

# Consolidated Balance Sheets

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries  
March 31, 2009 and 2008

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>Current Assets:</b>			
Cash and deposits (Note 3)	¥ 242,537	¥ 174,916	\$ 2,469,072
Trade notes and accounts receivable (Note 3)	690,646	1,108,792	7,030,907
Inventories (Notes 2 (22), 3 and 4)	426,391	444,155	4,340,741
Deferred tax assets—current (Note 8)	21,458	32,741	218,446
Other current assets (Note 3)	88,235	132,209	898,249
Less: allowance for doubtful accounts	(9,141)	(7,317)	(93,057)
Total current assets	1,460,128	1,885,496	14,864,379
<b>Property and Equipment, at Cost:</b>			
Land (Note 3)	51,111	51,304	520,319
Buildings and structures (Note 3)	152,569	143,679	1,553,181
Machinery, equipment and vehicles (Note 3)	154,197	148,787	1,569,754
Leased property (Note 2 (22))	22,323	–	227,252
Construction in progress	5,330	11,660	54,260
Other property and equipment (Note 3)	15,012	13,604	152,825
Less: accumulated depreciation (Note 2 (6))	(175,812)	(166,933)	(1,789,799)
Net property and equipment	224,733	202,101	2,287,824
<b>Intangible Assets:</b>			
Goodwill	103,423	118,358	1,052,865
Leased property (Note 2 (22))	749	–	7,624
Other intangible assets	14,306	13,321	145,637
Total intangible assets	118,479	131,679	1,206,138
<b>Investments and Other Assets:</b>			
Investment securities (Notes 3 and 14):			
Investment in unconsolidated subsidiaries and affiliates	127,326	140,208	1,296,202
Investment in third parties	140,179	208,341	1,427,048
Long-term loans (Note 3):			
Loans to unconsolidated subsidiaries and affiliates	4,060	1,562	41,331
Loans to third parties	6,364	9,738	64,786
Deferred tax assets—non-current (Note 8)	26,923	4,720	274,081
Others (Note 2 (11))	41,869	42,581	426,234
Less: allowance for doubtful accounts	(19,975)	(23,219)	(203,349)
Total investments and other assets	326,747	383,931	3,326,346
Total Assets	¥2,130,089	¥2,603,207	\$21,684,709

The accompanying notes are an integral part of the consolidated financial statements.

LIABILITIES AND NET ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>Current Liabilities:</b>			
Trade notes and accounts payable (Note 3)	¥ 492,678	¥ 906,982	\$ 5,015,555
Short-term loans payable and current portion of long-term debt (Notes 3 and 6)	331,064	316,453	3,370,294
Commercial paper	20,000	12,000	203,603
Bonds due within one year (Note 6)	—	5,400	—
Lease obligations—current (Notes 2 (22) and 6)	4,034	—	41,066
Income taxes payable	12,943	16,449	131,762
Deferred tax liabilities—current (Note 8)	671	21	6,830
Other current liabilities (Note 2 (10))	183,696	222,189	1,870,060
Total current liabilities	1,045,088	1,479,494	10,639,193
<b>Long-term Liabilities:</b>			
Bonds (Note 6)	95,000	75,000	967,117
Long-term debt, less current portion (Notes 3 and 6)	350,008	366,314	3,563,147
Lease obligations—non current (Notes 2 (22) and 6)	16,351	—	166,456
Deferred tax liabilities—non-current (Note 8)	7,814	15,527	79,547
Employee retirement benefits liability (Note 16)	12,406	12,791	126,295
Provision for liquidation of affiliated companies (Note 2 (14))	4,342	5,556	44,202
Provision for loss on compensations (Note 2 (15))	2,333	—	23,750
Provision for contract loss (Note 2 (16))	430	—	4,377
Other long-term liabilities (Note 2 (12))	9,317	8,794	94,848
Total long-term liabilities	498,004	483,982	5,069,775
Total Liabilities	1,543,092	1,963,476	15,708,968
<b>Net Assets (Note 19):</b>			
Shareholders' equity (Notes 7 and 22)			
Common stock, no par value :			
Authorized: 1,000,000,000 shares			
Issued: 354,056,516 shares (Note 21)	64,936	64,936	661,060
Capital surplus	154,367	154,367	1,571,485
Retained earnings	365,130	334,950	3,717,092
Less: treasury stock, at cost—3,762,239 shares in 2009 and 3,070,690 shares in 2008 (Note 21)	(6,749)	(5,274)	(68,706)
Total shareholders' equity	577,685	548,979	5,880,942
Difference of appreciation and conversion:			
Net unrealized gains on available-for-sale securities, net of taxes	2,147	40,362	21,856
Net deferred profits on hedges, net of taxes (Note 2 (22))	(2,300)	6,519	(23,414)
Foreign currency translation adjustments	(46,613)	(9,985)	(474,529)
Total difference of appreciation and conversion	(46,766)	36,896	(476,086)
Stock acquisition rights	1,089	582	11,086
Minority interests in consolidated subsidiaries	54,988	53,274	559,788
Total net assets	586,996	639,731	5,975,730
Total Liabilities and Net Assets	¥2,130,089	¥2,603,207	\$21,684,709

The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated Statements of Income

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries  
Years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>Net Sales</b> (Note 17)	<b>¥6,286,996</b>	¥7,000,353	<b>\$64,002,809</b>
<b>Cost of Sales</b> (Notes 4 and 17)	<b>5,960,317</b>	6,630,829	<b>60,677,155</b>
Gross Trading Profit	<b>326,679</b>	369,524	<b>3,325,654</b>
<b>Selling, General and Administrative Expenses</b> (Notes 9 and 17):			
Charges and fees	<b>17,045</b>	16,759	<b>173,521</b>
Traffic and traveling expenses	<b>12,579</b>	13,872	<b>128,056</b>
Communication expenses	<b>3,086</b>	3,142	<b>31,416</b>
Allowance for doubtful accounts	<b>4,534</b>	285	<b>46,156</b>
Salaries and wages	<b>95,091</b>	96,497	<b>968,044</b>
Retirement benefit expenses	<b>4,682</b>	3,943	<b>47,663</b>
Welfare expenses	<b>12,290</b>	12,206	<b>125,114</b>
Rental expenses	<b>13,957</b>	14,895	<b>142,084</b>
Depreciation and amortization except goodwill	<b>13,402</b>	11,620	<b>136,434</b>
Taxes other than income taxes	<b>4,332</b>	4,267	<b>44,100</b>
Amortization of goodwill	<b>15,575</b>	15,243	<b>158,556</b>
Others	<b>39,083</b>	45,124	<b>397,872</b>
	<b>235,661</b>	237,853	<b>2,399,073</b>
Operating Income (Note 17)	<b>91,017</b>	131,671	<b>926,570</b>
<b>Other Income (Expenses):</b>			
Interest income	<b>4,068</b>	6,205	<b>41,413</b>
Interest expenses	<b>(17,312)</b>	(19,232)	<b>(176,239)</b>
Dividend income	<b>13,414</b>	10,760	<b>136,557</b>
Share in net earnings in equity method	<b>6,610</b>	11,065	<b>67,291</b>
Other, net (Notes 10 and 12)	<b>(9,099)</b>	551	<b>(92,629)</b>
	<b>(2,318)</b>	9,349	<b>(23,597)</b>
<b>Income before Income Taxes and Minority Interests</b>	<b>88,698</b>	141,020	<b>902,962</b>
<b>Income Tax Expenses:</b>			
Current	<b>27,358</b>	32,745	<b>278,509</b>
Deferred	<b>13,992</b>	31,378	<b>142,441</b>
	<b>41,351</b>	64,123	<b>420,961</b>
<b>Minority Interests in Earnings of Consolidated Subsidiaries</b>	<b>7,123</b>	9,391	<b>72,513</b>
<b>Net Income</b>	<b>¥ 40,224</b>	¥ 67,506	<b>\$ 409,487</b>

	Yen		U.S. Dollars (Note 1)
<b>Amounts per Share</b> (Notes 20 and 22):			
Net income:			
Basic	<b>¥114.73</b>	¥192.44	<b>\$1.17</b>
Diluted	<b>114.72</b>	192.08	<b>1.17</b>
Cash dividends	<b>26.00</b>	30.00	<b>0.26</b>

The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated Statements of Changes in Net Assets

