To Our Shareholders

Matters to be disclosed on the Internet at the 98th meeting of General Meeting of Shareholders

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 (https://www.toyota-tsusho.com/english/ir/).
The contents are included in the matters audited by the Audit & Supervisory Board and the independent auditors.

June 4, 2019

Toyota Tsusho Corporation

Matters relating to Independent Auditors

(1) Name of Independent Auditor: PricewaterhouseCoopers Aarata LLC
(2) Amount of remuneration, etc.
・Amount of remuneration for the fiscal year　310 million yen
・Total amount of cash and other financial profit that the Company and its subsidiaries pay Independent Auditors　　580 million yen

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

(3) Contents of the non-audit services
The Company has commissioned the Independent Auditor to issue confort letters for us to issue bonds, in addition to the services stated in the Certified Public Accountant Law Article 2, Paragraph 1.

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

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

Consolidated Statement of Changes in Equity

Year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

〔Rounded down to the nearest million yen〕

	Total equity attributable to owners of the parent							
				Other components of equity				
	Share capital	Capital surplus	Treasury shares	Remeasurements of defined benefit pension plans	Financial assets measured at FVTOCI	Cash flow hedges	Exchange differences on translation of foreign operations	Total
Balance at the beginning of the year	64,936	150,921	(3,578)	－	248,425	(12,961)	(105,520)	129,943
Profit for the year								
Other comprehensive income								
Remeasurements of defined benefit pension plans				(1,671)				(1,671)
Financial assets measured at FVTOCI					(55,504)			(55,504)
Cash flow hedges						2,734		2,734
Exchange differences on translation of foreign operations							(26,318)	(26,318)
Total comprehensive income for the year	－	－	－	(1,671)	(55,504)	2,734	(26,318)	(80,760)
Dividends								
Acquisition (disposal) of treasury shares		0	(18)					
Acquisition (disposal) of non-controlling interests		11						
Reclassification to retained earnings				1,671	(460)			1,210
Other								
Transactions with owners	－	11	(18)	1,671	(460)	－	－	1,210
Balance at the end of the year	64,936	150,933	(3,596)	－	192,460	(10,226)	(131,839)	50,394

	Total equity attributable to owners of the parent		Non-controlling interests	Total equity
	Retained earnings	Total		
Balance at the beginning of the year	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)	(36)	(1,707)
Financial assets measured at FVTOCI		(55,504)	(1,181)	(56,686)
Cash flow hedges		2,734	(124)	2,610
Exchange differences on translation of foreign operations		(26,318)	(1,753)	(28,071)
Total comprehensive income for the year	132,622	51,862	19,034	70,897
Dividends	(34,858)	(34,858)	(14,480)	(49,339)
Acquisition (disposal) of treasury shares		(18)		(18)
Acquisition (disposal) of non-controlling interests		11	1,750	1,762
Reclassification to retained earnings	(1,210)	—		—
Other	4,110	4,110	16	4,127
Transactions with owners	(31,958)	(30,754)	(12,713)	(43,468)
Balance at the end of the year	933,159	1,195,826	193,789	1,389,616

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: 737 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 Foods Corporation, Toyota Tsusho Insurance Partners Corporation, TT AUTOMOTIVE STEEL(THAILAND)CO.,LTD.,

Toyota Tsusho South Pacific Holdings 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., etc.

(3) Companies accounted for by the equity method

Affiliated Companies; 231 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 non-controlling 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

(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 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 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 (10 – 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

Effective from the fiscal year ended March 31 2019, the Toyota Tsusho Group has adopted IFRS 15 "Revenue from Contracts with Customers" (published May 2014) and "Clarifications to IFRS 15" (published April 2016) (collectively "IFRS 15"). In applying IFRS 15, the Group has adopted a method of recognizing the cumulative effect of application of this standard at the date of initial application.

The revenue recognition criteria associated with application of IFRS 15 are as follows.

① Basis of revenue recognition and measurement

The Group recognizes revenue based on the following five-step approach:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in each contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

② Timing of revenue recognition

In accordance with the above five-step approach, the Group recognizes revenue when the contract's performance obligations have been satisfied.

The Group sells commodities and other products, including metals, vehicles, automotive components, machinery, chemicals and food. For sales of such goods, a contract's performance obligations are satisfied at the point in time when control of the goods passes to the customer. Specifically, the Group recognizes revenue from the sale of goods at the point in time when the goods have been delivered to the delivery location specified in the contract with the customer or the goods have passed the customer's acceptance inspection, the Group has a right to receive the payment for the delivered goods, and legal title to and physical possession of the goods and the significant risks and rewards related to ownership of the goods have all been transferred to the customer.

