TOYOTA TSUSHO CORPORATION

Financial Section 2019

Fiscal year ended March 31, 2019

Contents

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

General Operating Environment

In the fiscal year ended March 31, 2019, the overall global economy slowed, largely in response to European and Chinese economic slowdowns, even as the U.S. economy held firm.

The U.S. economy encountered headwinds, including a partial government shutdown and transient deterioration in consumer sentiment, but nonetheless continued to recover, buoyed by a Federal Reserve pivot to interest rate increases in addition to robust employment and income environments and growth in capital investment.

The European economy slowed mildly, largely in response to a downshift in exports, softness in domestic demand and a U.K. economic slowdown. Additionally, the European economic outlook turned murkier, clouded in part by fraught Brexit negotiations between the United Kingdom and the EU.

The Chinese economy continued to slow in the wake of deterioration in consumer sentiment and stagnant infrastructure investment despite government efforts to bolster the economy with stimulus measures, including tax cuts and subsidies. China is in the midst of rebalancing its economy from investment-led to consumption-led growth while shifting its growth strategy from a quantitative to a qualitative focus. It also faces an uncertain economic outlook due to escalation of trade friction between itself and the United States.

Emerging market economies underwent a mild slowdown, largely as a result of declines in exports and resource prices in response to China's economic slowdown.

Against such a backdrop, the Japanese economy continued to gradually recover, buoyed by improvement in the employment and income environments and various policy measures' stimulus effects, although exports and production exhibited weakness in certain sectors due largely to reduced exports to Asia amid China's economic slowdown. Meanwhile, recession concerns intensified in response to an economic downshift triggered by trade friction and sluggishness in the European, Chinese, and other overseas economies.

Business Performance of the Toyota Tsusho Group

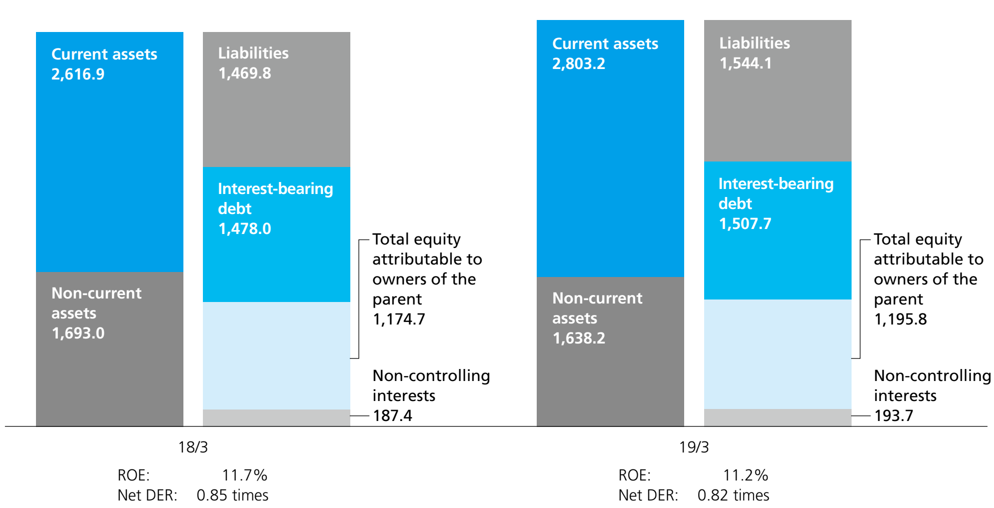
The Toyota Tsusho Group's consolidated revenue for the fiscal year ended March 31, 2019 increased 271.7 billion yen (4.2%) year on year, to 6,762.7 billion yen, largely as a result of the increase in the volume of automobile production-related transactions.

Consolidated operating profit increased 32.5 billion yen (17.8%) year on year, to 215.1 billion yen, boosted by gross profit growth and improvement in other income (expenses), which offset increases in selling, general and administrative expenses.

Consolidated profit for the year attributable to owners of the parent increased 2.4 billion yen (1.8%) year on year, to a third consecutive all-time annual record of 132.6 billion yen, largely as a result of operating profit growth, which offset the effects of one-time gains/losses in the Chemicals & Electronics Division and the Machinery, Energy & Project Division.

Balance Sheet Trends

(¥ billion)



Financial Position

At March 31, 2019, consolidated assets totaled 4,441.4 billion yen, a 131.4 billion yen increase from March 31, 2018. The increase was mostly due to an 89.0 billion yen increase in inventories.

Consolidated equity at March 31, 2019, totaled 1,389.6 billion yen, a 27.5 billion yen increase from March 31, 2018. The most notable contributor to its increase was a 100.7 billion yen increase in retained earnings owing mainly to profit for the year attributable to owners of the parent.

The group consequently ended the fiscal year with a ratio of equity attributable to owners of the parent to total assets (equity ratio) of 26.9% and a net debt-equity ratio (net DER) of 0.8 times.

Future Issues to Address

To realize its Global Vision, the group plans to address the following issues.

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

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

Under its African Growth Strategy, which is particularly geared toward achieving the Mid-term Business Plan, the group will proceed to extend its automotive, pharmaceutical, retail, and other operations throughout Africa, with CFAO SAS functioning as a regional headquarters.

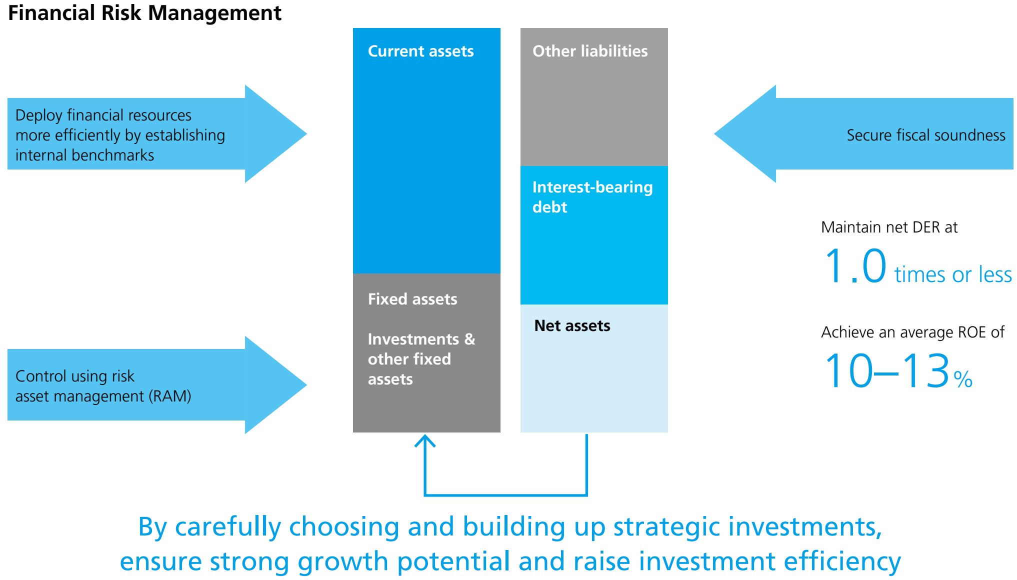
In addition, having further expanded the markets in which it trades since all Toyota Motor Corporation sales and marketing operations for Africa were transferred to the company in January 2019, the company will strive to provide better products and services to its customers in Africa.

Under its Next-Generation Mobility Strategy, the group will promote alliances in domains represented by CASE*, and will augment its functions while accelerating initiatives mainly in Japan, North America, Europe, and China.

Under its Renewable Energy Strategy, the group will contribute further to the realization of a low-carbon society, through the stable provision of reasonably priced, renewable electricity, by continuing to expand its wind power generation, solar power generation, hydropower generation, and other operations centered around Eurus Energy Holdings Corporation, Japan's largest wind power producer.

In promoting these business developments, the group will accelerate corporate growth of the company by focusing on digitalization and globalization.

Financial Risk Management



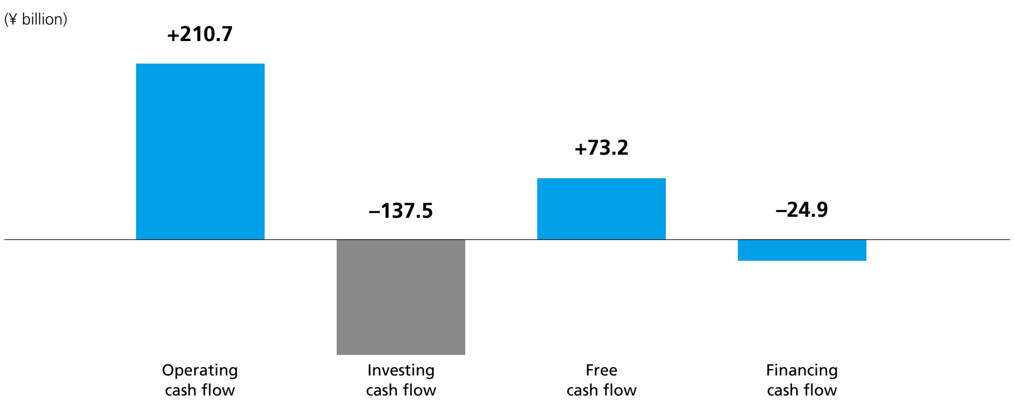
Moreover, as the group strives to strengthen its management systems to optimally allocate management resources and secure reliable investment returns, in order to remain financially sound, it intends to continue to manage its operations with a focus on return on equity (ROE), which is highly correlated with the cost of shareholders' equity; its net DER, a measure of financial stability; and cash flow.

* CASE = Connected, Autonomous, Shared & Services, and Electric

Cash Flows in the Fiscal Year Ended March 31, 2019

Cash and cash equivalents ("cash") at March 31, 2019 totaled 465.8 billion yen, a 42.4 billion yen increase from March 31, 2018. The increase, which was 54.4 billion yen larger than the previous fiscal year's increase in cash, was attributable to positive cash flows from operating activities, partially offset by negative cash flows from investing and financing activities. The main factors that contributed to and detracted from the increase in cash were as follows.

Cash Flow Breakdown



Net Cash Provided by Operating Activities

Operating activities provided net cash of 210.7 billion yen, mostly in the form of profit before income taxes.

These activities provided 4.3 billion yen less net cash than in the previous fiscal year. Among the most notable year-on-year changes in operating cash flows, 74.5 billion yen less cash was used to settle trade and other payables than in the previous fiscal year while 54.0 billion yen more cash was used to purchase inventories.

Net Cash Used in Investing Activities

Investing activities used net cash of 137.5 billion yen, mainly for purchase of investments and property, plant and equipment. These activities used 45.1 billion yen more net cash than in the previous fiscal year, primarily because of a 23.0 billion yen increase in the purchase of property, plant and equipment.

Cash flows from operating and investing activities netted to positive free cash flow of 73.2 billion yen, which is 49.4 billion yen less than in the previous fiscal year.

Net Cash Used in Financing Activities

Financing activities used net cash of 24.9 billion yen, largely to pay dividends.

These activities used 103.8 billion yen less net cash than in the previous fiscal year, mainly because of a 110.4 billion yen increase in cash due to the issuance of bonds and a reduction of repayment of borrowings.

Financial Strategy

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

Aiming to "generate maximum profit with minimum funds," we strive to use funds more efficiently through the efficient use of working capital through such means as reducing trade receivables collection periods, reducing inventory levels, and by reducing any idle or inefficient fixed assets.

We aim both to enhance corporate value and improve our financial position by directing funds generated by the above measures to investments in businesses with higher growth potential and the repayment of interest-bearing debt.

We are also focused on conducting fund procurement commensurate with our asset base. In principle, the group will finance fixed assets with long-term loans and shareholders' equity, while financing working capital with short-term borrowings. At the same time, we have also adopted a policy of funding the less liquid portion of working capital with long-term debt.

In regard to the fund management system on a consolidated basis for our domestic subsidiaries, we are shifting to a unified group financing system by the parent company in Japan. In regard to the fund procurement of overseas subsidiaries, we will conduct group financing utilizing a cash management system for concentrating fund procurement at specific overseas subsidiaries in Asia, Europe, and the United States and for supplying funds to other subsidiaries.

In addition, we have developed systems for responding to unexpected events, including establishing a multi-currency revolving credit facility to safely meet the group's funding requirements.

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

As of March 31, 2019, the current ratio was 148% on a consolidated basis, meaning that the company has maintained financial soundness in terms of liquidity.

In addition, the company and its consolidated subsidiaries have established an adequate level of liquidity mainly through cash and deposits and the aforementioned credit facility.

The company's long-term and short-term credit ratings as of March 31, 2019 are as follows:

	Long-term	Short-term
Rating and Investment Information (R&I)	A+ (Stable)	a-1
Standard & Poor's (S&P)	A+ (Stable)	A-1
Moody's	A3 (Stable)	–

Business Risks and Uncertainties

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

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

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

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

2. Dependence on Specific Customers

The group consists of the company, its 737 consolidated subsidiaries, and 231 equity-method affiliates. The main business line of the group is the sale of automotive-related and other products in the domestic and overseas markets. Sales to the Toyota Group account for 12.6% of revenue for the group. Therefore, trends in transactions with the Toyota Group may affect the operating results and financial condition of the group.

3. Risk Associated with Exchange Rates

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

4. Risk Associated with Fluctuations in Interest Rates

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

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

The group holds marketable securities to maintain and strengthen relationships with business partners, to grow business earnings, and to improve its corporate value. Share prices of marketable securities are affected by price changes, and declines in share prices may adversely affect the operating results and financial condition of the group.

6. Risk Associated with Employee Retirement Benefits

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

7. Risk Associated with Commodities

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

8. Risk Associated with Customers' Credit

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

9. Risk Associated with Business Investment

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

10. Risk Associated with Countries

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

11. Impairment Risk Associated with Fixed Assets

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

12. Risk Associated with Raising Funds

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

13. Risk Associated with Compliance

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

14. Environment-related Risks

The group is engaged in businesses in Japan and overseas that are exposed to a broad range of environment-related risks. To mitigate these risks, the group conducts risk management throughout its supply chain. Specific activities include enforcing compliance with laws and regulations concerning the handling of emissions, wastewater, and solid waste with the potential to pollute the environment. The group's businesses in Japan and overseas are also exposed to various environmental risks associated with climate change, water resources, biodiversity, and other factors. Any changes in environmental regulations, environmental pollution caused by natural disasters and other events, or other factors could result in additional costs that may adversely affect the operating results and financial condition of the group.