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries  
Years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>Shareholders' Equity:</b>			
<b>Common Stock:</b>			
Beginning Balance	¥ 64,936	¥ 64,936	\$ 661,060
Ending Balance	¥ 64,936	¥ 64,936	\$ 661,060
<b>Capital Surplus:</b>			
Beginning Balance	¥154,367	¥154,367	\$1,571,485
Ending Balance	¥154,367	¥154,367	\$1,571,485
<b>Retained Earnings:</b>			
Beginning Balance	¥334,950	¥275,466	\$3,409,854
Cash dividends paid (Note 22)	(11,928)	(9,821)	(121,429)
Net income	40,224	67,506	409,487
Bonuses to directors and corporate auditors	-	(16)	-
Loss on the disposition of treasury stock	(130)	(391)	(1,323)
Net increase (decrease) of consolidated subsidiaries	2,110	660	21,480
Net increase (decrease) of companies accounted for by the equity method	619	1,719	6,301
Others, net	(714)	(173)	(7,268)
Ending Balance	¥365,130	¥334,950	\$3,717,092
<b>Treasury Stock, at Cost:</b>			
Beginning Balance	¥ (5,274)	¥ (4,631)	\$ (53,690)
Purchase of treasury stock	(1,912)	(2,778)	(19,464)
Disposal of treasury stock	455	2,150	4,631
Others, net	(16)	(15)	(162)
Ending Balance	¥ (6,749)	¥ (5,274)	\$ (68,706)
<b>Total Shareholders' Equity</b>	<b>¥577,685</b>	<b>¥548,979</b>	<b>\$5,880,942</b>
<b>Difference of Appreciation and Conversion:</b>			
<b>Net Unrealized Gains on Available-for-Sale Securities, Net of Taxes:</b>			
Beginning Balance	¥ 40,362	¥ 70,714	\$ 410,892
Change in unrealized gains	(38,214)	(30,352)	(389,025)
Ending Balance	¥ 2,147	¥ 40,362	\$ 21,856
<b>Net Deferred Profits on Hedges, Net of Taxes (Note 2 (22)):</b>			
Beginning Balance	¥ 6,519	¥ 12,758	\$ 66,364
Change in deferred profits on hedges	(8,820)	(6,239)	(89,789)
Ending Balance	¥ (2,300)	¥ 6,519	\$ (23,414)
<b>Foreign Currency Translation Adjustments:</b>			
Beginning Balance	¥ (9,985)	¥ 5,310	\$ (101,649)
Change in foreign currency translation adjustments	(36,627)	(15,295)	(372,869)
Ending Balance	¥ (46,613)	¥ (9,985)	\$ (474,529)
<b>Total Difference of Appreciation and Conversion</b>	<b>¥ (46,766)</b>	<b>¥ 36,896</b>	<b>\$ (476,086)</b>
<b>Stock Acquisition Rights:</b>			
Beginning Balance	¥ 581	¥ 144	\$ 5,914
Change in stock acquisition rights	508	438	5,171
Ending Balance	¥ 1,089	¥ 582	\$ 11,086
<b>Minority Interests in Consolidated Subsidiaries:</b>			
Beginning Balance	¥ 53,273	¥ 47,475	\$ 542,329
Change in minority interests	1,714	5,799	17,448
Ending Balance	¥ 54,988	¥ 53,274	\$ 559,788
<b>Total Net Assets</b>	<b>¥586,996</b>	<b>¥639,731</b>	<b>\$5,975,730</b>

The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated Statements of Cash Flows

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries  
Years ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes and minority interests	¥ 88,698	¥ 141,020	\$ 902,962
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization except goodwill	28,634	22,154	291,499
Amortization of goodwill	15,575	15,243	158,556
Net change in allowance for doubtful accounts—net	2,290	(8,197)	23,312
Interest and dividend income	(17,483)	(16,965)	(177,980)
Interest expense	17,312	19,232	176,239
Share in net earnings in equity method	(6,610)	(11,065)	(67,291)
Net change in receivables	382,580	(120,860)	3,894,736
Net change in inventories	7,811	(75,860)	79,517
Net change in payables	(383,103)	147,956	(3,900,061)
Others, net	12,614	21,633	128,412
Subtotal	148,321	134,291	1,509,935
Interest and dividend received	23,275	21,234	236,943
Interest paid	(17,610)	(19,360)	(179,273)
Income taxes paid	(30,225)	(31,437)	(307,696)
Net cash provided by operating activities	123,760	104,728	1,259,900
<b>Cash Flows from Investing Activities:</b>			
Net decrease in time deposits	709	422	7,217
Payments for purchase of property and equipment	(38,806)	(35,540)	(395,052)
Proceeds from sale of property and equipment	8,462	3,456	86,144
Payments for purchase of intangible assets	(5,973)	(7,178)	(60,806)
Proceeds from sale of intangible assets	108	39	1,099
Payments for purchase of investment securities	(18,173)	(16,430)	(185,004)
Proceeds from sale of investment securities	5,508	8,130	56,072
Payments for sale of shares of subsidiaries excluded from the consolidation scope	(4)	(147)	(40)
Proceeds from sale of shares of subsidiaries excluded from the consolidation scope	–	8,978	–
Increase in loans	(15,245)	(12,632)	(155,196)
Collection of loans	12,308	14,038	125,297
Payment for purchase of shares of subsidiaries from minority shareholders	(2,235)	–	(22,752)
Others, net	(1,486)	147	(15,127)
Net cash used in investing activities	(54,827)	(36,717)	(558,149)
<b>Cash Flows from Financing Activities:</b>			
Change in short-term loans payable	5,780	29,444	58,841
Proceeds from long-term debt	49,579	18,090	504,723
Repayment of long-term debt	(44,393)	(36,346)	(451,929)
Proceeds from issuance of bonds	20,000	–	203,603
Payment for redemption of bonds	(5,400)	(20,000)	(54,973)
Payment for purchase of treasury stock	(1,912)	(2,778)	(19,464)
Dividends paid	(11,928)	(9,821)	(121,429)
Dividends paid to minority shareholders	(3,695)	(3,670)	(37,615)
Proceeds from stock issuance to minority shareholders of subsidiaries	454	264	4,621
Others, net	(3,869)	1,759	(39,387)
Net cash provided by (used in) financing activities	4,614	(23,058)	46,971
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>(11,979)</b>	<b>(4,718)</b>	<b>(121,948)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>61,567</b>	<b>40,235</b>	<b>626,763</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>174,197</b>	<b>125,603</b>	<b>1,773,358</b>
<b>Cash and Cash Equivalents of Newly Consolidated Subsidiaries</b>	<b>6,765</b>	<b>8,359</b>	<b>68,868</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>¥ 242,530</b>	<b>¥ 174,197</b>	<b>\$ 2,469,001</b>
<b>Reconciliation Between Cash and Cash Equivalents and Cash and Deposits in the Consolidated Balance Sheets:</b>			
Cash and deposits in the consolidated balance sheets	¥ 242,537	¥ 174,916	\$ 2,469,072
Time deposits over 3 months	(7)	(719)	(71)
Cash and cash equivalents in the consolidated statements of cash flows	¥ 242,530	¥ 174,197	\$ 2,469,001

The accompanying notes are an integral part of the consolidated financial statements.

# Notes to Consolidated Financial Statements

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries

## 1. Basis of Financial Statements

The accompanying consolidated financial statements of TOYOTA TSUSHO CORPORATION ("the Company") and its consolidated subsidiaries have been prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the original consolidated financial statements in Japanese prepared by the Company as required by the Financial Instruments and Exchange Law of Japan. Certain items presented in the original consolidated financial statements in Japanese have been reclassified for the convenience of readers outside Japan. The account reclassification, however, has no effect on shareholders' equity, net sales or net income.

On the accompanying consolidated financial statements, which are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates, amounts less than ¥1 million were rounded up/down for fiscal 2008 (year ended March 31, 2008). Therefore, some accounts and notes were not consistent with those on the original consolidated financial statements in Japanese, on which amounts less than ¥1 million were rounded down. For fiscal 2009 (year ended March 31, 2009), however, amounts less than ¥1 million are rounded down, consistent with the original consolidated financial statements in Japanese. The translations of Japanese yen amounts into U.S. dollar amounts with respect to the year ended March 31, 2009 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.23 = U.S.\$1, the rate prevailing on March 31, 2009, which was the final business day of financial institutions in fiscal 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

## 2. Summary of Significant Accounting Policies

### (1) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its significant domestic and overseas subsidiaries. All significant inter-company transactions and accounts have been eliminated. Investments in principal unconsolidated subsidiaries and affiliates are accounted for by the equity method. The Company determined its unconsolidated subsidiaries and affiliates in conformity with the accounting principles and practices under the control and influence approach in addition to determination by share of ownership. The difference between the cost of investments in subsidiaries and the equity in the fair value of their net assets at dates of acquisition is amortized over periods of 20 years or less using the straight-line method, with minor exceptions.

The number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates at March 31, 2009 and 2008 was as follows:

Information regarding the Company's principal consolidated subsidiaries and affiliates accounted for by the equity method is listed under "Principal Consolidated Subsidiaries and Affiliates by Equity Method."

	2009	2008
Consolidated subsidiaries	274	255
Unconsolidated subsidiaries and affiliates, accounted for by the equity method	135	123
Unconsolidated subsidiaries and affiliates, stated at cost	141	142

For the year ended March 31, 2009, 24 subsidiaries were newly added to the scope of consolidation and 5 subsidiaries were excluded from the scope of consolidation. In addition 21 unconsolidated subsidiaries and affiliates were newly added to the scope of consolidation under the equity method and 9 unconsolidated subsidiaries and affiliates were excluded from the scope of consolidation under the equity method.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost due to their insignificant effect on the consolidated financial statements.

Of the Company's consolidated subsidiaries, fiscal year-ends of 58 subsidiaries in 2009, and of 49 subsidiaries in 2008, are different from the Company's fiscal year-end. If the fiscal year-ends of these subsidiaries are three months or less prior to the Company's fiscal year-end, the Company uses the financial statements of the subsidiaries as of their fiscal year-ends and for the years then ended for consolidated accounting purposes and significant transactions occurring between subsidiaries' year-ends and the Company's year-end are adjusted upon consolidation. As for subsidiaries whose fiscal year-ends are three months or more prior to

the Company's fiscal year-end, the Company uses the preliminary financial statements, with reasonable adjustments that would have been made to conform to financial statements as of the Company's fiscal year-end and for the year then ended, for consolidated accounting purposes.

