

Toyota Tsusho Corporation
Financial Highlights
for the Six Months Ended September 30, 2019
[IFRS basis] (Consolidated)

October 31, 2019

(Amounts rounded down to the nearest million yen)

Listings	Tokyo Stock Exchange (the first section), Nagoya Stock Exchange	
Security code	8015	
URL	https://www.toyota-tsusho.com/english/	
Representative	Ichiro Kashitani, President & CEO	
Contact	Yasushi Aida General manager, Accounting Department	
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Scheduled dates:		
Submission of quarterly securities report	November 14, 2019	
Dividend payout	November 26, 2019	
Supplementary materials to the quarterly results	Available	
Quarterly financial results briefings	Yes (targeted at institutional investors and analysts)	

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)

(1) Operating Results

(Percentage figures represent year-on-year changes)

	Revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of the parent		Total comprehensive income	
	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%	million yen	%
Six Months Ended												
September 30, 2019	3,364,298	0.1	108,646	1.1	125,173	3.1	90,515	(1.3)	79,138	0.7	39,173	(41.0)
September 30, 2018	3,361,485	7.3	107,442	13.3	121,417	1.1	91,704	7.5	78,615	7.1	66,348	(52.0)

	Basic earnings per share	Diluted earnings per share
Six Months Ended	yen	yen
September 30, 2019	224.91	-
September 30, 2018	223.41	-

Note: "Basic earnings per share" is calculated based on "Profit attributable to owners of the parent."

(2) Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
As of	million yen	million yen	million yen	%
September 30, 2019	4,498,595	1,382,486	1,213,795	27.0
March 31, 2019	4,441,464	1,389,616	1,195,826	26.9

2. Dividends

Record date or period	Dividend per share				
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
	yen	yen	yen	yen	yen
Year ended March 31, 2019	-	50.00	-	50.00	100.00
Year ending March 31, 2020	-	60.00			
Year ending March 31, 2020 (forecast)			-	60.00	120.00

Note: No changes were made to the latest release of dividend forecasts.

3. Forecast of Consolidated Earnings for the Fiscal Year ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentage figures represent year-on-year changes)

	Profit attributable to owners of the parent		Basic earnings per share
	million yen	%	yen
Full year	150,000	13.1	426.27

Note: No changes were made to the latest release of earnings forecasts.

*Notes

(1) Changes affecting the consolidation status of significant subsidiaries (changes in specified subsidiary resulting in change in scope of consolidations) during the period: Yes

Newly consolidated: One (Name) Toyota Tsusho Thai Holdings Co., Ltd.

(2) Changes in accounting policy and changes in accounting estimates:

1) Changes in accounting policy required by IFRS: Yes

2) Changes other than the above 1): None

3) Changes in accounting estimates: None

Note: For details, please refer to (Changes in Accounting Policy) on page 13.

(3) Number of issued shares (common stock)

1) Number of issued shares at end of period (Treasury shares included):

September 30, 2019: 354,056,516 shares

March 31, 2019: 354,056,516 shares

2) Number of shares held in treasury at end of period:

September 30, 2019: 2,205,515 shares

March 31, 2019: 2,169,311 shares

3) Average number of shares outstanding during the period:

Six Months Ended September 30, 2019: 351,864,293 shares

Six Months Ended September 30, 2018: 351,885,590 shares

*Quarterly review status

This report is exempt from the quarterly review by certified public accountant or audit firm.

*Appropriate use of earnings forecasts and other important information

1. The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. Actual results may differ materially from the above forecasts due to a range of factors.

2. The Company is scheduled to hold a quarterly earnings briefing for institutional investors and analysts on Friday, November 1, 2019. The presentation materials for the earnings briefing will be posted on its website promptly following the earnings announcement.

*This is an abridged translation of the original Japanese document and is provided for informational purposes only. If there are any discrepancies between this and the original, the original Japanese document prevails.

1. Consolidated Results of Operations

(1) Overview of Operating Performance

1) Business Environment

In the first six months of the fiscal year (April 1 – September 30, 2019), the global economy as a whole trended toward slower growth because of factors including an economic slump in Europe and China, despite a robust U.S. economy. Escalation of the conflict between the U.S. and China led to worldwide heightening of concern about an economic downturn.