The Group also provides services, performs construction contracting and develops made-to-order software. For these transactions, a contract's performance obligations are satisfied over a certain time period in accordance with the contract. The Group recognizes revenue based on its progress toward complete satisfaction of performance obligations by measuring such progress to depict its performance in transferring control of the goods and/or services being provided. As a general rule, the Group uses an input method to measure progress toward complete satisfaction of performance obligations. However, it considers the terms of individual transactions' contracts and the nature of the goods or services in determining an appropriate measurement method.

③Gross presentation and net presentation of revenue

For revenue from the sale of goods and provision of services, the Group presents revenue on a gross basis when it engages in the transaction as a principal, and on a net basis when it engages in the transaction as an agent. When determining whether it is a principal or an agent, the Group makes a comprehensive determination based on the following three indicators.

・Does the Group have inventory risk before or after it received the customer's order, including while the shipment is in transit or when goods are returned?

・Does the Group have discretion in setting the value of the goods or services of another party to the transaction? Is the benefit that the Group can receive from the good or service restricted?

・Is the Group primarily responsible for the performance of the contract?

The impact of the application of IFRS 15 is immaterial.

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 ¥527,121 million

(2) Pledged assets

Assets pledged as collateral

Cash and cash equivalents	¥25,285 million
Trade and other receivables	¥10,778 million
Inventories	¥1,344 million
Property, plant and equipment	¥224,002 million
Other investments	¥14,301 million
Other	¥13,831 million
Total	¥289,544 million

Collateral secured obligations

Bonds and borrowings	¥204,594 million
Total	¥204,594 million

(3) Contingent liabilities

1) Guarantee obligations ¥35,027 million
(including commitments to guarantee, etc.)

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, 2019, 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	¥9,215 million
Notes payable	¥15,713 million

3. Notes on Consolidated Statements of Changes in Equity

(1) Class and number of issued shares as of March 31, 2019

Common stock 354,056,516 shares

(2) Class and number of shares of treasury stock as of March 31, 2019

Common stock 2,169,311 shares

(3) Information on dividends

(i) Dividend payment amounts, etc.

a. Information on dividends approved by the 97th Ordinary General Meeting of Shareholders 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

b. Information on dividends approved by the Board of Directors meeting held on October 31, 2018

・Total amount of dividends: ¥17,605 million
・Dividend per share: ¥50
・Record date: September 30, 2018
・Effective date of dividend payment: November 27, 2018

(ii) Dividends with record dates attributable to but effective dates after the fiscal year ended March 31, 2019

Information on dividends to be put before the 98th Ordinary General Meeting of Shareholders to be held on June 25, 2019

・Total amount of dividends: ¥17,605 million
・Dividend per share: ¥50
・Record date: March 31, 2019
・Effective date of dividend payment: June 26, 2019

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) Fair 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	465,861	465,861
Trade and other receivables	1,425,201	1,425,265
Other financial assets	68,193	68,193
Financial assets measured at amortized cost, total	1,959,256	1,959,320
Financial assets measured at fair value through profit or loss		
Other financial assets	33,128	33,128
Financial assets measures at fair value through profit or loss, total	33,128	33,128
Financial assets measured at fair value through other comprehensive income	454,647	454,647
Other investments		
Financial assets measured at fair value through other comprehensive income, total	454,647	454,647
Total	2,447,033	2,447,097
Financial liabilities		
Financial liabilities measured at amortized cost		
Trade and other payables	1,202,141	1,202,141
Bonds and borrowings	1,503,047	1,518,836
Financial liabilities measured at amortized cost, Total	2,705,188	2,720,977
Financial liabilities measured at fair value through profit or loss		

Other financial liabilities	36,644	36,644
Financial liabilities measured at fair value through profit or loss, total	36,644	36,644
Total	2,741,832	2,757,621

(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

①Cash 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.

②Trade 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.

③Other 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.

④Trade and other payables

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

⑤Bonds 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

①Other 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.

