



# ACCELERATING GROWTH

## IN THREE CORE DOMAINS

ANNUAL REPORT 2014

Fiscal year ended March 31, 2014

# HISTORY

Toyota Tsusho Corporation was established in 1948. As the sole general trading company in the Toyota Group, we strengthened our overseas operations in the 1980s and 1990s and expanded around our core automotive business. Thereafter, we began to expand non-automotive businesses. We merged with the trading companies Kasho Company, Ltd., in 2000 and Tomen Corporation in 2006 in order to facilitate this effort. In this manner, we have continued to expand the scope of our business. In recent years, we have been actively participating in businesses that help preserve the environment and build more plentiful societies, while continuing to leverage the foundation we have cemented in the automotive sector.

## Establishment–1970s

### Developing as the Toyota Group's Trading Company

Toyoda Kinyu Kaisha, the Company's predecessor, was a company established in 1936 to provide sales financing for Toyota vehicles. After World War II, holdings companies became prohibited by the second *zaibatsu* designation, which led to the dissolution of Toyoda Kinyu Kaisha (then known as Toyoda Sangyo Kaisha, Ltd.). However, the trading division of this company was transferred to Nisshin Tsusho Kaisha Ltd., Toyoda Sangyo's successor established in 1948. Nisshin Tsusho would later evolve to become today's Toyota Tsusho Corporation. The Company continued to grow as a general trading company and as a member of the Toyota Group, largely by exporting finished automobiles, and eventually came to be listed on both the Nagoya Stock Exchange and the Tokyo Stock Exchange.

1948	Trading division of Toyoda Sangyo Kaisha, Ltd., established as a separate company under the name Nisshin Tsusho Kaisha, Ltd.
1956	Company name changed to Toyoda Tsusho Kaisha, Ltd.
1961	Stock listed on the second section of the Nagoya Stock Exchange
1964	Began exporting Toyota vehicles, starting with the Dominican Republic
1977	Stock listed on the first section of the Tokyo Stock Exchange



## 1980s–1990s

### Stepping Up Overseas Forays as Toyota Globalizes

During this period, Toyota Group companies began moving beyond simply exporting automobiles, and actually started conducting production in various countries overseas. To respond to the globalization of the Toyota Group, we accelerated our own overseas expansion, establishing a series of dealers and other bases overseas and commencing production of Toyota vehicles in Pakistan. However, our efforts were not limited to the automotive sector. For example, we formed a business alliance with Kasho Company, Ltd. in 1999.

1985	Tokyo branch converted to head office, complementing the Nagoya head office in a two-head office system
1987	Warrant bonds (US\$70 million) issued on the European market
1987	Company name changed to Toyota Tsusho Corporation
1999	Business alliance formed with Kasho Company, Ltd.



## 2000s

### Merging and Forming Tie-Ups to Expand Value Chains Outside of the Automotive Sector

In 2000, we entered into a capital and operational tie-up with Tomen Corporation and then merged with Kasho Company, Ltd. In 2006, the Company merged with Tomen, which had a broad customer base and diverse business ventures, giving birth to the present Toyota Tsusho. This move positioned us to commence our full-fledged advance beyond the automotive sector into fields such as infrastructure, chemicals, and foods, and our value chains were greatly expanded as a result.

2000	Capital investment and business tie-up commenced with Tomen Corporation
2000	Merger with Kasho Company, Ltd.
2006	Merger with Tomen Corporation
2006	VISION 2015—LEAD THE NEXT (targeting 50:50 earnings ratio for automotive sector and non-automotive sector businesses) launched



## 2010s

### Aiming to Become a Value-Generating Corporation that Addresses Social and Environmental Issues Using its Automotive-Sector Foundations

In the 2010s, we are accelerating investment in new business fields. For example, in 2012 we commenced capital participation in CFAO S.A., a French trading company that has automotive and pharmaceutical operations centered on Africa. A particular emphasis is being placed on renewable energy, businesses in Africa, and other areas that have been seeing significant expansion in demand from society and also represent areas in which the Company can leverage its strengths and generate synergies. By developing businesses in these areas, Toyota Tsusho will work to achieve sustainable growth.

2011	Global 2020 Vision (targeting business portfolio with balanced 1:1:1 ratio between three domains (Tri Domains) launched
2012	Eurus Energy Holdings Corporation converted to a subsidiary
2012	Capital participation commenced in French trading company CFAO S.A. (Photograph below is of Company President Jun Karube and Richard Bielle, Chairman of the Management Board at CFAO)



# VISION

After merging with Tomen Corporation in 2006, we prepared VISION 2015—LEAD THE NEXT, which calls on us to realize a 50:50 earnings ratio for businesses in the automotive sector and sectors beyond the automotive sector by the fiscal year ending March 31, 2016. Since this time, we have worked to establish second and third core earnings drivers alongside the automotive sector. In 2011, Toyota Tsusho launched the Global 2020 Vision, which entails that we work over the coming decade to establish a business portfolio with a balanced 1:1:1 ratio between the three domains (Tri Domains) of Mobility, Life and Community, and Earth and Resources. By focusing on cross-domain cooperation that promises synergies enabled by its strengths, Toyota Tsusho will give full play to its unique capabilities and move toward realization of the vision.

Examples of businesses that call on the unique capabilities of Toyota Tsusho can be found in the special feature beginning on page 21.



2010



2015

## Global 2020 Vision

The Global 2020 Vision entails that we work to further expand upon existing strengths in automotive-sector businesses to grow operations in the Mobility domain while pursuing synergies with the Life and Community and Earth and Resources domains. In this manner, we aim to establish a business portfolio with a balanced 1:1:1 ratio between these three domains.

### Life and Community

In the Life and Community domain, the Toyota Tsusho Group aims to create and expand businesses that provide more useful and multifaceted forms of value to people and society, as a value-generation corporation that helps to build a prosperous society.

### Earth and Resources

In the Earth and Resources domain, the Toyota Tsusho Group will directly face global issues related to food, resources, the natural environment and other areas. Taking unique approaches possible only at the Toyota Tsusho Group, we aim to create new value while achieving further business growth and expansion.

**TRY**  
**1**

### Mobility

In the Mobility domain, the Toyota Tsusho Group will anticipate changes in the automotive business at the interface between automobiles and people and society, and the opportunities spawned by these changes, with the view to driving business expansion and contributing to a next-generation mobility culture.

**2020**

# MOTION

The Global 2020 Vision will be advanced by the Company's seven product divisions. Each division leverages its specialized strengths in their particular field while also pursuing synergies with other divisions to create new value. Business development progresses on a worldwide scale supported by Toyota Tsusho's global network encompassing Japan and approximately 90 other countries and over 950 consolidated Group companies.

Details on the businesses and strategies of the seven product divisions can be found in Division Strategies and Performance beginning on page 30.



## Global Parts & Logistics Division

### Main Products and Services

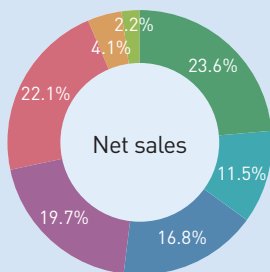
- Component parts for automotive production
- Logistics business
- Tire and wheel assembly business
- Techno-park business
- Automotive accessories and materials
- Packaging materials



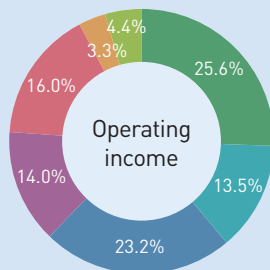
## Metals Division

### Main Products and Services

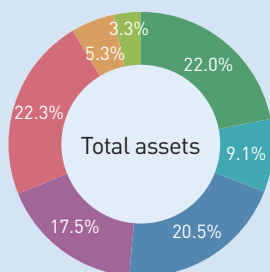
- Steel products and specialty products, steel construction materials, wire rod, steel tubes
- Nonferrous metal ingots, precious metals
- Aluminum products, copper, copper alloy products
- Iron & steel scrap, nonferrous metals scrap
- Ferro-alloy products, pig iron
- End-of-life vehicle (ELV) recycling, waste catalysts
- Rare earth resources, rare metals



¥ **7.7** trillion



¥ **161.3** billion



¥ **4.0** trillion

\* Performance for the fiscal year ended March 31, 2014, or ratio as of March 31, 2014  
[ratios exclude the Others segment]



## Automotive Division

### Main Products and Services

Passenger cars  
 Trucks and buses  
 Motorcycles  
 Used vehicles  
 Assembly  
 Body mounting / conversion  
 Imports and exports, third-country trade, wholesale, retail  
 Captive finance and lease  
 Spare parts and after-sales service



## Machinery, Energy & Project Division

### Main Products and Services

Machine tools, industrial machinery, textile machinery  
 Testing and measuring instruments, electronic machinery  
 Environmental equipment  
 Industrial vehicles, construction machinery  
 Petroleum products, liquefied petroleum gas (LPG)  
 Coal, crude oil, petrochemical, natural gas products  
 Infrastructure projects  
 Energy and electric power supply business  
 Water treatment



## Chemicals & Electronics Division

### Main Products and Services

Electronic devices  
 Component parts for automobile production  
 Automotive embedded software development  
 Network integration and support  
 Software  
 Mobile phones  
 Organic chemicals  
 Fine and inorganic chemicals  
 Plastics and rubber  
 Chemical additives  
 Batteries and electronic materials  
 Pharmaceuticals and pharmaceutical ingredients



## Food & Agribusiness Division

### Main Products and Services

Feed and oilseeds  
 Food ingredients  
 Processed foods  
 Grains  
 Agriculture, marine, and livestock products



## Consumer Products & Services Division

### Main Products and Services

Life and health insurance, property and casualty insurance  
 Brokerage house  
 Insurance related services  
 Apparels, sundry goods  
 Distribution of apparels  
 Nursing-related products and services  
 Distribution of nursing-related products  
 Medical facilities and related services, medical equipment  
 Lodging and living facilities  
 Housing  
 Commercial facilities  
 Housing and office materials





# ACCELERATING GROWTH

After formulating the Global 2020 Vision in 2011, Toyota Tsusho has continued to grow stably while conducting forward-looking business investments in fields of strength. Going forward, we will accelerate growth in the three domains of Mobility, Life and Community, and Earth and Resources.

#### **Editorial Policy**

Annual Report 2014 explains the strategies, performance, and business activities of Toyota Tsusho. Reporting on both social and environmental factors in an integrated manner, this discussion is framed by the Company's quest to achieve sustainable growth in accordance with its Corporate Philosophy: "Living and prospering together with people, society, and the globe, we aim to be a value-generating corporation that contributes to creation of a prosperous society."



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### A Cautionary Note on Forward-Looking Statements:

This annual report contains "forward-looking statements" about Toyota Tsusho's future plans, strategies, beliefs, and performance that are not historical facts. These forward-looking statements are presented to inform stakeholders of the views of Toyota Tsusho's management but should not be relied on exclusively in making investment and other decisions.

These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from the information presented here, which is based on assumptions and beliefs in light of information currently available to the management at the time of publication. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no obligation if these forward-looking statements do not reflect actual results due to new information, future events, or other developments. Earnings forecasts and other projections in this annual report were formulated and announced as of April 2014.

## TO OUR STAKEHOLDERS

Jun Karube marks his third year at the helm of Toyota Tsusho as the Company marks its fourth consecutive year of sales and earnings growth. Here, he reflects on where the Company is coming from and describes where it is headed.

**Jun Karube**  
President and CEO



## The Past Three Years

I have had the honor of serving Toyota Tsusho as president for the three years since June 2011. My term as president began in the immediate aftermath of the Great East Japan Earthquake. As we came to terms with the unimaginable human tragedy wrought by that disaster, we also coped with the unprecedented disruption of supply chains. The chaos continued with the interruptions of electric power that resulted from the quake-related cessation and suspension of output from nuclear power plants. Yet Toyota Tsusho continued to perform.

In the fiscal year ended March 31, 2014, we posted our fourth consecutive year of growth in sales and earnings. Net income, at ¥73.0 billion (equivalent to \$0.7 billion), was up 55% over the fiscal year ended March 31, 2011, and net sales, at ¥7,743.2 billion (equivalent to \$75.2 billion), were up 35%. That resilient performance is a tribute to our collective commitment to fulfilling our Global 2020 Vision, launched in April 2011. Together, we have invested vigorously in promising new ventures and have redoubled our efforts to serve customers better in established lines of business. And each of us has worked hard and well to achieve continuing improvements in our processes and output and to strengthen the functions that underlie our products and services.

## Progress in Fulfilling the TRY-1 Strategy

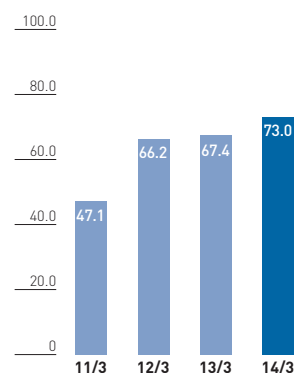
We are working through the TRY-1 strategy under our Global 2020 Vision to shape a business portfolio balanced equally among three domains:

1. Mobility—vehicle distribution, marketing, and manufacturing, including initiatives for contributing to the development of next-generation transport
2. Life and Community—foodstuffs and consumer goods, including initiatives for contributing to more-fulfilling lifestyles
3. Earth and Resources—natural resources and energy development, including initiatives for safeguarding the environment.

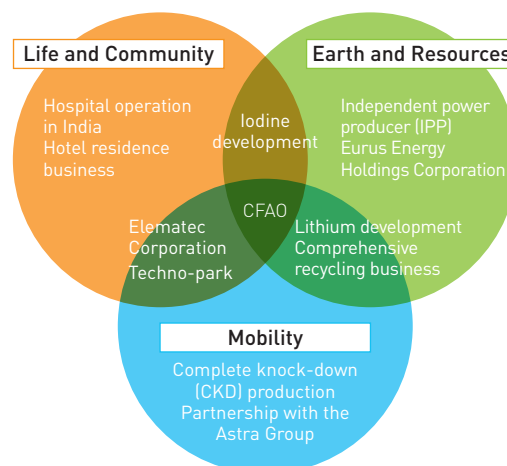
Achieving the balance that we seek through the TRY-1 strategy will mean expanding our presence in non-automotive sectors while maintaining our traditional core strength in the automotive sector. It will also mean identifying and acting on opportunities to foster business in sectors where our Mobility domain overlaps one or both of our other domains.