Federal Reserve Board interest rate policy underpinned business activity in the U.S., with the economy remaining on a recovery trend fueled by robust personal consumption, despite slowing of exports to China and other markets attributable to declining external demand resulting from trade friction between the U.S. and China. In the European economy, although exports are showing a recovery trend, signs of economic deceleration stemming in part from sluggish internal demand continued. The outlook for the future remained uncertain amid fraught Brexit negotiations between the UK and EU. In the Chinese economy, the trend toward economic deceleration continued in the wake of a slump in infrastructure investment and deterioration of consumer sentiment, despite attempts to prop up the economy with tax cuts, subsidies, and other measures amid economic rebalancing from investment-led to consumption-led growth resulting from a shift in China's growth strategy from a quantitative to a qualitative focus. Also, slowing of economic growth came into sharp focus due to intensification of trade friction with the U.S. Emerging market economies gradually slowed as a result of declining exports and stagnant resource prices resulting from slowing of the Chinese economy.

Against this backdrop, the Japanese economy continued to gradually recover, driven by improvement in the employment and income environments, despite continuing weakness in exports and production due to declining exports to Asia partly attributable to the economic slowdown in China. Concerns about a slowdown strengthened however, in response to sluggishness in Europe, China, and other overseas economies as well as trade frictions.

2) Business Activities by Segment

(I) Metals

For the purpose of helping to realize an eco-friendly recycling society, in September 2019 the Group launched on a full-scale basis a demonstration project for recycling of end-of-life vehicles, which has been adopted for the New Energy and Industrial Technology Development Organization's (NEDO) project for construction of an efficient and appropriate recycling system for end-of-life vehicles in Thailand.

(II) Global Parts & Logistics

The Group acquired an equity stake in Israel-based UVeye Ltd. in a private placement offering in June 2019 and is now pursuing collaboration with UVeye, which provides vehicle inspection services through visual analysis utilizing artificial intelligence (AI) for the purpose of improving efficiency and labor-saving in vehicle inspection.

(III) Automotive

To further establish the Toyota brand in Myanmar and contribute to the country's economy, in June 2019 the Group acquired an equity stake in Toyota Myanmar Co., Ltd., a vehicle production company established by Toyota Motor Corporation, and began preparations for local production.

(IV) Machinery, Energy & Projects

For the purpose of supporting the development of local communities through community-level electrification, the Group acquired an equity stake in U.S.-based venture company Powerhive Inc. in a private placement offering in July 2019. Powerhive engages in a mini-grid business that combines solar power generation systems and storage batteries in non-electrified areas of Kenya.

(V) Chemicals & Electronics

For the purpose of regional development and popularization of ultra-compact electric vehicles, in July 2019 the Group launched Ha:moRIDE, a micromobility sharing service that utilizes ultra-compact "COMS" electric vehicles from Toyota Motor Corporation, as a tourism-focused MaaS business in Kumejima, Okinawa Prefecture, under the name Kumejima Ha:mo.

(VI) Food & Consumer Services

For the purpose of functional enhancement of a health support business that utilizes personal health data, in August 2019 the Group acquired an equity stake in, and entered into a business alliance with, M-aid Co., Ltd. On the occasion of the equity investment in M-aid Co., Ltd., the Group also entered into a business alliance with Sugi Pharmacy Co., Ltd. for the purpose of constructing a next-generation preventive medical services model.

(VII) Africa

For the purpose of accelerating initiatives in the mobility business in Africa, in August 2019 the Group decided to establish Mobility 54 Investment SAS, an investment company specializing in capital investments and loans to mobility-related start-ups, in partnership with CFAO SAS.

(3) Operating Results

The Toyota Tsusho Group's consolidated revenue for the six months ended September 30, 2019 increased 2.8 billion yen (0.1%) year on year to 3,364.2 billion yen, largely by virtue of growth in the Africa Division's auto sales.

Consolidated operating profit increased 1.2 billion yen (1.1%) year on year to 108.6 billion yen, largely because of improvement in foreign exchange gains/losses, which offset a decrease in gross profit. Consolidated profit (attributable to owners of the parent) increased 0.5 billion yen (0.7%) year on year to 79.1 billion yen, largely as a result of a gain on sale of shares in an affiliate in the Machinery, Energy & Project Division, which offset deterioration of share of profit (loss) of investments accounted for using the equity method accompanying impairment losses in the Metals Division and Food & Consumer Services Division.

Segment Information

(I) Metals

Profit for the period (attributable to owners of the parent) decreased 9.6 billion yen (56.2%) year on year to 7.5 billion yen, largely as a result of impairment loss in the metal resources business.