15. Effect of Natural Disasters and Other Events

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

Consolidated Statement of Financial Position

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
As of March 31, 2019 and 2018

		Millions of Yen		Thousands of U.S. Dollars
	Notes	2019	2018	2019
Assets				
Current assets:				
Cash and cash equivalents	8	¥ 465,861	¥ 423,426	$ 4,197,324
Trade and other receivables	5, 8, 13	1,397,937	1,342,038	12,595,161
Other financial assets	8	60,525	67,919	545,319
Inventories	6	745,157	656,149	6,713,730
Other current assets		133,764	115,010	1,205,189
Subtotal		2,803,246	2,604,545	25,256,743
Assets held for sale	7	–	12,440	–
Total current assets		2,803,246	2,616,986	25,256,743
Non-current assets:				
Investments accounted for using the equity method	4, 9	285,074	278,597	2,568,465
Other investments	8	454,647	529,739	4,096,287
Trade and other receivables	5, 8, 13	27,264	31,848	245,643
Other financial assets	8	40,796	27,561	367,564
Property, plant and equipment	10, 13	612,587	590,324	5,519,299
Intangible assets	11	157,278	166,694	1,417,046
Investment property	12	18,628	18,782	167,834
Deferred tax assets	23	15,973	24,559	143,913
Other non-current assets		25,967	24,949	233,958
Total non-current assets		1,638,217	1,693,057	14,760,041
Total assets	4	¥4,441,464	¥4,310,043	$40,016,794

	Notes	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars 2019
Liabilities and Equity				
Liabilities				
Current liabilities:				
Trade and other payables	8, 13, 14	¥1,199,839	¥1,098,589	$10,810,334
Bonds and borrowings	8, 15	509,924	543,406	4,594,323
Other financial liabilities	8	15,679	15,729	141,264
Income taxes payable		24,627	30,102	221,884
Provisions	16	6,224	5,141	56,077
Other current liabilities		133,762	128,816	1,205,171
Subtotal		1,890,057	1,821,786	17,029,074
Liabilities directly associated with assets held for sale	7	–	3,004	–
Total current liabilities		1,890,057	1,824,790	17,029,074
Non-current liabilities:				
Bonds and borrowings	8, 15	993,122	927,373	8,947,851
Trade and other payables	8, 13, 14	2,302	3,700	20,740
Other financial liabilities	8	20,964	21,566	188,881
Retirement benefits liabilities	17	41,752	40,628	376,178
Provisions	16	26,208	22,960	236,129
Deferred tax liabilities	23	63,661	92,846	573,574
Other non-current liabilities		13,779	13,989	124,146
Total non-current liabilities		1,161,790	1,123,065	10,467,519
Total liabilities		3,051,847	2,947,856	27,496,594
Equity				
Share capital	18	64,936	64,936	585,061
Capital surplus	18	150,933	150,921	1,359,879
Treasury shares	18	(3,596)	(3,578)	(32,399)
Other components of equity		50,394	129,943	454,040
Retained earnings	18	933,159	832,495	8,407,595
Total equity attributable to owners of the parent		1,195,826	1,174,718	10,774,177
Non-controlling interests		193,789	187,468	1,746,004
Total equity		1,389,616	1,362,187	12,520,191
Total liabilities and equity		¥4,441,464	¥4,310,043	$40,016,794

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2019 and 2018

Consolidated Statement of Profit or Loss	Notes	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars 2019
Revenue				
Sales of goods		¥ 6,668,113	¥ 6,388,901	$ 60,078,502
Sales of services and others		94,588	102,134	852,220
Total revenue	4, 19	6,762,702	6,491,035	60,930,732
Cost of sales		(6,124,273)	(5,884,753)	(55,178,601)
Gross profit	4	638,428	606,282	5,752,121
Selling, general and administrative expenses	20	(420,657)	(414,042)	(3,790,044)
Other income (expenses)				
Gain on sale and disposals of fixed assets, net		401	8,107	3,612
Impairment losses on fixed assets	4, 10, 11	(4,521)	(23,427)	(40,733)
Other, net	21	1,546	5,777	13,929
Total other income (expenses)		(2,573)	(9,543)	(23,182)
Operating profit		215,197	182,696	1,938,886
Finance income (costs)				
Interest income	22	10,943	8,494	98,594
Interest expenses	22	(27,033)	(26,709)	(243,562)
Dividend income	8, 22	24,024	20,790	216,451
Other, net	22	1,724	13,109	15,532
Total finance income (costs)		9,658	15,684	87,016
Share of profit of investments accounted for using the equity method	4, 9	4,336	11,368	39,066
Profit before income taxes		229,193	209,749	2,064,987
Income tax expense	23	(74,440)	(59,359)	(670,691)
Profit for the year		¥ 154,753	¥ 150,390	$ 1,394,296
Profit for the year attributable to:				
Owners of the parent	4	¥ 132,622	¥ 130,228	$ 1,194,900
Non-controlling interests		22,130	20,162	199,387
		Yen		U.S. Dollars
Earnings per share attributable to owners of the parent				
Basic earnings per share	25	¥376.89	¥370.08	$3.39
Diluted earnings per share	25	–	–	–

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income	Notes	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars 2019
Profit for the year		¥154,753	¥150,390	$1,394,296
Other Comprehensive Income				
Items that will not be reclassified to profit or loss:				
Remeasurements of defined benefit pension plans	17, 24	(1,699)	1,144	(15,307)
Financial assets measured at fair value through other comprehensive income (loss)	8, 24	(55,377)	18,260	(498,936)
Share of other comprehensive income (loss) of investments accounted for using the equity method	9, 24	(1,317)	914	(11,865)
Items that may be reclassified to profit or loss:				
Cash flow hedges	8, 24	2,396	920	21,587
Exchange differences on translation of foreign operations	24	(24,637)	898	(221,974)
Share of other comprehensive income (loss) of investments accounted for using the equity method	9, 24	(3,220)	4,136	(29,011)
Other comprehensive income (loss) for the year, net of tax	24	(83,855)	26,275	(755,518)
Total comprehensive income for the year		¥ 70,897	¥176,666	$ 638,769
Total comprehensive income for the year attributable to:				
Owners of the parent		¥ 51,862	¥153,287	$ 467,267
Non-controlling interests		19,034	23,378	171,492

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2019 and 2018

		Millions of Yen											
		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2019	Notes	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at fair value through other comprehensive income (loss)	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at the beginning of the year		¥64,936	¥150,921	¥(3,578)	¥ –	¥248,425	¥(12,961)	¥(105,520)	¥129,943	¥832,495	¥1,174,718	¥187,468	¥1,362,187
Profit for the year										132,622	132,622	22,130	154,753
Other comprehensive income													
Remeasurements of defined benefit pension plans					(1,671)				(1,671)		(1,671)	(36)	(1,707)
Financial assets measured at fair value through other comprehensive income (loss)						(55,504)			(55,504)		(55,504)	(1,181)	(56,686)
Cash flow hedges							2,734		2,734		2,734	(124)	2,610
Exchange differences on translation of foreign operations								(26,318)	(26,318)		(26,318)	(1,753)	(28,071)
Comprehensive income (loss) for the year		–	–	–	(1,671)	(55,504)	2,734	(26,318)	(80,760)	132,622	51,862	19,034	70,897
Dividends	18									(34,858)	(34,858)	(14,480)	(49,339)
Acquisition (disposal) of treasury shares	18		0	(18)							(18)		(18)
Acquisition (disposal) of non-controlling interests			11								11	1,750	1,762
Reclassification to retained earnings					1,671	(460)			1,210	(1,210)	–		–
Other										4,110	4,110	16	4,127
Transactions with owners		–	11	(18)	1,671	(460)	–	–	1,210	(31,958)	(30,754)	(12,713)	(43,468)
Balance at the end of the year		¥64,936	¥150,933	¥(3,596)	¥ –	¥192,460	¥(10,226)	¥(131,839)	¥ 50,394	¥933,159	¥1,195,826	¥193,789	¥1,389,616

		Millions of Yen											
		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2018	Notes	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at fair value through other comprehensive income	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at the beginning of the year		¥64,936	¥150,494	¥(3,540)	¥ –	¥232,692	¥(14,402)	¥(107,206)	¥111,084	¥727,644	¥1,050,619	¥172,893	¥1,223,513
Profit for the year										130,228	130,228	20,162	150,390
Other comprehensive income													
Remeasurements of defined benefit pension plans					1,088				1,088		1,088	37	1,125
Financial assets measured at fair value through other comprehensive income						18,844			18,844		18,844	350	19,194
Cash flow hedges							1,440		1,440		1,440	215	1,655
Exchange differences on translation of foreign operations								1,685	1,685		1,685	2,614	4,299
Comprehensive income for the year		–	–	–	1,088	18,844	1,440	1,685	23,059	130,228	153,287	23,378	176,666
Dividends	18									(29,577)	(29,577)	(13,453)	(43,030)
Acquisition (disposal) of treasury shares	18		0	(37)							(36)		(36)
Acquisition (disposal) of non-controlling interests			426								426	4,652	5,078
Reclassification to retained earnings					(1,088)	(3,111)			(4,199)	4,199	–		–
Other												(3)	(3)
Transactions with owners		–	427	(37)	(1,088)	(3,111)	–	–	(4,199)	(25,377)	(29,188)	(8,804)	(37,992)
Balance at the end of the year		¥64,936	¥150,921	¥(3,578)	¥ –	¥248,425	¥(12,961)	¥(105,520)	¥129,943	¥832,495	¥1,174,718	¥187,468	¥1,362,187

		Thousands of U.S. Dollars											
		Equity attributable to owners of the parent											
					Other components of equity								
For the year ended March 31, 2019	Notes	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at fair value through other comprehensive income (loss)	Cash flow hedges	Exchange differences on translation of foreign operations	Total	Retained earnings	Total	Non-controlling interests	Total equity
Balance at the beginning of the year		$585,061	$1,359,771	$(32,237)	$ –	$2,238,264	$(116,776)	$ (950,716)	$1,170,763	$7,500,630	$10,583,998	$1,689,053	$12,273,060
Profit for the year										1,194,900	1,194,900	199,387	1,394,296
Other comprehensive income													
Remeasurements of defined benefit pension plans					(15,055)				(15,055)		(15,055)	(324)	(15,379)
Financial assets measured at fair value through other comprehensive income (loss)						(500,081)			(500,081)		(500,081)	(10,640)	(510,730)
Cash flow hedges							24,632		24,632		24,632	(1,117)	23,515
Exchange differences on translation of foreign operations								(237,120)	(237,120)		(237,120)	(15,794)	(252,914)
Comprehensive income (loss) for the year		–	–	–	(15,055)	(500,081)	24,632	(237,120)	(727,633)	1,194,900	467,267	171,492	638,769
Dividends	18									(314,064)	(314,064)	(130,462)	(444,535)
Acquisition (disposal) of treasury shares	18		0	(162)							(162)		(162)
Acquisition (disposal) of non-controlling interests			99								99	15,767	15,875
Reclassification to retained earnings					15,055	(4,144)			10,901	(10,901)	–		–
Other										37,030	37,030	144	37,183
Transactions with owners		–	99	(162)	15,055	(4,144)	–	–	10,901	(287,935)	(277,088)	(114,541)	(391,638)
Balance at the end of the year		$585,061	$1,359,879	$(32,399)	$ –	$1,734,030	$ (92,134)	$(1,187,845)	$ 454,040	$8,407,595	$10,774,177	$1,746,004	$12,520,191

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2019 and 2018

	Notes	Millions of Yen		Thousands of U.S. Dollars
		2019	2018	2019
Cash flows from operating activities				
Profit before income taxes		¥ 229,193	¥ 209,749	$ 2,064,987
Depreciation and amortization		76,005	80,192	684,791
Impairment losses on fixed assets		4,521	23,427	40,733
Finance (income) costs		(9,658)	(15,684)	(87,016)
Share of profit on investments accounted for using the equity method		(4,336)	(11,368)	(39,066)
Gain on sale and disposals of fixed assets, net		(401)	(8,107)	(3,612)
Increase in trade and other receivables		(52,505)	(1,739)	(473,060)
Increase in inventories		(94,824)	(40,876)	(854,347)
Increase in trade and other payables		100,756	26,219	907,793
Other		(5,438)	(11,307)	(48,995)
Subtotal		243,312	250,505	2,192,197
Interest received		10,365	7,774	93,386
Dividends received		46,597	37,576	419,830
Interest paid		(26,049)	(25,872)	(234,696)
Income taxes paid		(63,428)	(54,885)	(571,474)
Net cash provided by operating activities		210,796	215,098	1,899,234
Cash flows from investing activities				
Increase in time deposits		(5,461)	(3,650)	(49,202)
Purchase of property, plant and equipment		(86,970)	(63,987)	(783,584)
Proceeds from sale of property, plant and equipment		9,920	9,959	89,377
Purchase of intangible assets		(14,197)	(10,754)	(127,912)
Proceeds from sale of intangible assets		2,067	11,543	18,623
Proceeds from sale of investment property		4,286	–	38,616
Purchase of investments		(47,831)	(52,355)	(430,948)
Proceeds from sale of investments		2,235	10,222	20,136
(Payments for) proceeds from acquisition of subsidiaries	26	(6,204)	3,294	(55,896)
Proceeds from sale of subsidiaries	26	3,965	1,247	35,723
Payments for loans receivable		(11,021)	(9,807)	(99,297)
Collection of loans receivable		12,522	11,855	112,820
Other		(857)	(65)	(7,721)
Net cash used in investing activities		(137,546)	(92,498)	(1,239,264)
Cash flows from financing activities				
Net (decrease) increase in short-term borrowings	26	(28,052)	54,431	(252,743)
Proceeds from long-term borrowings	26	156,860	135,321	1,413,280
Repayment of long-term borrowings	26	(165,648)	(290,799)	(1,492,458)
Proceeds from issuance of bonds	26	66,143	19,941	595,936
Purchase of treasury shares		(26)	(43)	(234)
Dividends paid		(34,858)	(29,577)	(314,064)
Dividends paid to non-controlling interests		(14,480)	(13,453)	(130,462)
Proceeds from non-controlling interests		2,575	1,697	23,200
Payments for acquisition of subsidiaries' interest from non-controlling interests		(2,233)	(5,114)	(20,118)
Proceeds from sale of subsidiaries' interest to non-controlling interests		137	2,426	1,234
Other	26	(5,326)	(3,571)	(47,986)
Net cash used in financing activities		(24,909)	(128,741)	(224,425)
Net increase (decrease) in cash and cash equivalents		48,340	(6,141)	435,534
Cash and cash equivalents at the beginning of the year		423,426	426,208	3,814,992
Effect of exchange rate changes on cash and cash equivalents		(5,905)	3,360	(53,202)
Cash and cash equivalents at the end of year	26	¥ 465,861	¥ 423,426	$ 4,197,324

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to Consolidated Financial Statements

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
For the years ended March 31, 2019 and 2018

NOTE 1. Reporting Entity

TOYOTA TSUSHO CORPORATION (the "company") is a company located in Japan. The consolidated financial statements of the company as of and for the year ended March 31, 2019 comprise the company and its consolidated subsidiaries (collectively, the "group"), and the group's interest in associated companies and jointly controlled entities.

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

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

NOTE 2. Basis of Preparing Consolidated Financial Statements

(1) Statement of compliance with IFRSs

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

The consolidated financial statements were authorized for issue by Ichiro Kashitani, President & CEO, and Hideyuki Iwamoto, CFO, on August 6, 2019.

(2) Basis of measurement

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

(3) Functional currency and presentation currency

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

All financial information presented in Japanese yen has been rounded down to the nearest million. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan and has been made at the rate of ¥110.99 to U.S.$1, the approximate exchange rate at March 31, 2019. Such translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

(4) Significant accounting judgments, estimates and assumptions

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

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

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

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

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

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

(5) Changes in accounting policies

The group has applied the following accounting standard effective from the year ended March 31, 2019. The disclosure on revenue recognition is stated on Note 19. "Revenue."