Our investment over the past three years has totaled over ¥600 billion (equivalent to \$5.8 billion), including ¥234.5 billion (equivalent to \$2.2 billion) invested in the French trading company CFAO S.A., and it has greatly expanded our presence in sectors beyond our traditional core business in the automotive sector. Apart from the CFAO investment, we have invested more than twice as much in non-automotive projects (¥270 billion) (equivalent to \$2.6 billion) as in automotive projects (¥130 billion) (equivalent to \$1.2 billion). Note that CFAO, which operates mainly in Africa, complements a large business in vehicle distribution and sales with extensive business in pharmaceuticals and consumer goods.

Net Income in the Four Years  
(¥ billion)



Examples of Investment Projects  
in the Three Years to March 31, 2014



## Measures for Bolstering TRY-1 Momentum

Fostering business in sectors where our domains overlap is a means of reinforcing our growth momentum by leveraging diverse strengths. We possess a robust business foundation in the Mobility domain, and are finding ways to exercise the skills, know-how, and business relationships that we have developed in that domain through projects in Life and Community and in Earth and Resources.

An example of developing cross-domain business is our 2012 acquisition of a majority stake in Elematec Corporation, a Japanese electronics trading company. Elematec specializes in components and materials for diverse products, such as smartphones, household appliances, and automobiles. It has improved our positioning in regard to providing customers with value-added product solutions.

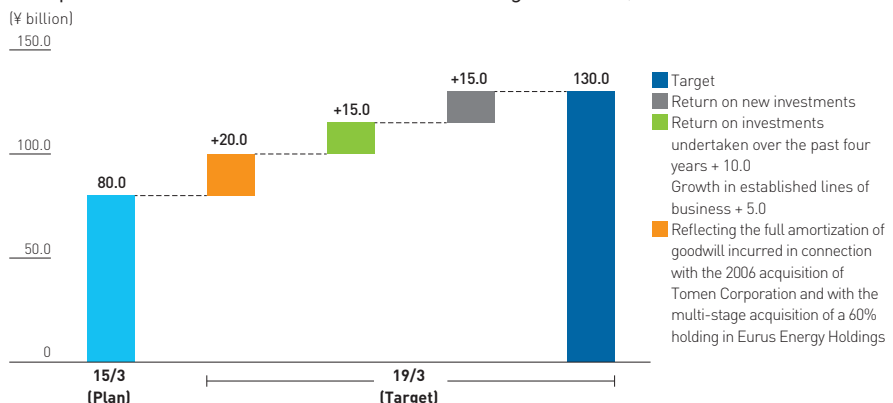
Another example of cross-domain business is our 2012 investment in lithium resources development in Argentina. Lithium-ion batteries (LiBs) are becoming automakers' favored choice in hybrid and pure-electric vehicles, and demand for them is also poised to grow in smartphones, PCs, and other electronic equipment. Our Argentine investment, an Earth and Resources project, positions us to serve battery-related demand in the Mobility domain and in the Life and Community domain.

Resources development typically entails large investments. We manage our risk exposure by focusing on projects—as in the Argentine lithium project—where we can establish a reliable linkage to promising markets.

Our Life and Community domain includes numerous businesses of insufficient scale to achieve the critical mass necessary to become core businesses. We are therefore eyeing possible opportunities, including mergers and acquisitions (M&As), to assert greater business scale in that domain.

Working to fulfill our TRY-1 strategy will include a vigorous scrap-and-build approach in ongoing businesses, as well as a selective approach in new investment. We will be uncompromising in imposing basic performance criteria. If operations fail to meet those criteria, we will shut them down, divest them, or fold them into stronger operations. That will happen with operations where profitability has deteriorated to unacceptable levels on account of structural market change, where the business handled no longer matches our strategic priorities, or where we perceive little prospect of significant growth.

Composition of Net Income in Fiscal Year Ending March 31, 2019



## The Growing Importance of Partnering

Supplementing our capabilities through strategic partnering will be indispensable in fulfilling our Global 2020 Vision. That is readily evident on reviewing the new investment projects that we have undertaken over the past three years. The most successful new projects, by far, have been those that combined a distinctive business model with special geographic strengths.

Ideally, we would love to be able to deploy both a compelling business model and compelling geographic advantages on our own in every project. Achieving continued growth, however, will entail tackling projects where we marshal only some of the requisite capabilities. To execute those projects successfully, we will need to join hands with partners who possess the capabilities that we lack.

Our alliance with CFAO is an excellent example of supplementing our capabilities through partnering. CFAO brings to the partnership more than 120 years of operational experience in Africa. It also brings a business portfolio similar to ours in automotive / non-automotive composition: about 60% automotive, about 40% non-automotive. Our two companies' African operations are complementary in geographical coverage and in model mix. The Toyota Tsusho distribution network for vehicles—primarily but not exclusively Toyotas—serves mainly the English-speaking nations of East and Southern Africa. CFAO's vehicle distribution network centers on the French-speaking nations of West Africa and handles vehicles from several automakers.

We have set up liaison units at Toyota Tsusho and at CFAO to coordinate efforts to tap our mutual strengths synergistically. Representatives of the two companies discuss strategy proposals and develop measures for making the most of both companies' resources. An important emphasis is partnering between Toyota Tsusho and CFAO in product sectors other than automobiles. CFAO is an African leader in pharmaceuticals wholesaling, and it also has solid African operations in beverages and other consumer goods. Those businesses offer exciting promise for synergistic cooperation in our Life and Community domain.

Our work with CFAO includes exploring ways to build sales channels for our customers' products in Africa and elsewhere. We have initiated some trial projects, and I look forward to providing updates about the progress of those projects.



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## New Geographical Priorities

Along with strengthening our presence in Africa, we are moving strategically to build a strong presence in the Mekong Basin nations. The booming economies of Southeast Asia have attracted an abundance of Japanese investment. But the Southeast Asian nation that has hosted the most investment from Japan, Thailand, is becoming saturated. And securing sufficient human resources and land for projects is becoming difficult there.

Some of our Japanese corporate customers are therefore asking about possibilities in other Southeast Asian nations. We are responding by proposing innovative value-chain solutions. The companies can set up plants next door to Thailand in Laos, for example, and we can provide logistical support for supplying plant equipment through Thailand and for handling the plants' output through channels there. We are also studying the potential for similar value-chain solutions in Cambodia and Myanmar.

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## Risk Management

Globalizing our operations entails a growing range of risk, and we therefore need to fortify our capabilities for managing that risk. That includes managing security risk, especially in emerging economies. Fortunately, CFAO has brought to the Toyota Tsusho Group a wealth of risk-management expertise in regard to security. That expertise is a reflection of CFAO's more than 120 years of experience in Africa. We established a unit in April 2013 to develop countermeasures for security risk, and the members of that unit are absorbing pertinent expertise from CFAO. In addition, we are upgrading our capabilities for managing geopolitical risk, national risk, financial risk, and other kinds of risk.



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## Diversity

Sound progress in globalizing our operations will also depend on fostering diversity in our human resources. We have made important progress in Japan in regard to providing opportunities for female employees and older employees to nurture and exercise their capabilities. We are now tackling the even-more challenging and ever-more rewarding challenge of tapping the talents of our non-Japanese team members. This will include stepping up our efforts in cultivating local management talent in each nation. It will also mean providing our operations in each nation with increased management authority.

Local executives now head Toyota Tsusho Group companies in China, the Republic of Korea, Morocco, and Russia. And management at our operations will assume an increasingly local character in every nation. All of our principal divisions and departments have begun including concrete measures for promoting diversity in their annual business plans. We are backing those measures with seminars and other special training focused on raising employee awareness of the importance of diversity.

Our goal is a corporate culture where the very word “diversity” is superfluous. That will take time, of course, but we will press ahead with the measures I have described here until it happens. And I am confident that in 5 to 10 years, diversity will have become intrinsic to our corporate culture.

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## The Toyota Tsusho Group Way and Human Resources Development

Fostering diversity while retaining our solidarity will demand a redoubled commitment to the precepts expressed in The Toyota Tsusho Group Way (see page 60). Our real-world familiarity with manufacturing through our positioning in the Toyota Group differentiates us advantageously from our competitors. In the spirit of conscientious manufacturing, we will maintain a focus on the workplace and a long-term perspective, and that orientation will channel our diversity in a characteristically Toyota Tsusho vector.

I have met repeatedly with employees at all levels and in all sectors of our organization since becoming president. Those encounters are opportunities for me to obtain frank input from people in the workplace and to explain my management perspective firsthand. In the same spirit, I dispatch messages to all employees every month or two via our intranet. I use those dispatches to comment on Toyota Tsusho news and to call attention to the uniquely “Toyota Tsusho” aspects of our corporate culture.

As I have noted, our ties with the Toyota Group are a defining aspect of our organization. We therefore second young employees and middle-level managers to that company and to other manufacturers to deepen their understanding of our manufacturing roots. They gain invaluable experience in the manufacturing workplace, including projects that take them abroad, and then bring that experience back to Toyota Tsusho and put it to work in our operations. For example, we have helped

## TO OUR STAKEHOLDERS

our bakery affiliate First Baking Co., Ltd., raise productivity by adopting elements of the Toyota Production System.

Providing employees with hands-on experience in manufacturing is part of our larger, passionate commitment to fostering human resources. Apart from the truism that our people are our greatest asset, our people are what drives our growth. All of us in management at Toyota Tsusho reinforce our growth foundation by devoting top priority to human resources development.

We evaluate the results of our human resources programs annually and modify the programs and launch new programs as our findings warrant. A recent initiative of special note is our Global Advanced Leadership Program\*, launched in April 2013. That program brings together 20 promising managers—10 from Japan and 10 from other nations—for eight months of special training. We have designed the training to impart cultural and historical understanding, as well as management skills and expertise. And we are counting on the Global Advanced Leadership Program to produce its namesake results. We will conduct follow-up monitoring of the program's graduates and continue tweaking the program to maximize its effectiveness.

Providing employees with an international perspective is another important emphasis in our human resources programs. We are working to provide every parent-company employee with overseas work experience within seven years of joining the company. In addition, we provide as many young employees as possible with management experience at subsidiaries and affiliates in different lines of business. They gain real-world experience in negotiations and other facets of launching and carrying out projects, and that experience becomes a life-long resource for them in their Toyota Tsusho careers.

We at the parent company in Japan hire about 70 new university graduates and 20 to 30 individuals who possess specialized work experience. Toyota Tsusho has attained the kind of stature that attracts top talent in Japan, and we are stepping up our activity in recruiting similarly top talent in other nations.

\* Global Advanced Leadership Program

An extensive program in which 10 Japanese department managers and 10 local overseas employees in managerial positions are selected to systematically study social sciences over an eight-month period to cultivate logical reasoning skills





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## Social and Corporate Sustainability

Shaping all activity at Toyota Tsusho is a commitment to generating value that enriches life for people everywhere, that contributes to social vitality, and that is attuned to environmental quality. I am especially sensitive to our responsibility to fulfilling those principles in emerging nations. We are in a position to make a substantive difference for the better in those nations: through products and services that improve the quality of life, through jobs that raise incomes, through technology transfers that advance industrial development, and through export business that earns foreign exchange.

A long-term perspective is essential in emerging nations. Recouping investment can take longer in those nations than in industrialized nations. But with patience and perseverance, we can put in place virtuous circles that yield lasting benefits for us and for our host nations. Epitomizing that approach is a Kenyan training center that we opened in July 2014 for service engineers for automobiles, agricultural equipment, and construction machinery. That facility, the Toyota Kenya Academy, will also provide instruction in administrative functions required at vehicle sales outlets. And I am counting on the Toyota Kenya Academy to become a prototype for similar undertakings in other nations.

Thank you for allowing me to share my thoughts on the past three years and on our corporate direction at Toyota Tsusho. I thank you, too, for understanding our commitment to maximizing value for all our stakeholders over the long term. And I invite your careful attention to our progress in addressing the issues and opportunities that lie ahead.

July 2014



**Jun Karube**  
President and CEO

## INTERVIEW WITH EXECUTIVE IN CHARGE OF FINANCES

I would like to provide an overview of the Company's performance in the fiscal year ended March 31, 2014, and then discuss our future financial strategies.

### **Q1** What Are the Most Significant Elements of Your Business and Financial Performance in the Fiscal Year Ended March 31, 2014, and What Are Your Chief Emphases in Regard to Fiscal Performance in the Years Ahead?

Immediately notable are the record figures for operating income, which increased 39.2%, to ¥161.3 billion, and net sales, which rose 22.8%, to ¥7,743.2 billion. Net income also grew, rising 8.3%, to ¥73.0 billion. We thus posted our fourth consecutive year of gains in sales and earnings. Underlying the surges in operating income and net sales were the first-time inclusion in our consolidated accounts of CFAO S.A., our largest-ever acquisition; the sharp weakening of the yen; and unit-volume growth in vehicle production at automotive operations that we serve.

Notwithstanding our gratifying performance in the latest fiscal year, we face pressing challenges, especially in our core automotive operations. Those challenges include changes in the composition of automakers' model lines, the globalization of vehicle production, and the localization of parts purchasing. Our Metals Division and Global Parts & Logistics Division are our primary interfaces with the automotive sector, and those divisions are working on a new business model to address the kinds of challenges that I have cited.

Contrasting regional trends were evident in our business performance. In the fiscal year ended March 31, 2014, sales in Southeast Asia—where our business centers on Thailand—declined. That decline was partly a rebound from the previous fiscal year's robust sales. In addition, our business was strong in North America, and signs of recovery were apparent in our Chinese business.

The acquisition of CFAO has supplemented our well-established operations in East and Southern Africa with CFAO's extensive operations in West Africa. As a result, we now have a business presence in 53 of Africa's 54 nations, and are counting on solid growth in Africa in the years and decades ahead. We are moving steadily to put in place a foundation for sustainable, profitable business there.