(II) Global Parts & Logistics

Profit for the period (attributable to owners of the parent) increased 1.1 billion yen (8.3%) year on year to 14.1 billion yen, largely as a result of increased trading volume of automotive parts.

(III) Automotive

Profit for the period (attributable to owners of the parent) decreased 2.3 billion yen (21.3%) year on year to 8.3 billion yen, largely as a result of deterioration of share of profit (loss) of investments accounted for using the equity method in the overseas automobile sales business.

(IV) Machinery, Energy & Projects

Profit for the period (attributable to owners of the parent) increased 15.7 billion yen (130.5%) year on year to 27.7 billion yen, boosted largely by a gain on sale of shares in affiliate in the electric power business.

(V) Chemicals & Electronics

Profit for the period (attributable to owners of the parent) decreased 1.7 billion yen (14.6%) year on year to 9.4 billion yen, largely due to profit margin shrinkage in the electronics business.

(VI) Food & Consumer Services

Profit for the period (attributable to owners of the parent) decreased 0.9 billion yen (36.7%) year on year to 1.7 billion yen, largely as a result of impairment loss in the food business.

(VII) Africa

Profit for the period (attributable to owners of the parent) increased 0.4 billion yen (6.0%) year on year to 6.8 billion yen, largely as a result of automobile sales volume growth.

(2) Consolidated Financial Condition

At September 30, 2019, consolidated assets totaled 4,498.5 billion yen, a 57.1 billion yen increase from March 31, 2019. The increase is attributable in part to a 109.1 billion yen increase in property, plant and equipment.

Consolidated equity at September 30 totaled 1,382.4 billion yen, a 7.2 billion yen decrease from March 31. The decrease is attributable in part to a 42.6 billion yen decrease in other components of equity and a decrease of 25.1 billion yen in non-controlling interests, which offset a 60.0 billion yen increase in retained earnings accruing from consolidated profit for the period (attributable to owners of the parent).

(3) Outlook for Fiscal Year Ending March 31, 2020

The consolidated earnings forecast issued on April 26, 2019, remains unchanged.

2. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Unit: Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Assets		
Current assets		
Cash and cash equivalents	465,861	466,736
Trade and other receivables	1,397,937	1,266,254
Other financial assets	60,525	122,260
Inventories	745,157	791,256
Other current assets	133,764	134,427
Total current assets	2,803,246	2,780,936
Non-current assets		
Investments accounted for using the equity method	285,074	275,198
Other investments	454,647	446,769
Trade and other receivables	27,264	25,724
Other financial assets	40,796	33,495
Property, plant and equipment	612,587	721,643
Intangible assets	157,278	155,436
Investment property	18,628	18,392
Deferred tax assets	15,973	17,433
Other non-current assets	25,967	23,564
Total non-current assets	1,638,217	1,717,659
Total assets	4,441,464	4,498,595

(Unit: Millions of yen)

	As of March 31, 2019	As of September 30, 2019
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	1,199,839	1,139,042
Bonds and borrowings	509,924	474,784
Other financial liabilities	15,679	20,609
Income taxes payable	24,627	26,618
Provisions	6,224	5,372
Other current liabilities	133,762	158,746
Total current liabilities	1,890,057	1,825,174
Non-current liabilities		
Bonds and borrowings	993,122	1,034,562
Trade and other payables	2,302	74,806
Other financial liabilities	20,964	28,412
Retirement benefits liabilities	41,752	42,026
Provisions	26,208	26,258
Deferred tax liabilities	63,661	57,511
Other non-current liabilities	13,779	27,358
Total non-current liabilities	1,161,790	1,290,934
Total liabilities	3,051,847	3,116,109
Equity		
Share capital	64,936	64,936
Capital surplus	150,933	151,711
Treasury shares	(3,596)	(3,716)
Other components of equity	50,394	7,758
Retained earnings	933,159	993,104
Total equity attributable to owners of the parent	1,195,826	1,213,795
Non-controlling interests	193,789	168,690
Total equity	1,389,616	1,382,486
Total liabilities and equity	4,441,464	4,498,595

(2) Consolidated Statements of Profit or Loss and Comprehensive Income**Consolidated Statement of Profit or Loss**