IFRSs	Title	Outline of new or amended standard
IFRS 15	Revenue from Contracts with Customers	Amendment to the disclosure on revenue recognition

NOTE 3. Significant Accounting Policies

(1) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

(ii) Business combinations

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

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

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

(iii) Associates and joint ventures

An associate, an entity over which the group has significant influence over the decisions on financial and operating policies but does not control, is accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the entity but not fall under the control. The group presumes to have significant influence over the entity when the group holds 20% or more and 50% or less of voting rights of the entity.

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

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

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

(2) Foreign currency translation

(i) Translation of foreign currency transactions

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

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

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

(ii) Translation of foreign operations

Assets and liabilities of foreign operations are translated into functional currency using the spot exchange rate at the fiscal year-end. Income and expenses are translated into functional currency using the average exchange rate for the reporting period unless exchange rates fluctuate significantly during the period. Exchange differences on translation are recognized in other comprehensive income and the cumulative amount of exchange differences is included in other components of equity. When the group disposes of a foreign operation, cumulative amount of the exchange differences related to the foreign operation, which has been recognized as other components of equity, is reclassified to profit or loss upon disposals.

(3) Cash and cash equivalents

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

(4) Inventories

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

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

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

(5) Assets held for sale

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

(6) Financial instruments

(i) Non-derivative financial assets

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

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

(a) Financial assets measured at amortized cost

The group classifies financial assets as financial assets measured at amortized cost if the following conditions are met:

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

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

(b) FVTOCI financial assets

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

(ii) Impairment of non-derivative financial assets

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

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

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

(iii) Non-derivative financial liabilities

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

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

(iv) Derivatives and hedge accounting

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

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

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

(a) Fair value hedges

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

(b) Cash flow hedges

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

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

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

(c) Hedges of net investments in foreign operations

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

(v) Offsetting of financial assets and financial liabilities

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

(7) Property, plant and equipment

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

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

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

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

(8) Intangible assets

(i) Goodwill

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

(ii) Intangible assets other than goodwill

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

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

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

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

(9) Investment property

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

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

Investment property is amortized on a straight-line basis over estimated useful lives (10 to 47 years).

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

(10) Leases

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

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

(i) Finance lease

(a) Lessee

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

(b) Lessor

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

(ii) Operating lease

(a) Lessee

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

(b) Lessor

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

(11) Impairment of non-financial assets

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

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

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

(12) Provisions

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

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

(13) Employee benefits

(i) Defined benefit plans

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

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

(ii) Defined contribution plans

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

(iii) Short-term employee benefits

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

(14) Equity

(i) Share capital and capital surplus

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

(ii) Treasury shares

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

(15) Revenue recognition

Effective April 1, 2018, the group applied IFRS 15 "Revenue from Contracts with Customers" (issued in May 2014) and "Clarifications to IFRS 15" (issued in April 2016, collectively "IFRS 15"). Upon the application of IFRS 15, the group adopted the method to recognize a cumulative effect from the application of the standard on the beginning date of the application.

The revenue recognition policy in accordance with IFRS 15 is as follows:

(i) Basis of revenue recognition and measurement

The company measures and recognizes revenues based on the following five-step approach.

Step 1: Identify the contract with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

(ii) Timing of revenue recognition

Based on the aforementioned five-step approach, revenues are recognized when the group satisfies its performance obligations.

The group sells merchandises and products such as metals, automobiles, automotive components, machinery, chemicals and foods. Performance obligations on the sales of goods are satisfied at the point in time at which the control of the merchandise or product is transferred to a customer. In other words, at the point in time at which the good is handed over to the customer or inspected by the customer at the destination specified in the contract, the group has the right to receive payment for the merchandise or products provided. Thus, the group recognizes revenues at the point in time at which the significant risks and rewards in connection with ownership, including the legal title and physical possession of the goods, as well as economic value of the goods are transferred to the customers.

Further, the group engages in providing services, including construction contracts and software development. For these transactions, the performance obligations are satisfied over time based on the contracts terms and conditions. The group measures progress towards complete satisfaction of performance obligations for the purpose of depicting the group's performance in transferring control of goods or services promised to the customer, and recognizes revenues by measuring the progress towards completion. Principally using input methods for measuring progress, the group determines the appropriate method for measuring progress after considering the details of each transaction as well as the nature of the goods or services.

(iii) Gross versus net presentation of revenues

When the group acts as a principal in sales or service transactions, revenues are recognized as the gross amount of consideration received. When the group acts as an agent, revenues are recognized net. The group comprehensively determines whether it is a principal or an agent based on the following three indicators:

- If the group has inventory risk before or after a customer's order, during shipment or on returning the goods;
- If the group has discretion in establishing the price for the specified goods or services, and if the group's benefits to be received from the goods or services are limited; and
- If the group is primarily responsible for fulfilling the contract.

The impact from the application of this new standard is insignificant.

(16) Income taxes

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

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

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

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

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

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

(17) Government grants

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

(18) Adoption of the consolidated taxation system

The company and some consolidated subsidiaries apply the consolidated taxation system.

(19) Accounting standards and interpretations issued but not yet applied

The following is the major standard and interpretation issued prior to the date of authorization of the consolidated financial statements, but not yet applied. Effective from the beginning of the fiscal year ending March 31, 2020, the group will adopt IFRS 16 on a retrospective basis and recognize a cumulative effect of the application of the standard on the beginning date of the application.

IFRS 16 requires a lessee to recognize all leases on its statement of financial position using a single lessee accounting model, unless the underlying asset is of low value or the lease term is not more than 12 months. At the commencement date, a lessee is required to recognize a right-of-use asset representing its right to use the underlying asset over the lease term and a lease liability representing its obligation to make lease payments. Then, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability separately.

From this retrospective application, it is expected to increase the group's assets by approximately ¥90 billion and increase its liabilities by almost the same amount.

IFRSs	Title	Mandatory application date (from fiscal years beginning on or after)	Planned fiscal year of application	Outline of new or amended standard
IFRS 16	Leases	January 1, 2019	Fiscal year ending March 31, 2020	Amendment of accounting treatment for lease contracts

NOTE 4. Segment Information

(1) Description of reportable segments

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

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

The businesses of each division are listed below.

(i) Metals Division

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

(ii) Global Parts & Logistics Division

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

(iii) Automotive Division

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

(iv) Machinery, Energy & Project Division

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

(v) Chemicals & Electronics Division

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

(vi) Food & Consumer Services Division

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

(vii) Africa Division

The Africa Division manufactures, sells and provides services mainly in the automobile, healthcare, consumer goods & retail businesses operated in Africa. The division also develops new businesses designed to solve Africa's social issues, including energy & infrastructure, agriculture and ICT.

(2) Reportable segment information

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

	Millions of Yen										
	Reportable segments										
For the year ended March 31, 2019	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue											
External customers	¥1,740,139	¥882,551	¥649,146	¥947,586	¥1,499,984	¥454,565	¥586,124	¥6,760,097	¥ 2,604	¥ –	¥6,762,702
Inter-segment	1,919	22,203	7,861	2,961	10,571	583	6,263	52,364	1,024	(53,389)	–
Total	1,742,058	904,755	657,007	950,547	1,510,556	455,149	592,387	6,812,462	3,628	(53,389)	6,762,702
Gross profit	99,898	75,369	88,730	89,872	107,531	43,922	137,167	642,492	2,965	(7,029)	638,428
Profit for the year attributable to owners of the parent	¥ 35,309	¥ 23,799	¥ 22,757	¥ 18,780	¥ 18,441	¥ 1,762	¥ 10,118	¥ 130,970	¥ 1,693	¥ (41)	¥ 132,622
Segment assets	¥ 933,413	¥402,007	¥291,096	¥771,431	¥ 701,543	¥286,823	¥536,662	¥3,922,976	¥800,601	¥(282,113)	¥4,441,464
Other items:											
(1) Investments accounted for using the equity method	¥ 49,385	¥ 17,446	¥ 23,831	¥ 80,521	¥ 65,608	¥ 28,182	¥ 2,403	¥ 267,379	¥ 17,694	¥ –	¥ 285,074
(2) Share of profit (loss) of investments accounted for using the equity method	2,210	1,960	2,276	3,410	(939)	(2,945)	(2,402)	3,571	772	(7)	4,336
(3) Depreciation and amortization	11,532	5,794	8,482	18,510	2,956	3,612	19,971	70,860	5,145	–	76,005
(4) Impairment losses on fixed assets	1,334	–	–	2,673	429	–	0	4,437	84	–	4,521
(5) Capital expenditures	11,415	6,223	16,824	33,500	4,259	2,239	16,147	90,610	12,354	–	102,964

For the year ended March 31, 2019	Thousands of U.S. Dollars										
	Reportable segments										
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue											
External customers	$15,678,340	$7,951,626	$5,848,689	$8,537,579	$13,514,586	$4,095,549	$5,280,872	$60,907,261	$ 23,461	$ –	$60,930,732
Inter-segment	17,289	200,045	70,826	26,678	95,242	5,252	56,428	471,790	9,226	(481,025)	–
Total	15,695,630	8,151,680	5,919,515	8,564,258	13,609,838	4,100,810	5,337,300	61,379,061	32,687	(481,025)	60,930,732
Gross profit	900,063	679,061	799,441	809,730	968,835	395,729	1,235,850	5,788,737	26,714	(63,330)	5,752,121
Profit for the year attributable to owners of the parent	$ 318,127	$ 214,424	$ 205,036	$ 169,204	$ 166,150	$ 15,875	$ 91,161	$ 1,180,016	$ 15,253	$ (369)	$ 1,194,900
Segment assets	$ 8,409,883	$3,622,010	$2,622,722	$6,950,454	$ 6,320,776	$2,584,223	$4,835,228	$35,345,310	$7,213,271	$(2,541,787)	$40,016,794
Other items:											
(1) Investments accounted for using the equity method	$ 444,949	$ 157,185	$ 214,713	$ 725,479	$ 591,116	$ 253,914	$ 21,650	$ 2,409,036	$ 159,419	$ –	$ 2,568,465
(2) Share of profit (loss) of investments accounted for using the equity method	19,911	17,659	20,506	30,723	(8,460)	(26,533)	(21,641)	32,174	6,955	(63)	39,066
(3) Depreciation and amortization	103,901	52,202	76,421	166,771	26,633	32,543	179,935	638,435	46,355	–	684,791
(4) Impairment losses on fixed assets	12,019	–	–	24,083	3,865	–	0	39,976	756	–	40,733
(5) Capital expenditures	102,847	56,068	151,581	301,828	38,372	20,172	145,481	816,379	111,307	–	927,687

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

For the year ended March 31, 2018	Millions of Yen										
	Reportable segments										
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue											
External customers	¥1,643,959	¥830,513	¥627,470	¥938,072	¥1,480,498	¥405,537	¥562,720	¥6,488,772	¥ 2,263	¥ –	¥6,491,035
Inter-segment	904	24,294	5,037	4,399	11,034	1,014	16,250	62,935	953	(63,888)	–
Total	1,644,864	854,807	632,507	942,471	1,491,532	406,552	578,971	6,551,708	3,216	(63,888)	6,491,035
Gross profit	86,659	72,615	85,097	81,674	109,073	42,772	132,115	610,008	2,684	(6,410)	606,282
Profit (loss) for the year attributable to owners of the parent	¥ 27,895	¥ 22,881	¥ 18,320	¥ 32,027	¥ 29,069	¥ 2,396	¥ (3,291)	¥ 129,298	¥ 671	¥ 257	¥ 130,228
Segment assets	¥ 899,106	¥405,183	¥302,378	¥738,831	¥ 663,813	¥268,299	¥533,313	¥3,810,925	¥753,766	¥(254,648)	¥4,310,043
Other items:											
(1) Investments accounted for using the equity method	¥ 46,723	¥ 17,178	¥ 24,002	¥ 64,117	¥ 70,739	¥ 30,726	¥ 7,583	¥ 261,073	¥ 17,524	¥ –	¥ 278,597
(2) Share of profit (loss) of investments accounted for using the equity method	3,205	2,098	2,670	4,452	(362)	(1,359)	(244)	10,460	897	9	11,368
(3) Depreciation and amortization	11,625	5,830	9,360	18,869	2,896	3,949	21,720	74,251	5,940	–	80,192
(4) Impairment losses on fixed assets	727	22	138	4,189	118	2,146	13,843	21,186	2,240	–	23,427
(5) Capital expenditures	10,589	5,393	12,606	18,921	4,417	2,273	14,699	68,901	5,840	–	74,741

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

(3) Information on products and services

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

(4) Geographic information

(i) External revenue

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Japan	¥2,132,057	¥2,027,531	$19,209,451
China	845,927	939,291	7,621,650
U.S.	692,136	659,349	6,236,021
Other	3,092,580	2,864,863	27,863,591
Total	¥6,762,702	¥6,491,035	$60,930,732

Revenue is classified based on the locations of customers.

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Japan	¥342,587	¥314,898	$3,086,647
U.S.	68,382	69,377	616,109
Other	394,266	405,547	3,552,265
Total	¥805,236	¥789,822	$7,255,031

(5) Information on major customers

The major customer of the group is Toyota Motor Corporation Group. Each of the group's segments reports revenue from them. The total revenues recognized from Toyota Motor Corporation Group for the years ended March 31, 2019 and 2018 are ¥849,378 million ($7,652,743 thousand) and ¥794,186 million, respectively.

NOTE 5. Trade and Other Receivables

The breakdown of trade and other receivables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Notes and accounts receivable	¥1,348,935	¥1,287,084	$12,153,662
Other	125,278	135,301	1,128,732
Loss allowance	(49,011)	(48,499)	(441,580)
Total	1,425,201	1,373,886	12,840,805
Current assets	1,397,937	1,342,038	12,595,161
Non-current assets	27,264	31,848	245,643
Total	¥1,425,201	¥1,373,886	$12,840,805

NOTE 6. Inventories

The breakdown of inventories is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Merchandise and finished goods	¥698,065	¥600,084	$6,289,440
Work in progress	10,783	10,088	97,152
Raw materials and supplies	36,308	45,976	327,128
Total	¥745,157	¥656,149	$6,713,730

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

NOTE 7. Assets Held for Sale and Liabilities Directly Associated

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

(1) Assets held for sale

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Cash and cash equivalents	¥–	¥ 2,606	$–
Trade and other receivables	–	261	–
Property, plant and equipment	–	2,611	–
Intangible assets	–	3,608	–
Investment property	–	3,339	–
Other	–	12	–
Total	¥–	¥12,440	$–

(2) Liabilities directly associated with assets held for sale

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Trade and other payables	¥–	¥ 839	$–
Provisions	–	2,089	–
Other	–	75	–
Total	¥–	¥3,004	$–

After classifying an asset and a liability directly associated with the asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use, the group measures the asset and liability at the lower of carrying amount or fair value after deducting cost to sell.

As of March 31, 2018, assets held for sale and liabilities directly associated with assets held for sale mainly represent a part of investment properties held by the company and assets and liabilities of Toyota Tsusho Gas E&P Trefoil Pty Ltd and Toyota Tsusho Gas E&P Otway Limited, the company's consolidated subsidiaries. The sales were completed in April and June 2018, respectively.