### **Q2** Please Discuss Your Approach to Maintaining a Sound Financial Position.

The first-time inclusion of CFAO in our consolidated accounts and the sharp weakening of the yen occasioned a surge in total assets in the fiscal year ended March 31, 2014. For the first time in our history, total assets exceeded ¥4 trillion. Our net debt equity ratio, meanwhile, improved to 1.1 at fiscal year-end, from 1.3 at the previous fiscal year-end. More than offsetting an increase in net interest-bearing debt to more than ¥1 trillion were contributions to shareholders' equity from net income and from a gain on foreign currency translation adjustment.

We continue working to shape a business portfolio balanced equally among our three business domains: Mobility, Life and Community, and Earth and Resources. That is in accordance with the TRY-1 strategy in our Global 2020 Vision, and it means investing vigorously in growth in non-automotive sectors while maintaining our growth momentum in the automotive sector. We will abide by our 1.5 ceiling for the net debt equity ratio, but we are well under that ceiling and thus retain a degree of leeway for improving capital efficiency through leverage. Maintaining a vigorous approach to investment in new projects will mean further growth in total assets and net interest-bearing debt, but we will maintain a sound financial position by abiding rigorously by our criteria for the pertinent ratios.



Hideyuki Iwamoto

Deputy Chief Division Officer of  
Administrative Division

Upgrading risk management will also be part of our measures for maintaining a sound financial position. Our efforts to develop business on the periphery of the automotive sector will entail growing exposure to such risks as country risk and partner risk, as well as operational risk. We are improving our capacity for managing that risk in each sales division by adopting new criteria for key performance indicators and by taking steps to make risk visible.

Our Companywide policy for risk management mandates that we limit our total risk assets to no more than a risk buffer that consists principally of shareholders' equity. The ratio of risk assets to the risk buffer stood at 1.13 at March 31, 2014, reflecting the acquisition of CFAO. That was a marked decline, however, from the ratio of 1.46 a year earlier, and the improvement reflects growth in retained earnings and progress in reducing goodwill through amortization.

### Q3 What Are Your Plans for Investment?

We maintain a rolling, two-year earmark of ¥250 billion for investment under our long-term business plan. Net cash provided by operating activities totaled about ¥134 billion in the fiscal year ended March 31, 2014, and about ¥124 billion in the previous fiscal year. We are thus funding investment in new projects with the returns generated by ongoing projects, and intend to abide by that positive cycle. That means that we will be unlikely to undertake any investments that exceed ¥100 billion, as the CFAO investment did, for the time being.

Projects in our Mobility domain will continue to command a vigorous approach to investment. We are working, however to shape a business portfolio balanced equally among Mobility, Life and Community, and Earth and Resources in line with the TRY-1 strategy. And it will mean, as I have noted, an increased weighting for Life and Community and for Earth and Resources in allocating investment.

We will be especially attentive to investment opportunities in sectors that straddle Mobility and one of the other two domains and that allow for asserting characteristically Toyota Tsusho strengths born of our roots in manufacturing. Examples of such investment already under way include an Argentine project for developing lithium resources, projects in multiple nations for installing networks of charging stations for electric vehicles—a project that is reshaping our Japanese electronics operations—and a large-scale recycling project in Japan.

Our periodic Investment Strategy Meeting, newly instituted in 2014, is a framework for ensuring a more-systematic approach to investment. The Meeting will enforce increased rigor in evaluating investment proposals in reference to such criteria as fit with our strategic priorities and potential return. We will also become more rigorous in monitoring the performance of projects under way in reference to our investment criteria.

### Q4 Please Describe Your Dividend Policy.

Our basic policy is to pay out between 20% and 25% of consolidated net income as dividends. We retain the flexibility, however, to adjust the dividend payout ratio in accordance with economic trends and with investment needs and opportunities. Our cumulative annual dividend for the fiscal year ended March 31, 2014, totaled ¥50 per share. That was up ¥6 over the previous year and corresponded to a dividend payout ratio of 24%.

For the fiscal year ending March 31, 2015, we plan to raise the cumulative annual dividend ¥6, to ¥56 per share. That would correspond to a dividend payout ratio of 25% in reference to our projected net income. As I have noted, 25% is the top end of our policy range for the dividend payout ratio. We are thus eyeing maximal payouts to shareholders under our dividend policy.

#### Annual Plan for the Fiscal Year Ending March 31, 2015

Net Sales	¥8,600.0 billion
Operating Income	¥175.0 billion
Net Income	¥80.0 billion
ROE	8%
Net Debt Equity Ratio	1.1 times
Dividend Payout Ratio	25%

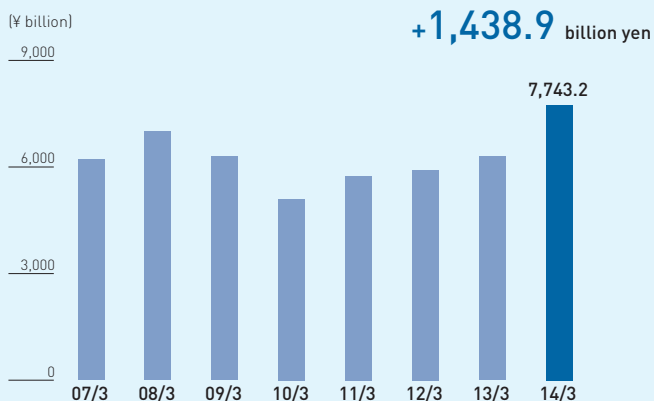
# FINANCIAL HIGHLIGHTS

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries  
Years ended March 31

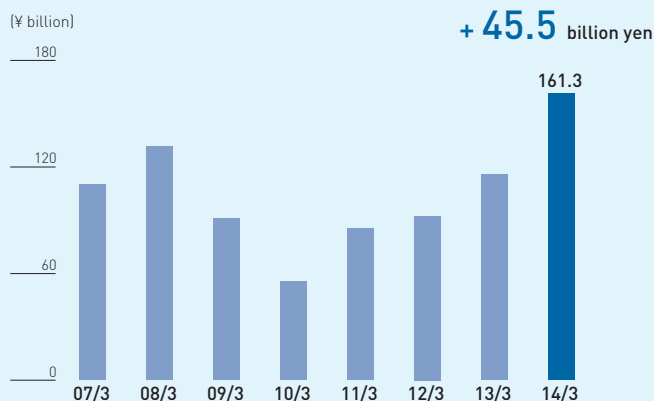
For ELEVEN-YEAR FINANCIAL SUMMARY, please refer to page 84.

For results for each division, please refer to page 32.

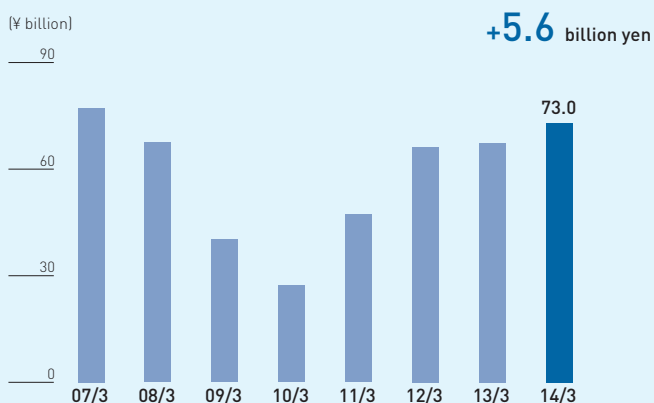
## Net Sales



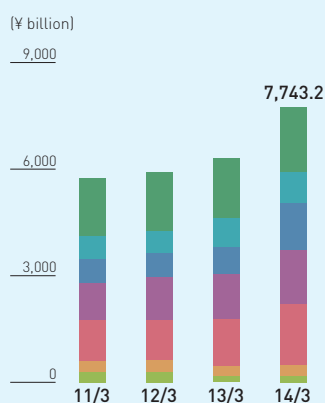
## Operating Income



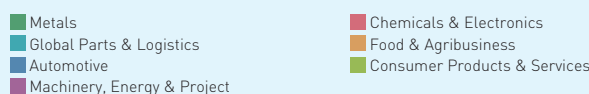
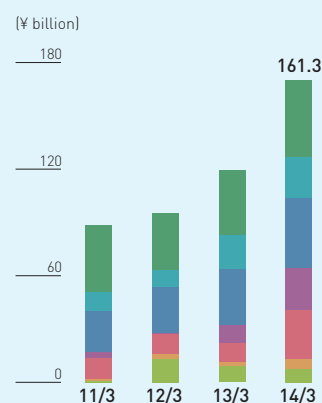
## Net Income



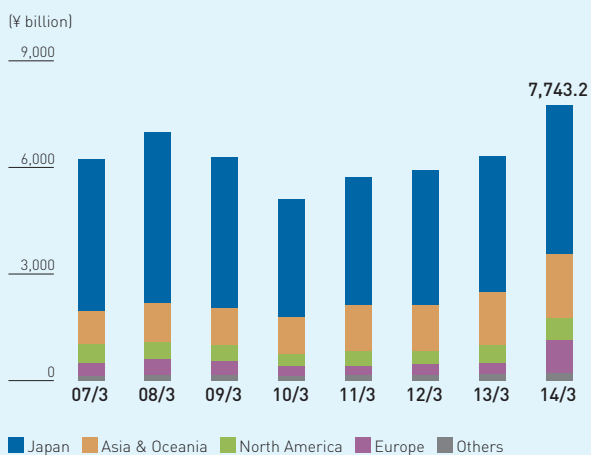
## Segment Sales\*



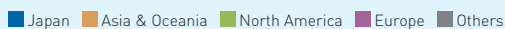
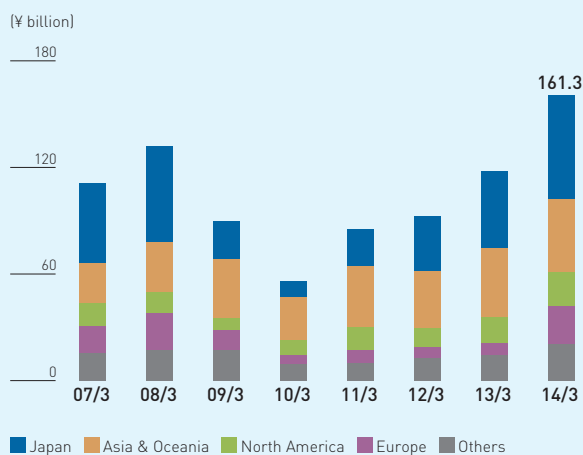
## Segment Operating Income\*



## Regional Sales



## Regional Operating Income



\* In April 2011, the Company reorganized.

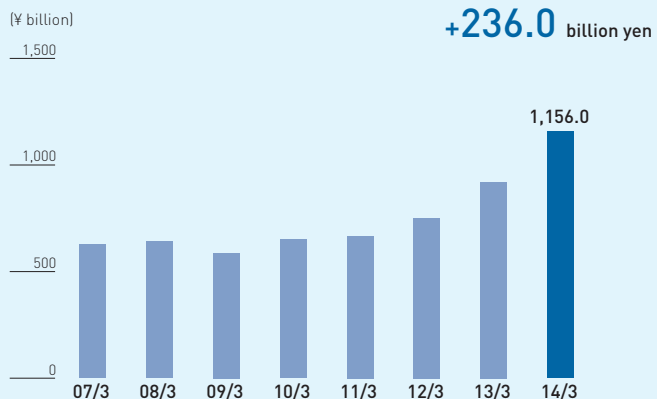
\* Effective April 1, 2013, the name of the Consumer Products, Services & Materials Division was changed to the Consumer Products & Services Division.

\* Effective April 1, 2014, the name of the Global Production Parts & Logistics Division was changed to the Global Parts & Logistics Division.

