To Our Shareholders

Matters to be disclosed on the Internet at the 97th meeting of General Meeting of Shareholders

◆Consolidated financial statements

・Consolidated Statement of Changes in Equity

・Notes to the Consolidated Financial Statements

◆Notes to Non-consolidated Financial Statements

Pursuant to applicable laws and regulations, and Article 14 of Toyota Tsusho Corporation's Articles of Incorporation, the aforesaid is deemed to have been provided to the shareholders by posting on Toyota Tsusho Corporation's website (http://www.toyota－tsusho.com/ir/).

May 31, 2018

Toyota Tsusho Corporation

Consolidated Statement of Changes in Equity (IFRS)
(April 1, 2017 to March 31, 2018)

［Rounded down to the nearest million yen］

	Year ended March 31, 2018	(Reference) Year ended March 31, 2017
Equity		
Share capital－Common stock		
Balance at the beginning of the year	64,936	64,936
Balance at the end of the year	64,936	64,936
Capital surplus		
Balance at the beginning of the year	150,494	153,751
Acquisition (disposal) of non-controlling interests	426	(3,224)
Acquisition (disposal) of treasury shares	0	(32)
Balance at the end of the year	150,921	150,494
Treasury shares		
Balance at the beginning of the year	(3,540)	(3,623)
Acquisition (disposal) of treasury shares	(37)	82
Balance at the end of the year	(3,578)	(3,540)
Other components of equity		
Remeasurements of defined benefit pension plans		
Balance at the beginning of the year	—	—
Increase (decrease) during the year	1,088	1,082
Reclassification to retained earnings	(1,088)	(1,082)
Balance at the end of the year	—	—
Financial assets measured at fair value through other comprehensive income		
Balance at the beginning of the year	232,692	205,971
Increase (decrease) during the year	18,844	36,245
Reclassification to retained earnings	(3,111)	(9,524)
Balance at the end of the year	248,425	232,692
Cash flow hedges		
Balance at the beginning of the year	(14,402)	(26,738)
Increase (decrease) during the year	1,440	12,335
Balance at the end of the year	(12,961)	(14,402)

[Rounded down to the nearest million yen]

	Year ended March 31, 2018	(Reference) Year ended March 31, 2017
Exchange differences on translation of foreign operations		
Balance at the beginning of the year	(107,206)	(78,603)
Increase (decrease) during the year	1,685	(28,602)
Balance at the end of the year	(105,520)	(107,206)
Retained earnings		
Balance at the beginning of the year	727,644	630,964
Reclassification from other components of equity	4,199	10,607
Profit for the year attributable to owners of the parent	130,228	107,903
Dividends	(29,577)	(21,829)
Balance at the end of the year	832,495	727,644
Total equity attributable to owners of the parent	1,174,718	1,050,619
Non-controlling interests		
Balance at the beginning of the year	172,893	169,326
Dividends paid to non-controlling interests	(13,453)	(14,623)
Acquisition (disposal) of non-controlling interests	4,652	(2,778)
Profit for the year attributable to non-controlling interests	20,162	20,431
Other comprehensive income attributable to non-controlling interests		
Remeasurements of defined benefit pension plans	37	(23)
Financial assets measured at fair value through other comprehensive income	350	1,513
Cash flow hedges	215	775
Exchange differences on translation of foreign operations	2,614	(3,270)
Other	(3)	1,542
Balance at the end of the year	187,468	172,893
Total equity	1,362,187	1,223,513
Comprehensive income for the year attributable to:		
Owners of the parent	153,287	128,964
Non-controlling interests	23,378	19,427
Total comprehensive income for the year	176,666	148,391
Including other comprehensive income for the year, net of tax	26,275	20,057

Notes to the Consolidated Financial Statements

1. Basis of Preparation of Consolidated Financial Statements

(1) Basis for Preparing Consolidated Financial Statements

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to Article 120(1) of the Companies Act's Regulations for Corporate Accounting. However, in accordance with the second sentence of the said paragraph, the Company omits a part of the presentation and notes required by the IFRS.