Overseas consolidated subsidiaries adopt accounting principles generally accepted in their respective countries, but the necessary adjustments have been made to their financial statements in consolidation to conform with accounting principles generally accepted in Japan as allowed under accounting principles generally accepted in Japan.

Assets and liabilities of consolidated subsidiaries are revalued at their fair value as of the date of acquisition except the minority interest proportion stated at the pre-acquisition carrying value.

## (2) Cash equivalents

The Company considers time deposits with maturity of three months or less at the time of acquisition and short-term, highly liquid investments that are readily convertible to be cash equivalents.

## (3) Investments and marketable securities

The accounting standard for financial instruments requires that securities be classified into three categories: trading, held-to-maturity or available-for-sale. However, due to the fact that the Company shall not hold securities for the purpose of trading, trading is not applicable.

<i>Held-to-maturity securities</i>	Amortized cost method.
<i>Available-for-sale securities</i>	
Securities with market price	Market value based on the market price on balance sheet dates (Net unrealized gains or losses on these securities are reported as a separate item in net assets, net of applicable income taxes. Sales costs are principally determined by the moving average method).
Securities without market price	At cost, determined principally by the moving average method.

## (4) Derivatives

Derivatives are mainly valued at fair value, if hedge accounting is not appropriate or where there is no hedging designation, and the gains and losses on derivatives are recognized in current earnings.

## (5) Inventories

*Inventories held for sale in the ordinary course of business* Principally stated at cost, determined by the moving average method (for the book value of inventories on the balance sheet, by writing the inventories down based on their decrease in profitability of assets); however, the cost of merchandise for export and import is principally determined by identified cost method.

## (6) Depreciation method for depreciable assets

Property and Equipment other than leased property are principally depreciated by the declining balance method. Details of accumulated depreciation on the accompanying consolidated balance sheets are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Buildings and structures	¥ 62,596	¥ 60,392	\$ 637,239
Machinery, equipment and vehicles	99,966	97,950	1,017,672
Leased property	3,876	–	39,458
Other property and equipment	9,373	8,591	95,418
Total accumulated depreciation	¥175,812	¥166,933	\$1,789,799

The number of years over which the asset is depreciated and the treatment of undepreciated balances are principally determined according to the same standards set out in the Corporation Tax Law of Japan. Expenditures on maintenance and repairs are charged to income as incurred. Upon the disposal of property and equipment, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is recorded as income or expense.

Intangible fixed assets other than leased property are principally amortized by the straight-line method.

Leased property under the finance lease transactions without ownership transfer is depreciated over the lease term by straight-line method with no salvage value.

#### **(7) Impairment on fixed assets**

Calculation of the impairment on fixed assets is based on reasonable and supportable assumptions and projections of the grouping of assets, total undiscounted cash flows, and recoverable value, with due consideration for the specific condition of each group of assets.

The recoverable amount of assets is calculated mainly based on the appraisal or the publicly assessed value of land.

#### **(8) Deferred charges**

Bond Issue Costs      Charged to income as incurred

#### **(9) Allowance for doubtful accounts**

Allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit loss for doubtful or troubled receivables and a general reserve for other receivables calculated based on the historical loss experienced for a certain past period.

#### **(10) Provision for bonuses to directors**

To prepare for the payment of bonuses to directors and corporate auditors, the provision which should be attributable to this fiscal year of expectable payment amounts was recognized. Accordingly, ¥696 million (\$7,085 thousand) and ¥804 million were included in other current liabilities on the accompanying consolidated balance sheets as of March 31, 2009 and 2008, respectively.

#### **(11) Employee retirement benefits**

To prepare for the payment of employee retirement benefits, projected accrued amounts recognized as having occurred during the fiscal years have been included in the accompanying consolidated financial statements based on the projected amounts for retirement benefit obligations and pension assets at the end of respective fiscal years. The employee retirement benefit liability for the Company or a part of the Company's retirement benefit plans and that for one of its consolidated subsidiaries were shown as debit balances as of March 31, 2009 and 2008, respectively. Accordingly, ¥4,351 million (\$44,294 thousand) and ¥3,549 million were included in others of investments and other assets on the accompanying consolidated balance sheets as of March 31, 2009 and 2008, respectively.

Past service costs are charged to income as incurred.

The actuarial difference is amortized using the straight-line method mainly over 12 years within the average number of years remaining before retirement of the Company's and its consolidated subsidiaries' employees, and is recorded as an expense from the subsequent year in which it arises.

#### **(12) Directors' and corporate auditors' retirement benefits**

To prepare for the payment of retirement benefits for directors and corporate auditors, the provision is recognized on the accompanying consolidated balance sheets in accordance with internal rules.

#### **(13) Provision for guarantees**

To cover possible losses associated with acceptances and guarantees that the Company provided to third parties, the Company assesses the financial standing of each guaranteed party and records an estimated allowance for such losses based on the estimated exposure.

#### **(14) Provision for liquidation of affiliated companies**

To cover possible losses for the liquidation and the sale of its subsidiaries and affiliates, the Company records an estimated allowance for such losses.

#### **(15) Provision for loss on compensations**

To cover possible losses for the future performance of compensation for damages, the Company records an estimated allowance for such losses.

**(16) Provision for contract loss**

To cover possible losses for the future performance of contract, the Company records an estimated allowance for such losses.

**(17) Translation of foreign currency assets and liabilities**

Foreign currency assets and liabilities are translated into Japanese yen at the prevailing rate in the foreign currency market on the balance sheet dates, and the translation difference is accounted for as a gain or loss.

The assets, liabilities, income and expenses of overseas subsidiaries and affiliates are also translated into Japanese yen at the prevailing rate in the foreign currency market on the respective balance sheet dates, while shareholders' equity is translated at the historical rates. The resulting translation difference is accounted for as foreign currency translation adjustments and minority interests in net assets.

**(18) Accounting methods for hedges***1. Accounting method for hedges*

Hedges are principally accounted for by the deferred hedge method.

*2. Hedge methods and targets*

Hedge methods	<ul style="list-style-type: none"> <li>a. Forward exchange contracts</li> <li>b. Interest rate swap contracts</li> <li>c. Commodity future and forward contracts</li> </ul>
Hedge targets	<ul style="list-style-type: none"> <li>a. Foreign currency transactions</li> <li>b. Interest on deposits and loans</li> <li>c. Commodity transactions in the nonferrous metal, crude oil, petroleum products, rubber, foodstuffs, cotton, and other markets</li> </ul>

*3. Hedge policy*

The implementation and management of hedge transactions are carried out to hedge risk fluctuation based on internal regulations that specify transaction limits. In addition to monthly reports on hedge transaction balances made directly to the company management, reports are also submitted to the Administration Division.

*4. Method of evaluating the effectiveness of hedges*

The effectiveness of a hedge is determined by comparing the movement in market prices for the hedge method and hedge target instruments and by comparing the changes in cumulative cash flow to determine the degree of correlation between the two instruments in order to qualify for such deferred hedge accounting.

*5. Others*

The Company believes that, due to its selection of foreign and domestic exchanges and financial institutions with high credit ratings as its counter parties in hedge transactions, there is almost no credit risk involved.

**(19) Consumption tax**

The consumption tax withheld by the Company and its consolidated subsidiaries on sales of goods and services is not included in the amount of net sales in the accompanying consolidated statements of income, and the consumption tax paid by the Company and its consolidated subsidiaries on purchases of goods and services, and expenses is not included in the related amount.

**(20) Income taxes**

Income taxes are accounted for in accordance with the accounting standard for income taxes, which requires recognizing the deferred taxes under the asset and liability method. Under the accounting standard, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases, and measured using the statutory tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

**(21) Per share data**

Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective years. Diluted net income per share is computed as if warrants or stock options were exercised at the beginning of the relevant year or (if later) on their first exercise date and as if the funds obtained thereby were used to purchase common stock at the average market price during the respective years under the treasury stock method.

Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective years.

**(22) Changes in accounting policies and adoption of new accounting standards****1. For the year ended March 31, 2009***a. Accounting standard for measurement of inventories*

Prior to the fiscal year ended March 31, 2008, inventories were accounted for in the following manner:

<i>Raw materials, work in process, finished goods</i>	At cost, principally determined by the periodic average method.
<i>Merchandise (excluding exports and imports)</i>	At cost, principally stated at the moving average method. However, the cost of certain merchandise is stated at the lower of cost or market.
<i>Exports and imports</i>	At cost, principally determined by the individual item method. However, the cost of certain merchandise is stated at the lower of cost or market.
<i>Supplies</i>	At cost, principally determined by the last purchase price method.

Effective from the fiscal year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No. 9, announced on July 5, 2006).

As a result of the adoption of this accounting standard, operating income and income before income taxes and minority interests decreased by ¥4,523 million (\$46,044 thousand).

*b. Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements*

Effective from the fiscal year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006). Accordingly, the Company made the necessary adjustments to the consolidated financial statements.

As a result of the adoption of this accounting standard, income before income taxes and minority interests increased by ¥379 million (\$3,858 thousand).

*c. Accounting standard for lease transactions*

Prior to the fiscal year ended March 31, 2008, finance lease transactions without ownership transfer were accounted for in a manner similar to the accounting treatment for operating lease transactions.