②Other 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) Fair value of investment property

(Millions of Yen)

Carrying amount	Fair value
18,628	27,524

(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) Equity per share attributable to owners of the parent (yen)	3,398.32
(2) Basic earnings per share attributable to owners of the parent (yen)	376.89

Statement of Changes in Net Assets (April 1, 2018 to March 31, 2019)

[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	692	155,059	6,699	100,000	87,872	194,572	(3,340)	411,228
Cumulative effects of changes in accounting policies							13,481	13,481		13,481
Restated balance	64,936	154,367	692	155,059	6,699	100,000	101,353	208,053	(3,340)	424,709
Increase (decrease) during the term										
Cash dividends paid							(34,858)	(34,858)		(34,858)
Profit							58,684	58,684		58,684
Purchase of treasury stock									(26)	(26)
Disposition of treasury stock			0	0					0	0
Net increase (decrease) during the term, except for items under shareholders' equity										
Total increase (decrease)	-	-	0	0	-	-	23,825	23,825	(26)	23,800
Balance at end of year	64,936	154,367	692	155,060	6,699	100,000	125,179	231,879	(3,366)	448,509

	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	138,465	(4,276)	134,189	545,417
Cumulative effects of changes in accounting policies				13,481
Restated balance	138,465	(4,276)	134,189	558,898
Increase (decrease) during the term				
Cash dividends paid				(34,858)
Profit				58,684
Purchase of treasury stock				(26)
Disposition of treasury stock				0
Net increase (decrease) during the term, except for items under shareholders' equity	(24,026)	781	(23,244)	(23,244)
Total increase (decrease)	(24,026)	781	(23,244)	555
Balance at end of year	114,438	(3,494)	110,944	559,453

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 ¥12,590 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, 2019.

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. Note Concerning Change in Accounting Policy

(Application of Implementation Guidance on Tax Effect Accounting)

Effective from the fiscal year ended March 31 2019, the Group has applied Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, issued on February 16, 2018) and applied a review of the treatment of taxable temporary differences related to shares of affiliates and equity investments in affiliates in the financial statements.

This financial policy has been applied retroactively.

As a result, retained earnings brought forward at the beginning of the year for the fiscal year ended March 31 2019 increased by 13,481 million yen.

3. Note Concerning Change in Method of Presentation

(Application of Ministerial Ordinance on the Partial Amendment of the Ordinance for Enforcement of the Companies Act and Rules of Corporate Accounting accompanying Partial Amendments to Accounting Standard for Tax Effect Accounting)

Effective from the fiscal year ended March 31 2019, the Company has applied the Ministerial Ordinance on the Partial Amendment of the Ordinance for Enforcement of the Companies Act and Rules of Corporate Accounting (Ministry of Justice Ordinance No. 5, issued March 26, 2018) accompanying Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, issued February 16, 2018) and changed its method of presentation relating to deferred tax assets and deferred tax liabilities, which are now presented in investments and other assets and non-current liabilities, respectively.

As a result, the deferred tax assets presented in current assets in the fiscal year ended March 31 2018 (9,581 million yen in the fiscal year ended March 31 2018) and the deferred tax liabilities presented in non-current liabilities in the fiscal year ended March 31 2018 (49,296 million yen in the fiscal year ended March 31 2018) have been included and presented in the 18,436 million yen in deferred tax liabilities presented in non-current liabilities in the fiscal year ended March 31, 2019.

4. Notes to Non-consolidated Balance Sheets

(1) Accumulated depreciation of property, plant and equipment	¥16,844 million	
(2) Pledged assets		
Assets pledged as collateral		
Investment securities		¥2,539 million
Shares of subsidiaries and associates		¥6,140 million
Total		¥8,680 million
(3) Guarantee obligations (including commitments to guarantee, etc.)	¥57,145 million	

(4) Discount on export bills ¥10,828 million

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

1) Short-term monetary receivables	¥352,217 million
2) Long-term monetary receivables	¥1,448 million
3) Short-term monetary payables	¥218,684 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	¥6,313 million
Notes payable	¥7,035 million

5. Notes to Non-consolidated Statements of Income

Amount of transactions with associates

1) Sales	¥1,136,598 million
2) Purchases	¥1,033,579 million
3) Amounts from non-operating transactions	¥90,174 million

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

Class and number of shares of treasury stock as of March 31, 2019

Common stock 1,955,719 shares

7. 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.

8. Notes on Related Party Transactions

(1) Subsidiaries

Type	Company name	Location	Capital	Business	Ratio of voting rights ownership (owned)
Subsidiary	Toyota Tsusho America, Inc.	U.S.A.	USD 90,000 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	Receipt of dividends	Dividend income	13,822	-	-

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	Cash transactions through cash management system	Receipt of deposits	-	Deposits received	29,045

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	42,012

(2) Other associates

Type	Company name	Location	Capital (Millions of yen)	Business	Ratio of voting rights ownership (owned)
Other associates	Toyota Motor Corporation	Toyota, 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					
1	Sale of merchandise handled by the Company, purchase of merchandise handled by the said company	Operational transactions	Sale of raw materials	278,549	Accounts receivable-trade	37,878
			Purchase of automobiles	229,939	Accounts payable-trade	25,617

(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) 1,588.90

(2) Net income per share (yen) 166.67