(2) Scope of consolidation

Consolidated subsidiaries: 717 companies

Toyota Steel Center Co., Ltd., Toyota Tsusho Material Incorporated, TOYOTSU TEKKOU HANBAI CORPORATION, Eurus Energy Holdings Corporation, Toyotsu Machinery Corporation, Toyotsu Energy Corporation, NEXTY Electronics Corporation, Elematec Corporation, Tomen Devices Corporation, Toyotsu Chemiplus Corporation, Toyota Tsusho Insurance Partners Corporation, TT AUTOMOTIVE STEEL(THAILAND)CO.,LTD., Toyota Tsusho South Pacific Holding Pty. Ltd., Business Car Co. Ltd., Toyota Tsusho Petroleum Pte. Ltd., CFAO SAS,Toyota Tsusho America, Inc., Toyota Tsusho Europe, S.A., Toyota Tsusho (Thailand) Co., Ltd., Toyota Tsusho Asia Pacific Pte. Ltd., PT. Toyota Tsusho Indonesia, Toyota Tsusho (Shanghai) Co., Ltd., Toyota Tsusho (Guangzhou) Co., Ltd., Toyota Tsusho (Tianjin) Co., Ltd., Toyota Tsusho (Taiwan) Co., Ltd., etc.

(3) Companies accounted for by the equity method

Affiliated Companies; 238 companies

Name of the principal equity application company

Sanyo Chemical Industries, Ltd. , CHUO PRECISION INDUSTRIAL CO.,LTD. , Orocobre Limited , KPX Holdings Co.,Ltd. etc.

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

(ii) Business combinations

Business combinations are accounted for using the acquisition method. Non-controlling interests are measured at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets. The Company determines the measurement method for each business combination.If the aggregate amount of the consideration transferred and the amount of non-controlling interests in the acquire exceeds the net identifiable assets acquired and liabilities assumed at the acquisition date, the Company recognizes the excess amount as goodwill; however, if such aggregate amount does not exceed, the Company recognizes the amount in profit or loss.Acquisition-related costs are recognized in profit or loss as incurred.

(iii) Associates and joint ventures

An associate, an entity over which the Group has significant influence over the decisions on financial and operating policies but does not control, is accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the entity but not fall under the control. The Group presumes to have significant influence over the entity when the Group holds twenty percent or more and fifty percent or less of voting rights of the entity.A joint venture is an entity under a joint arrangement whereby multiple parties, including the Group, have joint control for significant economic operations of the entity and the Group has a right to net assets of the entity. Joint ventures are accounted for using the equity method.When accounting policies adopted by associates and joint ventures differ from those adopted by the Group, adjustments are made to the financial accounts of such associates and joint ventures as necessary.In addition, significant unrealized profit and loss are eliminated to the extent of the Group's interest in the associates and joint ventures.

2) Foreign currency translation

(i) Translation of foreign currency transactions

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the date of the transactions.Monetary items denominated in foreign currencies are translated into functional currency using the spot exchange rate at the fiscal year-end. Exchange differences arising from translation and settlement are recognized in profit or loss.Non-monetary items in foreign currency, which are measured on a historical cost basis, are translated into functional currency using the spot exchange rate at the date of transaction.Non-monetary items in foreign currency, which are measured at fair value, are translated into functional currency using the spot exchange rate at the date of fair value measurement.With respect to exchange differences of non-monetary items, when a gain or loss on non-monetary items is recognized in other comprehensive income, the foreign exchange component of the gain or loss is also recognized in other comprehensive income. When a gain or loss on non-monetary items is recognized in profit or loss, the foreign exchange component of the gain or loss is also recognized in profit or loss.

(ii) Translation of foreign operations

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

3) Cash and cash equivalents

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

4) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.The acquisition cost of inventories is determined by the specific identification method when inventory items are not ordinarily interchangeable and mainly by the moving-average method when inventory items are interchangeable.Inventories acquired with purpose of generating profits from short-term fluctuations in price are measured at fair value less costs to sell, where any changes in fair value are recognized in profit or loss.