NOTE 8. Financial Instruments

(1) Classification of financial instruments

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Financial assets			
Financial assets measured at amortized cost:			
Cash and cash equivalents	¥ 465,861	¥ 423,426	$ 4,197,324
Trade and other receivables	1,425,201	1,373,886	12,840,805
Other financial assets	68,193	60,843	614,406
Financial assets measured at amortized cost, total	1,959,256	1,858,156	17,652,545
Financial assets measured at fair value through profit and loss:			
Other financial assets	33,128	34,637	298,477
Financial assets measured at fair value through profit and loss, total	33,128	34,637	298,477
FVTOCI financial assets:			
Other investments	454,647	529,739	4,096,287
FVTOCI financial assets, total	454,647	529,739	4,096,287
Total	¥2,447,033	¥2,422,534	$22,047,328
Financial liabilities			
Financial liabilities measured at amortized cost:			
Trade and other payables	¥1,202,141	¥1,102,290	$10,831,074
Bonds and borrowings	1,503,047	1,470,779	13,542,183
Financial liabilities measured at amortized cost, total	2,705,188	2,573,069	24,373,258
Financial liabilities measured at fair value through profit and loss:			
Other financial liabilities	36,644	37,296	330,155
Financial liabilities measured at fair value through profit and loss, total	36,644	37,296	330,155
Total	¥2,741,832	¥2,610,365	$24,703,414

(2) Fair value of financial instruments

(i) Fair value hierarchy

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

Level 1: Quoted prices in active markets for identical assets or liabilities

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

Level 3: Inputs not based on observable market data

(ii) Financial instruments measured at amortized cost

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

	Millions of Yen				Thousands of U.S. Dollars	
	2019		2018		2019	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:						
Cash and cash equivalents	¥ 465,861	¥ 465,861	¥ 423,426	¥ 423,426	$ 4,197,324	$ 4,197,324
Trade and other receivables	1,425,201	1,425,265	1,373,886	1,373,991	12,840,805	12,841,382
Other financial assets	68,193	68,193	60,843	60,843	614,406	614,406
Total	¥1,959,256	¥1,959,320	¥1,858,156	¥1,858,261	$17,652,545	$17,653,121
Financial liabilities:						
Trade and other payables	¥1,202,141	¥1,202,141	¥1,102,290	¥1,102,290	$10,831,074	$10,831,074
Bonds and borrowings	1,503,047	1,518,836	1,470,779	1,478,401	13,542,183	13,684,440
Total	¥2,705,188	¥2,720,977	¥2,573,069	¥2,580,691	$24,373,258	$24,515,514

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

(a) Cash and cash equivalents

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

(b) Trade and other receivables

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

(c) Other financial assets

Other financial assets consist mainly of time deposits with a maturity of more than three months and no more than one year. The carrying amount is used as fair value.

(d) Trade and other payables

For payables settled in no more than one year, the carrying amount is used as fair value.

(e) Bonds and borrowings

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

(iii) Financial instruments measured at fair value

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

	Millions of Yen			
As of March 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets	¥ 2,275	¥30,853	¥ –	¥ 33,128
Other investments	269,379	–	185,268	454,647
Total	¥271,654	¥30,853	¥185,268	¥487,776
Financial liabilities				
Other financial liabilities	¥ 2,042	¥34,601	¥ –	¥ 36,644

	Thousands of U.S. Dollars			
	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets	$ 20,497	$277,979	$ –	$ 298,477
Other investments	2,427,056	–	1,669,231	4,096,287
Total	$2,447,553	$277,979	$1,669,231	$4,394,774
Financial liabilities				
Other financial liabilities	$ 18,398	$311,748	$ –	$ 330,155

	Millions of Yen			
As of March 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Other financial assets	¥ 4,652	¥29,985	¥ –	¥ 34,637
Other investments	306,744	–	222,995	529,739
Total	¥311,396	¥29,985	¥222,995	¥564,377
Financial liabilities				
Other financial liabilities	¥ 3,588	¥33,707	¥ –	¥ 37,296

The methods of determining fair value are described as follows:

(a) Other financial assets

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

(b) Other investments

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

(c) Other financial liabilities

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

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
	Other investments	Other investments	Other investments
Balance at the beginning of the year	¥222,995	¥225,891	$2,009,144
Other comprehensive income	(48,728)	(8,453)	(439,030)
Purchases	14,552	3,675	131,110
Sales	(256)	(1,262)	(2,306)
Foreign exchange translation	69	613	621
Other	(3,364)	2,531	(30,309)
Balance at the end of the year	¥185,268	¥222,995	$1,669,231

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

	2019	2018
PBR	0.4 to 4.0 times	0.5 to 3.9 times
Illiquidity discount	30.0%	30.0%

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

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

(i) Fair value by major issuers

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

As of March 31, 2019

Name of issuer	Millions of Yen	Thousands of U.S. Dollars
Toyota Industries Corporation	¥84,881	$764,762
Toyota Motor Corporation	65,381	589,071
P.T. ASTRA DAIHATSU MOTOR	18,704	168,519
Indus Motor Company Ltd.	10,128	91,251
Towa Real Estate Co., Ltd.	10,073	90,755
TIANJIN DENSO ELECTRONICS CO., LTD.	9,783	88,143
Koito Manufacturing Co., Ltd.	8,195	73,835
Lion Corporation	8,168	73,592
JTEKT Corporation	8,168	73,592
RATCHABURI POWER CO., LTD.	7,672	69,123

As of March 31, 2018

Name of issuer	Millions of Yen
Toyota Industries Corporation	¥98,493
Toyota Motor Corporation	68,804
P.T. ASTRA DAIHATSU MOTOR	21,135
TIANJIN DENSO ELECTRONICS CO., LTD.	17,387
Indus Motor Company Ltd.	15,748
Towa Real Estate Co., Ltd.	10,273
Koito Manufacturing Co., Ltd.	9,646
Toyota Boshoku Corporation	9,537
JTEKT Corporation	9,451
UMW TOYOTA MOTOR SDN. BHD.	9,432

(ii) Dividend income

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Investments derecognized during the year	¥ 127	¥ 264	$ 1,144
Investments held at the year-end	23,897	20,525	215,307
Total	¥24,024	¥20,790	$216,451

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

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Fair value at the date of sale	¥974	¥4,442	$8,775
Cumulative gain or loss upon sale	534	3,321	4,811

(iv) Reclassification to retained earnings

Cumulative gain or loss from changes in fair value of FVTOCI financial assets is reclassified to retained earnings when the investment is disposed or impaired. The cumulative gains in other comprehensive income reclassified to retained earnings, net of tax, are ¥460 million ($4,144 thousand) and ¥3,111 million for the years ended March 31, 2019 and 2018, respectively.

(4) Derivatives

The following is the breakdown of derivative transactions.

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Commodity-related derivatives	¥ (915)	¥ (2,043)	$ (8,243)
Currency-related derivatives	(731)	5,710	(6,586)
Interest-related derivatives	(1,868)	(6,325)	(16,830)
Total	¥ (3,515)	¥ (2,658)	$ (31,669)
Other financial assets (current)	¥ 15,338	¥ 20,306	$ 138,192
Other financial assets (non-current)	17,790	14,331	160,284
Other financial liabilities (current)	(15,679)	(15,729)	(141,264)
Other financial liabilities (non-current)	(20,964)	(21,566)	(188,881)
Total	¥ (3,515)	¥ (2,658)	$ (31,669)

(5) Hedge accounting

(i) Type of hedge accounting

(a) Fair value hedges

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

(b) Cash flow hedges

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

(c) Hedge of net investments in foreign operations

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

(ii) Matters regarding hedge accounting

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

(a) Hedging instruments

As of March 31, 2019	Millions of Yen				
		Carrying amount			
Type of hedge accounting	Notional amount	Other financial assets	Other financial liabilities	Bonds and borrowings	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
Fair value hedges:					
Commodity price fluctuation risk	¥ 15,715	¥ 41	¥ 706	¥ –	¥ (1,116)
Cash flow hedges:					
Commodity price fluctuation risk	10,621	13	109	–	(55)
Foreign exchange fluctuation risk	306,730	4,172	2,332	–	2,927
Interest rate fluctuation risk	417,672	17,818	19,684	–	(15,372)
Hedge of net investments:					
Foreign exchange fluctuation risk	7,027	–	–	7,027	1,027

	Thousands of U.S. Dollars				
		Carrying amount			
Type of hedge accounting	Notional amount	Other financial assets	Other financial liabilities	Bonds and borrowings	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
Fair value hedges:					
Commodity price fluctuation risk	$ 141,589	$ 369	$ 6,360	$ –	$ (10,054)
Cash flow hedges:					
Commodity price fluctuation risk	95,693	117	982	–	(495)
Foreign exchange fluctuation risk	2,763,582	37,588	21,010	–	26,371
Interest rate fluctuation risk	3,763,149	160,536	177,349	–	(138,498)
Hedge of net investments:					
Foreign exchange fluctuation risk	63,312	–	–	63,312	9,253

	Millions of Yen			
		Reclassification adjustment		
Type of hedge accounting	Changes in amount in other comprehensive income	Account name	Amount	Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting
Fair value hedges:				
Commodity price fluctuation risk	¥ –	–	¥ –	¥ –
Cash flow hedges:				
Commodity price fluctuation risk	(972)	Cost of sales	2,020	(124)
Foreign exchange fluctuation risk	669	Other income (expenses), other	1,444	2,974
Interest rate fluctuation risk	9,749	Interest expenses, other	(9,330)	(19,868)
Hedge of net investments:				
Foreign exchange fluctuation risk	18	Other income (expenses), other	(1,150)	982

	Thousands of U.S. Dollars			
		Reclassification adjustment		
Type of hedge accounting	Changes in amount in other comprehensive income	Account name	Amount	Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting
Fair value hedges:				
Commodity price fluctuation risk	$ –	–	$ –	$ –
Cash flow hedges:				
Commodity price fluctuation risk	(8,757)	Cost of sales	18,199	(1,117)
Foreign exchange fluctuation risk	6,027	Other income (expenses), other	13,010	26,795
Interest rate fluctuation risk	87,836	Interest expenses, other	(84,061)	(179,007)
Hedge of net investments:				
Foreign exchange fluctuation risk	162	Other income (expenses), other	(10,361)	8,847

As of March 31, 2018 Type of hedge accounting	Millions of Yen Notional amount	Carrying amount Other financial assets	Other financial liabilities	Bonds and borrowings	Changes in value of hedging instruments used as a basis of recognizing hedge ineffectiveness
Fair value hedges:					
Commodity price fluctuation risk	¥ 70,002	¥ 234	¥ 188	¥ –	¥ 204
Cash flow hedges:					
Commodity price fluctuation risk	9,864	187	74	–	340
Foreign exchange fluctuation risk	213,220	2,078	841	–	627
Interest rate fluctuation risk	409,372	14,577	23,352	–	(15,207)
Hedge of net investments:					
Foreign exchange fluctuation risk	15,905	–	–	15,905	2,248

Type of hedge accounting	Millions of Yen Changes in amount in other comprehensive income	Reclassification adjustment Account name	Amount	Cash flow hedges reserve and foreign exchange reserve as a result of applying hedge accounting
Fair value hedges:				
Commodity price fluctuation risk	¥ –	–	¥ –	¥ –
Cash flow hedges:				
Commodity price fluctuation risk	(1,921)	Cost of sales	720	(1,172)
Foreign exchange fluctuation risk	(3,609)	Other income (expenses), other	3,323	861
Interest rate fluctuation risk	(7,125)	Interest expenses, other	8,986	(20,287)
Hedge of net investments:				
Foreign exchange fluctuation risk	(3,580)	Other income (expenses), other	(608)	2,115

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

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

	Millions of Yen			
	Within one year	Between one and five years	Over five years	Total
March 31, 2019				
Fair value hedges:				
Commodity price fluctuation risk	¥ 15,715	¥ –	¥ –	¥ 15,715
Cash flow hedges:				
Commodity price fluctuation risk	10,621	–	–	10,621
Foreign exchange fluctuation risk	228,636	22,533	55,560	306,730
Interest rate fluctuation risk	59,659	181,076	176,937	417,672
Hedge of net investments:				
Foreign exchange fluctuation risk	4,548	2,479	–	7,027
March 31, 2018				
Fair value hedges:				
Commodity price fluctuation risk	¥ 70,002	¥ –	¥ –	¥ 70,002
Cash flow hedges:				
Commodity price fluctuation risk	9,864	–	–	9,864
Foreign exchange fluctuation risk	203,532	9,687	–	213,220
Interest rate fluctuation risk	61,882	153,884	193,605	409,372
Hedge of net investments:				
Foreign exchange fluctuation risk	13,433	2,471	–	15,905

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2019				
Fair value hedges:				
Commodity price fluctuation risk	$ 141,589	$ –	$ –	$ 141,589
Cash flow hedges:				
Commodity price fluctuation risk	95,693	–	–	95,693
Foreign exchange fluctuation risk	2,059,969	203,018	500,585	2,763,582
Interest rate fluctuation risk	537,516	1,631,462	1,594,170	3,763,149
Hedge of net investments:				
Foreign exchange fluctuation risk	40,976	22,335	–	63,312

(b) Hedged item

As of March 31, 2019 Type of hedge accounting	Millions of Yen Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Carrying amount Inventories	 Other current assets	 Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	¥ 1,116	¥5,495	¥1,124	¥–	¥1,116
Cash flow hedges:					
Commodity price fluctuation risk	55	–	–	–	–
Foreign exchange fluctuation risk	(2,980)	–	–	–	–
Interest rate fluctuation risk	15,372	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	(968)	–	–	–	–

Type of hedge accounting	Thousands of U.S. Dollars Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Carrying amount Inventories	 Other current assets	 Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	$ 10,054	$49,508	$10,127	$–	$10,054
Cash flow hedges:					
Commodity price fluctuation risk	495	–	–	–	–
Foreign exchange fluctuation risk	(26,849)	–	–	–	–
Interest rate fluctuation risk	138,498	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	(8,721)	–	–	–	–

As of March 31, 2018 Type of hedge accounting	Millions of Yen Changes in fair value of hedged item used as a basis of recognizing hedge ineffectiveness	Carrying amount Inventories	 Other current assets	 Other current liabilities	Accumulated adjustment for fair value hedges included in carrying amount
Fair value hedges:					
Commodity price fluctuation risk	¥ (204)	¥3,631	¥–	¥305	¥(204)
Cash flow hedges:					
Commodity price fluctuation risk	(340)	–	–	–	–
Foreign exchange fluctuation risk	(542)	–	–	–	–
Interest rate fluctuation risk	15,207	–	–	–	–
Hedge of net investments:					
Foreign exchange fluctuation risk	(2,074)	–	–	–	–

(6) Offsetting financial assets and financial liabilities

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Gross amount of financial assets recognized	¥34,051	¥36,300	$306,793
Amount offset on the consolidated statement of financial position	(922)	(1,662)	(8,307)
Net amount of financial assets presented in the consolidated statement of financial position	¥33,128	¥34,637	$298,477

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Gross amount of financial liabilities recognized	¥37,566	¥38,958	$338,462
Amount offset on the consolidated statement of financial position	(922)	(1,662)	(8,307)
Net amount of financial liabilities presented in the consolidated statement of financial position	¥36,644	¥37,296	$330,155

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

(7) Transfer of financial assets

As to some liquidated receivables such as discounted notes, the group may be obligated to make payments as recourse when a debtor cannot make a payment. Since recourse receivables do not meet the criteria for derecognition of financial assets, the group includes them as "Trade and other receivables" and "Bonds and borrowings." As of March 31, 2019 and 2018, those amounts are ¥12,083 million ($108,865 thousand) and ¥14,209 million, respectively.

