles of Incorporation regarding the performance of duties by Directors.
- iii) The resolution of the Board of Directors regarding the internal control system is fair and reasonable. In addition, there are no matters to be pointed out with respect to the performance of duties by the Directors regarding the internal control system.

(2) Result of audit on the financial statements and the supplementary statements

The methods and results of Independent Auditor PwC are fair and reasonable.

(3) Results of audit on the consolidated financial statements

The methods and results of Independent Auditor PwC are fair and reasonable.

May 12, 2017

Toyota Tsusho Corporation Audit & Supervisory Board

Full-time Audit & Supervisory Board member

Yoshihiro Shiji (seal)

Full-time Audit & Supervisory Board member

Yasushi Shiozaki (seal)

Outside Audit & Supervisory Board member

Tetsuro Toyoda (seal)

Outside Audit & Supervisory Board member

Kazunori Tajima (seal)

Outside Audit & Supervisory Board member

Yuichiro Kuwano (seal)