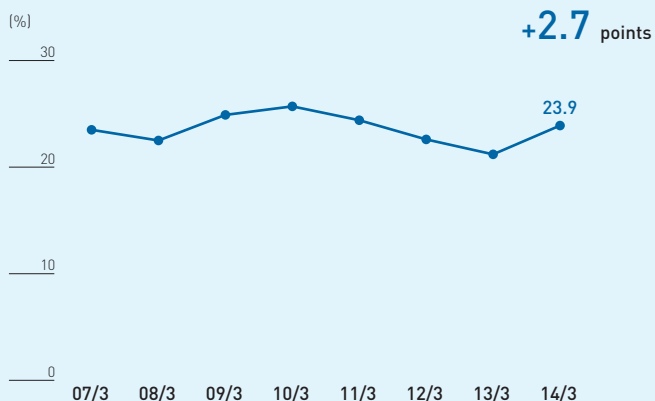
### Total Assets



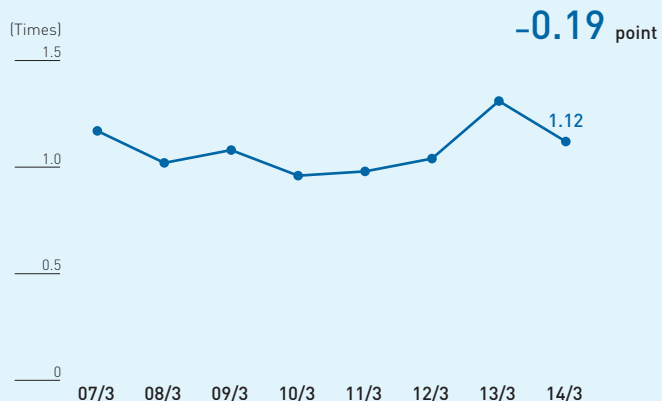
### Total Net Assets



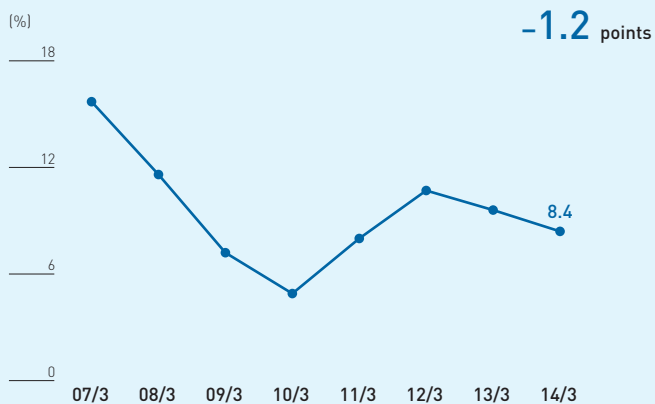
### Shareholders' Equity Ratio



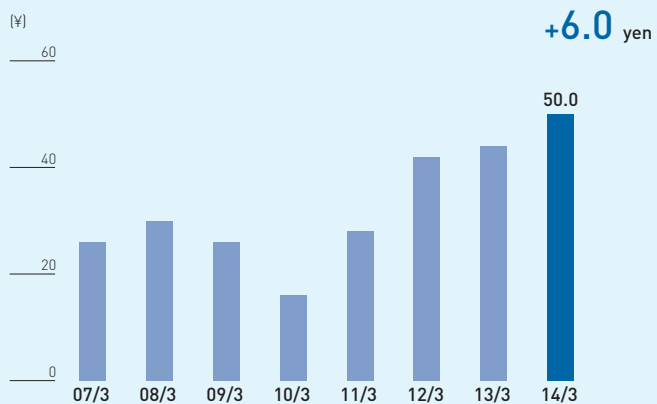
### Net Debt Equity Ratio



### ROE



### Cash Dividends per Share



## FINANCIAL HIGHLIGHTS

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries  
Years ended March 31

	2010/3	2011/3	2012/3	2013/3	Millions of Yen	Thousands of U.S. Dollars <sup>(Note 1)</sup>
					2014/3	2014/3
<b>Results of Operations:</b>						
Net Sales	¥5,102,261	¥5,743,649	¥5,916,759	¥6,304,354	¥7,743,237	\$75,235,493
Gross Profit	280,790	330,730	343,999	403,888	582,498	5,659,716
SG&A Expenses	225,199	245,432	251,596	288,013	421,177	4,092,275
Operating Income	55,591	85,297	92,403	115,875	161,321	1,567,440
Share of Profit of Entities Accounted for Using Equity Method	7,364	13,636	15,396	17,646	13,783	133,919
Net Income	27,339	47,169	66,205	67,432	73,034	709,619
<b>Financial Position at Year-end:</b>						
Total Assets	¥2,274,547	¥2,436,248	¥2,837,428	¥3,592,368	¥4,072,728	\$39,571,783
Total Net Assets	650,215	667,378	751,747	920,043	1,156,080	11,232,802
Net Interest-Bearing Debt	563,066	581,366	672,137	998,626	1,088,974	10,580,781
<b>Cash Flows:</b>						
Net Cash Provided by Operating Activities	¥ 100,217	¥ 79,884	¥ 63,782	¥ 124,156	¥ 133,937	\$ 1,301,369
Net Cash Used in Investing Activities	(73,090)	(74,046)	(58,771)	(323,389)	(135,587)	(1,317,401)
Net Cash Provided by (Used in) Financing Activities	(107,623)	77,751	97,358	223,374	5,356	52,040
Cash and Cash Equivalents at End of Period	170,714	252,747	354,755	391,352	412,032	4,003,420
					Yen	U.S. Dollars <sup>(Note 1)</sup>
<b>Per Share:</b>						
Net Income:						
Basic	¥78.08	¥134.78	¥189.34	¥192.58	¥208.01	\$2.02
Diluted <sup>(Note 2)</sup>	—	—	—	192.42	207.82	2.02
Cash Dividends for the Year	16.00	28.00	42.00	44.00	50.00	0.49
Dividend Payout Ratio	20.5%	20.8%	22.2%	22.8%	24.0%	—
<b>Financial Measures:</b>						
ROE	4.9%	8.0%	10.7%	9.6%	8.4%	—
Shareholders' Equity Ratio	25.7%	24.4%	22.6%	21.2%	23.9%	—
Net Debt Equity Ratio (times)	0.96	0.98	1.04	1.31	1.12	—

					Thousands of Shares	
<b>Common Stock:</b>						
Number of Shares Outstanding at Year-end	354,056	354,056	354,056	354,056	354,056	—

Notes: 1. The U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of the readers, at the rate of ¥102.92=U.S.\$1, the approximate exchange rate prevailing on March 31, 2014, which was the final business day of financial institutions in the fiscal year ended March 31, 2014.

2. Figures for diluted net income per share are not shown for the fiscal years ended March 31, 2010, 2011, and 2012, as there were no potential stocks with dilution effect during these years.

### Credit Ratings (as of July 1, 2014)

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

SPECIAL FEATURE

# GENERATING A UNIQUE VALUE

Under the Global 2020 Vision, Toyota Tsusho is working to expand business in non-automotive sectors through the leveraging of foundations built in its area of specialty: the automotive sector. However, this does not mean that we are looking to become like other general trading companies. Due to our strength in the automotive sector, we believe that there is value that only Toyota Tsusho can generate. This value is the source of our competitiveness.

In this special feature, we will explain the automotive value chain that forms the basis for Toyota Tsusho's business, three businesses that have arisen from this value chain, and the unique value we generate through these businesses.

# Value Creation that Goes Beyond the Automotive Value Chain


The Toyota Tsusho Group does not simply trade materials and products. As a general trading company that specializes in the Mobility domain, we invest in strengthening our functions, and provide new value by utilizing these functions in a wide range of fields that exceed their traditional boundaries. Through this process, we are creating a value chain that extends from resource development of rare earths, lithium, and other raw materials, to planning, proposal, and construction of efficient supply systems, and then finally to reuse and recycling of waste materials.


We are involved in a wide range of businesses in which we work directly with customers to address on-site needs. For example, we possess our own processing plants at which we store and process steel materials and operate a molten aluminum production business in which we transport aluminum in a molten state to engine and tire wheel factories. In our tire and wheel assembly business, assembled tires and wheels are delivered to manufacturers' production lines. At the end of the value chain, we collect iron and steel scraps created during factory processing, and then reuse these materials. In these pursuits, we employ the Toyota Production System (TPS) to support efficient operation and provide greater value.

## Toyota Tsusho's Business and Functions Across the Automotive Value Chain

 Metals Division Page 32-

 Global Parts & Logistics Division

 Machinery, Energy & Project Division Page 44-

 Chemicals & Electronics Division Page 48-



## Synergies Born Out of the Automotive

Acquisition of a New Source for a Rare Element  
Lithium Development Project for Securing Resources to Meet Growing Demand from the Automotive and Consumer Electronics Industries



### Lithium Development

In recent years, lithium-ion batteries (LiBs) have become indispensable to the spread of plug-in hybrid vehicles (PHVs) and electric vehicles (EVs). Toyota Tsusho is now the first Japanese company to participate in a resource development project for lithium, a crucial resource in the creation of LiBs.

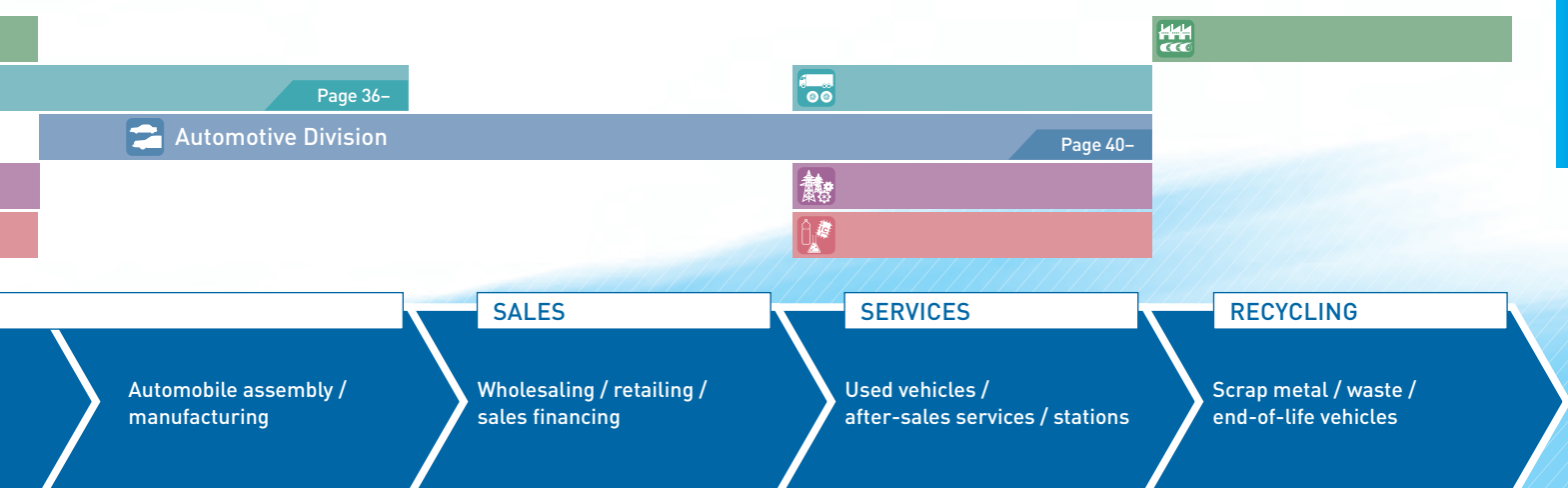




In its logistics operations, Toyota Tsusho utilizes Company-owned warehouses and trucks to provide efficient logistics and storage. This business is being continually improved through coordination with customers through such means as the planning and development of packaging materials that save space and prevent products from damage and the creation of packing techniques to complement these.

Each product division consists of a vertically integrated organization. By then forming horizontally linking functions, we are able to connect the functions of each division to solidify Toyota Tsusho's unique value chains. Taking a hands-on approach, we are committed to raising value by always focusing on the actual sites, products, and circumstances we are addressing. This stance is Toyota Tsusho's greatest strength.

This type of value chain was initially born in the automotive business. By expanding such value chains beyond the automotive sector, we aim to cultivate additional earnings pillars to stand alongside the automotive business.



## Value Chain that Spans Various Areas

Overseas Expansion Support for Automotive Parts Manufacturers  
Comprehensive Support Encompassing Hard and Soft Elements



### Techno-Park Business

Toyota Tsusho's techno-park business provides comprehensive support for domestic automotive parts manufacturers looking to expand overseas. We cater to the needs of such companies by providing hard elements, such as rental land and factories, and soft elements, such as administrative and accounting services.



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Application of the TPS to Other Businesses  
Improvements Realized Through TPS Introduction at an Affiliate



### Improved Performance at First Baking

Toyota Tsusho has established an organization endowed with cost reduction and other improvement functions based on the TPS. Through this organization, we are expanding TPS-based comprehensive improvement activities to the logistics, production, and workflow processes of production sites in non-automotive sectors.



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SPECIAL FEATURE 1:

# Lithium Development

## Stable Provision of a Crucial Resource for Next-Generation Automobiles

Lithium-ion batteries (LiBs) are an indispensable component in next-generation automobiles like plug-in hybrid vehicles (PHVs) and electric vehicles (EVs) as well as in mobile devices. Lithium is a crucial resource in the creation of these LiBs, and Toyota Tsusho is currently developing this resource. The

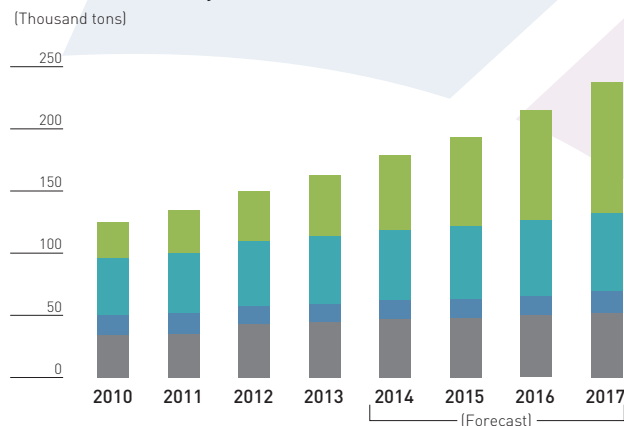
lithium project we are involved in represents the first instance of a Japanese company participating in such a project from the development stage. As lithium demand is expected to continue growing into the future, the project will surely be a great asset in ensuring a stable supply of this resource.

### Lithium Supply and Demand Balance

Lithium is a comparatively rare element found in concentrated locations such as South American salt lakes and Australian mineral mines. This resource is used as a raw material for the cathode material of the LiBs installed in PHVs and EVs, meaning it is vital to the spread of these next-generation automobiles. Demand for this resource is expected to grow going forward for this reason as well as due to concern for global energy shortages and environmental issues.

However, lithium production is almost non-existent in Japan, making this country nearly 100% dependent on imports for this resource. Moreover, global lithium production is controlled through an oligopoly consisting of a mere four companies located in South America and Australia. Accordingly, furthering the spread of next-generation automobiles in Japan will require that new lithium suppliers be found.

Lithium Demand by Use



Source: Toyota Tsusho (based on data provided by Roskill Information Services, Ltd.)

Legend: Batteries (Green), Glass / Ceramics (Teal), Lubricants (Blue), Other (Grey)

## Investigation and Development Rights Acquisition

Usage of LiBs began to show a clear increase during 2008, and it was then that Toyota Tsusho began investigating resource deposits around the world with the goal of securing supplies of lithium for these batteries. Our investigation led us to the Salar de Olaroz salt lake in Argentina. Salar de Olaroz's brine boasted a high lithium content and low level of impurities, and the production and transport infrastructure necessary to harvest it was in place. These factors sparked our interest.

A number of companies around the world had already approached Orocobre Limited, the Australian resource company that held interests in Salar de Olaroz, with the hopes of acquiring rights to this project. However, in January 2010, it was Toyota Tsusho that this company chose to be its development partner.

Factors that influenced Orocobre's decision included, of course, our access to the Toyota Group's sales channels. They also had high opinions of our ability to provide value

## Project Progress and Plans

In the production process, we will extract lithium directly from brine deposits. This requires fewer production steps and lower cost compared with extracting lithium from pulverized ore. The manufacturing process adopts a secondary refinement step using an ion exchange resin to purify the extract into high-grade lithium, thereby ensuring high efficiency at low costs.

In order to minimize the environmental impact, fertilizers are also being manufactured from the production by-product (potassium), while sediment (salt) generated from concentrated brine accumulates in ponds and will be buried after the project's completion.

