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# **IFRS Explanatory Meeting Material**

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**June 27<sup>th</sup>, 2017**

**Toyota Tsusho Corporation**



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# 1. Fiscal Year Ended March 31, 2017 (FY2016) JGAAP-IFRS Comparison

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# Consolidated Operating Results\*

\* "JGAAP" figures are results prepared under JGAAP and announced on April 28, and "After J reclassification" figures are the JGAAP results restated based on IFRS.

Billion yen

JGAAP (FY2016)		IFRS (FY2016)			Difference		
			After JGAAP reclassification	IFRS	Difference	CFAO closing date unification	Others
Net sales	7,919.6	Revenue	7,919.6	5,797.3	(2,122.3)	(9.8)	Net presentation of revenues from agent transactions
Cost of sales	(7,340.7)	Cost of sales	(7,340.7)	(5,226.4)	2,114.3	6.0	Net presentation of revenues from agent transactions
<b>Gross profit</b>	<b>578.8</b>	<b>Gross profit</b>	<b>578.8</b>	<b>570.8</b>	<b>(8.0)</b>	<b>(3.7)</b>	
SG&A	(432.2)	SG&A	(432.2)	(411.2)	21.0	1.3	Non-amortization of goodwill (consolidated subsidiaries) +20.3 Provision of allowance for doubtful accounts (reclassified from Other) -2.7
		Gain (losses) on disposal of fixed assets	1.5	1.7	0.2	0.1	
		Impairment loss on fixed assets	(2.2)	(26.2)	(24.0)	–	Grain infrastructure business goodwill impairment Impairment of iodine mining rights
		Other income and expenses	(4.6)	(1.4)	3.2	(0.1)	Provision of allowance for doubtful accounts (reclassified from Other) +2.7
<b>Operating income</b>	<b>146.6</b>	<b>Operating profit</b>	<b>141.3</b>	<b>133.6</b>	<b>(7.7)</b>	<b>(5.0)</b>	
Other income	11.6	Total Financial income (costs)	(3.5)	(3.2)	0.3	0.1	
<b>Ordinary income</b>	<b>158.2</b>	Share of net profit (loss) of investments accounted for using the equity method	10.2	10.4	0.2	(0.0)	Non-amortization of Goodwill (unconsolidated subsidiaries and affiliates) +0.9 Impairment loss -0.3
Extraordinary income	10.8	<b>Profit before income taxes</b>	<b>148.0</b>	<b>140.8</b>	<b>(7.2)</b>	<b>(5.0)</b>	
Extraordinary losses	(21.0)	Income tax expenses	(25.0)	(12.5)	12.5	1.2	Recoverability review accompanying tax consolidation +8.4 IFRS impairment impact +3.1
<b>Profit before income taxes</b>	<b>148.0</b>	<b>Profit for the year</b>	<b>122.9</b>	<b>128.3</b>	<b>5.4</b>	<b>(3.7)</b>	
Income Tax	(25.0)	Owners of the parent	<b>102.5</b>	<b>107.9</b>	<b>5.4</b>	<b>(3.3)</b>	
<b>Profit</b>	<b>122.9</b>	Non-controlling interests	20.3	20.4	0.1	(0.3)	
Owners of the parent	102.5						
Non-controlling interests	20.3						

# Consolidated Operating Results Profit by Division

Billion yen

Item		Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Administrative and Other	Total	
<b>JGAAP Profit (attributable to owners of the parent)</b>		26.4	16.8	11.3	12.0	16.8	4.7	14.3	102.5	
Difference between standards	Non-amortization of goodwill	consolidated subsidiaries		10.2	3.1	3.4	3.5		20.3	
		unconsolidated subsidiaries and affiliates	0.1			0.1	0.6		0.9	
	Impairment loss	consolidated subsidiaries (goodwill, intangible assets, etc.)	(0.9)				(4.3)	(15.6)		(20.9)
		unconsolidated subsidiaries and affiliates (goodwill, etc.)	(0.3)							(0.3)
	Impact of CFAO closing date unification				(2.2)		(0.9)	(0.3)	0.2	(3.3)
	Recoverability impact of tax effects								8.4	8.4
	Others		0.1	0.1	(0.7)	0.7	(1.9)		2.0	0.2
	Difference total		(1.0)	0.1	7.3	3.9	(3.1)	(12.4)	10.6	5.3
<b>IFRS Profit (attributable to owners of the parent)</b>		25.4	16.9	18.6	15.9	13.6	(7.7)	24.9	107.9	