(8) Risks arising from financial instruments

(i) Capital management

The group performs capital management aiming to maximize its corporate value through continuous growth. The group's main KPI used for capital management is the net interest-bearing debt to equity ratio, which is a ratio of (a) the net interest-bearing debt calculated by deducting the amounts of cash and cash equivalents and time deposits from the amount of interest-bearing debt to (b) the total equity attributable to the owners of the parent. The group's target ratio is no more than 1.0. As of March 31, 2019 and 2018, the net interest-bearing debt to equity ratio was 0.8 and 0.9, respectively.

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

(ii) Financial risk management

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

(a) Foreign exchange fluctuation risk management

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

The foreign exchange position, net, as of March 31, 2019 and 2018 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
USD	¥2,030	¥(66,888)	$18,289
Other	6,152	6,800	55,428
Total	¥8,183	¥(60,087)	$73,727

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

1) Sensitivity analysis of foreign currency

Sensitivity analysis shows the amount affecting profit (loss) for the year attributable to owners of the parent when Japanese yen is appreciated by ¥1, assuming all other variable factors such as balances and interests are held constant. For the years ended March 31, 2019 and 2018, such amounts affecting profit (loss) for the year attributable to owners of the parent are ¥(247) million ($(2,225) thousand) and ¥(238) million, respectively. Similarly, the amounts affecting exchange differences on translation of foreign operations are ¥(1,675) million ($(15,091) thousand) and ¥(1,569) million for the years ended March 31, 2019 and 2018, respectively.

2) Foreign exchange forward contracts

The outstanding foreign exchange forward contracts as of March 31, 2019 and 2018 are as follows:

	Millions of Yen				Thousands of U.S. Dollars	
	2019		2018		2019	
	Contract amount	Fair value	Contract amount	Fair value	Contract amount	Fair value
Buy USD / Sell JPY	¥153,522	¥ 1,431	¥127,994	¥(1,957)	$1,383,205	$ 12,893
Buy JPY / Sell USD	208,490	(1,760)	194,126	5,061	1,878,457	(15,857)

(b) Interest rate fluctuation risk management

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

Sensitivity analysis of interest rates

For financial instruments that are subject to interest rate fluctuation risk, the amounts affecting profit (loss) before income tax when interest rates increase by 1% are ¥4,173 million ($37,597 thousand) and ¥4,393 million for the years ended March 31, 2019 and 2018, respectively. Under this analysis, the amount affecting profit (loss) before income tax is calculated by multiplying the net balance of floating rate financial instruments as of the fiscal year-end by 1%, without considering future changes in: the net balance, exchange fluctuations, dispersing effects for floating rate borrowings derived from the difference in timing of refinancing and resetting of the interest rate. All other variables are held constant. The group deems the following financial instruments affected by interest fluctuation and calculates the sensitivity on: floating rate financial instruments, fixed rate financial instruments but substantially deemed as floating rate financial instruments by using interest rate swaps, and cash and cash equivalents.

(c) Stock price fluctuation risk management

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

Sensitivity analysis of stock prices

For marketable stocks, the amounts affecting other comprehensive income, before tax, in the case that the stock price decreases by 1% are ¥(2,693) million ($(24,263) thousand) and ¥(3,067) million for the years ended March 31, 2019 and 2018, respectively. Under this analysis, all variables other than the stock price are assumed to be constant and the correlation among issuers is disregarded.

(d) Commodity price fluctuation risk management

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

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

(e) Credit risk management

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

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

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

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

1) Changes in loss allowance on trade and loans receivables

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

	Millions of Yen							
	Trade and other receivables			Loans receivables				
	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Total
April 1, 2017	¥22,331	¥20,123	¥42,455	¥2,448	¥ –	¥ 3	¥2,452	¥44,907
Changes in financial instruments originated or purchased	3,636	–	3,636	554	57	–	612	4,248
Direct write off	(3)	(248)	(251)	–	–	–	–	(251)
Changes due to derecognition	(1,369)	(648)	(2,018)	(40)	–	(3)	(43)	(2,061)
Changes in rate of loss	–	213	213	–	–	–	–	213
Foreign exchange translation	1,079	(214)	864	199	–	–	199	1,064
Other	(109)	713	604	(224)	–	–	(224)	379
March 31, 2018	¥25,564	¥19,939	¥45,503	¥2,938	¥57	¥ –	¥2,995	¥48,499
Changes in financial instruments originated or purchased	3,326	–	3,326	198	31	–	230	3,556
Direct write off	(15)	(1,168)	(1,183)	–	–	–	–	(1,183)
Changes due to derecognition	(3,166)	(304)	(3,471)	(396)	–	–	(396)	(3,867)
Changes in rate of loss	2,254	389	2,644	–	–	–	–	2,644
Foreign exchange translation	(148)	147	(0)	(90)	–	–	(90)	(91)
Other	(41)	(555)	(597)	50	–	–	50	(546)
March 31, 2019	¥27,774	¥18,447	¥46,221	¥2,701	¥88	¥ –	¥2,789	¥49,011

	Thousands of U.S. Dollars							
	Trade and other receivables			Loans receivables				
	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	Subtotal	Total
March 31, 2018	$230,327	$179,646	$409,973	$26,470	$513	$–	$26,984	$436,967
Changes in financial instruments originated or purchased	29,966	–	29,966	1,783	279	–	2,072	32,038
Direct write off	(135)	(10,523)	(10,658)	–	–	–	–	(10,658)
Changes due to derecognition	(28,525)	(2,738)	(31,273)	(3,567)	–	–	(3,567)	(34,840)
Changes in rate of loss	20,308	3,504	23,821	–	–	–	–	23,821
Foreign exchange translation	(1,333)	1,324	(0)	(810)	–	–	(810)	(819)
Other	(369)	(5,000)	(5,378)	450	–	–	450	(4,919)
March 31, 2019	$250,238	$166,204	$416,442	$24,335	$792	$–	$25,128	$441,580

Trade and other receivables include lease receivables.

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

2) Changes in loss allowance on financial guarantee contracts

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

Millions of Yen

	Financial guarantee contracts			Total
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	
April 1, 2017	¥ 25	¥ 908	¥ 2,584	¥ 3,517
Changes in financial instruments originated or purchased	6	270	–	276
Direct write off	–	–	(920)	(920)
Changes due to derecognition	(32)	(454)	(82)	(568)
Changes in classification	792	(24)	(768)	–
Changes in rate of loss	(766)	–	663	(103)
Changes due to business combination	–	(1)	(1,477)	(1,478)
March 31, 2018	¥ 25	¥ 699	¥ –	¥ 724
Changes in financial instruments originated or purchased	2	13	–	15
Direct write off	–	–	–	–
Changes due to derecognition	(235)	(373)	–	(608)
Changes in classification	220	(220)	–	–
Changes in rate of loss	–	–	–	–
Changes due to business combination	–	–	–	–
March 31, 2019	¥ 12	¥ 120	¥ –	¥ 132

Thousands of U.S. Dollars

	Financial guarantee contracts			Total
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets	
March 31, 2018	$ 225	$ 6,297	$–	$ 6,523
Changes in financial instruments originated or purchased	18	117	–	135
Direct write off	–	–	–	–
Changes due to derecognition	(2,117)	(3,360)	–	(5,477)
Changes in classification	1,982	(1,982)	–	–
Changes in rate of loss	–	–	–	–
Changes due to business combination	–	–	–	–
March 31, 2019	$ 108	$ 1,081	$–	$ 1,189

3) Carrying amounts of financial assets

Carrying amounts of financial assets are as follows:

	Millions of Yen		
	Basis of recognition of loss allowance		
As of March 31, 2019	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	¥ –	¥1,465,190	¥31,165
Loans receivables	32,195	173	6
Financial guarantee contracts	21,623	13,403	–

	Thousands of U.S. Dollars		
	Basis of recognition of loss allowance		
	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	$ –	$13,201,099	$280,791
Loans receivables	290,071	1,558	54
Financial guarantee contracts	194,819	120,758	–

	Millions of Yen		
	Basis of recognition of loss allowance		
As of March 31, 2018	Expected credit losses for 12 months	Lifetime expected credit losses	Credit-impaired financial assets and credit-impaired financial guarantee contracts
Trade and other receivables	¥ –	¥1,417,670	¥34,252
Loans receivables	27,137	112	–
Financial guarantee contracts	9,388	21,352	1,123

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

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

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

(f) Liquidity risk management

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

	Millions of Yen			
	Within one year	Between one and five years	Over five years	Total
March 31, 2019				
Bonds and borrowings	¥ 509,924	¥463,681	¥530,346	¥1,503,952
Trade and other payables	1,199,839	2,124	177	1,202,141
Financial guarantee contracts	23,536	7,075	4,414	35,027
March 31, 2018				
Bonds and borrowings	¥ 543,406	¥383,251	¥544,778	¥1,471,435
Trade and other payables	1,098,589	3,476	223	1,102,290
Financial guarantee contracts	20,002	8,118	3,744	31,865

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2019				
Bonds and borrowings	$ 4,594,323	$4,177,682	$4,778,322	$13,550,337
Trade and other payables	10,810,334	19,136	1,594	10,831,074
Financial guarantee contracts	212,055	63,744	39,769	315,586

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

	Millions of Yen			
	Within one year	Between one and five years	Over five years	Total
March 31, 2019				
Commodity-related derivatives				
(Cash inflows)	¥ (8,375)	¥ (20)	¥ –	¥ (8,396)
Cash outflows	9,295	16	–	9,312
Currency-related derivatives				
(Cash inflows)	(3,069)	(2,521)	(1,323)	(6,913)
Cash outflows	5,624	293	1,727	7,645
Interest-related derivatives				
(Cash inflows)	(29,204)	(127,144)	(89,211)	(245,559)
Cash outflows	27,074	118,658	101,694	247,427
March 31, 2018				
Commodity-related derivatives				
(Cash inflows)	¥ (8,189)	¥ (172)	¥ –	¥ (8,362)
Cash outflows	10,173	231	–	10,405
Currency-related derivatives				
(Cash inflows)	(9,021)	(5,364)	–	(14,386)
Cash outflows	4,316	4,358	–	8,675
Interest-related derivatives				
(Cash inflows)	(23,981)	(96,013)	(80,148)	(200,143)
Cash outflows	22,125	89,263	95,080	206,469

	Thousands of U.S. Dollars			
	Within one year	Between one and five years	Over five years	Total
March 31, 2019				
Commodity-related derivatives				
(Cash inflows)	$ (75,457)	$ (180)	$ –	$ (75,646)
Cash outflows	83,746	144	–	83,899
Currency-related derivatives				
(Cash inflows)	(27,651)	(22,713)	(11,919)	(62,284)
Cash outflows	50,671	2,639	15,559	68,880
Interest-related derivatives				
(Cash inflows)	(263,122)	(1,145,544)	(803,775)	(2,212,442)
Cash outflows	243,931	1,069,087	916,244	2,229,272

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

NOTE 9. Investments Accounted for Using the Equity Method

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

	Millions of Yen				Thousands of U.S. Dollars	
	2019		2018		2019	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Investments accounted for using the equity method	¥244,718	¥40,356	¥239,708	¥38,889	$2,204,865	$363,600

	Millions of Yen				Thousands of U.S. Dollars	
	2019		2018		2019	
	Associates	Joint ventures	Associates	Joint ventures	Associates	Joint ventures
Profit for the year	¥(2,814)	¥7,151	¥ 6,762	¥4,605	$(25,353)	$64,429
Other comprehensive income	(5,733)	1,195	3,813	1,237	(51,653)	10,766
Comprehensive income for the year	¥(8,547)	¥8,347	¥10,575	¥5,842	$(77,006)	$75,204

NOTE 10. Property, Plant and Equipment

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

	Millions of Yen					
[Acquisition cost]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
April 1, 2017	¥341,025	¥532,651	¥73,682	¥ 37,766	¥69,498	¥1,054,624
Acquisitions	10,042	26,408	2,113	19,111	9,807	67,482
Acquisition due to business combinations	8,336	10,436	1,736	158	2,106	22,774
Disposals	(4,078)	(15,957)	(623)	(1,392)	(7,830)	(29,882)
Foreign exchange translation	(8,943)	(8,934)	(806)	2,329	(2,331)	(18,686)
Other	(2,983)	24,742	2,136	(25,034)	3,457	2,317
March 31, 2018	¥343,399	¥569,346	¥78,237	¥ 32,938	¥74,706	¥1,098,629
Acquisitions	7,427	26,726	3,253	40,762	9,540	87,710
Acquisition due to business combinations	5,674	1,210	3,675	1,641	–	12,201
Disposals	(4,728)	(18,055)	(372)	(1,027)	(6,726)	(30,911)
Foreign exchange translation	(3,963)	(14,052)	(1,236)	4,946	(577)	(14,884)
Other	16,327	22,859	1,652	(33,788)	517	7,569
March 31, 2019	¥364,136	¥588,035	¥85,209	¥ 45,472	¥77,461	¥1,160,315

	Thousands of U.S. Dollars					
	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
March 31, 2018	$3,093,963	$5,129,705	$704,901	$ 296,765	$673,087	$ 9,898,450
Acquisitions	66,915	240,796	29,308	367,258	85,953	790,251
Acquisition due to business combinations	51,121	10,901	33,111	14,785	–	109,928
Disposals	(42,598)	(162,672)	(3,351)	(9,253)	(60,600)	(278,502)
Foreign exchange translation	(35,705)	(126,606)	(11,136)	44,562	(5,198)	(134,102)
Other	147,103	205,955	14,884	(304,423)	4,658	68,195
March 31, 2019	$3,280,800	$5,298,089	$767,717	$ 409,694	$697,909	$10,454,230

[Accumulated depreciation and accumulated impairment losses]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
	Millions of Yen					
April 1, 2017	¥155,776	¥260,206	¥ 640	¥–	¥42,484	¥459,108
Depreciation	14,847	36,508	–	–	8,388	59,744
Impairment losses	2,293	4,737	1,198	–	1,246	9,475
Disposals	(2,548)	(11,357)	–	–	(4,969)	(18,874)
Foreign exchange translation	(4,364)	(6,021)	8	–	(454)	(10,832)
Other	883	5,349	25	–	3,424	9,683
March 31, 2018	¥166,889	¥289,423	¥1,872	¥–	¥50,119	¥508,304
Depreciation	14,118	36,333	–	–	7,456	57,908
Impairment losses	725	3,547	79	–	11	4,364
Disposals	(2,986)	(13,772)	(5)	–	(4,194)	(20,959)
Foreign exchange translation	(1,679)	(3,507)	3	–	(621)	(5,803)
Other	3,599	(97)	19	–	392	3,913
March 31, 2019	¥180,667	¥311,926	¥1,969	¥–	¥53,164	¥547,727

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
	Thousands of U.S. Dollars					
March 31, 2018	$1,503,639	$2,607,649	$16,866	$–	$451,563	$4,579,727
Depreciation	127,200	327,353	–	–	67,177	521,740
Impairment losses	6,532	31,957	711	–	99	39,318
Disposals	(26,903)	(124,083)	(45)	–	(37,787)	(188,836)
Foreign exchange translation	(15,127)	(31,597)	27	–	(5,595)	(52,283)
Other	32,426	(873)	171	–	3,531	35,255
March 31, 2019	$1,627,777	$2,810,397	$17,740	$–	$478,998	$4,934,922

[Carrying amount]	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
	Millions of Yen					
March 31, 2018	¥176,510	¥279,923	¥76,365	¥32,938	¥24,587	¥590,324
March 31, 2019	183,469	276,108	83,240	45,472	24,296	612,587

	Buildings and structures	Machinery and vehicles	Land	Construction in progress	Other	Total
	Thousands of U.S. Dollars					
March 31, 2019	$1,653,022	$2,487,683	$749,977	$409,694	$218,902	$5,519,299

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

Impairment losses are presented as "Impairment losses on fixed assets" in the consolidated statement of profit or loss in the amounts of ¥4,364 million ($39,318 thousand) and ¥9,475 million for the years ended March 31, 2019 and 2018, respectively.