In addition, as the project will use ground water, we took steps to ensure that local residents will not suffer from shortages in the water used for daily life. To this end, we conducted an environmental assessment of the area's water resources and proposed new methods of water purification using the latest technologies from Japan. Helping to improve the quality of life for local residents in this way was one reason the project was so accepted by the local community. Furthermore, JEMSE, the public mining development company for Jujuy Province, in which the plant is located, has taken an 8.5% stake in the project development company, reflecting our efforts to establish a relationship with the community based on the principles of

chain functions that spanned from upstream areas to downstream areas as well as our dedication toward achieving sustainable growth.

Since 2010, we have continued to conduct feasibility studies together with Orocobre. A pilot plant was built in 2011, and in December 2012 we broke ground on a production plant that will extract lithium from the brine of Salar de Olaroz.

For Japan, with its sparse energy resources, securing stable resource supplies is a core part of national strategies. As such, we have received consistent support from the Japanese government, with the Japan Oil, Gas and Metals National Corporation (JOGMEC) providing technical support in the exploration phase and also aiding with infrastructure feasibility studies, and government debt guarantees being pledged for the project. In this manner, this project has been advanced with an all-Japan team on our side.

coexistence and co-prosperity.

Full-scale lithium production is scheduled to begin in the latter half of 2014. Annual production capacity will be 17,500 tons, which is equivalent to the current annual demand in Japan.

Lithium produced at Salar de Olaroz will be supplied to support the continued development of mobile devices and rising expectations for next-generation vehicles. Toyota Tsusho's business value will increase as a result of it becoming a new supplier in the lithium market, which has long been locked in an oligopoly. In addition, the Company will leverage its 100% sales rights to secure a stable supply of lithium to further the spread of next-generation vehicles. In addition to expanding the scale of operations, our participation in upstream resource development will also facilitate progress in downstream areas, effectively forming a link between the development of Argentina and that of Japan.



Utilize low-cost, high-efficiency production method



SPECIAL FEATURE 2:

# Techno-Park Business

## Platform for Automotive Value Chains in Emerging Countries



### Overseas Introduction of Japanese Manufacturing Technologies (*Monozukuri*)

Automotive markets are growing in emerging countries, and makers of finished automobiles are rapidly shifting toward local procurement and production to respond to the cost and functionality requirements of these markets. This trend is also accelerating the shift of Japanese automotive parts manufacturers to emerging countries. However, some small to medium-sized manufacturers are facing difficulties in expanding their operations overseas due to shortages in manpower, assets, funds, and know-how.

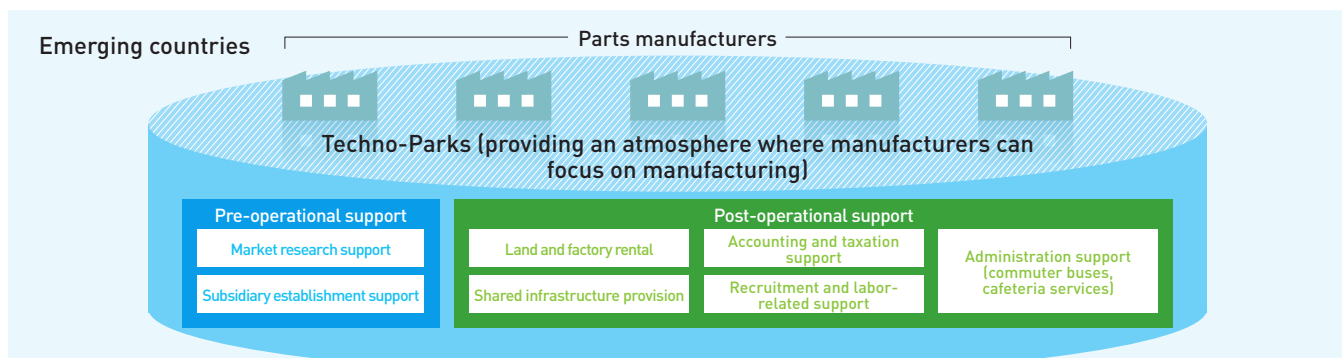
When an excellent parts manufacturer is unable to move overseas due to these reasons, the losses are great, not only for the parts manufacturer but also for car manufacturers. Furthermore, if certain Japanese parts manufacturers cannot move their operations, this will result in a decline in the type of mutual adjustment and coordination that is characteristic of Japan's manufacturing culture, and subsequently cause this culture to deteriorate.

Toyota Tsusho's techno-park business is one solution for this

issue. In this business, we provide a wide range of support services to help manufacturers that are making their first step into an emerging country by allowing them to focus exclusively on their manufacturing operations. Primarily targeting small to medium-sized manufacturers, we help them in finding industrial parks, setting up offices, and establishing local subsidiaries, while also providing administrative and accounting services.

Moreover, moving into one of our techno-parks requires a lower initial investment than would be required to set up overseas operations alone and also provides other benefits that arise from this sort of common facility, including lower running costs and a shortened time frame for starting operations.

Our techno-park business forms a platform for automotive value chains that link parts manufacturers and makers of finished automobiles in emerging countries, and we will use this platform to maximize the breadth of the value chains that encircle the Company.



## Unique Services of Toyota Tsusho

One of the greatest characteristics of Toyota Tsusho's techno-park business is how it provides hard elements (provision of land, factories, and infrastructure) that come packaged with a wide range of soft elements (administration and accounting support). There are, of course, companies that provide real estate services, and major accounting firms can help with feasibility studies and establishing local subsidiaries. However, Toyota Tsusho is the only company with a business model that offers detailed services in both areas.

Our ability to provide this type of service is a product of Toyota Tsusho's emphasis on devoting its energy to on-site initiatives. This service is also enhanced through the use of the Company's manufacturing specialties. For example, our techno-park in Indonesia provides such high-value-added services as manufacturing facility support that allows for

the specifications of rental factories to be changed to match customers' production processes as well as just-in-time deliveries performed through logistics centers. We have also established product showrooms inside of our techno-parks, and are encouraging information exchanges and product referrals between park tenants and with companies interested in expanding into the country in question. In this way, our techno-parks also lay the foundations for the development of the manufacturing industries of their host countries.



A product showroom

## A Platform Sought by a Wider Range of Users

Toyota Tsusho currently operates two techno-parks in India, one in Thailand, and one in Indonesia, but we plan to establish additional parks in other regions to respond to future rises in overseas production by makers of finished automobiles. A particular area of interest is the Mekong region. We are seeing automakers relocate certain production functions to this region in response to the labor shortfalls and manufacturing cost increases in Thailand. As such, we expect demand in this region to be robust going forward. In developing techno-park operations in the future, we will create additional value by supplementing the integrated support functions offered currently with functions normally associated with manufacturers, such as granting the easy assembly that we specialize in. What users expect differs based on their production functions as well as on regional characteristics. Accordingly, this truly is a field in which Toyota Tsusho can exercise its capabilities as a trading company that has specialties in regard to on-site operations.

Looking ahead, we will break away from the framework of the Toyota Group to acquire business from makers of finished automobiles and parts manufacturers. We will also leverage the Group's collective strength to expand operations across the value chain. One example of this would be the hotel residence business scheduled to commence in Indonesia in September

2014. This business will initially offer 180 rooms, where business travelers will be able to receive Japanese hospitality.

### Techno-Parks

(As of June 2014)

Bangalore, India	Eastern Seaboard, Thailand
Services: <ul style="list-style-type: none"> <li>• Small industrial park management</li> <li>• Land, factory, and office rental</li> <li>• Commuter buses</li> <li>• Cafeteria services, etc.</li> </ul>	Services: <ul style="list-style-type: none"> <li>• Accounting and taxation support</li> <li>• Commuter buses</li> <li>• Cafeteria services</li> <li>• Management support, etc.</li> </ul>
Established: 1998	Established: 2002
Tenants: 8	Tenants: 24
Chennai, India	Karawang, Indonesia
Services: <ul style="list-style-type: none"> <li>• Accounting and taxation support</li> <li>• Commuter buses</li> <li>• Cafeteria services</li> <li>• Inter-park logistics, etc.</li> </ul>	Services: <ul style="list-style-type: none"> <li>• Land, factory, and office rental</li> <li>• Accounting and taxation support</li> <li>• Commuter buses</li> <li>• Cafeteria services, etc.</li> </ul>
Established: 2014	Established: 2012
Tenants: 8	Tenants: 12



SPECIAL FEATURE 3:

# Improved Performance at First Baking Co., Ltd.

## Reinvention of an Affiliate through TPS Introduction



One of the most prominent strengths supporting Toyota Tsusho's operations as a general trading company is the Toyota Production System (TPS), which we have access to as a member of the Toyota Group. The TPS has been introduced into countless companies, including Toyota Tsusho and its subsidiaries and affiliates as well as customers and business partners. Put to use in manufacturing, logistics, and various other fields, this system

contributes to improved quality and efficiency and subsequently increased profitability wherever it is used. A noteworthy example of this system in action can be seen at First Baking Co., Ltd. After ongoing improvements through the introduction of the TPS, this company was able to achieve profitability in terms of all income figures during its fiscal year ended December 31, 2013. This was the first time in 22 years any of these figures had displayed profit.

### The Toyota Production System (TPS)

The TPS is the production management system that Toyota Motor Corporation forged through an extended process of ongoing refinement with one goal: realizing shorter and more efficient production processes to deliver to customers the cars they had ordered quickly. Designed to ensure that products are built in an efficient and timely manner and with assured quality, this system is centered around two concepts. The first is *jidoka* (automation with human touch). Specifically, this means endowing equipment and their operators with the ability to immediately stop processes if an abnormality is detected, effectively preventing defective products from moving on to later production steps. The second concept is just-in-time, which means only producing the exact quantity of components needed for each production process, and only when they are needed.

At Toyota Tsusho, employees positioned in the Kaizen & Cost Reduction Department are seconded to Toyota Motor for a number of years so that they can learn the TPS first hand. Upon returning to the Company, these employees are dispatched to manufacturing sites in non-automotive businesses to lead the introduction of the TPS.

### History of Hard Work with No Results

In its fiscal year ended December 31, 2013, First Baking was fifth in its industry with net sales of ¥24.6 billion. This historic baker was established in 1947, and Toyota Tsusho had a long business relationship with First Baking, during which we traded ingredients with the company. It was not until 2010, however, that we commenced capital participation in First Baking, as it was then that we reached a consensus. First Baking sought to utilize our global procurement networks and logistics know-how, and we desired to expand our

downstream operations in the grain value chain.

Even before Toyota Tsusho became involved, First Baking had attempted to improve performance through restructuring, which entailed withdrawal from certain businesses, and reforming management by hiring a consulting firm. Operating losses continued regardless. When our participation commenced, we initially anticipated that First Baking would require a multifaceted improvement program targeting areas such as product development and sales. However, we first chose to start with production,

where we could easily realize improvements through the introduction of the TPS. A TPS team, consisting of three members of the Company's Kaizen & Cost Reduction Department, was thus dispatched to First Baking's flagship Kanamachi Plant.

When the TPS team arrived, the Kanamachi Plant was plagued by frequent halts on its production lines, which were largely the result of bread becoming stuck to the equipment

## Steadfast On-site Improvement

The biggest difference between Toyota Tsusho and the consulting firm that First Baking had hired previously was that the Company's TPS team's approach was to go to the site, observe the situation, and advance *kaizen* improvement activities in a straightforward and thorough manner. In conducting steadfast on-site effort to make improvements, it was necessary to think deeper and identify the root cause of issues, rather than remaining only at a surface level. For example, it was not enough to simply identify that the problem with bread sticking to detaching equipment was caused by uneven dispersal of grease. Rather, it was necessary to go one step further and constantly monitor problematic areas of the production line to determine why grease was being dispersed unevenly. Our TPS team continued to pursue on-site improvements together with employees of the plant until they were able to uncover the fundamental cause of the problem. It was this sort of ongoing effort that brought line halts to zero in only one year.

As part of the TPS activities, issues and improvement measures were presented once a month at a forum attended by First Baking's president, vice president, and other high-ranking managers. While awareness of issues was previously confined to production sites, these presentations brought these issues to the attention of management, transforming them into management issues and

## Wide-Range Applicability of the TPS

Introduction of the TPS is not only limited to production sites. Rather, this system is used throughout First Baking, realizing *heijunka* for presentation materials and more efficient routes for sales calls at sales divisions among other improvements. Moreover, the system is showing indirect benefits as its concept of improvement spreads through the mindsets of employees. This change in perception has transformed the very nature of this company, breathing new life into product planning and development ventures. These were the plants that enabled First Baking to end its 22-year streak of losses.

Going forward, Toyota Tsusho will continue to provide support through its Kaizen & Cost Reduction Department and other functions. This support will not be limited to First Baking. Support functions will be applied throughout the various value chains we touch as a general trading company.

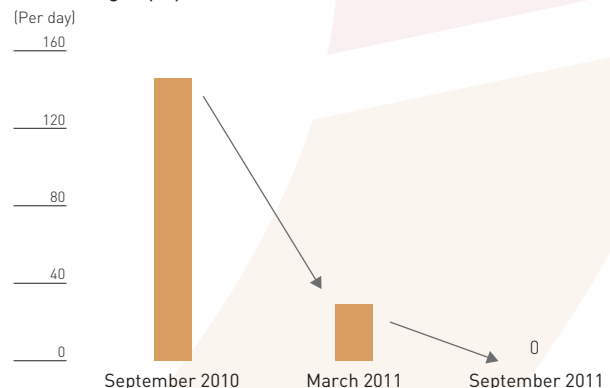
that detaches bread for pans. In fact, daily halts were often as high as 140 times. Faced with this situation, the TPS team proposed an unbelievable target: zero halts a day. This was a shocking declaration to the staff of the Kanamachi Plant, which had previously failed to even reduce halts by half.

Just one year later, the plant was able to successfully go a day without halting its production line.

allowing for more comprehensive improvement measures. These presentations also enabled improvement measures to be shared with other plants. As a result, First Baking had successfully installed the TPS at a total of seven plants, including those of subsidiaries, a mere four years after the system was first introduced at the Kanamachi Plant.