Effective from the fiscal year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, originally issued by Business Accounting Council Committee No. 1, June 17, 1993; and revised March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, originally issued by Japanese Institute of Certified Public Accountants, Accounting System Committee, January 18, 1994; and revised March 30, 2007). Accordingly, these lease transactions are now accounted for as ordinary sale and purchase transactions. The impact of this change on the Consolidated Statements of Income is immaterial.

**2. For the year ended March 31, 2008***a. Accounting standard for depreciation method for depreciable assets*

Effective from the fiscal year ended March 31, 2008, the company and its domestic consolidated subsidiaries changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007 in accordance with the revised Corporate Tax Law of Japan. The impact of this change on the Consolidated Statements of Income is immaterial.

Due to the revision of Corporate Tax Law, the Company and its domestic consolidated subsidiaries depreciate the difference between 5% of the acquisition price and the memorandum value of tangible fixed assets acquired before March 31, 2007 equally over five years from the fiscal year following the year in which the tangible fixed assets are depreciated to 5% of the acquisition price in accordance with the depreciation method under the Corporate Tax Law before the revision. The impact of this change on the Consolidated Statements of Income is immaterial.

*b. Accounting standard for accounting methods for hedges*

Prior to the fiscal year ended March 31, 2007, the Company applied replacement equivalent methods to forward foreign exchange contracts entered in to hedge forecasted transactions denominated in foreign currencies.

Effective from the fiscal year ended March 31, 2008, the Company changed the method of accounting for such forward foreign exchange contracts and began applying the benchmark method. This change was made as a result of the implementation of a newly modified internal accounting system in order to achieve a better presentation of foreign currency assets, liabilities and derivatives positions. As a result of the change of this accounting method, operating income increased by ¥820 million. However, the effect on income before income taxes and minority interests was no impact.

### 3. Pledged Assets

Pledged assets as collateral as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Cash and deposits	¥ 45	¥ 103	\$ 458
Trade notes and accounts receivable	1,986	3,140	20,217
Inventories	3,913	3,438	39,835
Other current assets	146	324	1,486
Buildings and structures	3,268	6,993	33,268
Machinery, equipment and vehicles	2,972	4,405	30,255
Land	1,721	4,323	17,520
Other property and equipment	–	601	–
Investment securities	5,894	7,116	60,002
Long-term loans	–	131	–
Total	¥19,951	¥30,574	\$203,104

Collateral secured obligations as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Trade notes and accounts payable	¥ 3	¥ 8	\$ 30
Short-term loans payable and current portion of long-term debt	3,879	4,433	39,488
Long-term debt, less current portion	2,643	3,737	26,906
Total	¥6,526	¥8,178	\$66,435

### 4. Inventories

Inventories by major classification were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Finished goods and merchandise on hand	¥406,575	–	\$4,139,010
Work in progress	2,529	–	25,745
Raw materials and supplies	17,287	–	175,984
Total	¥426,391	–	\$4,340,741

The book value of Inventories as of March 31, 2009 is stated after the write-downs of inventories due to decrease in profitability of assets. The loss on write-downs of inventories of ¥6,372 million (\$64,868 thousand) was included in cost of sales.

## 5. Multi-currency Revolving Facilities and Commitment Lines

The Company and its consolidated subsidiaries, such as Toyota Tsusho America, Inc., Toyota Tsusho U. K. Ltd., Toyota Tsusho Europe S.A., Dusseldorf Branch (former Neuss Branch), and Toyota Tsusho (Singapore) Pte. Ltd., maintain a line of credit in the form of multi-currency revolving facilities provided by 8 financial institutions in order to obtain required funds should unexpected events arise.

As of March 31, 2009 and 2008, the unused line of credit of the multi-currency revolving facilities was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Maximum line of credit of the multi-currency revolving facilities	¥30,000	¥30,000	\$305,405
Less, outstanding drawdown on revolving facilities	–	–	–
Balance	¥30,000	¥30,000	\$305,405

In addition, certain consolidated subsidiaries enter into commitment line contracts with financial institutions for the flexibility and safety of their funding activities. The unused balances of commitment lines at March 31, 2009 and 2008 were as follows:

	Millions of Currency		Thousands of U.S. Dollars
	2009	2008	2009
Maximum line of credit of the commitment line contracts	¥18,000	¥18,000	\$183,243
	and U.S. Dollars 350		350,000
	and Baht 1,000	and Baht 1,000	28,097
Less, outstanding drawdown on commitment line contracts	7,300	15,800	74,315
	and U.S. Dollars 340		340,000
Balance	¥10,700	¥ 2,200	\$108,928
	and U.S. Dollars 10		10,000
	and Baht 1,000	and Baht 1,000	28,097

## 6. Short-term Loans Payable, Long-term Debt and Lease Obligations

### Short-term loans payable

The average annual interest rates applicable to short-term loans, principally from banks, outstanding at March 31, 2009 and 2008 were 2.09% and 2.93%, respectively.

### Summary of long-term debt and lease obligations

Long-term debt as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
0.59% straight bonds due 2008	¥ –	¥ 200	\$ –
0.64% straight bonds due 2009	–	5,000	–
0.90% straight bonds due 2009	–	200	–
1.65% straight bonds due 2011	30,000	30,000	305,405
1.55% straight bonds due 2012	10,000	10,000	101,801
1.65% straight bonds due 2014	20,000	–	203,603
1.09% straight bonds due 2015	10,000	10,000	101,801
2.26% straight bonds due 2016	15,000	15,000	152,702
Floating rate straight bonds due 2016	10,000	10,000	101,801
Long-term debt, principally from commercial and trust banks and insurance companies, maturing serially through 2018	411,323	405,697	4,187,346
Lease obligations maturing serially through 2023	20,385	–	207,523
Total	526,708	486,097	5,361,987
Less, current portion	(65,349)	(44,783)	(665,265)
	¥461,359	¥441,314	\$4,696,721

The average annual interest rates applicable to long-term debt outstanding at March 31, 2009 and 2008 were 1.98% and 2.04%, respectively.

The aggregate annual maturities of long-term debt and lease obligations at March 31, 2009 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
2009	¥ 65,349	\$ 665,265
2010	55,921	569,286
2011	64,217	653,741
2012	65,858	670,446
2013	79,081	805,059
2014 and thereafter	196,279	1,998,157
Total	¥526,708	\$5,361,987

## 7. Shareholders' Equity

Under the Corporate Law of Japan, which came into force on May 1, 2006, amounts equal to at least 10% of dividends made as an appropriation of retained earnings must be set aside as a legal reserve until a total amount of additional paid-in capital and such reserve equals 25% of common stock.

In consolidation, the legal reserves of consolidated subsidiaries are accounted for as retained earnings. And, the legal reserves of the parent company are included in consolidated retained earnings in the current term in accordance with the consolidated financial statement regulations.

Dividends are approved by the shareholders at an annual general shareholders' meeting held subsequent to the fiscal year to which the dividend is applicable.

In addition, an interim dividend may be paid upon resolution of the Board of Directors, subject to limitations imposed by the Corporate Law of Japan.

## 8. Income Taxes

As of March 31, 2009 and 2008, tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets:			
Unrealized profit	¥ 2,040	¥ 1,922	\$ 20,767
Allowance for doubtful accounts	1,059	1,011	10,780
Employee retirement benefits	2,601	2,613	26,478
Directors' and corporate auditors' retirement benefits	863	1,048	8,785
Provision for employees' bonuses	3,424	4,300	34,856
Write-down of investment securities	16,152	11,446	164,430
Write-down of investment in subsidiaries and affiliates	7,382	7,964	75,150
Deferred losses on hedges	3,687	4,921	37,534
Net operating loss carryforward	35,879	45,185	365,255
Valuation losses of inherited assets on the merger	16,164	18,665	164,552
Others	12,168	13,148	123,872
Subtotal	101,425	112,223	1,032,525
Valuation allowance	(45,623)	(46,220)	(464,450)
Total deferred tax assets	55,802	66,003	568,074
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	2,958	27,982	30,113
Valuation of assets and liabilities of consolidated subsidiaries on acquisition	887	890	9,029
Depreciation of property and equipment	2,252	2,071	22,925
Deferred profits on hedges	1,754	4,921	17,856
Valuation profits of inherited assets on the merger	7,289	7,440	74,203
Others	765	786	7,787
Total deferred tax liabilities	15,907	44,090	161,936
Net deferred tax assets (liabilities)	¥ 39,895	¥ 21,913	\$ 406,138

Reconciliation items of differences between the Japanese statutory effective tax rate and actual effective income tax rate for the year ended March 31, 2009 and 2008 were as follows:

	Percentage of pretax income	
	2009	2008
Japanese statutory effective tax rate	40.3%	40.3%
Increase (decrease) due to:		
Permanently nondeductible expenses	1.3	1.1
Equity in earnings of unconsolidated subsidiaries and affiliates	(2.9)	(3.0)
Differences of tax rates for overseas consolidated subsidiaries	(9.8)	(7.0)
Valuation allowance	10.9	9.4
Amortization of goodwill	7.4	4.4
Others	(0.6)	0.3
Actual effective income tax rate	46.6%	45.5%

## 9. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2009 and 2008 were ¥305 million (\$3,104 thousand) and ¥432 million, respectively.