5) Assets held for sale

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

6) Financial instruments

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

(i) Non-derivative financial assets

Non-derivative financial assets are classified into financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income ("FVTOCI financial assets") upon initial recognition at the date of transaction.The Group derecognizes a financial asset when (a) the contractual rights to the cash flows from the financial assets expire, or (b) the contractual rights to receive the cash flows from the financial asset are transferred and all risks and rewards of ownership of the financial assets are substantially transferred.

(a) Financial assets measured at amortized cost

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

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

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

(b) FVTOCI financial assets

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

(ii) Impairment of non-derivative financial assets

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

The Group assesses a financial asset as “credit-impaired” based on objective evidences such as a borrower’s significant financial difficulty, default or delinquency of interest or principle payments, and bankruptcy.The Group writes off the gross carrying value of a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on the asset.

(iii) Non-derivative financial liabilities

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

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

(iv) Derivatives and hedge accounting

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

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

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

(a) Fair value hedge

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

(b) Cash flow hedge

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

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

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

(c) Hedges of net investments in foreign operations

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

(v) Offsetting of financial assets and financial liabilities

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

7) Property, plant and equipment

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

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

Buildings and structures 2 to 60 years

Machinery and vehicles 2 to 40 years

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

8) Intangible assets

(i) Goodwill

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

(ii) Intangible assets other than goodwill

Intangible assets other than goodwill are initially recognized at acquisition cost if acquired individually or at fair value at the acquisition date if acquired through a business combination.

After initial recognition, the assets are measured at acquisition costs less any accumulated amortization and applicable accumulated impairment loss based on a cost model.

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

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

Software 2 to 15 years

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

9) Investment property

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

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

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

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

10) Leases

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

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

(i) Finance lease

(a) Lessee

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

(b) Lessor

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

(ii) Operating lease

(a) Lessee

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

(b) Lessor

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

11) Impairment of non-financial assets

The Group assesses whether there is any indication that any of the following non-financial assets may be impaired as of the fiscal year-end: property, plant and equipment, intangible assets other than goodwill, investment property and leased assets. If any such indication of impairment exists, the Group estimates the recoverable amount of the asset or the cash-generating unit. The Group examines impairment of goodwill by comparing carrying amount and recoverable amount on an annual basis, or on a timely basis if there is an indication that the goodwill may be impaired. The recoverable amount of an asset or a cashgenerating 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 cashgenerating unit, an impairment loss is reversed to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset. Impairment losses recognized for goodwill are not reversed in subsequent periods.

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

12) Provisions

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

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

13) Employee benefits

(i) Defined benefit plans

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

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

(ii) Defined contribution plans

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

(iii) Short-term employee benefits

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

14) Equity

(i) Share capital and capital surplus

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

(ii) Treasury shares

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

15) Revenue recognition

(i) Revenue recognition criteria

(a) Sales of goods

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

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

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

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

(b) Rendering of services

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

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

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

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

(c) Other

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

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

(ii) Revenue measurement

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

(iii) Gross and net presentation of revenues

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

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

16) Income taxes

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

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

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

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

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

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

17) Government grants

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

18) Adoption of the Consolidated Taxation System

The Company and certain consolidated subsidiaries have adopted the consolidated taxation system.

2. Notes to Consolidated Statement of Financial Position

(1) Accumulated depreciation of property, plant and equipment — ¥487,791 million

(2) Pledged assets

Assets pledged as collateral

Cash and cash equivalents	¥23,607 million
Trade and other receivables	¥11,428 million
Inventories	¥830 million
Property, plant and equipment	¥207,542 million
Other investments	¥9,385 million
Other	¥15,734 million
Total	¥268,529 million

Collateral secured obligations

Bonds and borrowings	¥190,437 million
Total	¥190,437 million

(3) Contingent liabilities

1) Guarantee obligations (including commitments to guarantee, etc.) — ¥31,865 million

2) Others

The Group is engaged in global business activities and operates under the instruction and supervision of the regulatory authorities in Japan and overseas. Such business activities entail risks, wherein the Company may become subject to litigation, receive complaints or other actions.