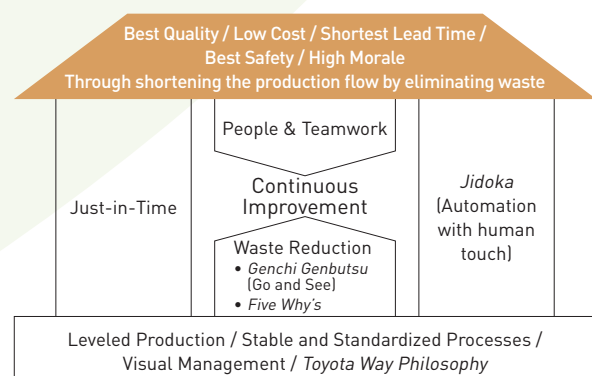
At First Baking, the introduction of the TPS eliminated *muda* (waste), *mura* (unevenness), and *muri* (overburden) while promoting *heijunka* (leveled production). These improvements made large contributions to First Baking's increased profit margins.

### Detaching Equipment Halts at Kanamachi Plant



In this way, we aim to take full advantage of the TPS and create the type of value that only Toyota Tsusho can.

### Toyota Production System Diagram—TPS House



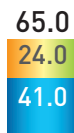
Excerpt from *The Toyota Way*, written by Jeffrey K. Liker

# DIVISION OVERVIEW

## Our Investments in Businesses

[¥ billion]

- Mobility
  - Life and Community
  - Earth and Resources
- 
- Beyond automotive
  - Automotive



09/3

10/3

11/3

	09/3	10/3	11/3
 <b>Metals Division</b>	<ul style="list-style-type: none"> <li><span style="color: green;">●</span> Established a molten aluminum production company in Hokkaido</li> <li><span style="color: blue;">●</span> Entered the rare earths business</li> </ul>		<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> Invested in India's only manufacturer of stainless steel piping for automobiles and motorcycles</li> </ul>
 <b>Global Parts &amp; Logistics Division</b>	<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> Acquired TPS expertise by investing in TOPIX Corporation</li> </ul>		<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> Entered vehicle logistics business in India, following on from China and Thailand</li> </ul>
 <b>Automotive Division</b>	<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> Established Yamaha joint venture in Cambodia</li> </ul>		<ul style="list-style-type: none"> <li><span style="color: blue;">●</span> Made Subaru distributor in South Africa a wholly owned subsidiary</li> </ul>
 <b>Machinery, Energy &amp; Project Division</b>	<ul style="list-style-type: none"> <li><span style="color: green;">●</span> Began contracted drilling of marine gas fields in Egypt</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: green;">●</span> Participated in the Goreway power generation project in Canada</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: green;">●</span> Entered the U.S. gas-fired power generation business</li> <li><span style="color: green;">●</span> Participated in natural gas production project in Australia</li> </ul>
 <b>Chemicals &amp; Electronics Division</b>	<ul style="list-style-type: none"> <li><span style="color: orange;">●</span> Divested mobile phone sales business and established new company with DENSO Corporation</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: orange;">●</span> Concluded agreement for exclusive agency in Japan with ChemRoutes Corporation of Canada (entered pharmaceutical development support business)</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: orange;">●</span> Invested in iodine development and production operating company in Chile</li> <li><span style="color: orange;">●</span> Established Bio-PET (polyethylene terephthalate) joint venture in Taiwan</li> </ul>
 <b>Food &amp; Agribusiness Division</b>	<ul style="list-style-type: none"> <li><span style="color: orange;">●</span> Entered the agricultural production business in Japan</li> </ul> 	<ul style="list-style-type: none"> <li><span style="color: orange;">●</span> Established a company to sell raw materials for feed and oilseeds in Malaysia</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: orange;">●</span> Began technical collaboration with Kinki University to develop a complete bluefin tuna culture business (established world's first commercial operations for intermediate breeding)</li> </ul>
 <b>Consumer Products &amp; Services Division</b>	<ul style="list-style-type: none"> <li><span style="color: orange;">●</span> Entered the insurance business in Bangalore, India</li> <li><span style="color: orange;">●</span> Made a uniform manufacturing and sales company a wholly owned subsidiary</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: orange;">●</span> Acquired additional shares of Fukuske Corporation to make it a subsidiary</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: orange;">●</span> Concluded agreement for exclusive import and sales rights in Japan for Italian competition swimming apparel brand "Jaked"</li> </ul>

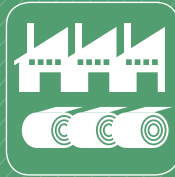


	12/3	13/3	14/3	15/3-16/3 (Plan)
	<ul style="list-style-type: none"> <li>Established an automobile salvaging and recycling plant in China</li> <li>Established a manufacturing base for steel piping for automobiles in Mexico</li> </ul>	<ul style="list-style-type: none"> <li>Acquired stock in lithium resources development company at Argentina's Salar de Olaroz salt lake</li> <li>Entered the aluminum alloy production business in India</li> </ul>	<ul style="list-style-type: none"> <li>Established steel tube production site in Indonesia</li> <li>Entered into automobile recycling business in China</li> </ul>	
	<ul style="list-style-type: none"> <li>Established an industrial park management company in Indonesia</li> </ul>	<ul style="list-style-type: none"> <li>Established logistics joint venture in Thailand with Senko Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Invested in PT. Astra Otoparts Tbk.</li> </ul>	
	<ul style="list-style-type: none"> <li>Entered business for wholesale of wheels for imported vehicles</li> <li>Entered automobile assembly business in Egypt</li> </ul>	<ul style="list-style-type: none"> <li>Held line-off ceremony for Toyota SUVs assembled in Egypt</li> <li>Established used vehicle sales company in Kenya</li> </ul>	<ul style="list-style-type: none"> <li>Established directly operated total car service store in Cambodia with two other Toyota Group companies</li> </ul>	
	<ul style="list-style-type: none"> <li>Won a contract for Kenya's largest geothermal power plant project</li> </ul>	<ul style="list-style-type: none"> <li>Participated in coalbed methane (CBM) gas development and production project in Canada</li> <li>Participated in construction machinery rental and sales project in Asia</li> </ul>	<ul style="list-style-type: none"> <li>Participated in a wood biomass power generation project via Ene Vision Corporation</li> <li>Made first foray in North America's largest electricity wholesale market</li> </ul>	
	<ul style="list-style-type: none"> <li>Concluded agreement with Elematec Corporation on capital and operational tie-up</li> </ul>	<ul style="list-style-type: none"> <li>Invested in fertilizer company in India</li> </ul>	<ul style="list-style-type: none"> <li>Invested in SDP Global Co., Ltd., and expanded its production capacity at the subsidiary factory in China</li> </ul>	
	<ul style="list-style-type: none"> <li>Invested in flour mill in Indonesia</li> <li>Entered frozen vegetable manufacturing business in Vietnam</li> </ul>	<ul style="list-style-type: none"> <li>Entered into mushroom production business in China</li> <li>Entered into grain accumulation business in Australia</li> </ul>	<ul style="list-style-type: none"> <li>Constructed second production line at Pt. Hokkan Indonesia</li> <li>Entered into domestic food service business</li> </ul>	
	<ul style="list-style-type: none"> <li>Developed retail business in China</li> <li>Entered insurance brokerage business in Vietnam</li> </ul>	<ul style="list-style-type: none"> <li>Established general hospital operation joint venture in India with SECOM Group and a local company</li> <li>Opened clinic inside of a production plant in Thailand</li> </ul>	<ul style="list-style-type: none"> <li>Entered into hotel residence business in Indonesia</li> <li>Converted Fukuske Corporation into a wholly owned subsidiary</li> </ul>	



**Takumi Shirai**

Senior Managing Director,  
Chief Division Officer of Metals Division



## Metals Division

The Metals Division is strengthening operations in the core domain of Mobility while also accelerating innovation in the fields of recycling and resource development.

### Business Fields and Strengths

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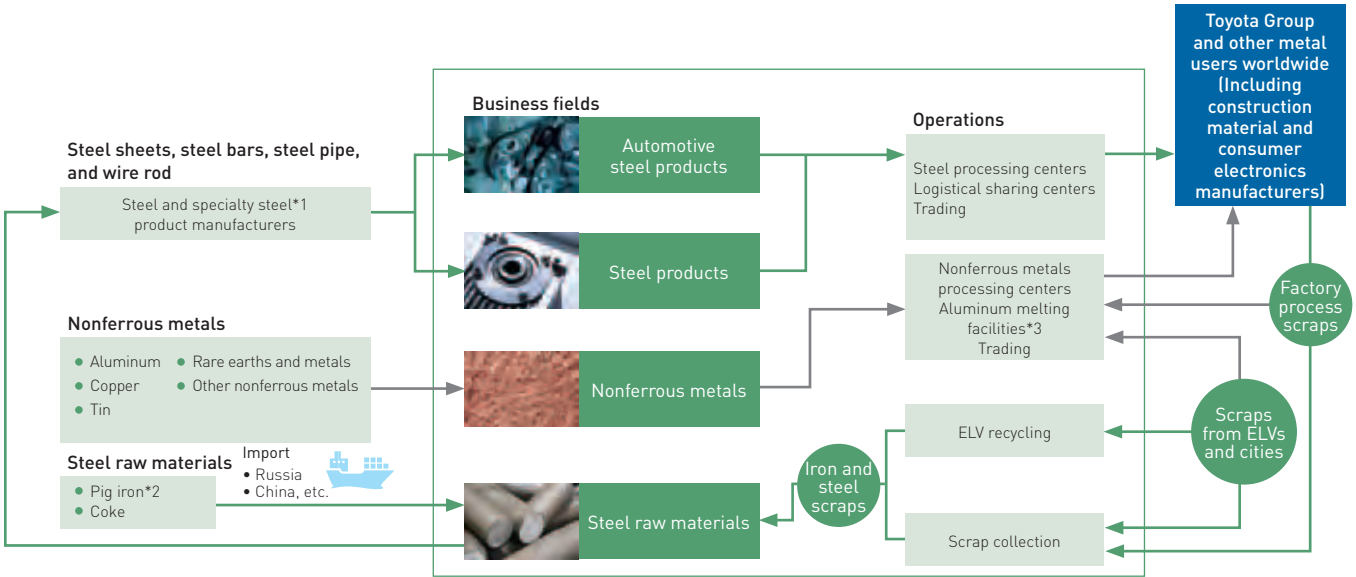
- 1. Automotive steel products**  
Steel sheet processing  
Specialty steel product distribution and processing
  - 2. Steel products**  
Steel tube manufacturing and processing  
Construction material- and infrastructure-related products
  - 3. Nonferrous metals**  
Molten aluminum supply  
Aluminum processing centers and magnesium die casting  
Copper and aluminum resources, precious metals, rare earths, and rare metals
  - 4. Steel raw materials**  
Environmental impact reduction through proper collection and disposal of waste from factories and cities, collection and dismantling of end-of-life vehicles (ELVs), and recycling of resulting metals scraps
- 

Rather than viewing steel and nonferrous metals simply as commodities, the Metals Division sees them as products with unique properties and functions. This approach allows us to provide optimal products and logistics matching the needs of both suppliers and users. In the steel sheet business, the division's processing bases in Japan and overseas are able to deliver products flexibly in response to demand. We achieved this through an IT-enabled ordering system and an efficient logistics system. In addition, our steel blanking business caters to user needs in countries worldwide. In the steel bars and tubes business, in addition to processing and marketing specialty steel bars and tubes, we market steel construction materials. In the nonferrous metals business, leveraging a global trading system centered on Japan, London, and Singapore, we are mitigating market volatility risk and expanding businesses. Also, the division operates molten aluminum production and metal resource development businesses around the world. In the steel raw materials business, our environment-friendly initiatives include recycling iron and steel scrap from plants, demolished buildings, and dismantled ELVs. Currently, the division is extending the scope of these activities beyond metals.

## High-Quality Processing, Logistics, and Storage Services

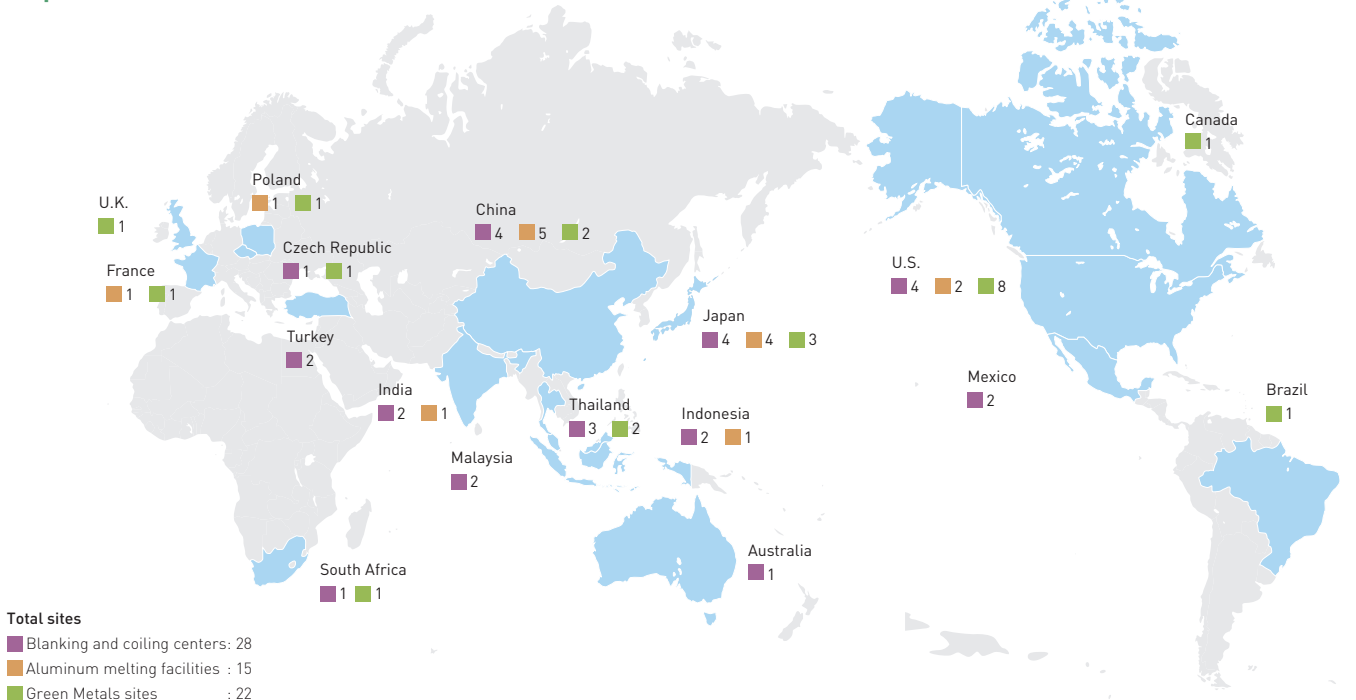
The greatest differentiating feature of Toyota Tsusho's metals business is the high efficiency with which it coordinates its operations with those of processing companies and manufacturers in Japan and overseas. An example of these high-quality operations is its steel processing centers, which play a pivotal role in our steel sheet business. The centers facilitate the sharing of information between suppliers and users and provide efficient processing, logistics, and storage optimally suited to each company's production status. Furthermore, in the

nonferrous metals area, Toyota Tsusho supplies aluminum molten instead of in the conventional form of ingots as this reduces overall energy costs and environmental burden. In addition to these supply functions, the Metals Division also operates a recycling business in which it collects and processes ELVs and scraps produced through factory processes. These highly functional businesses are operated out of 65 bases in 17 countries, and we will continue to expand the scope of operations going forward.