(Unit: Millions of yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Revenue		
Sales of goods	3,313,384	3,319,244
Sales of services and others	48,100	45,054
Total revenue	3,361,485	3,364,298
Cost of sales	(3,046,417)	(3,051,149)
Gross profit	315,068	313,149
Selling, general and administrative expenses	(208,738)	(207,908)
Other income (expenses)		
Gain (loss) on sale and disposals of non-current assets, net	286	499
Impairment losses on non-current assets	(20)	-
Other, net	846	2,905
Total other income (expenses)	1,113	3,404
Operating profit	107,442	108,646
Finance income (costs)		
Interest income	4,873	6,654
Interest expenses	(13,142)	(14,714)
Dividend income	13,511	11,310
Other, net	878	13,497
Total finance income (costs)	6,121	16,748
Share of profit (loss) of investments accounted for using the equity method	7,853	(221)
Profit before income taxes	121,417	125,173
Income tax expense	(29,712)	(34,657)
Profit for the period	91,704	90,515
Profit (loss) for the period attributable to:		
Owners of the parent	78,615	79,138
Non-controlling interests	13,089	11,377
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	223.41	224.91
Diluted earnings per share (yen)	-	-

Consolidated Statement of Comprehensive Income

(Unit: Millions of yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Profit for the period	91,704	90,515
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Remeasurements of defined benefit pension plans	161	285
Financial assets measured at fair value through other comprehensive income	(24,842)	(5,842)
Share of other comprehensive income of investments accounted for using the equity method	632	(462)
Items that may be reclassified to profit or loss:		
Cash flow hedges	1,679	(5,098)
Exchange differences on translation of foreign operations	(839)	(39,693)
Share of other comprehensive income of investments accounted for using the equity method	(2,147)	(531)
Other comprehensive income for the period, net of tax	(25,356)	(51,342)
Total comprehensive income for the period	66,348	39,173
Total comprehensive income for the period attributable to:		
Owners of the parent	51,952	35,409
Non-controlling interests	14,396	3,764

(3) Consolidated Statement of Changes in Equity

Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)

(Unit: Millions of yen)

	Total equity attributable to owners of the parent								
	Share capital	Capital surplus	Treasury shares	Other components of equity					Total
				Remeasurements of defined benefit pension plans	Financial assets measured at FVTOCI*	Cash flow hedges	Exchange differences on translation of foreign operations		
Balance at the beginning of the period	64,936	150,921	(3,578)	-	248,425	(12,961)	(105,520)	129,943	
Comprehensive income for the period									
Profit for the period									
Other comprehensive income									
Remeasurements of defined benefit pension plans				130				130	
Financial assets measured at FVTOCI*					(23,801)			(23,801)	
Cash flow hedges						1,788		1,788	
Exchange differences on translation of foreign operations							(4,780)	(4,780)	
Total comprehensive income for the period	-	-	-	130	(23,801)	1,788	(4,780)	(26,663)	
Transactions with owners									
Dividends									
Acquisition (disposal) of treasury shares		0	(11)						
Acquisition (disposal) of non-controlling interests		(101)							
Reclassification to retained earnings				(130)	381			250	
Other									
Total transactions with owners	-	(101)	(11)	(130)	381	-	-	250	
Balance at the end of the period	64,936	150,820	(3,589)	-	225,005	(11,172)	(110,301)	103,530	

	Total equity attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total		
Balance at the beginning of the period	832,495	1,174,718	187,468	1,362,187
Comprehensive income for the period				
Profit for the period	78,615	78,615	13,089	91,704
Other comprehensive income				
Remeasurements of defined benefit pension plans		130	0	131
Financial assets measured at FVTOCI*		(23,801)	(377)	(24,179)
Cash flow hedges		1,788	593	2,382
Exchange differences on translation of foreign operations		(4,780)	1,090	(3,690)
Total comprehensive income for the period	78,615	51,952	14,396	66,348
Transactions with owners				
Dividends	(17,253)	(17,253)	(11,740)	(28,993)
Acquisition (disposal) of treasury shares		(11)		(11)
Acquisition (disposal) of non-controlling interests		(101)	(555)	(657)
Reclassification to retained earnings	(250)	-		-
Other			6	6
Total transactions with owners	(17,503)	(17,365)	(12,289)	(29,655)
Balance at the end of the period	893,606	1,209,305	189,574	1,398,880

*Financial assets measured at FVTOCI represents "Financial assets measured at Fair Value through Other Comprehensive Income."

Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)

(Unit: Millions of yen)

	Total equity attributable to owners of the parent							
	Share capital	Capital surplus	Treasury shares	Other components of equity				Total
				Remeasurements of defined benefit pension plans	Financial assets measured at FVTOCI*	Cash flow hedges	Exchange differences on translation of foreign operations	
Balance at the beginning of the period	64,936	150,933	(3,596)	-	192,460	(10,226)	(131,839)	50,394
Comprehensive income for the period								
Profit for the period								
Other comprehensive income								
Remeasurements of defined benefit pension plans				169				169
Financial assets measured at FVTOCI*					(5,966)			(5,966)
Cash flow hedges						643		643
Exchange differences on translation of foreign operations							(38,574)	(38,574)
Total comprehensive income for the period	-	-	-	169	(5,966)	643	(38,574)	(43,728)
Transactions with owners								
Dividends								
Acquisition (disposal) of treasury shares		0	(119)					
Acquisition (disposal) of non-controlling interests		777						
Reclassification to retained earnings				(169)	1,262			1,092
Other								
Total transactions with owners	-	777	(119)	(169)	1,262	-	-	1,092
Balance at the end of the period	64,936	151,711	(3,716)	-	187,756	(9,583)	(170,413)	7,758

	Total equity attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total		
Balance at the beginning of the period	933,159	1,195,826	193,789	1,389,616
Comprehensive income for the period				
Profit for the period	79,138	79,138	11,377	90,515
Other comprehensive income				
Remeasurements of defined benefit pension plans		169	(0)	168
Financial assets measured at FVTOCI*		(5,966)	(221)	(6,187)
Cash flow hedges		643	(2,546)	(1,903)
Exchange differences on translation of foreign operations		(38,574)	(4,845)	(43,419)
Total comprehensive income for the period	79,138	35,409	3,764	39,173
Transactions with owners				
Dividends	(17,605)	(17,605)	(9,211)	(26,816)
Acquisition (disposal) of treasury shares		(118)		(118)
Acquisition (disposal) of non-controlling interests		777	(19,639)	(18,862)
Reclassification to retained earnings	(1,092)	-		-
Other	(494)	(494)	(11)	(506)
Total transactions with owners	(19,192)	(17,441)	(28,862)	(46,304)
Balance at the end of the period	993,104	1,213,795	168,690	1,382,486

*Financial assets measured at FVTOCI represents "Financial assets measured at Fair Value through Other Comprehensive Income."

(4) Consolidated Statement of Cash Flows

(Unit: million yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Cash flows from operating activities		
Profit before income taxes	121,417	125,173
Depreciation and amortization	38,247	49,126
Impairment losses on non-current assets	20	-
Finance costs (income)	(6,121)	(16,748)
Share of (profit) loss of investments accounted for using the equity method	(7,853)	221
(Gain) loss on sale and disposals of non-current assets, net	(286)	(499)
(Increase) decrease in trade and other receivables	(42,969)	107,517
(Increase) decrease in inventories	(78,594)	(62,287)
Increase (decrease) in trade and other payables	74,590	(83,229)
Other	(14,554)	14,906
Subtotal	83,896	134,180
Interest received	4,812	6,322
Dividends received	25,800	22,610
Interest paid	(12,453)	(14,401)
Income taxes paid	(39,805)	(36,507)
Net cash provided by operating activities	62,251	112,204
Cash flows from investing activities		
(Increase) decrease in time deposits	(5,184)	(53,991)
Purchase of property, plant and equipment	(34,365)	(54,037)
Proceeds from sale of property, plant and equipment	4,845	3,469
Purchase of intangible assets	(6,527)	(6,008)
Proceeds from sale of intangible assets	1,946	233
Proceeds from sale of investment property	4,286	760
Purchase of investments	(17,221)	(10,351)
Proceeds from sale of investment	1,439	20,023
Proceeds from (payment for) acquisition of subsidiary	(603)	(7,482)
Proceeds from (payment for) sale of subsidiaries	3,955	18
Payments for loans receivable	(5,036)	(2,691)
Collection of loans receivable	7,027	3,901
Subsidy income	-	9,849
Other	1,999	699
Net cash used in investing activities	(43,439)	(95,605)

(Unit: million yen)