As of March 31, 2018, the Group has received notices from tax and customs authorities and notices of assessments regarding the interpretation and application of taxation mainly in the emerging countries, in addition to facing unresolved litigation. Due to various factors including the fact that such cases are currently at the stage of evidence gathering, many of the relevant factors need to be clarified and the legal grounds and the nature of the claims remain unclear; the outcome of these cases cannot be predicted at the current time.

(4) Notes maturing at the fiscal year-end are treated as having settled on the clearance date. As the current fiscal year-end fell on a bank holiday, the following matured notes are included in the balance as at the end of the current fiscal year.

Notes receivable	¥7,665 million
Notes payable	¥10,227 million

3. Notes on Consolidated Statements of Changes in Equity

(1) Class and number of issued shares as of March 31, 2018

Common stock 354,056,516 shares

(2) Class and number of shares of treasury stock as of March 31, 2018

Common stock 2,170,002 shares

(3) Information on dividends

(i) Dividend payment amounts, etc.

a. Information on dividends approved by the 96th Ordinary General Meeting of Shareholders held on June 23, 2017

・Total amount of dividends: ¥13,732 million
・Dividend per share: ¥39
・Record date: March 31, 2017
・Effective date of dividend payment: June 26, 2017

b. Information on dividends approved by the Board of Directors meeting held on October 31, 2017

・Total amount of dividends: ¥15,845 million
・Dividend per share: ¥45
・Record date: September 30, 2017
・Effective date of dividend payment: November 27, 2017

(ii) Dividends with record dates attributable to but effective dates after the fiscal year ended March 31, 2018

Information on dividends to be put before the 96th Ordinary General Meeting of Shareholders to be held on June 21, 2018

・Total amount of dividends: ¥17,253 million
・Dividend per share: ¥49
・Record date: March 31, 2018
・Effective date of dividend payment: June 22, 2018

4. Notes on Financial Instruments

(1) Status of financial instruments

The Toyota Tsusho Group (the "Group") limits the management of its funds to short-term deposits and other short-term financial instruments, and obtains financing through loans from banks and other financial institutions.

The Group aims to reduce the credit risks of customers associated with notes and accounts receivable-trade, in accordance with its transaction management regulations. Investment securities held by the Group comprise mainly equities, and the fair value of listed stocks are measured on a quarterly basis.

Borrowings are used mainly for working capital, and capital and business investments. The Group manages the risk of fluctuating interest rates on a portion of these long-term borrowings by executing interest rate swaps to fix interest payments. The Group uses derivatives within the scope of actual needs, in accordance with its internal control regulations.

(2) Market value of financial instruments

The carrying amounts and fair values of financial instruments as at the current fiscal year-end are as follows.

(Millions of Yen)

	Carrying amount	Fair value
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	423,426	423,426
Trade and other receivables	1,373,886	1,373,991
Other financial assets	60,843	60,843
Financial assets measured at amortized cost, total	1,858,156	1,858,261
Financial assets measured at fair value through profit or loss		
Other financial assets	34,637	34,637
Financial assets measures at fair value through profit or loss, total	34,637	34,637
Financial assets measured at fair value through other comprehensive income		
Other investments	529,739	529,739
Financial assets measured at fair value through other comprehensive income, total	529,739	529,739
Total	2,422,534	2,422,639
Financial liabilities		
Financial liabilities measured at amortized cost		
Trade and other payables	1,102,290	1,102,290
Bonds and borrowings	1,470,779	1,478,401
Financial liabilities measured at amortized cost, total	2,573,069	2,580,691
Financial liabilities measured at fair value through profit or loss		

Other financial liabilities	37,296	37,296
Financial liabilities measured at fair value through profit or loss, total	37,296	37,296
Total	2,610,365	2,617,987

(Note) Derivative receivables and payables are included in other financial assets and other financial liabilities.

Method to measure the fair value is shown below.