## 10. Other Income (Expenses)

Details of Others, net, included in Other Income (Expenses) for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Gain on sales of fixed assets	¥ 1,052	¥ 393	\$ 10,709
Loss on sales or disposal of fixed assets	(1,691)	(1,438)	(17,214)
Impairment loss	(1,354)	(88)	(13,783)
Gain on sales of investment securities	1,346	4,139	13,702
Loss on sales of investment securities	(424)	(453)	(4,316)
Write-down of investment securities	(5,962)	(8,380)	(60,694)
Gain on reversal of allowance for doubtful accounts	2,252	8,160	22,925
Loss on disposal of investments in and advances to subsidiaries and affiliates	(2,963) <sup>(Note 1)</sup>	(1,100)	(30,163)
Gain on reversal of allowance for liquidation of affiliated companies	2,509	–	25,542
Loss on provision for liquidation of affiliated companies	(1,571) <sup>(Note 2)</sup>	(3,396)	(15,993)
Settlements on litigation	–	132	–
Loss on provision for compensations	(2,333) <sup>(Note 3)</sup>	–	(23,750)
Loss on provision for contract	(430) <sup>(Note 4)</sup>	–	(4,377)
Others, net	470	2,582	4,784
Total	¥(9,099)	¥ 551	\$ (92,629)

- Notes: 1. The Company recorded an estimated allowance in order to cover the possible losses for the sales of its domestic subsidiaries and others.  
2. The Company recorded an estimated allowance in order to cover the possible losses for the liquidation of its consolidated subsidiaries in Asia.  
3. The Company is facing a claim from a customer that we should compensate for the losses they incurred because they insist we are responsible for the losses in relation to the transactions involving us. Although we believe that we are not obliged to pay for the losses, the Company recorded an estimated allowance in order to cover the possible losses for the future performance of compensation for the losses.  
4. The Company recorded an estimated allowance in order to cover the possible loss for the future performance of contract with a customer for a domestic consolidated subsidiary.

## 11. Contingent Liabilities

Contingent liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Discounted exports bills	<b>¥20,473</b>	¥30,122	<b>\$208,419</b>
For guarantees of indebtedness to:			
Unconsolidated subsidiaries and affiliates	<b>¥25,099</b> <sup>(Note 1)</sup>	¥24,644 <sup>(Note 2)</sup>	<b>\$255,512</b>
Others	<b>4,960</b>	6,362	<b>50,493</b>
Subtotal	<b>30,059</b>	31,006	<b>306,006</b>
Provision for guarantees	—	—	—
Total	<b>¥30,059</b>	¥31,006	<b>\$306,006</b>

Notes: 1. Toyota del Ecuador S.A., P.T. Astra Auto Finance, Toyota Tsusho Nordic Oy, P.T. Kaltim Pasifik Amoniak, Hangzhou Kobelco Construction Machinery Co., Ltd., etc.  
2. P.T. Astra Auto Finance, Steel Center Europe s.r.o., P.T. Kaltim Pasifik Amoniak, Toyota del Ecuador S.A., Toyota Tsusho de Venezuela, C.A., etc.

## 12. Impairment Loss

In calculating impairment loss, the assets are grouped at the smallest identifiable unit that generates cash flows that are largely independent of the cash flows of other assets and liabilities.

During the year ended March 31, 2009, the Company and its consolidated subsidiaries recognized the impairment loss amounting to ¥1,354 million (\$13,783 thousand) as other expense in the consolidated statements of income by devaluing the book value of the idle assets whose market value declined significantly, the business-use assets whose profitability deteriorated significantly and the goodwill whose expected future revenue at the time of initial acquisition was considered to be unrealizable to their recoverable amounts.

In measuring the loss on impairment, the Company and its consolidated subsidiaries used the net selling value for the recoverable amounts of the idle assets and the business-use assets mainly based on the expected selling price. On the other hand, the recoverable amount of the goodwill was measured at its value in use and the discount rate used for computation of the present value of future cash flows was 9.2%–9.5%.

The details of Impairment Loss for the year ended March 31, 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Domestic		
Idle assets: Land and Buildings	<b>¥ 557</b>	<b>\$ 5,670</b>
Overseas		
Idle assets: Land and Buildings	<b>140</b>	<b>1,425</b>
Business-use assets: Land, Buildings and Machinery & equipment	<b>66</b>	<b>671</b>
Goodwill	<b>589</b>	<b>5,996</b>
Total	<b>¥1,354</b>	<b>\$13,783</b>

Note: The details of Impairment Loss for the year ended March 31, 2008 are omitted due to immaterial.

**13. Lease Transactions**

Year ended March 31, 2009

**Noncancelable Operating Leases**

Lease payments for noncancelable operating lease transactions as of March 31, 2009 were as follows:

<b>Lessee</b>	Millions of Yen	Thousands of U.S. Dollars
Future minimum lease payments		
Within one year	¥ 3,556	\$ 36,200
More than one year	10,062	102,433
Total	¥13,619	\$138,643

<b>Lessor</b>	Millions of Yen	Thousands of U.S. Dollars
Future minimum lease payments to be received		
Within one year	¥252	\$2,565
More than one year	677	6,891
Total	¥929	\$9,457

Year ended March 31, 2008

**Finance Leases**

Finance lease transactions without transfer of ownership for the year ended March 31, 2008 were as follows:

<b>Lessee</b>	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥16,429	¥ 5,309	¥11,120
Others	11,205	5,843	5,362
Total	¥27,634	¥11,152	¥16,482

	Millions of Yen
Future minimum lease payments	
Within one year	¥ 3,766
More than one year	12,800
Total	¥16,566

	Millions of Yen
Annual lease payments	¥3,891
Depreciation	3,891

Depreciation of the leased assets was calculated by the straight-line method with the respective lease terms being equal to the expected years of useful life and the estimated end-of-life salvage value as zero.

<b>Lessor</b>	Millions of Yen
Future minimum lease payments to be received	
Within one year	¥46
More than one year	38
Total	¥84

## Noncancelable Operating Leases

Lease payments for noncancelable operating lease transactions as of March 31, 2008 were as follows:

Lessee		Millions of Yen
Future minimum lease payments		
Within one year		¥ 3,481
More than one year		13,987
Total		¥17,468

Lessor		Millions of Yen
Future minimum lease payments to be received		
Within one year		¥ 286
More than one year		988
Total		¥1,274

## 14. Information of Securities

## (a) Securities with market price

Original cost, carrying amount and unrealized gain (loss) of available-for-sale securities with market price at March 31, 2009 and 2008 were as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2009			2008			2009		
	Original cost	Carrying amount	Unrealized gain (loss)	Original cost	Carrying amount	Unrealized gain (loss)	Original cost	Carrying amount	Unrealized gain (loss)
Market value in excess of original cost amount:									
Equity securities	¥32,425	¥52,043	¥19,617	¥61,072	¥136,430	¥75,358	\$330,092	\$529,807	\$199,704
Market value less than original cost amount:									
Equity securities	50,070	40,694	(9,376)	26,282	21,778	(4,504)	509,722	414,272	(95,449)
Total	¥82,496	¥92,737	¥10,240	¥87,354	¥158,208	¥70,854	\$839,824	\$944,080	\$104,245

Note: Impairment losses of ¥4,811 million (\$48,976 thousand) and ¥7,773 million were recognized in the consolidated statements of income, for available-for-sale securities with market price for the years ended March 31, 2009 and 2008, respectively.

## (b) Securities without market price

Book value of securities not measured at market value at March 31, 2009 and 2008 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Available-for sale securities:			
Unlisted securities	¥35,946	¥36,680	\$365,937

## (c) Sale of available-for-sale securities

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Total amount of sold	¥2,561	¥4,103	\$26,071
Realized gains	1,308	1,689	13,315
Realized losses	(18)	(41)	(183)

## 15. Derivative Instruments

The Company and its consolidated subsidiaries utilize foreign exchange contracts, interest rate swap contracts and commodity related futures, forwards, swaps and options, mainly to avoid adverse effects of fluctuations of the market risk generated along with usual activities of the Company's business, and unusually, these derivative transactions are used to acquire earnings.

To minimize credit risk exposure associated with these derivative transactions, the Company and its consolidated subsidiaries select highly ranked financial institutions, exchanges and brokers as counter parties.

In accordance with the internal regulations on derivative transactions, for managing market and credit risk of these derivative transactions, each Business Division which entered into derivative transactions directly reports to the Company's management and to the Administration Division which is responsible for managing risks.

The contract or notional amounts of derivatives which are shown in the following tables do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risks.

Estimated fair value and valuation gain (loss) on the contract or notional amount of derivative instruments at March 31, 2009 and 2008 were as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2009			2008			2009		
Commodity Related	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)
Exchange-traded									
Future contracts:									
Nonferrous									
Metal									
(Sell)	¥57,862	¥51,645	¥ 6,217	¥61,265	¥ 65,903	¥ (4,638)	\$589,046	\$525,755	\$ 63,290
(Buy)	38,160	31,339	(6,820)	43,518	49,619	6,101	388,476	319,036	(69,428)
Produce & Foodstuffs									
(Sell)	80	76	4	571	511	60	814	773	40
(Buy)	155	166	11	397	353	(44)	1,577	1,689	111
Natural Rubber									
(Sell)	400	402	(2)	1,598	1,494	104	4,072	4,092	(20)
(Buy)	186	210	24	68	72	4	1,893	2,137	244
Over-the-counter									
Forward contracts:									
Nonferrous									
Metal									
(Sell)	54,913	57,397	(2,483)	69,171	77,153	(7,982)	559,024	584,312	(25,277)
(Buy)	80,676	76,987	(3,688)	95,482	106,865	11,383	821,296	783,742	(37,544)
Over-the-counter Commodity swap contracts:									
Petroleum Products									
Receipt-variable/ Payment-fixed	1,919	1,880	38	3,678	3,832	(154)	19,535	19,138	386
Receipt-fixed/ Payment-variable	2,972	2,939	(32)	3,512	3,580	68	30,255	29,919	(325)
<b>Total</b>			<b>¥(6,733)</b>			<b>¥ 4,902</b>			<b>\$ (68,543)</b>

Notes: 1. The estimated fair value amounts of future contracts were determined using market information on The Tokyo Commodity Exchange or The Tokyo Grain Exchange or other exchanges.