	Six Months Ended September 30, 2018	Six Months Ended September 30, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings, net	(7,333)	(26,536)
Proceeds from long-term borrowings	64,152	52,862
Repayment of long-term borrowings	(82,802)	(54,226)
Proceeds from issuance of bonds	55,416	53,161
Purchase of treasury shares	(12)	(120)
Dividends paid	(17,253)	(17,605)
Dividends paid to non-controlling interests	(11,740)	(9,211)
Proceeds from non-controlling interests	261	4,952
Payments for acquisition of subsidiaries' interest from non-controlling interests	(2,166)	(861)
Proceeds from sale of subsidiaries' interest to non-controlling interests	137	263
Other	(3,588)	(9,518)
Net cash provided by (used in) financing activities	(4,929)	(6,840)
Net increase (decrease) in cash and cash equivalents	13,883	9,757
Cash and cash equivalents at the beginning of the period	423,426	465,861
Effect of exchange rate changes on cash and cash equivalents	915	(8,882)
Cash and cash equivalents at the end of the period	438,225	466,736

(5) Notes on Consolidated Financial Statements

(Notes on the Going-Concern Assumption)

Not applicable

(Changes in Accounting Policy)

(Leases)

Effective from the first quarter of the fiscal year ending March 31, 2020, the Group has adopted IFRS 16 *Leases* (published January 2016).

IFRS 16 requires lessees to apply a single model of accounting to recognize all leases on the consolidated statement of financial position. At the commencement date of the lease, the lessee recognizes assets representing the right to use the underlying asset (the right-of-use assets) during the lease term and the obligations relating to the lease payments (lease liabilities). Then, the lessee recognizes a depreciation charge for the right-of-use asset and interest on the lease liability separately.

With the adoption of IFRS 16, the following transitional measures and expedients have been applied.

- The Group has elected a method to recognize the cumulative effect of initially applying IFRS 16 at the date of initial application.
- For leases that were entered into on or before the date of initial application, IFRS 16 is applied to the leases that were previously identified as leases applying IAS 17 “Leases” and IFRIC 4 “Determining whether an Arrangement contains a Lease.”
- For short-term leases and low-value leases, the right-of-use assets and the lease liabilities are not recognized.
- On initial application, hindsight is used in determining the lease term.

The weighted average of the lessee’s incremental borrowing rate applied to lease liabilities recognized in the statement of financial position at the date of initial application is 2.2%.

In addition, the difference between a) the total of minimum lease payments that are related to non-cancellable operating lease contracts and disclosed applying IAS 17 as of March 31, 2019, and b) lease liabilities recognized on initial application of IFRS 16, is 13,375 million yen. The amount mainly reflects the effects of reviewing the lease term in conjunction with the application of IFRS 16.

Due to this, compared with what it would have been under the previous accounting standards, at the beginning of the period, the right-of-use asset included in property, plant and equipment increased 92,878 million yen, and lease liabilities included in trade and other payables increased 93,004 million yen.

(Segment Information)

Revenue, Profit/loss and Assets by Reportable Segment

Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)

(Unit: million yen)

	Reportable segment					
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue						
External	879,235	453,954	314,835	467,682	733,052	216,878
Inter-segment	991	11,841	6,834	1,431	5,989	242
Total	880,226	465,795	321,670	469,113	739,042	217,120
Gross profit	50,595	38,843	42,459	42,731	53,278	21,294
Profit for the period attributable to owners of the parent	17,145	13,050	10,619	12,030	11,105	2,698
Segment assets	911,238	404,308	295,190	767,067	738,861	283,157

	Reportable segment		Other *1	Adjustments *2	Consolidated
	Africa	Total			
Revenue					
External	294,369	3,360,008	1,477	-	3,361,485
Inter-segment	6,219	33,548	430	(33,978)	-
Total	300,588	3,393,557	1,907	(33,978)	3,361,485
Gross profit	67,925	317,127	1,416	(3,476)	315,068
Profit for the period attributable to owners of the parent	6,428	73,078	5,619	(82)	78,615
Segment assets	551,909	3,951,734	820,467	(297,315)	4,474,886

Notes: 1. "Other" comprises businesses that are not included in reportable segments including functional services which provide operation support to the whole Group. In addition, this column includes profit/loss that is not classified into a specific reportable segment.