\*1. Standard steel mixed with silicon, manganese, nickel, chrome, copper, or other alloying elements  
 \*2. A product of smelting iron ore  
 \*3. Facilities used to manufacture molten aluminum alloy

## Map of the Metals Division Businesses



## DIVISION OVERVIEW



## Metals Division

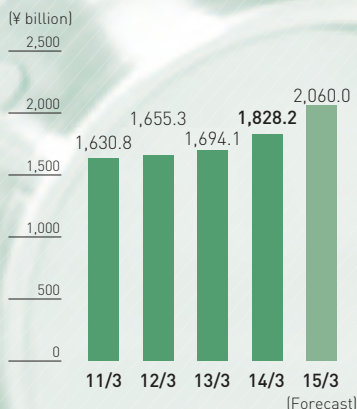
### Business Results for the Fiscal Year Ended March 31, 2014

In the fiscal year ended March 31, 2014, in the steel business, the Metals Division expanded the production capacity of operating companies to accommodate for growth in overseas automobile production. In the nonferrous metals business, the division continued to focus on the production of rare earths. In the steel raw materials business, the Company invested in Chinese automobile recycling company Beijing Borui Liantong Auto Recycling Tech Co., Ltd. Investment in this company will make Toyota Tsusho one of the first Japanese companies to participate in China's automobile recycling industry, and position us to address the projected rise in ELVs in this country. Net sales for the division increased ¥134.1 billion, or 7.9%, to ¥1,828.2 billion, primarily due to the foreign exchange benefits of the depreciated yen.

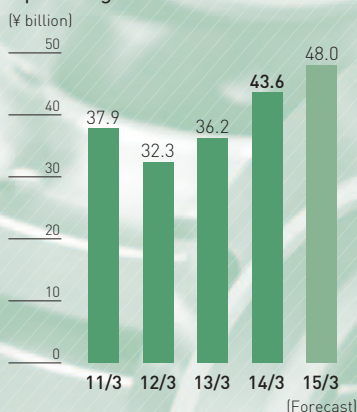
### Medium- to Long-Term Initiatives and Priority Strategies

The Metals Division pursues fluid coordination between its automotive steel products, steel products, nonferrous metals, and steel raw materials businesses. The division leverages its overseas networks to provide procurement capabilities and takes advantage of its processing and logistics capabilities in Japan and overseas to cater to customer needs. With this as its base, the division is steadily growing automotive businesses and non-automotive businesses to continue creating and providing business value. Leveraging our robust on-site capabilities and safety management abilities, we will strengthen our relationships with prominent business partners around the world as we ensure the commercialization of projects in progress, seek out promising new projects, and accelerate investments to expand business operations. In its mainstay automotive businesses, the division gives form to new functions and businesses, promoting sales to customers that are not only limited to the Toyota Group to further improve upon operations. At the same time, synergies are being pursued between automotive businesses and non-automotive businesses. These synergies will be utilized as we continue to cater to fields related to energy and infrastructure (construction materials, construction machinery, etc.). Working to secure earnings over the long term, the division will rapidly and aggressively invest in its business. At the same time, it will solidify its operating foundations by redoubling safety measures, promoting stricter compliance, reducing costs, enhancing functions, expanding sales channels, cultivating human resources, and exiting unprofitable businesses. Through these efforts, the division aims to quickly develop a business structure that strikes a balance between aggressive expansion and reinforcement of existing foundations. Furthermore, we are bolstering overseas staff to boost revenues from overseas operations in pursuit of our long-term targets.

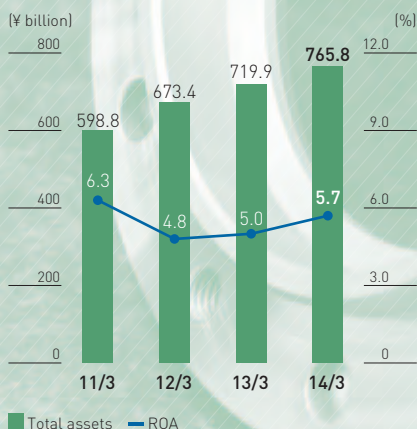
### Net Sales



### Operating Income



### Total Assets / ROA



### Responses to Social Issues

#### Recycling Solutions for Production Process By-Products

Under the brand name "Green Metals," Toyota Tsusho operates 22 sites in 11 countries at which it collects by-products from the production processes at Toyota Group factories for processing and resale. Aiming to effectively utilize finite resources and transform them into higher value resources, the Company views iron scraps and other by-products as its own products, and treats them at its safe, environment-friendly, and compliant processing factories, thereby contributing to resource recycling. In 2012, Green Metals Japan, Inc.'s Tohoku Plant—our third domestic Green Metals site—commenced operation. This plant is advancing a community-rooted business that is considerate toward society and the environment.



## Major Investments and Projects

### Lithium Resources Development Project in Argentina

The market for lithium-ion batteries (LiBs) is expected to grow going forward. Aiming to respond to demand in this expanding market, Toyota Tsusho invested in a lithium resources development project in 2012, becoming the first Japanese company to participate in such a project. Located at the Salar de Olaroz salt lake in the northwestern Argentinian province of Jujuy, this project will produce lithium carbonate and be operated jointly with an Australian mining company and the local government. Currently, the construction of production facilities is progressing smoothly, with operations scheduled to commence during the latter half of 2014. Toyota Tsusho will have 100% sales rights for the lithium carbonate produced by the project, which will be used to address rising LiB demand around the world. Demand for automotive-use LiBs will be a particular focus.

See special feature on page 24 for details.



### Indonesian Steel Sheet Business

In May 2008, Toyota Tsusho entered into the steel sheet roll processing business in Indonesia with the goal of addressing the demand to be created by future rises in automobile production in this country. Indonesia's automobile market continued to grow thereafter, and we thus chose to expand our factory and install additional production lines to respond to the resulting customer needs. This was in 2012. Today, this Indonesian factory plays an important role in the supply chains of customers, mainly auto-makers and parts manufacturers, providing a diverse range of functions for steel sheet rolls. This comprehensive range of functions includes in- and out-order management, shipping and domestic logistics management, inventory management, processing, and delivery. In 2015, the Company plans to install an additional processing line, which will enable the factory to make even greater contributions to customers and to Indonesian society.



## TOPICS

### Participation as One of the First Japanese Companies in the Automobile Recycling Industry in China

In February 2014, Showa Metal Co., Ltd., and Toyota Tsusho launched a joint automobile recycling business in Beijing, where the number of ELVs is rising. Automobile demand is growing rapidly in China, and in 2020 the number of ELVs is expected to reach around 10 million, which is double the current level. As such, there is a strong social push to reduce the extent to which these ELVs will impact the environment. By participating in this business, Toyota Tsusho plans to leverage the expertise from its 40 years of experience in the domestic automobile recycling business to expand high-efficiency, low-environment-impact automobile recycling operations in China and the surrounding areas.





### Yuichi Oi

Managing Director,  
Chief Division Officer of  
Global Parts & Logistics Division



## Global Parts & Logistics Division

The Global Parts & Logistics Division utilizes the Group's global networks and logistics infrastructure and a diverse range of "multi-functions," including supply and demand management and assembly support, to demonstrate the "selling power" that is characteristic of a general trading company.

### Business Fields and Strengths

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**1. Global parts**

The division provides optimal, integrated logistics for automotive parts, utilizing a vendor-to-vendor approach that employs supply and demand management techniques such as consolidated transportation and small-lot, high-frequency deliveries.

**2. Logistics**

The division provides logistics services that are linked directly to the production activities of customers around the world. Logistics processes are designed and proposed based on customer needs and by using the Toyota Production System (TPS).

**3. Global parts assembly**

The division provides overseas tire and wheel assembly and other assembly services for automotive parts.

**4. Automotive parts and accessories**

Leveraging the Company's unique development functions related to automobile interior and exterior materials and accessories, the division supports users around the world with product provision functions spanning from planning to sales, production preparation, and quality assurance.

**5. Industrial materials**

The division's global industrial material operations encompass provision and processing functions as well as new material development and proposals for interior materials and parts primarily for automobiles.

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The Global Parts & Logistics Division utilizes the Company's worldwide logistics and IT networks and supply and demand management functions to develop a global logistics business centered on automotive parts.

The division's network currently spans 23 countries with more than 150 resident employees working in 95 bases operated by 73 overseas subsidiaries. The optimal, integrated logistics system formed by this network is supported by roughly 10,000 people, when the staff of domestic and overseas affiliates is included, as well as by business partners around the world. Together with these allies, the division is linking automakers and parts manufacturers across the globe through its networks.

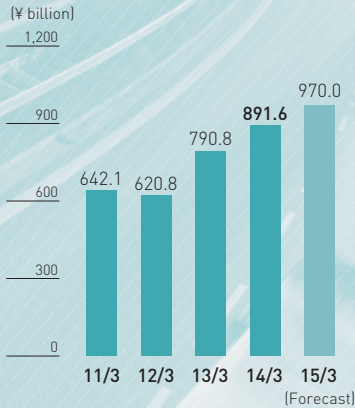
The division strives to maintain an accurate understanding of customer needs and provide services of the highest caliber. To facilitate this endeavor, we offer assembly functions, such as assembly of parts and tires and wheels as well as accessories conversion. In addition, the division delivers product provision functions that span the value chain, including such areas as product planning, design and development, new material proposals, and material procurement and processing.

Moreover, Toyota Tsusho operates a techno-park business that incorporates comprehensive logistics services to attract manufacturers from various areas of the automotive industry. In this manner, by conjoining functions accumulated through automotive operations while also developing aftermarket auto-parts retail operations, we will develop a more inclusive automotive parts business in overseas markets.

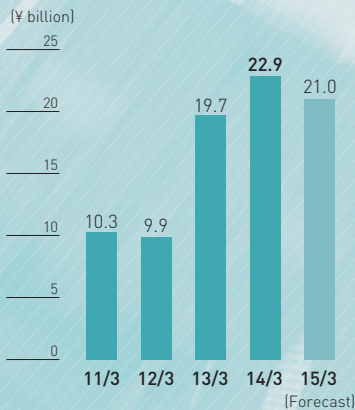


## DIVISION OVERVIEW

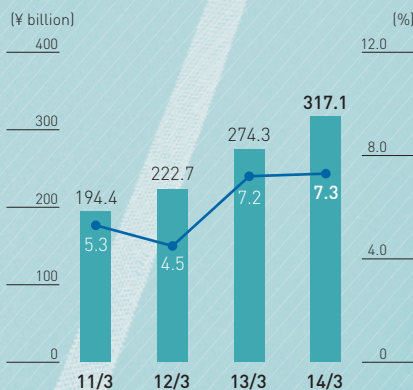
### Net Sales



### Operating Income



### Total Assets / ROA



■ Total assets — ROA

\* Effective April 1, 2013, the name of the Global Production Parts & Logistics Division was changed to the Global Parts & Logistics Division following a partial reorganization of the division. Figures for the fiscal year ended March 31, 2013, have been restated to reflect this change.



## Global Parts & Logistics Division

### Business Results for the Fiscal Year Ended March 31, 2014

In the fiscal year ended March 31, 2014, the Global Parts & Logistics Division took steps to expand and strengthen automotive businesses. These steps included investing in PT. Astra Otoparts Tbk., Indonesia's largest automotive parts manufacturer, and concluding agreements to acquire 100% of the outstanding shares in Borneo Technical (Malaysia) Bhd. and Borneo Technical (Thailand) Co., Ltd., which are major aftermarket auto-parts companies in Malaysia and Thailand, respectively. In addition, we signed an agreement with U.S. fuel cell venture company Oorja Protonics, Inc., granting Toyota Tsusho exclusive agency rights in Japan for this company's direct methanol fuel cells. Sales of these items were commenced thereafter. Net sales for the division increased ¥100.8 billion, or 12.7%, to ¥891.6 billion, largely due to the foreign exchange benefits of yen depreciation.

### Medium- to Long-Term Initiatives and Priority Strategies

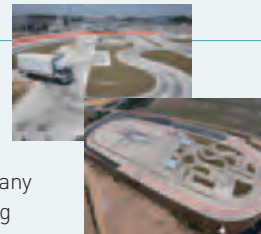
The Global Parts & Logistics Division provides a variety of functions focused on the core Mobility domain, including supply and demand management, logistics, product development, raw material processing, and assembly. By fusing and further developing these functions, the division will spearhead the Company's advancement into areas outside of the Mobility domain as it expands into emerging countries and other new markets. In the techno-park business, the division helps automotive parts manufacturers move overseas and provides them with comprehensive logistics services. These operations are being expanded primarily in emerging countries and other regions where the automotive industry participants gather. In these regions, we are constructing systems to allow for parts that have been made to Japanese quality standards to be supplied stably even overseas, thereby helping Japanese automakers shift production overseas. In addition, the division is combining trading company functions with manufacturing functions to further expand its overseas operations. For example, the division's logistics functions allow for supply and demand management to be realized by procuring parts from overseas manufacturers to realize consolidated transport. By merging these functions with assembly functions, we are creating module operations in which we deliver products after assembly. Another example would be the accessories conversion operations in which we provide attachment services for automotive accessories that have been planned and developed by the Company.