2. The estimated fair value amounts of forward contracts were determined using the value calculated by major transaction partners.

3. The estimated fair value amounts of commodity swap contracts were determined using quotes obtained from financial institutions.

4. Excluding transactions for derivative financial instruments to which hedge accounting is applied.

	Millions of Yen						Thousands of U.S. Dollars		
	2009			2008			2009		
Currency Related:	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)
Over-the-counter									
Forward exchange:									
contracts									
Selling:									
U.S. Dollars	¥39,613	¥41,107	¥(1,494)	¥38,838	¥36,941	¥ 1,897	\$403,267	\$418,477	\$(15,209)
Other currencies	4,450	4,575	(124)	9,943	9,348	595	45,301	46,574	(1,262)
Buying:									
U.S. Dollars	28,697	29,364	667	66,923	63,039	(3,884)	292,140	298,931	6,790
Other currencies	20,411	19,545	(865)	12,114	12,552	438	207,787	198,971	(8,805)
Over-the-counter									
Currency option									
contracts:									
Selling:									
Put	3,241	3,272	(30)	4,809	4,805	4	32,993	33,309	(305)
Call	2,151	2,154	(3)	421	379	42	21,897	21,928	(30)
Buying:									
Put	2,151	2,169	18	421	397	(24)	21,897	22,080	183
Call	3,241	3,269	27	4,809	4,808	(1)	32,993	33,279	274
Total			¥(1,804)			¥ (933)			\$(18,365)

Notes: 1. The estimated fair value amounts of forward exchange contracts were determined using forward exchange rate at the end of fiscal year.

2. The estimated fair value amounts of currency option contracts were determined using quotes obtained from financial institutions.

3. Option premiums are not received or paid because these currency option contracts are zero cost option contracts that means the premiums of the written options are the same as those paid for the options that are purchased.

4. Excluding transactions for derivative financial instruments to which hedge accounting is applied.

	Millions of Yen						Thousands of U.S. Dollars		
	2009			2008			2009		
Interest Rate Related:	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)
Over-the-counter									
Interest rate swap									
contracts:									
Receipt-variable/									
Payment-fixed	¥595	¥(5)	¥(5)	¥840	¥(11)	¥(11)	\$6,057	\$(50)	\$(50)
Total			¥(5)			¥(11)			\$(50)

Notes: 1. The estimated fair value amounts of interest rate swap contracts were determined using the quotes obtained from financial institutions.

2. Excluding transactions for derivative financial instruments to which hedge accounting is applied.

## 16. Employee Retirement Benefits

The Company and its consolidated subsidiaries have defined benefit plans, including a pension plan pursuant to the Japanese Welfare Pension Insurance Law, a qualified retirement benefits plan, and a lump-sum severance benefits plan.

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Employee Retirement Benefits Liability			
Employee retirement benefits obligation	¥(59,093)	¥(59,402)	\$(601,577)
Fair value of pension plan assets	35,647	44,652	362,893
Unfunded benefits obligation	(23,445)	(14,750)	(238,674)
Unrecognized actuarial difference	15,390	5,508	156,673
Unrecognized past service costs	-	-	-
Net amount recognized	(8,055)	(9,242)	(82,001)
Prepaid pension	(4,351)	(3,549)	(44,294)
Employee retirement benefit liability	¥(12,406)	¥(12,791)	\$(126,295)

Note: Consolidated subsidiaries are accounted for mainly through the application of the simplified calculation method.

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Retirement Benefit Expenses			
Service expenses	¥2,989	¥3,211	\$30,428
Interest expenses	1,009	1,114	10,271
Expected return on pension plan assets	(815)	(958)	(8,296)
Amortization of actuarial difference	1,124	239	11,442
Retirement benefit expenses	4,307	3,606	43,846
Others	590	527	6,006
Total	¥4,897	¥4,133	\$49,852

Note: Others represent the contributions under defined contribution plan, etc.

Basis of Calculation of Benefit Obligations	2009		2008	
Allocation of payments of expected retirement benefits	<b>Straight-line method</b>		Straight-line method	
Discount rate	<b>mainly 2.0%</b>		mainly 2.0%	
Expected rate of return on pension plan assets	<b>mainly 3.0%</b>		mainly 3.0%	
Amortization of past service costs	<b>mainly 1 year</b>		mainly 1 year	
Amortization of actuarial difference	<b>mainly 12 years</b>		mainly 12 years	

## 17. Segment Information

### Industry Segments

Year ended March 31, 2009	Millions of Yen								Total	Elimination	Consolidation
	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Produce & Foodstuffs	Consumer Products, Services & Materials	Others				
Net Sales:											
External customers	¥1,942,207	¥1,355,075	¥809,533	¥1,399,443	¥366,054	¥311,591	¥103,090	¥6,286,996	¥ -	¥6,286,996	
Inter-segment	409	12,963	110	1,877	110	1,821	8,224	25,516	(25,516)	-	
Total	1,942,616	1,368,038	809,643	1,401,320	366,165	313,413	111,314	6,312,512	(25,516)	6,286,996	
Cost of sales and selling, general and administrative expenses	1,922,117	1,349,417	772,790	1,396,790	359,978	308,952	111,353	6,221,400	(25,421)	6,195,978	
Operating income (loss)	¥ 20,499	¥ 18,621	¥ 36,853	¥ 4,530	¥ 6,186	¥ 4,460	¥ (39)	¥ 91,112	¥ (94)	¥ 91,017	
Total assets	¥ 496,425	¥ 390,989	¥186,995	¥ 294,562	¥127,805	¥165,371	¥564,000	¥2,226,150	¥(96,061)	¥2,130,089	
Depreciation	6,365	7,831	3,768	9,229	4,970	2,805	9,239	44,210	-	44,210	
Impairment loss	1	607	140	13	-	16	575	1,354	-	1,354	
Capital expenditure for long-lived assets	9,181	3,993	9,651	6,143	1,644	1,646	12,234	44,495	-	44,495	

Thousands of U.S. Dollars

Year ended March 31, 2009	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Produce & Foodstuffs	Consumer Products, Services & Materials	Others	Total	Elimination	Consolidation
Net Sales:										
External customers	\$19,772,035	\$13,794,920	\$8,241,199	\$14,246,594	\$3,726,499	\$3,172,055	\$1,049,475	\$64,002,809	\$ -	\$64,002,809
Inter-segment	4,163	131,965	1,119	19,108	1,119	18,538	83,721	259,757	(259,757)	-
Total	19,776,198	13,926,885	8,242,319	14,265,702	3,727,629	3,190,603	1,133,197	64,262,567	(259,757)	64,002,809
Cost of sales and selling, general and administrative expenses										
	19,567,515	13,737,320	7,867,148	14,219,586	3,664,644	3,145,189	1,133,594	63,335,030	(258,790)	63,076,229
Operating income (loss)	\$ 208,683	\$ 189,565	\$ 375,170	\$ 46,116	\$ 62,974	\$ 45,403	\$ (397)	\$ 927,537	\$ (956)	\$ 926,570
Total assets	\$ 5,053,700	\$ 3,980,342	\$1,903,644	\$ 2,998,696	\$1,301,079	\$1,683,508	\$5,741,626	\$22,662,628	\$(977,919)	\$21,684,709
Depreciation	64,796	79,721	38,358	93,952	50,595	28,555	94,054	450,066	-	450,066
Impairment loss	10	6,179	1,425	132	-	162	5,853	13,783	-	13,783
Capital expenditure for long-lived assets	93,464	40,649	98,249	62,536	16,736	16,756	124,544	452,967	-	452,967

Notes: 1. Industry segments are determined in accordance with the types and characteristics of their products and services.

2. Main products and services of each segment are shown at Business Highlights.

3. Effective from the fiscal year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, announced on July 5, 2006). As a result of the adoption of this accounting standard, operating income decreased by ¥1,240 million (\$12,623 thousand) in Metals segment, by ¥1,121 million (\$11,411 thousand) in Machinery &amp; Electronics segment, by ¥394 million (\$4,010 thousand) in Energy &amp; Chemicals segment, by ¥259 million (\$2,636 thousand) in Produce &amp; Foodstuffs segment, by ¥1,507 million (\$15,341 thousand) in Consumer Products, Service &amp; Materials segment, respectively, as compared with the previous accounting method.