2. Figures in "Adjustments" represent the amounts of inter-segment transactions.

3. Prices in inter-segment transactions are decided based on negotiation on an individual basis.

Six Months Ended September 30, 2019 (April 1, 2019 to September 30, 2019)

(Unit: million yen)

	Reportable segment					
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue						
External	862,293	448,925	313,644	386,333	741,280	210,653
Inter-segment	1,095	12,970	843	3,010	2,331	278
Total	863,389	461,896	314,487	389,344	743,612	210,931
Gross profit	47,751	38,372	42,240	42,076	50,527	23,190
Profit (loss) for the period attributable to owners of the parent	7,514	14,133	8,356	27,726	9,480	1,709
Segment assets	899,187	398,836	285,454	759,082	708,659	284,925

	Reportable segment		Other *1	Adjustments *2	Consolidated
	Africa	Total			
Revenue					
External	398,365	3,361,496	2,802	-	3,364,298
Inter-segment	34	20,565	881	(21,447)	-
Total	398,400	3,382,061	3,683	(21,447)	3,364,298
Gross profit	70,836	314,995	(249)	(1,596)	313,149
Profit (loss) for the period attributable to owners of the parent	6,812	75,732	3,434	(28)	79,138
Segment assets	558,325	3,894,471	891,152	(287,027)	4,498,595

Notes: 1. "Other" comprises businesses that are not included in reportable segments including functional services which provide operation support to the whole Group. In addition, this column includes profit/loss that is not classified into a specific reportable segment.

2. Figures in "Adjustments" represent the amounts of inter-segment transactions.

3. Prices in inter-segment transactions are decided based on negotiation on an individual basis.

Outline of Consolidated Results for the Six Months ended September 30, 2019 (IFRS)

October 31, 2019
Toyota Tsusho Corporation

(Unit: Billion yen)

(For reference)	Quarterly changes	1Q	2Q
Gross profit		158.6	154.4
Operating profit		55.6	52.9
Profit attributable to owners of the parent		55.6	23.5

Consolidated Operating Results	Six Months ended Sep. 30, 2018	Six Months ended Sep. 30, 2019	Year-on-year change	
			Amount	%
Revenue	3,361.4	3,364.2	2.8	0.1%
Gross profit	315.0	313.1	(1.9)	(0.6%)
SG&A expenses	(208.7)	(207.9)	0.8	—
Other income (expenses)	1.1	3.4	2.3	—
Operating profit	107.4	108.6	1.2	1.1%
Interest income (expenses)	(8.2)	(8.0)	0.2	—
Dividend income	13.5	11.3	(2.2)	—
Other finance income (costs)	0.8	13.4	12.6	—
Share of profit of investments accounted for using the equity method	7.8	(0.2)	(8.0)	—
Profit before income taxes	121.4	125.1	3.7	3.1%
Income tax expense	(29.7)	(34.6)	(4.9)	—
Profit for the period	91.7	90.5	(1.2)	(1.3%)
Profit attributable to owners of the parent	78.6	79.1	0.5	0.7%
Total comprehensive income (attributable to owners of the parent)	51.9	35.4	(16.5)	(31.8%)

Main factors behind year-on-year changes

【Gross profit】-1.9 billion yen

Decreased largely due to lower profit margin in the Chemicals & Electronics Division, which offset growth in automobile sales volume in the Africa Division.

【Operating profit】+1.2 billion yen

Despite the decrease in gross profit, operating profit increased largely due to improvement in foreign exchange gain/loss.

【Profit attributable to owners of the parent】+0.5 billion yen

Increased largely driven by gain on sale of shares in affiliate in the Machinery, Energy & Project Division, which offset worsening of share of profit/loss of investments accounted for using the equity method accompanying impairment losses in the Metals Division and the Food & Consumer Services Division.

Divisions	Six Months ended Sep. 30, 2018	Six Months ended Sep. 30, 2019	Year-on-year change	
			Amount	%
Metals	50.5	47.7	(2.8)	(5.6%)
Global Parts & Logistics	38.8	38.3	(0.5)	(1.2%)
Automotive	42.4	42.2	(0.2)	(0.5%)
Machinery, Energy & Project	42.7	42.0	(0.7)	(1.5%)
Chemicals & Electronics	53.2	50.5	(2.7)	(5.2%)
Food & Consumer Services	21.2	23.1	1.9	8.9%
Africa	67.9	70.8	2.9	4.3%
Total	315.0	313.1	(1.9)	(0.6%)

*The top row for each division indicates gross profit; the bottom row indicates profit for the period attributable to owners of parent.