1) Financial instruments at amortised cost

(a) Cash and cash equivalents

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

(b) Trade and other receivables

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

(c) Other financial assets

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

(d) Trade and other payables

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

(e) Bonds and borrowings

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

2) Financial instruments measured at fair value through profit and loss

(a) Other financial assets

The fair values of marketable derivatives are measured based on their market price. The fair values of over-the-counter derivatives are measured based on their offered prices by brokers or observable inputs.

(b) Other financial liabilities

The fair values of marketable derivatives are measured based on their market price. The fair values of over-the-counter derivatives are measured based on their offered prices by brokers or observable inputs.

3) Financial instruments measured at fair value through other comprehensive income

Other investments

The fair values of marketable equity securities are measured based on their market price. The fair values of non-marketable equity securities and capital contributions 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.

5. Notes to Investment Property

(1) Status of investment property

The Company and certain consolidated subsidiaries hold rental commercial facilities and rental office buildings (including land) in the Tokai and other regions.

(2) Market value of investment property

(Millions of Yen)

Carrying amount	Fair value
18,782	26,491

(Note)

1. The carrying amount is the acquisition cost less accumulated depreciation and accumulated impairment losses.
2. The fair value is based on the price determined by an independent appraiser in the Real Estate Appraisal Report for major properties; and for other properties, the price independently calculated by the Company based on the Real Estate Appraisal Standards (including prices adjusted using various indicators).

6. Notes to Per Share Information

(1) Net assets per share (yen)	3,338.35
(2) Profit (loss) per share (yen)	370.08

Statement of Changes in Net Assets (April 1, 2017 to March 31, 2018)

［Rounded down to the nearest million yen］

	Shareholders' Equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings			
Balance at beginning of year	64,936	154,367	691	155,059	6,699	100,000	46,515	153,214	(3,297)	369,912
Increase (decrease) during the term										
Cash dividends paid							(29,577)	(29,577)		(29,577)
Profit							71,027	71,027		71,027
Purchase of treasury stock									(43)	(43)
Disposition of treasury stock			0	0					0	1
Other							(92)	(92)		(92)
Net increase (decrease) during the term, except for items under shareholders' equity										
Total increase (decrease)	-	-	0	0	-	-	41,357	41,357	(43)	41,315
Balance at end of year	64,936	154,367	692	155,059	6,699	100,000	87,872	194,572	(3,340)	411,228

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of year	122,390	(5,662)	116,728	486,641
Increase (decrease) during the term				
Cash dividends paid				(29,577)
Profit				71,027
Purchase of treasury stock				(43)
Disposition of treasury stock				1
Other				(92)
Net increase (decrease) during the term, except for items under shareholders' equity	16,074	1,385	17,460	17,460
Total increase (decrease)	16,074	1,385	17,460	58,776
Balance at end of year	138,465	(4,276)	134,189	545,417

Notes to Non-consolidated Financial Statements

1. Significant Accounting Policies

(1) Valuation standards and methods of assets

1) Shares of subsidiaries and associates: At cost determined by the moving average method

2) Available-for-sale securities

Securities with market prices

Fair value based on the market price on the closing dates (Net unrealized gains or losses on these securities are reported as a separate item under net assets, net of applicable income taxes. Sales costs are mainly determined by the moving average method.)

Securities without market price at cost, determined primarily by the moving average method.

3) Derivatives: At fair value

4) Inventories

Inventories held for sale in the ordinary course of business

Stated at cost, determined by the moving average method (The carrying amounts of inventories in the balance sheet are determined by writing down the inventories in line with the decrease in profitability); (however, the cost of merchandise for export and import is primarily determined by the identified cost method).

Inventories held for trading

At fair value

(2) Depreciation method for non-current assets

1) Property, plant and equipment other than leased assets:

Depreciated by the straight-line method

2) Intangible assets other than leased assets:

Amortized by the straight-line method

However, software for internal use is amortized using the straight-line method over its estimated useful life (5 years).

3) Leased assets:

Leased assets under finance lease transactions that do not transfer ownership to the lessee are depreciated over the lease term by the straight-line method with no residual value.