For the years ended March 31, 2019 and 2018, the group recognized an impairment loss for power generation business properties of the Machinery, Energy & Project Division by reducing its carrying amount to the recoverable amount, since it became highly unlikely to earn profits as initially projected due to declines in electricity's pricing. The recoverable amount is measured at value in use estimated by applying an appropriate discount rate, which reflects assumed risks specific to the asset or cash-generating unit.

NOTE 11. Intangible Assets

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

Millions of Yen

[Acquisition cost]	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
April 1, 2017	¥195,788	¥91,040	¥ 90,434	¥49,886	¥29,773	¥456,924
Acquisitions	–	–	526	3,432	6,969	10,928
Acquisition due to business combinations	1,792	–	–	1,044	18	2,855
Disposals	–	–	(21,245)	(3,711)	(129)	(25,086)
Foreign exchange translation	4,710	8,154	(1,817)	(11)	138	11,174
Other	475	–	(19,933)	4,866	(4,944)	(19,535)
March 31, 2018	¥202,767	¥99,195	¥ 47,965	¥55,507	¥31,826	¥437,261
Acquisitions	–	–	0	3,539	9,241	12,781
Acquisition due to business combinations	1,591	–	–	–	1,304	2,896
Disposals	(1,049)	–	(37,914)	(7,655)	(1,130)	(47,750)
Foreign exchange translation	(7,222)	(4,529)	(98)	(1,320)	(1,403)	(14,574)
Other	(4)	–	–	3,163	(2,542)	617
March 31, 2019	¥196,082	¥94,665	¥ 9,951	¥53,234	¥37,297	¥391,231

Thousands of U.S. Dollars

	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2018	$1,826,894	$893,729	$ 432,156	$500,108	$286,746	$3,939,643
Acquisitions	–	–	0	31,885	83,259	115,154
Acquisition due to business combinations	14,334	–	–	–	11,748	26,092
Disposals	(9,451)	–	(341,598)	(68,970)	(10,181)	(430,218)
Foreign exchange translation	(65,068)	(40,805)	(882)	(11,892)	(12,640)	(131,309)
Other	(36)	–	–	28,498	(22,902)	5,559
March 31, 2019	$1,766,663	$852,914	$ 89,656	$479,628	$336,039	$3,524,921

Millions of Yen

[Accumulated amortization and accumulated impairment losses]	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
April 1, 2017	¥118,058	¥35,912	¥ 76,116	¥31,890	¥4,897	¥266,876
Amortization	–	9,148	1,912	7,740	1,122	19,925
Impairment losses	13,643	–	122	–	187	13,952
Disposals	–	–	(13,926)	(3,621)	(62)	(17,611)
Foreign exchange translation	(96)	3,275	(1,624)	122	(73)	1,603
Other	332	–	(15,420)	823	83	(14,180)
March 31, 2018	¥131,938	¥48,336	¥ 47,179	¥36,956	¥6,155	¥270,566
Amortization	–	9,057	31	7,597	934	17,621
Impairment losses	–	–	–	26	130	156
Disposals	(993)	–	(37,914)	(7,530)	(313)	(46,751)
Foreign exchange translation	(4,453)	(2,478)	(133)	(1,288)	(506)	(8,860)
Other	352	–	285	578	4	1,220
March 31, 2019	¥126,843	¥54,915	¥ 9,448	¥36,340	¥6,405	¥233,953

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2018	$1,188,737	$435,498	$ 425,074	$332,966	$55,455	$2,437,751
Amortization	–	81,601	279	68,447	8,415	158,762
Impairment losses	–	–	–	234	1,171	1,405
Disposals	(8,946)	–	(341,598)	(67,843)	(2,820)	(421,218)
Foreign exchange translation	(40,120)	(22,326)	(1,198)	(11,604)	(4,558)	(79,827)
Other	3,171	–	2,567	5,207	36	10,991
March 31, 2019	$1,142,832	$494,774	$ 85,124	$327,416	$57,707	$2,107,874

	Millions of Yen					
[Carrying amount]	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2018	¥70,828	¥50,858	¥785	¥18,550	¥25,670	¥166,694
March 31, 2019	69,238	39,749	503	16,894	30,892	157,278

	Thousands of U.S. Dollars					
	Goodwill	Marketing rights, customer-related, etc.	Mining rights	Software	Other intangible assets	Total
March 31, 2019	$623,821	$358,131	$4,531	$152,211	$278,331	$1,417,046

Amortization expense is included in "Cost of sales" or "Selling, general and administrative expenses" in the consolidated statement of profit or loss.

Of the intangible assets above, there is no significant intangible asset whose useful life is not readily determinable.

Of intangible assets with readily determinable useful lives, the carrying amounts of significant intangible assets as of March 31, 2019 and 2018 are as below.

Customer-related assets of the automotive marketing business in Africa, included in "Marketing rights, customer-related, etc.," are ¥25,452 million ($229,317 thousand) and ¥33,782 million for the years ended March 31, 2019 and 2018, respectively. The average remaining useful lives of "Marketing rights, customer-related, etc." as of March 31, 2019 and 2018 are 5 years and 6 years, respectively.

Impairment losses on intangible assets are included in "Impairment losses on fixed assets" in the amounts of ¥156 million ($1,405 thousand) and ¥13,952 million for the years ended March 31, 2019 and 2018, respectively.

For the year ended March 31, 2019, the group recognized an impairment loss primarily at the Machinery, Energy & Project Division.

For the year ended March 31, 2018, the group recognized an impairment loss for goodwill recognized in connection with the beverage business of the Africa Division. The group decided to reduce its carrying amount to the recoverable amount as a result of reviews of the business plan, taking into consideration the country risk and the deterioration of profitability due to increased competition. The recoverable amount is measured at value in use estimated by applying an appropriate discount rate, which reflects assumed risks specific to the asset or cash-generating unit.

The carrying amounts of goodwill by segment are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Metals	¥ 94	¥ 129	$ 846
Global Parts & Logistics	295	283	2,657
Automotive	868	927	7,820
Machinery, Energy & Project	6,789	6,753	61,167
Chemicals & Electronics	1,077	1,292	9,703
Food & Consumer Services	1,265	1,277	11,397
Africa	58,809	60,127	529,858
Other	38	38	342
Total	¥69,238	¥70,828	$623,821

Of goodwill shown above, the significant goodwill is the one related to CFAO SAS in the amounts of ¥58,809 million ($529,858 thousand) and ¥60,127 million as of March 31, 2019 and 2018, respectively.

The recoverable amount of goodwill is measured at value in use based on the next-five-year business plan and growth rates as approved by the management. The group determines the growth rate based on the average growth rate of markets or countries to which cash-generating units belong. The growth rate which exceeds the average growth rate of markets or countries is not used. The discount rates are determined, based on cost of capital, to be 6.5% for domestic and 6.4% to 20.9% for overseas.

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

NOTE 12. Investment Property

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

	Millions of Yen		Thousands of U.S. Dollars
[Acquisition cost]	2019	2018	2019
Balance at the beginning of the year	¥29,308	¥32,150	$264,059
Acquisitions	196	–	1,765
Disposals or reclassifications to assets held for sale	(6,995)	(3,708)	(63,023)
Foreign exchange translation	168	(197)	1,513
Other	49	1,064	441
Balance at the end of the year	¥22,727	¥29,308	$204,766

	Millions of Yen		Thousands of U.S. Dollars
[Accumulated depreciation and accumulated impairment losses]	2019	2018	2019
Balance at the beginning of the year	¥10,525	¥10,033	$94,828
Depreciation	475	522	4,279
Disposals or reclassifications to assets held for sale	(6,966)	(368)	(62,762)
Foreign exchange translation	53	(60)	477
Other	9	398	81
Balance at the end of the year	¥ 4,098	¥10,525	$36,922

	Millions of Yen		Thousands of U.S. Dollars
[Carrying amount and fair value]	2019	2018	2019
Carrying amount	¥18,628	¥18,782	$167,834
Fair value	27,524	26,491	247,986

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

Rental revenues earned from investment property, shown as "Sales of services and others" on the consolidated statement of profit or loss, were ¥2,097 million ($18,893 thousand) and ¥2,053 million for the years ended March 31, 2019 and 2018, respectively.

Direct costs incurred to earn rental revenues are accounted for as "Cost of sales" on the consolidated statement of profit or loss, amounting to ¥1,124 million ($10,127 thousand) and ¥1,070 million for the years ended March 31, 2019 and 2018, respectively.

NOTE 13. Leases

(1) Finance leases

(i) Lessee

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Buildings and structures	¥ 3,502	¥ 3,336	$31,552
Machinery and vehicles	4,746	5,199	42,760
Other	2,129	2,378	19,181
Total	¥10,378	¥10,914	$93,503

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

	Millions of Yen		Thousands of U.S. Dollars
[Total future minimum lease payments]	2019	2018	2019
Within one year	¥2,356	¥3,549	$21,227
Between one and five years	2,137	3,500	19,253
Over five years	182	229	1,639
Total	¥4,676	¥7,280	$42,129
Interest equivalent	¥ (17)	¥ (30)	$ (153)
Present value of total future minimum lease payments	4,658	7,249	41,967

	Millions of Yen		Thousands of U.S. Dollars
[Present value of total future minimum lease payments]	2019	2018	2019
Within one year	¥2,356	¥3,549	$21,227
Between one and five years	2,124	3,476	19,136
Over five years	177	223	1,594
Total	¥4,658	¥7,249	$41,967

The total minimum lease payments receivable under subleases of financing lease contracts is ¥24 million ($216 thousand) and ¥36 million as of March 31, 2019 and 2018, respectively.

(ii) Lessor

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

	Millions of Yen		Thousands of U.S. Dollars
[Total net investment in the leases]	2019	2018	2019
Within one year	¥ 4,888	¥ 5,260	$ 44,040
Between one and five years	13,730	13,414	123,704
Over five years	19,911	24,813	179,394
Total	¥ 38,530	¥ 43,487	$ 347,148
Unsecured remaining balance	¥ –	¥ –	$ –
Unearned finance income	(14,341)	(16,439)	(129,209)
Present value of total minimum lease payments receivable	24,189	27,048	217,938

	Millions of Yen		Thousands of U.S. Dollars
[Present value of total minimum lease payments receivable]	2019	2018	2019
Within one year	¥ 3,784	¥ 3,944	$ 34,093
Between one and five years	8,053	8,061	72,556
Over five years	12,351	15,042	111,280
Total	¥24,189	¥27,048	$217,938

(2) Operating leases

(i) Lessee

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Within one year	¥20,999	¥ 9,896	$189,197
Between one and five years	39,069	17,659	352,004
Over five years	19,560	2,024	176,232
Total	¥79,629	¥29,580	$717,443

Lease payments recognized as expenses under cancellable or non-cancellable operating lease contracts were ¥27,194 million ($245,013 thousand) and ¥27,729 million for the years ended March 31, 2019 and 2018, respectively.

(ii) Lessor

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Within one year	¥ 9	¥215	$ 81
Between one and five years	8	118	72
Over five years	–	1	–
Total	¥17	¥336	$153

NOTE 14. Trade and Other Payables

The breakdown of trade and other payables is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Notes payable and accounts payable	¥1,020,123	¥ 953,710	$ 9,191,125
Other	182,017	148,579	1,639,940
Total	¥1,202,141	¥1,102,290	$10,831,074
Current liabilities	¥1,199,839	¥1,098,589	$10,810,334
Non-current liabilities	2,302	3,700	20,740
Total	¥1,202,141	¥1,102,290	$10,831,074

NOTE 15. Bonds and Borrowings

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

	Millions of Yen		Thousands of U.S. Dollars		
	2019	2018	2019	Average rate	Maturity
Short-term borrowings	¥ 336,262	¥ 313,860	$ 3,029,660	3.42%	–
Commercial papers	85,000	138,000	765,834	(0.00)	–
Current portion of long-term borrowings	88,662	91,545	798,828	1.22	–
Bonds (excluding current portion)	235,097	169,343	2,118,181	1.62	2021 – 2043
Long-term borrowings (excluding current portion)	758,024	758,029	6,829,660	1.28	2020 – 2043
Total	¥1,503,047	¥1,470,779	$13,542,183	–	–
Current liabilities	¥ 509,924	¥ 543,406	$ 4,594,323	–	–
Non-current liabilities	993,122	927,373	8,947,851	–	–
Total	¥1,503,047	¥1,470,779	$13,542,183	–	–

"Average rate" presents the weighted average interest rate to the balances for the year ended March 31, 2019.

In order to secure financing under unforeseeable circumstances such as financial market turmoil, the group has obtained multi-currency revolving facilities and multi-pricing long-term revolving credit facilities with major financial institutions in Japan and overseas.

The facility balances and unused balances of multi-currency revolving facilities and multi-pricing long-term revolving credit facilities are as follows:

	2019	2018	2019
Multi-currency revolving facilities, total	¥50,000 million equivalent	¥50,000 million equivalent	$450,491 thousand equivalent
Multi-pricing long-term revolving credit facilities, total	$1,200 million	$200 million	$1,200,000 thousand
Balance executed	–	–	–
Balance unused	¥50,000 million equivalent	¥50,000 million equivalent	$450,491 thousand equivalent
	$1,200 million	$200 million	$1,200,000 thousand

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

	2019	2018	2019
Total line of credit	€250 million	€400 million	$280,565 thousand
Balance executed	€180 million	€170 million	$202,007 thousand
Balance unused	€ 70 million	€230 million	$ 78,558 thousand

(2) Details of bonds

The following table summarizes details of bonds.