Main factors behind year-on-year changes in profit attributable to owners of parent

Decreased largely due to impairment loss in the metal resources business.

Increased largely driven by higher trading volume of automotive parts.

Decreased largely due to worsening of share of profit/loss of investments accounted for using the equity method in the overseas automotive sales business.

Increased largely due to the gain on sale of shares in affiliate in the electric power business.

Decreased largely due to lower profit margin of the electronics business.

Decreased largely due to impairment loss in the food business.

Increased largely driven by growth in automobile sales volume.

Consolidated Financial Position	As of March 31, 2019	As of September 30, 2019	Change over the end of the previous fiscal year	
			Amount	%
Total assets	4,441.4	4,498.5	57.1	1.3%
(Current assets)	2,803.2	2,780.9	(22.3)	(0.8%)
(Non-current assets)	1,638.2	1,717.6	79.4	4.8%
Total equity	1,389.6	1,382.4	(7.2)	(0.5%)
Net interest-bearing debt	988.4	1,032.5	44.1	4.5%
Debt-equity ratio (times)	0.8	0.9	0.1	

Main factors behind year-on-year changes

【Current assets】-22.3 billion yen

• Trade and other receivables: -131.7 billion yen
• Inventories: +46.1 billion yen
• Other financial assets: +61.7 billion yen

【Non-current assets】+79.4 billion yen

• Property, plant and equipment: +109.1 billion yen
• Other investments: -17.8 billion yen

【Total equity】-7.2 billion yen

• Retained earnings: +60.0 billion yen
• Exchange differences on translation of foreign operations: -38.6 billion yen
• Non-controlling interests: -25.1 billion yen

Consolidated Cash Flow Position	Six Months ended Sep. 30, 2018	Six Months ended Sep. 30, 2019	Year-on-year change
1. Cash flows from operating activities	62.2	112.2	50.0
2. Cash flows from investing activities	(43.4)	(95.6)	(52.2)
1-2: Free cash flow	18.8	16.6	(2.2)
Cash flows from financing activities	(4.9)	(6.8)	(1.9)

Main factors behind year-on-year changes

【Cash flows from operating activities】

Profit for the six months ended September 30, 2019

【Cash flows from investing activities】

Purchase of property, plant and equipment

Consolidated Financial Results Forecasts	Year ended March 31, 2019	(Revised) Year ending March 31, 2020	Year-on-year change		(Reference) Forecast for Year Ending March 31, 2020 issued on April 26, 2020	
			Amount	%		
D i v i s i o n s	Metals	99.8	102.0	2.2	2.1%	102.0
	Global Parts & Logistics	75.3	77.0	1.7	2.2%	77.0
	Automotive	88.7	92.0	3.3	3.7%	92.0
	Machinery, Energy & Project	89.8	93.0	3.2	3.5%	93.0
	Chemicals & Electronics	107.5	110.0	2.5	2.3%	110.0
	Food & Consumer Services	18.4	23.0	4.6	24.7%	23.0
	Africa	137.1	141.0	3.9	2.8%	141.0
	Gross profit	638.4	663.0	24.6	3.8%	663.0
	Operating profit	215.1	237.0	21.9	10.1%	237.0
	Profit before income taxes	229.1	251.0	21.9	9.5%	251.0
C o r p o r a t e	Profit	154.7	176.0	21.3	13.7%	176.0
	Profit attributable to owners of the parent	132.6	150.0	17.4	13.1%	150.0

*The top row for each division indicates gross profit; the bottom row indicates profit attributable to owners of the parent.

Dividend per share

	Year ended March 31, 2018	Year ended March 31, 2019	Year ending March 31, 2020
Interim	45 yen	50 yen	60 yen
Full year	94 yen	100 yen	120 yen (forecast)
Payout ratio (consolidated)	25.4%	26.5%	28.2% (forecast)

Changes in Major Indexes

Exchange rate	Yen / US dollar	6M average	Six Months ended September 30, 2018 (As of March 31, 2019)	Six Months ended September 30, 2019
		End of period	110	109
Interest rate	Yen / Euro <th>6M average</th> <td>(111)</td> <td>108</td>	6M average	(111)	108
		End of period	130	121
Dubai oil (US dollars/bbl.)	Yen / Euro	6M average	(125)	118
		End of period	0.07%	0.07%
Corn futures (cents/bushel)	Yen / Euro	6M average	2.34%	2.35%
		End of period	73	64