(3) Accounting for deferred assets

Bond issue costs entire amount is charged to expenses as incurred.

(4) Standards for the translation of foreign currency-denominated assets and liabilities into Japanese yen

Foreign currency-denominated receivables and payables are translated into Japanese yen at the spot rate prevailing at the fiscal year-end. The resulting translation difference is recorded in profit or loss.

(5) Accounting standards for provisions

1) Allowance for doubtful accounts

Allowances for doubtful accounts are recorded on the basis of historical loss experience for receivables and loans. For certain receivables and loans that are expected to default, specific allowances equivalent to the expected losses are established, upon considering recoverability.

2) Reserve for directors' bonuses

To prepare for the payment of bonuses to directors and corporate auditors, provision is made in the amount expected to be paid in the current fiscal year of the estimated amount of payment.

3) Provision for retirement benefits

To prepare for the payment of retirement benefits for employees, provision is made in the amount deemed to have arisen within the fiscal year based on the estimated value of projected retirement obligations and pension assets. In addition, at the end of the current fiscal year, pension assets exceeded the provision for retirement benefits and this excess amount of ¥13,307 million was recorded as prepaid pension cost.

To calculate retirement benefit obligations, the benefit formula is used for attributing expected retirement benefits to periods through March 31, 2018.

Past service costs are charged to expenses as incurred. Actuarial differences are amortized using the straight-line method over a given number of years (12 years) within the average remaining years of service of employees in the fiscal year in which they were incurred, and charged to expenses from the subsequent year.

4) Provision for loss on guarantees

To prepare for possible losses associated with guarantee obligations, provision is made in the amount of loss that the Company expects to incur, based on the financial condition of each guarantee.

5) Provision for loss on allowance for liquidation of affiliated companies

To prepare for possible losses associated with the transfer or withdrawal of businesses, provision is made in the estimated amount of such loss.

6) Provision for contract loss

To prepare for possible losses associated with future performance of contracts, provision is made in the estimated amount of such loss.

7) Provision for loss on litigation

To prepare for possible losses from litigation, provision is made in the estimated amount that is thought to be required by estimating loss amounts which may be incurred in the future.

(6) Hedge accounting method

Hedges are accounted for by the deferred hedge method.

(7) Accounting for consumption taxes

Consumption tax is excluded from transaction amounts

(8) Application of the Consolidated Taxation System

The Company has applied the consolidated taxation system.

2. Notes to Non-consolidated Balance Sheets

(1) Accumulated depreciation of property, plant and equipment	¥16,004 million

(2) Pledged assets

Assets pledged as collateral	
Investment securities	¥2,476 million
Shares of subsidiaries and associates	¥6,140 million
Total	¥8,616 million

(3) Guarantee obligations (including commitments to guarantee, etc.)	¥60,694 million
(4) Discount on export bills	¥15,822 million

(5) Monetary receivables and payables to associates were as follows.

1) Short-term monetary receivables	¥332,496 million
2) Long-term monetary receivables	¥2,475 million
3) Short-term monetary payables	¥211,020 million

(6) Notes maturing at the fiscal year-end are treated as having settled on the clearance date. As the current fiscal year-end fell on a bank holiday, the following matured notes are included in the balance as at the end of the current fiscal year.

Notes receivable	¥5,843 million
Notes payable	¥6,667 million

3. Notes to Non-consolidated Statements of Income

Amount of transactions with associates

1) Sales	¥1,094,120 million
2) Purchases	¥1,253,319 million
3) Amounts from non-operating transactions	¥79,146 million

4. Notes to Non-consolidated Statements of Changes in Net Assets

Class and number of shares of treasury stock as of March 31, 2018

Common stock	1,948,845 shares

5. Notes on Tax-effect Accounting

The main reasons for the occurrence of deferred tax assets were allowance for doubtful accounts, loss on valuation of investment securities, loss on valuation of shares of subsidiaries and associates, loss carried forward, etc., which have been netted against valuation allowance. The main reason for the occurrence of deferred tax liabilities was valuation difference on available-for-sale securities, etc.