			Millions of Yen		Thousands of U.S. Dollars		
Issuer	Description	Issue date	2019	2018	2019	Coupon (%)	Redemption date
The company	The 16th unsecured domestic corporate bond	December 8, 2011	¥ 29,957	¥ 29,943	$ 269,907	1.35	December 8, 2021
The company	The 17th unsecured domestic corporate bond	December 5, 2013	14,967	14,960	134,849	0.81	December 5, 2023
The company	The 18th unsecured domestic corporate bond	December 5, 2013	14,960	14,954	134,786	1.01	December 5, 2025
The company	The 19th unsecured domestic corporate bond	July 10, 2014	14,956	14,951	134,750	0.95	July 10, 2026
The company	The 20th unsecured domestic corporate bond	July 10, 2014	14,947	14,943	134,669	1.27	July 10, 2029
The company	The 21st unsecured domestic corporate bond	September 3, 2015	9,969	9,964	89,818	0.74	September 3, 2025
The company	The 22nd unsecured domestic corporate bond	September 3, 2015	9,955	9,953	89,692	1.57	September 2, 2033
The company	The 23rd unsecured domestic corporate bond	July 20, 2016	19,900	19,895	179,295	0.70	July 18, 2036
The company	The 24th unsecured domestic corporate bond	March 7, 2017	19,898	19,893	179,277	1.02	March 6, 2037
The company	The 25th unsecured domestic corporate bond	September 14, 2017	9,945	9,942	89,602	0.89	September 14, 2037
The company	The 26th unsecured domestic corporate bond	March 7, 2018	9,944	9,941	89,593	0.90	March 5, 2038
The company	The 27th unsecured domestic corporate bond	March 6, 2019	9,971	–	89,836	0.07	March 5, 2021
The company	The 1st unsecured foreign corporate bond	September 13, 2018	55,017	–	(Note 2) 495,693	3.63	September 13, 2023
North Hokkaido Wind Energy Transmission Corporation	Corporate bond (private placement) (Note 1)	November 30, 2018	705	–	6,351	4.00	March 31, 2043
Total	–	–	¥235,097	¥169,343	$2,118,181	–	–

Notes: 1. This is a corporate bond issued by North Hokkaido Wind Energy Transmission Corporation, a domestic consolidated subsidiary of the company. The bond was privately placed in Japan.
2. It is the calculated figure by translating ¥55,017 million into U.S. dollars using the exchange rate as explained in Note 2. The carrying value of the bond in the original currency is $497,480 thousand as of March 31, 2019.

(3) Assets pledged as collateral

The following assets are pledged as collateral for bonds and borrowings.

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Cash and cash equivalents	¥ 25,285	¥ 23,607	$ 227,813
Trade and other receivables	10,778	11,428	97,107
Inventories	1,344	830	12,109
Property, plant and equipment	224,002	207,542	2,018,217
Other investments	14,301	9,385	128,849
Other	13,831	15,734	124,614
Total	¥289,544	¥268,529	$2,608,739

The group has borrowings under loan agreements with financial institutions, and above assets are pledged as collateral upon the request of the lenders. Under the loan agreements, financial institutions as lenders have rights to enforce the disposal of those assets pledged as collateral and may appropriate or offset those proceeds against a debt, if the group as a borrower defaults on a debt such as failure to repay any matured payables or interests, or breaches the representation and warranty or the covenants.

The debt secured by the above collateral is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Bonds and borrowings	¥204,594	¥190,437	$1,843,355

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

NOTE 16. Provisions

The breakdown and changes of provisions for the year ended March 31, 2019 are as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	Asset retirement obligations	Other	Total	Asset retirement obligations	Other	Total
Balance at the beginning of the year	¥17,390	¥10,711	¥28,101	$156,680	$ 96,504	$253,184
Increase	2,599	4,447	7,046	23,416	40,066	63,483
Decrease (wrote off)	(2)	(1,925)	(1,927)	(18)	(17,343)	(17,361)
Decrease (reversal)	–	(958)	(958)	–	(8,631)	(8,631)
Changes due to present value calculation	315	–	315	2,838	–	2,838
Foreign exchange translation	(154)	(131)	(286)	(1,387)	(1,180)	(2,576)
Other	83	58	141	747	522	1,270
Balance at the end of the year	¥20,231	¥12,201	¥32,432	$182,277	$109,928	$292,206
Current liabilities	¥ –	¥ 6,224	¥ 6,224	$ –	$ 56,077	$ 56,077
Non-current liabilities	20,231	5,976	26,208	182,277	53,842	236,129
Total	¥20,231	¥12,201	¥32,432	$182,277	$109,928	$292,206

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

NOTE 17. Employee Benefits

(1) Post-employment benefits

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

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

(ii) Defined benefit plans

(a) Defined benefit obligations and plan assets

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance of net defined benefit liability at the beginning of the year	¥ 29,700	¥ 27,997	$ 267,591
Changes in present value of defined benefit obligations:			
Balance at the beginning of the year	¥117,541	¥109,227	$1,059,023
Service cost	5,447	5,615	49,076
Interest cost	761	1,005	6,856
Remeasurements	1,763	1,403	15,884
Benefit paid	(4,712)	(4,510)	(42,454)
Foreign exchange translation	(788)	1,726	(7,099)
Other	(669)	3,074	(6,027)
Balance at the end of the year	¥119,345	¥117,541	$1,075,277
Changes in fair value of plan assets:			
Balance at the beginning of the year	¥ 87,841	¥ 81,229	$ 791,431
Interest income	1,082	1,042	9,748
Remeasurements	(1,776)	2,818	(16,001)
Employer contributions	2,679	2,480	24,137
Benefit paid	(2,343)	(2,128)	(21,110)
Foreign exchange translation	(479)	870	(4,315)
Other	(185)	1,528	(1,666)
Balance at the end of the year	¥ 86,817	¥ 87,841	$ 782,205
Balance of net defined benefit liability at the end of the year	¥ 32,527	¥ 29,700	$ 293,062

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

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Defined benefit obligations of funded plan	¥ 79,366	¥ 78,370	$ 715,073
Plan assets	(86,817)	(87,841)	(782,205)
Subtotal	(7,451)	(9,470)	(67,132)
Defined benefit obligations of unfunded plan	39,979	39,170	360,203
Total	¥ 32,527	¥ 29,700	$ 293,062

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

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

As of March 31, 2019	Millions of Yen		
Plan assets	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	¥ 1,252	¥ –	¥ 1,252
Equity securities:			
Japan	20,435	4,959	25,394
Other than Japan	2,202	6,131	8,334
Debt securities:			
Japan	–	21,059	21,059
Other than Japan	–	5,322	5,322
Life insurance company general accounts	–	12,209	12,209
Other	4	13,241	13,246
Total	¥23,894	¥62,923	¥86,817

	Thousands of U.S. Dollars		
Plan assets	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	$ 11,280	$ –	$ 11,280
Equity securities:			
Japan	184,115	44,679	228,795
Other than Japan	19,839	55,239	75,087
Debt securities:			
Japan	–	189,737	189,737
Other than Japan	–	47,950	47,950
Life insurance company general accounts	–	110,000	110,000
Other	36	119,299	119,344
Total	$215,280	$566,924	$782,205

As of March 31, 2018	Millions of Yen		
Plan assets	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total
Cash and cash equivalents	¥ 1,095	¥ –	¥ 1,095
Equity securities:			
Japan	20,587	5,175	25,763
Other than Japan	2,237	5,492	7,729
Debt securities:			
Japan	–	21,240	21,240
Other than Japan	–	5,341	5,341
Life insurance company general accounts	–	13,314	13,314
Other	1	13,354	13,356
Total	¥23,922	¥63,919	¥87,841

(c) Major actuarial assumption

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

	2019	2018
Discount rate	Primarily 0.6%	Primarily 0.7%
Salary increase rate	Primarily 3.1%	Primarily 3.6%

Actuarial calculations are based on estimates for future uncertainties. If the discount rate increased or decreased by 0.5%, the defined benefit obligations as of March 31, 2019 decreases by ¥6,442 million ($58,041 thousand) or increases by ¥6,708 million ($60,437 thousand). The group performs such sensitivity analysis based on changes in assumption which are reasonably expected as of the fiscal year-end. Although the group assumes variable factors other than the discount rate are constant, changes in other variable factors may affect the sensitivity analysis results.

(d) Managing plan assets

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

(e) Impacts on future cash flows

The contribution amount is planned to be ¥2,744 million ($24,722 thousand) for next fiscal year. The group will contribute amounts required in accordance with the internal rules when a defined benefit plan is not funded by sufficient plan assets. For the year ended March 31, 2019, the weighted-average duration of the defined benefit plan obligations is 14 years.

(iii) Defined contribution plans

Costs of defined contribution plans are ¥1,339 million ($12,064 thousand) and ¥1,150 million for the years ended March 31, 2019 and 2018, respectively.

(iv) Multi-employer plans

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

(a) Assets contributed to a multi-employer welfare pension fund may be used for the benefits to the employees of employers other than the group companies.
(b) If some employers stop making contributions, other employers may be obligated to provide sufficient funds.
(c) If a multi-employer plan is terminated or if an employer withdraws from the plan, employers may be obligated to make special contributions for unfunded portions, if any, upon termination of the plan or the withdrawal from the plan.

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

(2) Employee benefit costs

Employee benefit costs are included in "Cost of sales" and "Selling, general and administration expenses" in the amount of ¥234,237 million ($2,110,433 thousand) and ¥228,624 million for the years ended March 31, 2019 and 2018, respectively.

NOTE 18. Equity

(1) Share capital

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

	Thousands of shares	
	2019	2018
Number of authorized shares:		
Common stock (no par-value)	1,000,000	1,000,000
Number of shares issued and outstanding:		
Beginning of the year	354,056	354,056
Changes during the year	–	–
End of the year	354,056	354,056

The number of shares issued and outstanding includes the number of treasury shares as follows: 2,169 thousand and 2,170 thousand, as of March 31, 2019 and 2018, respectively.

(2) Capital surplus

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

(3) Retained earnings

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

(4) Dividends

(i) Amount of dividend payments

Resolution	Class of stock	Total amounts of dividends (Millions of Yen)	Total amounts of dividends (Thousands of U.S. Dollars)	Dividends per share (Yen)	Dividends per share (U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 23, 2017	Common stock	¥13,732	$123,722	¥39	$0.35	March 31, 2017	June 26, 2017
Board of Directors' meeting held on October 31, 2017	Common stock	15,845	142,760	45	0.40	September 30, 2017	November 27, 2017
General meeting of shareholders held on June 21, 2018	Common stock	17,253	155,446	49	0.44	March 31, 2018	June 22, 2018
Board of Directors' meeting held on October 31, 2018	Common stock	17,605	158,617	50	0.45	September 30, 2018	November 27, 2018

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

Resolution	Class of stock	Total amounts of dividends (Millions of Yen)	Total amounts of dividends (Thousands of U.S. Dollars)	Source of dividends	Dividends per share (Yen)	Dividends per share (U.S. Dollars)	Record date	Effective date
General meeting of shareholders held on June 25, 2019	Common stock	¥17,605	$158,617	Retained earnings	¥50	$0.45	March 31, 2019	June 26, 2019

NOTE 19. Revenue

(1) Disaggregation of revenue

The group's revenue mainly consists of revenues recognized from sale of goods whose control is transferred to customers at a point in time. The consideration in exchange for goods is received within one year and does not include significant time value of money. The following table summarizes disaggregation of revenue and segment revenue.

	Millions of Yen					
	Reportable segments					
For the year ended March 31, 2019	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue recognized from contracts with customers	¥1,739,043	¥904,755	¥648,392	¥949,302	¥1,510,556	¥443,013
Revenue recognized from other sources	3,014	–	8,614	1,244	–	12,135
Total	¥1,742,058	¥904,755	¥657,007	¥950,547	¥1,510,556	¥455,149

	Millions of Yen				
	Reportable segments				
For the year ended March 31, 2019	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue recognized from contracts with customers	¥585,031	¥6,780,095	¥3,628	¥(53,389)	¥6,730,335
Revenue recognized from other sources	7,356	32,366	–	–	32,366
Total	¥592,387	¥6,812,462	¥3,628	¥(53,389)	¥6,762,702

For the year ended March 31, 2019	Thousands of U.S. Dollars					
	Reportable segments					
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Consumer Services
Revenue recognized from contracts with customers	$15,668,465	$8,151,680	$5,841,895	$8,553,040	$13,609,838	$3,991,467
Revenue recognized from other sources	27,155	–	77,610	11,208	–	109,334
Total	$15,695,630	$8,151,680	$5,919,515	$8,564,258	$13,609,838	$4,100,810

For the year ended March 31, 2019	Thousands of U.S. Dollars				
	Reportable segments				
	Africa	Total	Other (Note 1)	Adjustments (Note 2)	Consolidated
Revenue recognized from contracts with customers	$5,271,024	$61,087,440	$32,687	$(481,025)	$60,639,111
Revenue recognized from other sources	66,276	291,611	–	–	291,611
Total	$5,337,300	$61,379,061	$32,687	$(481,025)	$60,930,732

Notes: 1. "Other" comprises businesses, such as a professional division that supports group-wide operations not included in reportable segments.
2. Figures in "Adjustments" represent the amounts of inter-segment transactions.
3. Revenue recognized from other sources includes revenues recognized under IFRS 9 "Financial Instruments" and IAS 17 "Leases."

(2) Outstanding balances of contracts

Balances of receivables, contract assets and contract liabilities arising from contracts with customers are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2019	2019
Receivables arising from contracts with customers	¥1,337,150	$12,047,481
Contract assets	11,784	106,171
Contract liabilities	61,819	556,978

As at April 1, 2018, balances of receivables, contract assets and contract liabilities arising from contracts with customers are ¥1,281,468 million ($11,545,796 thousand), ¥5,615 million ($50,590 thousand) and ¥50,602 million ($455,914 thousand), respectively. Of revenues recognized for the year ended March 31, 2019, ¥32,115 million ($289,350 thousand) was included in contract liabilities as at April 1, 2018. In addition, for the year ended March 31, 2019 the amount of revenues recognized from the performance obligations satisfied or partially satisfied in the past period is not significant.

(3) Transaction price allocated to the remaining performance obligations

The table shown below summarizes the period in which revenue recognition is expected and the aggregate amount of the transaction price allocated to the remaining performance obligations under electric power sales contracts and service contracts. The table does not include transactions whose individual contractual periods are expected to be less than one year.

	Millions of Yen	Thousands of U.S. Dollars
	2019	2019
Within one year	¥ 87,196	$ 785,620
Over one year	693,978	6,252,617
Total	¥781,174	$7,038,237

(4) Contract costs

There are no contract costs capitalized as an asset for the year ended March 31, 2019.

NOTE 20. Selling, General and Administrative Expenses

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Salaries and wages	¥233,247	¥227,847	$2,101,513
Travel and transportation	19,979	19,307	180,007
Commissions and fees	37,252	32,740	335,633
Rent	25,491	25,531	229,669
Depreciation and amortization	34,512	36,394	310,946
Other	70,174	72,219	632,255
Total	¥420,657	¥414,042	$3,790,044

NOTE 21. Foreign Exchange Translation Gains and Losses

Foreign exchange translation gains and losses included in "Other, net" under "Other income (expenses)" in the consolidated statement of profit or loss for the years ended March 31, 2019 and 2018 are ¥(13,119) million ($(118,199) thousand) and ¥4,215 million, respectively.

NOTE 22. Finance Income (Costs)

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	**2019**
Interest income			
Financial assets measured at amortized cost	¥ 10,943	¥ 8,494	$ 98,594
Interest expenses			
Financial liabilities measured at amortized cost	(28,240)	(26,928)	(254,437)
Derivatives	1,206	219	10,865
Total interest expenses	(27,033)	(26,709)	(243,562)
Dividends received			
FVTOCI financial assets	24,024	20,790	216,451
Other	1,724	13,109	15,532

In addition to the above, net profit and loss on commodity-related derivatives is included in "Revenue" and "Cost of sales" in the consolidated statement of profit or loss in the amounts of ¥2,678 million ($24,128 thousand) and ¥1,995 million for the years ended March 31, 2019 and 2018, respectively.