# Consolidated Financial Position

Billion yen

	①	②	③=②-①	④	⑤	⑥=③-④-⑤	
	March 2017 JGAAP	March 2017 IFRS	Difference	CFAO closing date unification	Reclassification (account transfer)	Recognition/ measurement	Recognition/measurement change factors
<b>Assets</b>	<b>4,096.8</b>	<b>4,212.0</b>	<b>115.2</b>	<b>(25.9)</b>	<b>-</b>	<b>141.2</b>	
Current assets	2,533.9	2,546.0	12.1	(12.5)	(19.1)	43.7	Recording of discounted notes on the balance sheet +49.8
Non-current assets	1,562.8	1,666.0	103.2	(13.4)	19.1	97.4	Fair valuation of unlisted shares +150.9 Goodwill (CFAO, grain infrastructure business ) -25.0 Additional offset against deferred tax liabilities -30.5 IFRS-only impairment (excluding goodwill) -14.7
<b>Liabilities</b>	<b>2,944.8</b>	<b>2,988.5</b>	<b>43.7</b>	<b>(12.7)</b>	<b>-</b>	<b>56.4</b>	
Current liabilities	1,745.1	1,769.4	24.3	(12.8)	(5.2)	42.4	Recording of discounted notes on the balance sheet +49.8
Non-current liabilities	1,199.6	1,219.0	19.4	0.1	5.2	13.9	Addition of deferred tax liabilities accompanying fair valuation of unlisted shares +46.0 Additional offset against deferred tax liabilities -30.5
<b>Equity</b>	<b>1,151.9</b>	<b>1,223.5</b>	<b>71.6</b>	<b>(13.2)</b>	<b>-</b>	<b>84.7</b>	
(Of which, main accounts)							
Other components of equity	128.9	111.0	(17.9)	(5.3)	-	(12.5)	
Retained earnings	642.7	727.6	84.9	(7.9)	-	92.8	
Non-controlling interests	168.7	172.8	4.1	(0.1)	-	4.2	

④ CFAO closing date unification: impact of 3-month difference at CFAO ⑤ Reclassification: offsetting

⑥ Recognition/measurement: all IFRS impacts other than the above

# Consolidated Cash Flows

Billion yen

Category	March 2017 JGAAP	March 2017 IFRS	Difference	CFAO closing date unification	
				CFAO closing date unification	Difference
Cash flows from operating activities	+193.7	+159.7	(34.0)	(0.1)	Decrease due to recording of discounted notes on the balance sheet -34.9
Cash flows from investing activities	(130.4)	(127.5)	+2.9	+1.8	
Cash flows from financing activities	(28.3)	+5.6	+33.9	+0.6	Increase due to recording of discounted notes on the balance sheet +34.9
Free cash flows	+63.3	+32.2	(31.1)	(1.9)	



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## 2. Fiscal Year Ending March 31, 2018 (FY2017) Earnings Forecast

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# Fiscal Year Ending March 31, 2018 (FY2017)