Millions of Yen

Year ended March 31, 2008	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Produce & Foodstuffs	Consumer Products, Services & Materials	Others	Total	Elimination	Consolidation
Net Sales:										
External customers	¥2,109,066	¥1,581,966	¥938,301	¥1,562,346	¥335,449	¥379,071	¥ 94,154	¥7,000,353	¥ -	¥7,000,353
Inter-segment	366	7,857	51	2,592	79	3,124	8,008	22,077	(22,077)	-
Total	2,109,432	1,589,823	938,352	1,564,938	335,528	382,195	102,162	7,022,430	(22,077)	7,000,353
Cost of sales and selling, general and administrative expenses										
	2,074,007	1,554,184	895,730	1,560,891	331,174	371,641	103,111	6,890,738	(22,056)	6,868,682
Operating income (loss)	¥ 35,425	¥ 35,639	¥ 42,622	¥ 4,047	¥ 4,354	¥ 10,554	¥ (949)	¥ 131,692	¥ (21)	¥ 131,671
Total assets	¥ 646,843	¥ 518,800	¥222,511	¥ 378,770	¥119,346	¥150,875	¥663,402	¥2,700,547	¥(97,340)	¥2,603,207
Depreciation	4,323	6,131	3,011	9,318	4,828	1,644	8,142	37,397	-	37,397
Capital expenditure for long-lived assets	5,717	5,497	13,784	3,983	2,535	1,142	11,798	44,456	-	44,456

Notes: 1. Industry segments are determined in accordance with the types and characteristics of their products and services.

2. Main products and services of each segment are shown at Business Highlights.

3. Prior to the fiscal year ended March 31, 2007, the Company applied replacement equivalent methods to forward foreign exchange contracts entered into hedge forecasted transactions denominated in foreign currencies.

Effective from the fiscal year ended March 31, 2008, the Company changed the method of accounting for such forward foreign exchange contracts and began applying the benchmark method. As a result of the change of this accounting method, operating income decreased by ¥25 million in Metals segment, by ¥350 million in Produce &amp; Foodstuffs segment, by ¥1 million in Others segment respectively, and increased by ¥226 million in Machinery &amp; Electronics segment, by ¥336 million in Automotive segment, by ¥532 million in Energy &amp; Chemicals segment, by ¥102 million in Consumer Products, Service &amp; Materials segment respectively, as compared with the previous accounting method.

## Geographic Segments

Year ended March 31, 2009								Millions of Yen	
	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation	
Net Sales:									
External customers	¥4,245,957	¥1,051,066	¥455,154	¥371,979	¥162,838	¥6,286,996	¥ -	¥6,286,996	
Inter-segment	557,367	114,708	134,121	7,312	4,080	817,590	(817,590)	-	
Total	4,803,324	1,165,775	589,276	379,291	166,918	7,104,586	(817,590)	6,286,996	
Cost of sales and selling, general and administrative expenses	4,781,542	1,132,967	581,986	368,262	149,649	7,014,408	(818,429)	6,195,978	
Operating income	¥ 21,781	¥ 32,807	¥ 7,289	¥ 11,029	¥ 17,269	¥ 90,177	¥ 839	¥ 91,017	
Total assets	¥1,650,221	¥ 278,852	¥160,429	¥140,633	¥ 93,986	¥2,324,122	¥(194,033)	¥2,130,089	

Year ended March 31, 2009								Thousands of U.S. Dollars	
	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation	
Net Sales:									
External customers	\$43,224,646	\$10,700,050	\$4,633,553	\$3,786,816	\$1,657,721	\$64,002,809	\$ -	\$64,002,809	
Inter-segment	5,674,101	1,167,749	1,365,377	74,437	41,535	8,323,221	(8,323,221)	-	
Total	48,898,747	11,867,810	5,998,941	3,861,254	1,699,256	72,326,030	(8,323,221)	64,002,809	
Cost of sales and selling, general and administrative expenses	48,677,002	11,533,818	5,924,727	3,748,976	1,523,455	71,408,001	(8,331,762)	63,076,229	
Operating income	\$ 221,734	\$ 333,981	\$ 74,203	\$ 112,277	\$ 175,801	\$ 918,018	\$ 8,541	\$ 926,570	
Total assets	\$16,799,562	\$ 2,838,766	\$1,633,197	\$1,431,670	\$ 956,795	\$23,660,002	\$(1,975,292)	\$21,684,709	

Notes: 1. Geographic segments are divided into categories based on their geographic proximity.

2. Major countries or areas which belong to each segment except for Japan are as follows:

Asia & Oceania.....China, Taiwan, Singapore, Thailand

North America.....U.S.A.

Europe.....U.K., Belgium, Russia

Others.....Africa, Central & South America

3. Effective from the fiscal year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9, announced on July 5, 2006). As a result of the adoption of this accounting standard, operating income decreased by ¥4,523 million (\$46,044 thousand) in Japan, as compared with the previous accounting method.

Year ended March 31, 2008								Millions of Yen	
	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation	
Net Sales:									
External customers	¥4,840,867	¥1,071,299	¥473,203	¥469,530	¥145,454	¥7,000,353	¥ -	¥7,000,353	
Inter-segment	640,326	130,557	135,902	13,225	4,705	924,715	(924,715)	-	
Total	5,481,193	1,201,856	609,105	482,755	150,159	7,925,068	(924,715)	7,000,353	
Cost of sales and selling, general and administrative expenses	5,426,720	1,173,995	596,780	462,426	132,818	7,792,739	(924,057)	6,868,682	
Operating income	¥ 54,473	¥ 27,861	¥ 12,325	¥ 20,329	¥ 17,341	¥ 132,329	¥ (658)	¥ 131,671	
Total assets	¥2,014,225	¥ 345,005	¥228,946	¥176,904	¥ 85,746	¥2,850,826	¥(247,619)	¥2,603,207	

Notes: 1. Geographic segments are divided into categories based on their geographic proximity.

2. Major countries or areas which belong to each segment except for Japan are as follows:

Asia & Oceania.....China, Taiwan, Singapore, Thailand

North America.....U.S.A.

Europe.....U.K., Belgium, Russia

Others.....Africa, Central & South America

3. Prior to the fiscal year ended March 31, 2007, the Company applied replacement equivalent methods to forward foreign exchange contracts entered into hedge forecasted transactions denominated in foreign currencies.

Effective from the fiscal year ended March 31, 2008, the Company changed the method of accounting for such forward foreign exchange contracts and began applying the benchmark method. As a result of the change of this accounting method, operating income increased by ¥819 million in Japan, as compared with the previous accounting method.

## Overseas Trading Transactions

Year ended March 31, 2009					Millions of Yen
	Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	<b>¥1,793,019</b>	<b>¥417,132</b>	<b>¥440,016</b>	<b>¥422,863</b>	<b>¥3,073,031</b>
Consolidation					<b>6,286,996</b>
Share of consolidated net sales	<b>28.5%</b>	<b>6.7%</b>	<b>7.0%</b>	<b>6.7%</b>	<b>48.9%</b>

Year ended March 31, 2009					Thousands of U.S. Dollars
	Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	<b>\$18,253,272</b>	<b>\$4,246,482</b>	<b>\$4,479,446</b>	<b>\$4,304,825</b>	<b>\$31,284,037</b>
Consolidation					<b>64,002,809</b>

Year ended March 31, 2008					Millions of Yen
	Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	¥2,049,615	¥459,659	¥520,421	¥441,884	¥3,471,579
Consolidation					7,000,353
Share of consolidated net sales	29.3%	6.6%	7.4%	6.3%	49.6%

## 18. Related Party Transactions

During the years ended March 31, 2009 and 2008, the Company had operational transactions with Toyota Motor Corporation ("TMC"), a 22.2% shareholder of the Company as of March 31, 2009. A summary of the significant transactions with TMC for the years ended or as at March 31, 2009 and 2008, is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
For the year:			
Sales of raw materials	<b>¥300,151</b>	¥359,731	<b>\$3,055,594</b>
Purchase of automobiles	<b>222,780</b>	278,058	<b>2,267,942</b>
At year-end:			
Trade accounts receivable	<b>¥ 28,171</b>	¥ 56,995	<b>\$ 286,786</b>
Trade accounts payable	<b>4,389</b>	19,215	<b>44,680</b>

## 19. Stock-based Compensation

(1) Stock option expenses recorded in the fiscal year and class of options

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Selling, general and administrative expenses	<b>¥509</b>	¥438	<b>\$5,181</b>

## (2) Stock option details, number of stock options and state of fluctuation

## (a) Stock option details

	2009	2008
Position and number of grantees	Directors and Executive officers of the Company: 43 Certain eligible employees of the Company: 249 Directors of affiliated companies of the Company: 34	Directors and Executive officers of the Company: 42 Certain eligible employees of the Company: 248 Directors of affiliated companies of the Company: 31
Class and number of shares (Note)	1,014,000 shares of common stock	998,000 shares of common stock
Date of issue	August 7, 2008	August 9, 2007
Vesting conditions	Grantee must be employed as a director, executive officer, regular employee of the Company or affiliated companies of the Company at the time of exercise. However, grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.	Grantee must be employed as a director, executive officer, regular employee of the Company or affiliated companies of the Company at the time of exercise. However, grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.
Service period	From August 7, 2008 to July 31, 2010	From August 9, 2007 to July 31, 2009
Exercise period	From August 1, 2010 to July 31, 2014	From August 1, 2009 to July 31, 2013
	2007	2006
Position and number of grantees	Directors and Executive officers of the Company: 43 Certain eligible employees of the Company: 244 Directors of affiliated companies of the Company: 31	Directors of the Company: 33 Certain eligible employees of the Company: 164 Directors of affiliated companies of the Company: 16
Class and number of shares (Note)	764,000 shares of common stock	970,000 shares of common stock
Date of issue	August 3, 2006	August 3, 2005
Vesting conditions	Grantee must be employed as a director, executive officer, regular employee of the Company or affiliated companies of the Company at the time of exercise. However, grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.	Grantee must be employed as a director, regular employee of the Company or affiliated companies of the Company at the time of exercise. However, grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.
Service period	From August 3, 2006 to July 31, 2008	From August 3, 2005 to July 31, 2007
Exercise period	From August 1, 2008 to July 31, 2010	From August 1, 2007 to July 31, 2009
	2005	
Position and number of grantees	Directors of the Company: 32 Certain eligible employees of the Company: 163 Directors of affiliated companies of the Company: 15	
Class and number of shares (Note)	1,750,000 shares of common stock	
Date of issue	August 4, 2004	
Vesting conditions	Grantee must be employed as a director, regular employee of the Company or affiliated companies of the Company at the time of exercise. However, grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.	
Service period	From August 4, 2004 to July 31, 2006	
Exercise period	From August 1, 2006 to July 31, 2008	

Note: Number of options by class are listed as number of shares.