NOTE 23. Deferred Taxes and Corporate Income Taxes

(1) Deferred taxes

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

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Deferred tax assets			
Elimination of unrealized profits	¥ 2,348	¥ 1,984	$ 21,155
Loss allowance	6,272	5,752	56,509
Retirement benefits liabilities	8,767	8,180	78,989
Accruals	6,363	6,549	57,329
Other investment	18,429	9,632	166,041
Net operating losses	15,560	29,744	140,192
Other	30,053	32,017	270,772
Total deferred tax assets	¥ 87,796	¥ 93,861	$ 791,026
Deferred tax liabilities			
Valuation difference on assets and liabilities of subsidiaries	¥ (13,931)	¥ (16,990)	$ (125,515)
Other investments	(71,305)	(95,598)	(642,445)
Property, plant and equipment	(9,429)	(9,377)	(84,953)
Other	(40,818)	(40,182)	(367,762)
Total deferred tax liabilities	¥(135,484)	¥(162,149)	$(1,220,686)
Total deferred tax assets (liabilities), net	¥ (47,688)	¥ (68,287)	$ (429,660)

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

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Balance of deferred tax assets (liabilities), net at beginning of the year	¥(68,287)	¥(60,456)	$(615,253)
Deferred tax expense	(12,016)	(709)	(108,262)
Income tax on other comprehensive income	22,924	(3,193)	206,541
Other	9,690	(3,928)	87,305
Balance of deferred tax assets (liabilities), net at end of the year	¥(47,688)	¥(68,287)	$(429,660)

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

The amounts of future deductible temporary differences for which deferred tax assets are not accounted for are ¥21,937 million ($197,648 thousand) and ¥13,254 million as of March 31, 2019 and 2018, respectively.

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Expire within one year	¥ 178	¥ –	$ 1,603
Expire in a fiscal year between one and five years	1,604	–	14,451
Expire in a fiscal year between five and ten years	2,218	79	19,983
Expire in a fiscal year over ten years	29,454	3,838	265,375
Total	¥33,457	¥3,917	$301,441

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

The amounts of future taxable temporary differences in connection with investments in subsidiaries for which deferred tax liabilities are not accounted for are ¥568,881 million ($5,125,515 thousand) and ¥512,875 million as of March 31, 2019 and 2018, respectively.

(2) Corporate income tax expense

(i) Breakdown of corporate income tax expense

The breakdown of corporate income tax expense is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Current	¥62,424	¥58,649	$562,429
Deferred	12,016	709	108,262
Total	¥74,440	¥59,359	$670,691

Deferred tax above includes adjustments due to reassessment of recoverability of deferred tax assets. For the years ended March 31, 2019 and 2018, the amounts of adjustments are insignificant.

(ii) Reconciliation of the statutory effective tax rate

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

	%	
	2019	2018
Statutory effective tax rate	30.5	30.7
(Adjustments)		
Permanent nondeductible differences such as entertainment expenses	0.3	0.3
Equity in earnings of unconsolidated subsidiaries and associates accounted for using the equity method	(0.6)	(2.2)
Differences in tax rates applied for foreign operations	(0.1)	(1.3)
Reassessment of recoverability of deferred tax assets	2.7	(0.0)
Other	(0.3)	0.8
Average effective tax rate	32.5	28.3

The statutory effective tax rate in Japan, which is calculated based on corporation tax, inhabitant tax and tax-deductible enterprise tax, is 30.5% for the year ended March 31, 2019 and 30.7% for the year ended March 31, 2018. For foreign operations, however, local foreign corporate tax rates are to be applied.

NOTE 24. Other Comprehensive Income

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Remeasurements of defined benefit pension plans:			
Amount arising during the year	¥ (2,187)	¥ (174)	$ (19,704)
Income tax effects	487	1,319	4,387
Total	(1,699)	1,144	(15,307)
FVTOCI financial assets:			
Amount arising during the year	(78,997)	23,320	(711,748)
Income tax effects	23,620	(5,059)	212,811
Total	(55,377)	18,260	(498,936)
Cash flow hedges:			
Amount arising during the year	9,445	(12,656)	85,097
Reclassification to profit or loss in the year	(5,865)	13,029	(52,842)
Income tax effects	(1,183)	547	(10,658)
Total	2,396	920	21,587
Exchange differences on translation of foreign operations:			
Amount arising during the year	(27,952)	1,723	(251,842)
Reclassification to profit or loss in the year	3,314	(824)	29,858
Income tax effects	–	–	–
Total	(24,637)	898	(221,974)
Share of other comprehensive income of investments accounted for using the equity method:			
Amount arising during the year	(3,521)	6,332	(31,723)
Reclassification to profit or loss in the year	(1,015)	(1,282)	(9,144)
Total	(4,537)	5,050	(40,877)
Total	¥(83,855)	¥ 26,275	$(755,518)

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

NOTE 25. Earnings per Share

The basis for calculation of basic earnings per share attributable to owners of the parent is summarized in the table shown below. Diluted earnings per share attributable to owners of the parent are not stated since there are no dilutive shares.

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Profit for the year attributable to owners of the parent	¥132,622	¥130,228	$1,194,900
Basic weighted average shares (thousand shares)	351,885	351,889	

	Yen		U.S. Dollars
Basic earnings per share attributable to owners of the parent	¥376.89	¥370.08	$3.39

NOTE 26. Cash Flow Information

(1) Cash and cash equivalents

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

(2) Changes in liabilities arising from financing activities

The following tables summarize changes in liabilities arising from financing activities.

	Millions of Yen					
	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease obligations	Total
April 1, 2017	¥403,932	¥1,014,821	¥ –	¥149,405	¥ 6,065	¥1,574,224
Changes arising from cash flows	(83,568)	(155,478)	138,000	19,941	(4,142)	(85,247)
Changes arising from business combinations	1,067	5,042	–	–	–	6,109
Foreign exchange translation	(1,841)	4,774	–	–	(665)	2,267
Other	(5,729)	(19,584)	–	(2)	5,992	(19,324)
Changes not arising from cash flows	(6,503)	(9,767)	–	(2)	5,326	(10,947)
March 31, 2018	¥313,860	¥ 849,575	¥138,000	¥169,343	¥ 7,249	¥1,478,029
Changes arising from cash flows	24,947	(8,788)	(53,000)	66,143	(3,867)	25,436
Changes arising from business combinations	53	2,589	–	–	8	2,651
Foreign exchange translation	(2,081)	(3,933)	–	–	(103)	(6,118)
Other	(518)	7,244	–	(390)	1,370	7,706
Changes not arising from cash flows	(2,545)	5,899	–	(390)	1,275	4,239
March 31, 2019	¥336,262	¥ 846,687	¥ 85,000	¥235,097	¥ 4,658	¥1,507,705

	Thousands of U.S. Dollars					
	Short-term borrowings	Long-term borrowings	Commercial papers	Bonds	Lease obligations	Total
March 31, 2018	$2,827,822	$7,654,518	$1,243,355	$1,525,750	$ 65,312	$13,316,776
Changes arising from cash flows	224,767	(79,178)	(477,520)	595,936	(34,840)	229,173
Changes arising from business combinations	477	23,326	–	–	72	23,885
Foreign exchange translation	(18,749)	(35,435)	–	–	(928)	(55,122)
Other	(4,667)	65,267	–	(3,513)	12,343	69,429
Changes not arising from cash flows	(22,929)	53,148	–	(3,513)	11,487	38,192
March 31, 2019	$3,029,660	$7,628,498	$ 765,834	$2,118,181	$ 41,967	$13,584,151

(3) Amount paid upon acquisition of subsidiaries

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Assets acquired:			
Current assets	¥ 1,596	¥28,050	$ 14,379
Non-current assets	13,472	13,326	121,380
Liabilities assumed:			
Current liabilities	1,365	13,954	12,298
Non-current liabilities	2,421	5,620	21,812

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Consideration payable [of which, cash and cash equivalents]	¥ (7,232) [(7,232)]	¥ (10,955) [(10,955)]	$ (65,159) [(65,159)]
Of assets acquired, the amount of cash and cash equivalents	1,027	14,249	9,253
Difference: Amount paid upon acquisition of subsidiaries	¥ (6,204)	¥ 3,294	$ (55,896)

(4) Amount received upon sale of subsidiaries

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

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Assets sold:			
Current assets	¥5,606	¥11,567	$50,509
Non-current assets	524	846	4,721
Liabilities relieved:			
Current liabilities	1,513	8,380	13,631
Non-current liabilities	–	105	–

	Millions of Yen		Thousands of U.S. Dollars
	2019	2018	2019
Consideration assumed [of which, cash and cash equivalents]	¥ 4,064 [4,064]	¥ 1,332 [1,332]	$ 36,615 [36,615]
Of assets sold, the amount of cash and cash equivalents	(99)	(84)	(891)
Difference: Amount received upon sale of subsidiaries	¥ 3,965	¥ 1,247	$ 35,723

NOTE 27. Major Subsidiaries

(1) Major subsidiaries are as follows:

Corporate name	Location	Major business description	Voting rights (%)
Toyota Steel Center Co., Ltd.	Tokai-shi, Aichi	Metals	90.0
Toyota Tsusho Material Incorporated	Nakamura-ku, Nagoya	Metals	100.0
Toyotsu Tekkou Hanbai Corporation	Nakamura-ku, Nagoya	Metals	100.0
Eurus Energy Holdings Corporation	Minato-ku, Tokyo	Machinery, Energy & Project	60.0
Toyotsu Machinery Corporation	Nakamura-ku, Nagoya	Machinery, Energy & Project	100.0
Toyotsu Energy Corporation	Nakamura-ku, Nagoya	Machinery, Energy & Project	100.0
Nexty Electronics Corporation	Minato-ku, Tokyo	Chemicals & Electronics	100.0
Elematec Corporation	Minato-ku, Tokyo	Chemicals & Electronics	58.6
Tomen Devices Corporation	Chuo-ku, Tokyo	Chemicals & Electronics	50.1
Toyotsu Chemiplas Corporation	Minato-ku, Tokyo	Chemicals & Electronics	100.0
Toyota Tsusho Foods Corporation	Minato-ku, Tokyo	Food & Consumer Services	100.0
Toyota Tsusho Insurance Partners Corporation	Nakamura-ku, Nagoya	Food & Consumer Services	100.0
Toyotsu Rare Earths India Private Limited	Visakhapatnam, India	Metals	100.0
TT Automotive Steel (Thailand) Co., Ltd.	Chachoengsao, Thailand	Metals	100.0
Toyota Tsusho South Pacific Holdings Pty Ltd	Brisbane, Australia	Automotive	100.0
Business Car Co. Ltd.	Moscow, Russia	Automotive	92.0
Toyota Tsusho Petroleum Pte. Ltd.	Singapore, Singapore	Machinery, Energy & Project	100.0
Toyota Tsusho CBM Queensland Pty Ltd	Brisbane, Australia	Machinery, Energy & Project	100.0
Toyota Tsusho Gas E&P Trefoil Pty Ltd	Brisbane, Australia	Machinery, Energy & Project	100.0
Toyota Tsusho Wheatland Inc.	New Brunswick, Canada	Machinery, Energy & Project	100.0
PT. Toyota Tsusho Real Estate Cikarang	Bekasi, Indonesia	Food & Consumer Services	100.0
NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A.	São Paulo, Brazil	Food & Consumer Services	100.0
CFAO SAS	Sèvres, France	Africa	100.0
Toyota Tsusho America, Inc.	New York, U.S.A.	Overseas subsidiary	100.0
Toyota Tsusho Europe S.A.	Zaventem, Belgium	Overseas subsidiary	100.0
Toyota Tsusho (Thailand) Co., Ltd.	Bangkok, Thailand	Overseas subsidiary	49.0
Toyota Tsusho Asia Pacific Pte. Ltd.	Singapore, Singapore	Overseas subsidiary	100.0
P.T. Toyota Tsusho Indonesia	Jakarta, Indonesia	Overseas subsidiary	100.0
Toyota Tsusho India Private Limited	Bangalore, India	Overseas subsidiary	100.0
Toyota Tsusho (Shanghai) Co., Ltd.	Shanghai, China	Overseas subsidiary	100.0
Toyota Tsusho (Guangzhou) Co., Ltd.	Guangzhou, China	Overseas subsidiary	100.0
Toyota Tsusho (Tianjin) Co., Ltd.	Tianjin, China	Overseas subsidiary	100.0
Toyota Tsusho (Taiwan) Co., Ltd.	Taipei, Taiwan	Overseas subsidiary	79.9

Notes: 1. "Major business description" column primarily shows the segment name.
2. PT. Toyota Tsusho Real Estate Cikarang was newly established and included in the company's consolidated subsidiaries for the year ended March 31, 2019.
3. Toyota Tsusho (Thailand) Co., Ltd. is treated as a subsidiary of the company, because it is substantially controlled by the company, although its voting rights held by the company is not more than 50%.

(2) Transactions with non-controlling interests

There is no significant transaction with non-controlling interests for the years ended March 31, 2019 and 2018.

NOTE 28. Related Party Information

(1) Related party transactions

For the years ended March 31, 2019 and 2018

Classification	Corporate name	Type of transaction	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars 2019
Entity with significant influence over the group	Toyota Motor Corporation Group	Sales of raw materials	¥849,378	¥794,186	$7,652,743
		Purchase of automobiles	823,852	746,273	7,422,758

Outstanding balances arising from the transactions above are as follows:

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars 2019
Trade and other receivables	¥111,876	¥96,941	$1,007,982
Trade and other payables	83,495	69,468	752,274

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

(2) Remuneration to management executives

The amounts of remuneration to the company's management executives for the years ended March 31, 2019 and 2018 are ¥879 million ($7,919 thousand) and ¥972 million, respectively.

NOTE 29. Contingent Liabilities

(1) Guarantees

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

	Millions of Yen 2019	Millions of Yen 2018	Thousands of U.S. Dollars 2019
Guarantees issued for associates accounted for using the equity method	¥21,206	¥18,629	$191,062
Guarantees issued for third-parties	13,820	13,236	124,515
Total	¥35,027	¥31,865	$315,586

Some of the guarantees above are secured by third parties' counter guarantees, whose balances are ¥3,834 million ($34,543 thousand) and ¥3,473 million as of March 31, 2019 and 2018, respectively.

In addition, loss allowance is recorded for some of the financial guarantees above. The balance of such loss allowance is ¥132 million ($1,189 thousand) and ¥724 million as of March 31, 2019 and 2018, respectively.

(2) Other

The group carries out business activities on a global scale under supervision of regulatory bodies within Japan and abroad. Since such activities may involve certain risk, the group may receive claims or be subject to certain litigation.

As of March 31, 2019, there are several pending issues which may result in liabilities to the group, including unsettled lawsuits or notices of assessments from tax authorities and customs authorities based on different interpretations or applications of tax laws primarily in emerging countries. However, it is impossible to estimate their outcomes at this point of time due to the following reasons: (i) the collection of evidence is still underway, (ii) many related facts need to be identified and verified, and (iii) the legal basis or the nature of claims is not very clear.

NOTE 30. Subsequent Events

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

Report of Independent Auditors

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries

pwc

Independent Auditor's Report

To the Board of Directors of Toyota Tsusho Corporation

We have audited the accompanying consolidated financial statements of Toyota Tsusho Corporation ("the Company") and its consolidated subsidiaries, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2019, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Convenience translation
The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2019 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

PricewaterhouseCoopers Aarata LLC

August 6, 2019

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