## Earnings Forecast (Corporate)

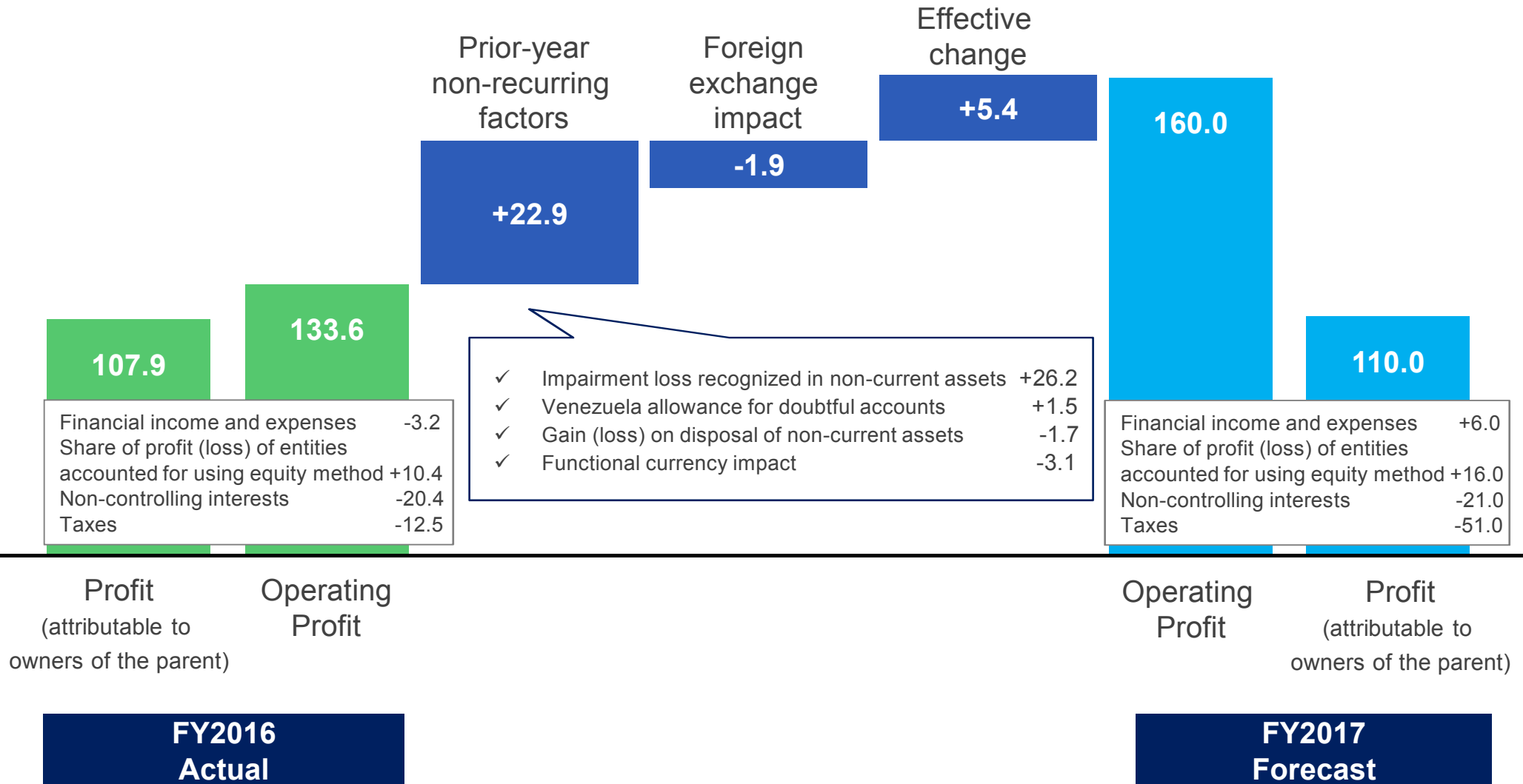
Billion yen

	IFRS		Change
	FY2016 Actual	FY2017 Forecast	
Gross profit	570.8	567.0	(3.8)
Operating profit	133.6	160.0	+26.4
Profit before Income tax	140.8	182.0	+ 41.2
Profit attributable to owners of the parent	107.9	110.0	+ 2.1
Exchange rates	JPY/USD 108 JPY/EUR 119	JPY/USD 105 JPY/EUR 115	



# Fiscal Year Ending March 31, 2018 (FY2017) Earnings Forecast Change Factors

Billion yen



# Fiscal Year Ending March 31, 2018 (FY2017)

## Earnings Forecast by Division (Profit)

Billion yen

	FY2016			FY2017	(②-①) Change	Change factors
	Former divisions	Transfer to Africa	① New divisions <sup>*2</sup>	② New divisions		
Metals	25.4	(0.1)	25.3	26.0	0.7	
Global Parts & Logistics	16.9	(0.9)	16.0	16.0	0.0	
Automotive	18.6	(3.7)	14.9	16.0	1.1	
Machinery, Energy & Project	15.9	0.2	16.1	18.0	1.9	
Chemicals & Electronics	13.6	(3.4)	10.2	25.0	14.8	Gain on partial sale of investment in subsidiary Effect of prior period impairment of iodine mining rights Prior period electronics subsidiary reactionary increase
Food & Consumer Services	(7.7)	(1.3)	(9.0)	5.5	14.5	Effect of prior period impairment of grain infrastructure business
Africa <sup>*1</sup>	-	5.7	5.7	6.5	0.8	
Administrative and Others	24.9	3.5	28.4	(3.0)	(31.4)	Prior period tentative treatment assuming application of consolidated taxation system
<b>Total</b>	<b>107.9</b>	<b>0.0</b>	<b>107.9</b>	<b>110.0</b>	<b>2.1</b>	

\*1 On April 1, 2017, the Africa-related businesses of the product divisions were consolidated and the Africa Division was established.

\*2 Profit of new divisions following establishment of the Africa Division in FY2016 are pre-audit figures and are subject to change.



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## 3. Supplemental Materials

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# Condensed Statements of Comprehensive Income

Billion yen

Item	March 2017 JGAAP	March 2017 IFRS	Difference	Factors
Profit	122.9	128.3	5.4	
Other comprehensive income	15.9	20.0	4.1	Recoverability of deferred tax assets +7.8 Effect of translation differences on goodwill, etc. +5.8 Valuation of unlisted shares -8.9
<b>Total comprehensive income</b>	<b>138.9</b>	<b>148.3</b>	<b>9.4</b>	
Total comprehensive income attributable to owners of the parent	120.3	128.9	8.6	
Total comprehensive income attributable to non-controlling interests	18.6	19.4	0.8	

Item	March 2017 JGAAP	March 2017 IFRS	Difference
ROE (%)	11.0	10.8	(0.2)
Net interest-bearing debt	1,050.2	1,101.9	+51.7
Net DER (times)	1.1	1.0	(0.1)
RA/RB	1.0	0.9	(0.1)

# Goodwill Balance by Division

Billion yen

	March 31, 2017		
	JGAAP	IFRS	Difference
Metals	0.1	0.1	0
Global Parts & Logistics	0.2	0.2	0
Automotive	63.2	30.3	(32.9)
Machinery, Energy & Project	0.8	6.7	5.9
Chemicals & Electronics	19.0	24.1	5.1
Food & Consumer Services	25.1	16.0	(9.1)
<b>Total</b>	<b>108.6</b>	<b>77.7</b>	<b>(30.9)</b>