*(b) Number of stock options and state of fluctuation*

Stock options are those outstanding in the fiscal year and are listed as the number of shares.

*(i) Number of stock options*

	2009	2008	2007	2006	2005
<b>Non-exercisable stock options</b>					
Stock options outstanding at the end of the previous fiscal year	–	998,000	754,000	–	–
Stock options granted	1,014,000	–	–	–	–
Forfeitures	2,000	8,000	8,000	–	–
Conversion to exercisable stock options	–	–	746,000	–	–
Stock options outstanding at the end of the fiscal year	1,012,000	990,000	–	–	–
<b>Exercisable stock options</b>					
Stock options outstanding at the end of the previous fiscal year	–	–	–	613,000	223,000
Conversion from non-exercisable stock options	–	–	746,000	–	–
Stock options exercised	–	–	2,000	24,000	212,000
Forfeitures	–	–	90,000	47,000	11,000
Stock options outstanding at the end of the fiscal year	–	–	654,000	542,000	–

*(ii) Price of options*

	2009	2008	2007	2006	2005
				Exact Yen Amounts	
Exercise price	¥2,417	¥3,148	¥2,805	¥1,915	¥1,170
Average market price of the stock at the time of exercise	–	–	1,106	1,518	2,343
Fair value of options on grant date	308	667	564	–	–

**(3) Method for estimating fair value of stock options**

The method for estimating fair value of stock options granted for fiscal 2009 is as follows:

*a) Valuation method used: Black-Scholes model**b) Principal basic values and estimation methods*

	2009
Share price fluctuations (Note 1)	30.69%
Projected remaining period (Note 2)	4 years
Projected dividend (Note 3)	¥30 per share
Non-risk interest rate (Note 4)	0.93%

Notes: 1. Computed based on actual share prices during a four-year period (from June 2004 to July 2008).

2. Because of a lack of accumulated data and difficulty in making rational estimates, it is assumed the stock options are exercised at the midpoint of the exercise period.

3. Based on the year-end dividend for the fiscal year ended March 31, 2008.

4. Yields on government bonds for the period corresponding to the projected remaining period.

**(4) Method for estimating the number of confirmed stock option rights**

Specifically, because of the difficulty in rationally estimating the number of expired rights in the future, a method has been adopted that reflects actual past expirations.

## 20. Net Income per Share

Basis of calculation for net income per share basic and net income per share diluted is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Net income per share basic:			
Net income	¥ 40,224	¥ 67,506	\$409,487
Net income not attributable to common shareholders	—	—	—
Net income attributable to common shareholders	40,224	67,506	409,487
Weighted average shares (thousand)	350,586	350,796	
Net income per share basic (exact yen amounts)	¥ 114.73	¥ 192.44	\$ 1.17
Net income per share diluted:			
Increase in weighted average shares for diluted computation (thousand)	32	660	
Net income per share diluted (exact yen amounts)	¥ 114.72	¥ 192.08	\$ 1.17

Note: As for the dilutive securities that have not been included in the calculation of net income per share diluted because they do not have any dilutive effect, the Company has the following stock options outstanding.

Fiscal 2009:

- 1) Stock options outstanding for 542,000 shares of common stock under the stock option program approved by the annual general shareholders meeting on June 24, 2005
- 2) Stock options outstanding for 654,000 shares of common stock under the stock option program approved by the annual general shareholders meeting on June 27, 2006
- 3) Stock options outstanding for 990,000 shares of common stock under the stock option program approved by the annual general shareholders meeting on June 26, 2007
- 4) Stock options outstanding for 1,012,000 shares of common stock under the stock option program approved by the annual general shareholders meeting on June 25, 2008

Fiscal 2008:

- Stock options outstanding for 998,000 shares of common stock under the stock option program approved by the annual general shareholders meeting on June 26, 2007

## 21. Number of Issued Shares and Treasury Stock

### 1. Number of Issued Shares

The changes in total number of issued share for the year ended March 31, 2009 were as follows:

Balance at March 31, 2007	354,056,516 shares
Increase	— shares
Decrease	— shares
Balance at March 31, 2008	354,056,516 shares
Increase	— shares
Decrease	— shares
Balance at March 31, 2009	354,056,516 shares

### 2. Number of Treasury Stock

The changes in total number of treasury stock for the year ended March 31, 2009 were as follows:

Balance at March 31, 2007	3,527,442 shares
Increase due to purchases for stock options	860,000 shares
Increase due to purchases of less-than-one-unit shares from shareholders	51,973 shares
Decrease due to execution of rights of stock options	(1,367,000) shares
Decrease due to sales of less-than-one-unit shares to shareholders	(9,349) shares
Net increase (decrease) of the quota of the Company's stocks owned by affiliates accounted by the equity method	7,624 shares
Balance at March 31, 2008	3,070,690 shares
Increase due to purchases for stock options	900,000 shares
Increase due to purchases of less-than-one-unit shares from shareholders	37,208 shares
Decrease due to execution of rights of stock options	(238,000) shares
Decrease due to sales of less-than-one-unit shares to shareholders	(18,956) shares
Net increase (decrease) of the quota of the Company's stocks owned by affiliates accounted by the equity method	11,297 shares
Balance at March 31, 2009	3,762,239 shares

## 22. Change in Net Assets

### *Matters related to dividends*

#### (a) Dividend payment

Approvals by an annual general shareholders' meeting held on June 26, 2007 are as follows:

##### Dividend on Common Stock

- |                               |                |
|-------------------------------|----------------|
| 1) Total amount of dividends: | ¥4,910 million |
| 2) Dividends per share:       | ¥14.00         |
| 3) Record date:               | March 31, 2007 |
| 4) Effective date:            | June 27, 2007  |

Approvals by the Board of Directors meeting on October 31, 2007 are as follows:

##### Dividend on Common Stock

- |                               |                    |
|-------------------------------|--------------------|
| 1) Total amount of dividends: | ¥4,911 million     |
| 2) Dividends per share:       | ¥14.00             |
| 3) Record date:               | September 30, 2007 |
| 4) Effective date:            | November 26, 2007  |

Approvals by an annual general shareholders' meeting held on June 25, 2008 are as follows:

##### Dividend on Common Stock

- |                               |                                    |
|-------------------------------|------------------------------------|
| 1) Total amount of dividends: | ¥5,619 million (\$57,202 thousand) |
| 2) Dividends per share:       | ¥16.00                             |
| 3) Record date:               | March 31, 2008                     |
| 4) Effective date:            | June 26, 2008                      |

Approvals by the Board of Directors meeting on October 30, 2008 are as follows:

##### Dividend on Common Stock

- |                               |                                    |
|-------------------------------|------------------------------------|
| 1) Total amount of dividends: | ¥6,309 million (\$64,226 thousand) |
| 2) Dividends per share:       | ¥18.00                             |
| 3) Record date:               | September 30, 2008                 |
| 4) Effective date:            | November 26, 2008                  |

(b) Dividends whose record date is attributable to the accounting period ended March 31, 2009 but to be effective after the said accounting period.

Approvals by an annual general shareholders' meeting held on June 24, 2009 are as follows:

##### Dividend on Common Stock

- |                               |                                    |
|-------------------------------|------------------------------------|
| 1) Total amount of dividends: | ¥2,804 million (\$28,545 thousand) |
| 2) Funds for dividends:       | Retained earnings                  |
| 3) Dividends per share:       | ¥8.00                              |
| 4) Record date:               | March 31, 2009                     |
| 5) Effective date:            | June 25, 2009                      |

# Report of Independent Auditors

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries



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## Report of Independent Auditors

To the Board of Directors of  
 TOYOTA TSUSHO CORPORATION

We have audited the accompanying consolidated balance sheet of TOYOTA TSUSHO CORPORATION (“the Company”) and its consolidated subsidiaries as of March 31, 2009, and the related consolidated statements of income, changes in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2009, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2(22) to the consolidated financial statements, effective from the fiscal year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted “Accounting Standard for Measurement of Inventories”(Accounting Standards Board of Japan (“ASBJ”) Statement No.9, announced on July 5, 2006).

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

*PricewaterhouseCoopers Aarata*

August 18, 2009