6. Notes on Related Party Transactions

(1) Subsidiaries

Type	Company name	Location	Capital	Business	Ratio of voting rights ownership (owned)
Subsidiary	Toyota Tsusho Asia Pacific Pte. Ltd.	Singapore	SGD 2,000 thousand	Export, import and wholesale	Direct ownership 100.0%

Relationship with the Company		Business transactions		Transaction amount (Millions of yen)	Account	Ending balance (Millions of yen)
Directors' concurrent position	Business relationship					
1	Sale of merchandise handled by the Company; purchase of merchandise handled by the said company	Operational transactions	Sale of merchandise handled by the Company	23,244	Accounts receivable-trade	3,916
			Purchase of merchandise handled by the said company	10,913	Notes payable	24,495
					Accounts payable-trade	3,168

Type	Company name	Location	Capital	Business	Ratio of voting rights ownership (owned)
Subsidiary	Toyota Tsusho Petroleum Pte. Ltd.	Singapore	SGD 2,000 thousand	Sale of bunker oil and petroleum products	Direct ownership 100.0%

Relationship with the Company		Business transactions		Transaction amount (Millions of yen)	Account	Ending balance (Millions of yen)
Directors' concurrent position	Business relationship					
-	Sale of merchandise handled by the Company; purchase of merchandise handled by the said company	Operational transactions	Sale of merchandise handled by the Company	777	Accounts receivable-trade	-
			Purchase of merchandise handled by the said company	574,553	Accounts payable-trade	-

(Notes) Transaction terms and policy of determining transaction terms

1. Prices and other transaction terms are determined, upon individual negotiations.
2. The transaction amount does not include consumption tax. Outstanding receivables and payables relating to transactions subject to consumption tax include consumption tax.

Type	Company name	Location	Capital (Millions of yen)	Business	Ratio of voting rights ownership (owned)
Subsidiary	Eurus Energy Holdings Corporation	Minato-ku, Tokyo	18,199	Wind and solar power generation business	Direct ownership 60.0%

Relationship with the Company		Business transactions	Transaction amount (Millions of yen)	Account	Ending balance (Millions of yen)
Directors' concurrent position	Business relationship				
1	Financing transactions using cash management system	Receipt of deposits	-	Deposits received	46,559

Type	Company name	Location	Capital (Millions of yen)	Business	Ratio of voting rights ownership (owned)
Subsidiary	NEXTY ELECTRONICS CORPORATION	Minato-ku, Tokyo	5,284	Export, import and sale of semiconductors	Direct ownership 100.0%

Relationship with the Company		Business transactions	Transaction amount (Millions of yen)	Account	Ending balance (Millions of yen)
Directors' concurrent position	Business relationship				
2	Cash transactions through cash management system	Lending of funds	-	Short-term loans	36,177
	Receipt of dividends	Dividends received	15,545	-	-

(2) Other associates

Type	Company name	Location	Capital (Millions of yen)	Business	Ratio of voting rights ownership (owned)
Other associates	Toyota Motor Corporation	Toyoda, Aichi	635,401	Manufacture and sale of automobiles and automotive parts	Direct ownership 0.3%, Directly owned 21.8%, Indirectly owned 0.3%

Relationship with the Company		Business transactions		Transaction amount (Millions of yen)	Account	Ending balance (Millions of yen)
Directors' concurrent position	Business relationship					
2 directors transferred	Sale of merchandise handled by the Company, purchase of merchandise handled by the said company	Operational transactions	Sale of raw materials	260,188	Accounts receivable-trade	35,570
			Purchase of automobiles	229,514	Accounts payable-trade	15,948

(Notes) Transaction terms and policy of determining transaction terms

1. Prices and other transaction terms are determined in the same manner as general transactions, upon individual negotiations.
2. The transaction amount does not include consumption tax. Outstanding receivables and payables relating to transactions subject to consumption tax include consumption tax.

7. Notes to Per Share Information

(1) Net assets per share (yen) 1,549.01
(2) Net income per share (yen) 201.72