The division is leveraging the strength of Toyota Tsusho's logistics functions and "selling power" to expand value chains in downstream areas. It is also advancing aftermarket auto-parts retail business based in overseas markets. In addition, the division is broadening its business scope and entering fields where it can effectively utilize the functions developed in automotive operations. Such fields include aviation components, agricultural and construction equipment, railway carriages, and home appliances. By working with partners to create optimal, manufacturing-based value chains, we aim to more fully demonstrate our "selling power."

### Responses to Social Issues

#### Operation of TPRO in Thailand

Toyota Tsusho operates TTK Asia Transport (Thailand) Co., Ltd., one of the largest truck transport companies in Thailand. In 2012, the Company opened the TTK Traffic Safety Education and Training Center (TPRO) in this country to help support the cultivation of professional drivers that practice safe driving. TPRO's training courses were designed to conform to the Thai Ministry of Transport's training curriculum. Aiming to improve transport safety in Thailand, the center provides various training exercises for drivers of large-sized trucks and forklifts.





## Major Investments and Projects

### Techno-Park Business—Supporting Manufacturers' Overseas Migration at Four Asian Locations

In August 2012, a new techno-park commenced operations in Karawang, an Indonesian city with a high concentration of automakers. This park is contained within a site spanning 150,000 m<sup>2</sup>, on which we have built six rental factories. Currently, 12 Japanese manufacturers have entered the park, where they are introducing Japanese manufacturing practices into Indonesia. The support we offer at this and other techno-parks is not limited to providing rental factories. Rather, we are also able to take over administration and accounting functions so that customers can focus solely on their manufacturing operations. Our techno-park business began in India, but has since expanded to Thailand and Indonesia. Most recently, we established our second park in India. Through this business, we are making large contributions to the advance of Japanese manufacturers in emerging countries.

See special feature on page 26 for details.



### Strengthened Partnership with the Astra Group

Toyota Tsusho has maintained a strong relationship with PT. Astra Otoparts Tbk., Indonesia's largest automotive parts manufacturer and a member of the prestigious Astra Group, for more than four decades through joint ventures with Japanese automobile parts manufacturers. The Company recently commenced capital participation in this company by acquiring 4.9% of its outstanding shares. This move will strengthen our partnership with the Astra Group, and better position us to expand automotive businesses in Indonesia while also deepening ties with this group in other business fields in this high-growth market.



## TOPICS

### Participation in Overseas Aftermarket Auto-Parts Business

To establish sales networks in Malaysia and Thailand, the Company has acquired Borneo Technical (Malaysia) Bhd. and Borneo Technical (Thailand) Co., Ltd., both of which are major aftermarket auto-parts wholesalers in their respective countries. Going forward, Toyota Tsusho will leverage these two companies as bases for its full-fledged expansion into the aftermarket auto-parts business in Asia, while addressing customers looking for used or aged vehicles.





### Takashi Hattori

Managing Director,  
Chief Division Officer of  
Automotive Division



## Automotive Division

The Automotive Division aims to become the most reliable automobile sales group in the world, possessing the strategies, the expertise, and the human resources necessary to respond to the diverse range of markets seen across the globe. By working toward this goal, the division will remain an integral proponent in leading Toyota Tsusho's "TRY-1" strategy toward realizing the Global 2020 Vision.

### Business Fields and Strengths

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#### 1. Automotive distributors

On a global scale, the division operates an automotive distributor business, taking responsibility for all aspects of advancing an automotive brand in the countries in charge.

#### 2. Automotive dealers

On a global scale, the division operates an automotive dealer business that serves distributors in specific countries, providing comprehensive retail services, including after-sales services.

#### 3. Value chains related to automotive sales

In countries where we operate our automotive distributor business, the division is constructing comprehensive automotive value chains that include spare parts supply and after-sales services as well as small-scale CKD production, body mounting and conversion, used vehicle sales, and captive finance and lease.

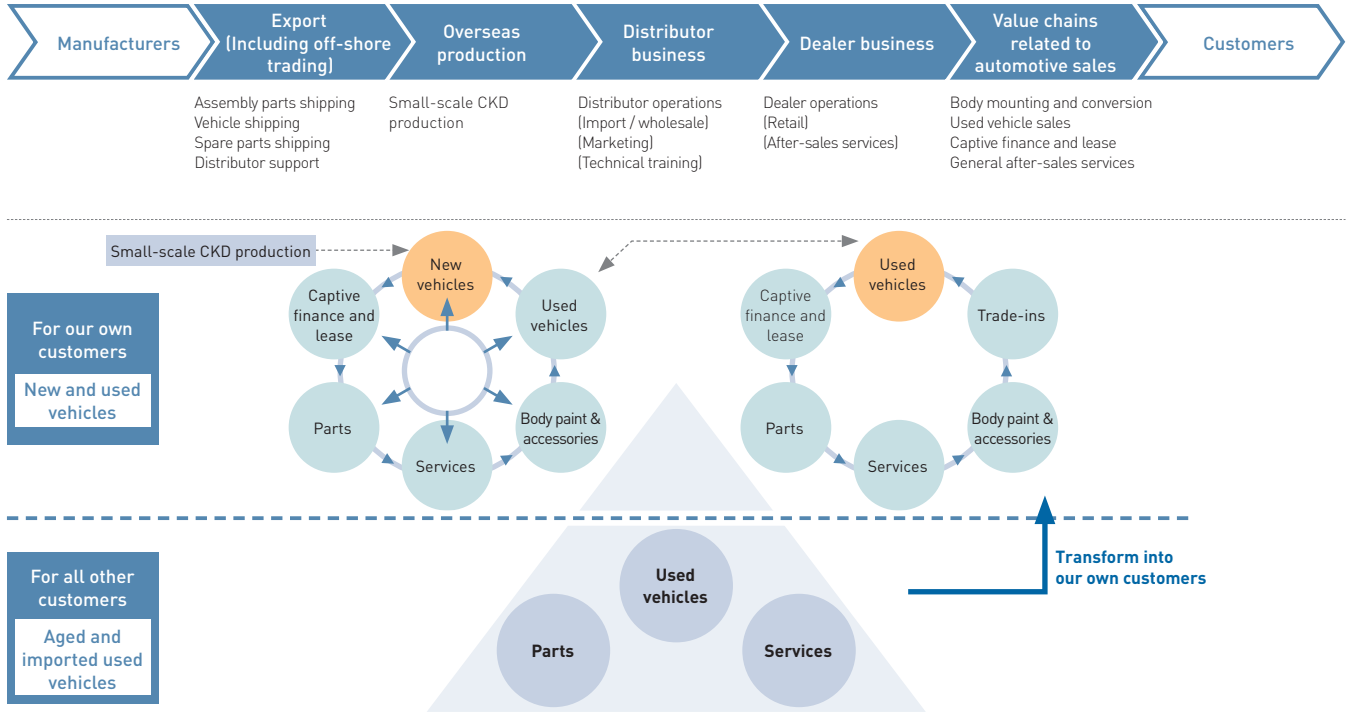
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The Automotive Division exports passenger cars, trucks, buses, motorcycles, and spare parts that the Toyota Group and other companies manufacture in Japan and overseas to users all over the world. The division's global network covers 166 countries and regions (392 bases in 84 countries are invested facilities) and encompasses distributor, dealer, and other businesses. The division is actively developing automotive import and sales operations centered on new emerging countries and other regions where a full-fledged motorization trend can be expected in the future. This entails branching out from export-centric businesses to create more locally rooted operations, while simultaneously expanding into value chains related to automotive import and sales operations. Through its business activities, the division contributes to social development, the creation of employment opportunities, and the cultivation of capable human resources in countries and regions of operation. As one of the unique capabilities of a general trading company, we also timely monitor market information, such as local political and economic circumstances, market trends, and user preferences. This information is then applied to marketing strategies and communicated to manufacturers for incorporation into product development and production plans. Moreover, with its expansive global network, the division aims to pioneer new business opportunities outside of the automotive sector to play a leading role in advancing Toyota Tsusho's "TRY-1" strategy.

## Integrated Trilateral Sales Structure and Robust Sales Value Chain

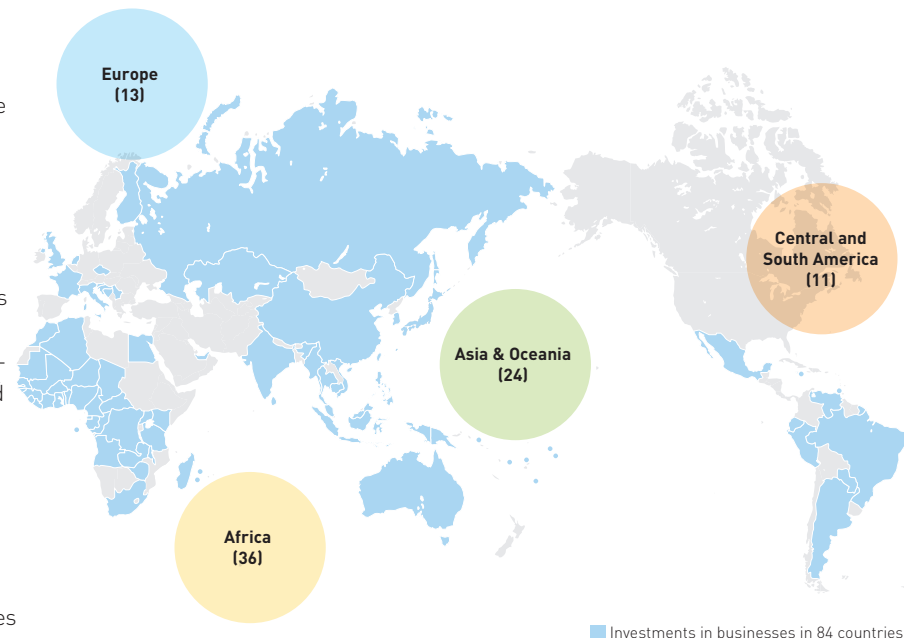
The distributor and dealer businesses form an integrated trilateral sales structure, which is composed of vehicle sales that involve introducing specifications that are suitable to the conditions of each country, spare parts supply, and after-sales services, which include providing technical training for staff members. At the same time, we are working to construct and expand automotive sales value chains. We are expanding into

small-scale CKD production, body mounting and conversion, used vehicle sales, captive finance and lease, and other value chains related to automotive sales. In addition, we also actively support customers using the brands we deal in, but not just those that purchased directly from us, when providing services through our total car service business, used vehicle distribution business, and other businesses.



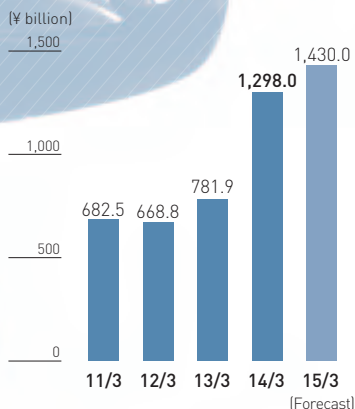
## Worldwide Operations and Regional Strategies

The division is currently operating distributor and dealer businesses in 84 countries, mainly new emerging countries, and other regions where a full-fledged motorization trend can be expected in the future. We develop our operations by examining the needs of individual country groups, which are formed based on region, and by adopting optimal policies that meet the specific needs of each region. The division has established regional headquarters in Africa, Asia, Oceania, Caribbean Sea, and other regions. Out of these regional headquarters, the division will explore new markets and expand sales networks based on all-encompassing regional strategies. These strategies incorporate product and branding strategies, including sales and marketing strategies, and the strategies for strengthening necessary functions and developing new businesses in order to construct and expand automotive sales value chains.

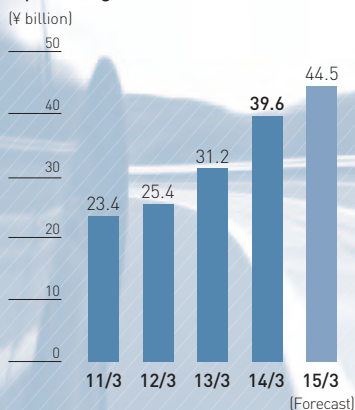


## DIVISION OVERVIEW

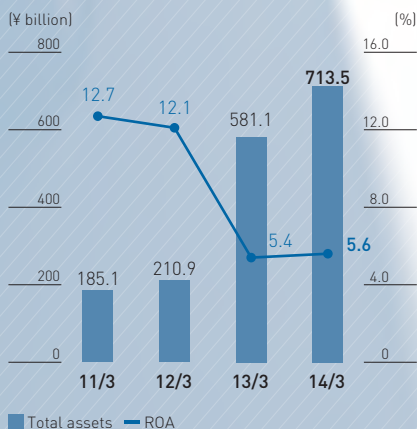
### Net Sales



### Operating Income



### Total Assets / ROA



## Automotive Division

### Business Results for the Fiscal Year Ended March 31, 2014

In the fiscal year ended March 31, 2014, the division expanded the used vehicle sales network of O-Rush International Co., Ltd., in Japan in order to strengthen its business of selling used imported vehicles. The division also expanded its sales networks in new emerging countries, such as those in Asia and Africa. One example of this expansion can be seen in the establishment of new Hino sales and service bases in Kenya in conjunction with the commencement of Hino truck assembly there. Additionally, the division established PIT&GO Automotive Service (Cambodia) Co., Ltd., as well as its first branch in Cambodia together with DENSO Corporation and Aisin Seiki Co., Ltd., to provide after-sales services to a wider variety of customers. Net sales for the division rose ¥516.1 billion (66% up), to ¥1,298.0 billion, largely due to contributions from newly consolidated subsidiaries and higher automotive sales in overseas countries.

### Medium- to Long-Term Initiatives and Priority Strategies

The division aims to maximize sales and boost brand value by pursuing stronger foundations for our own distributors and dealers through a trilateral sales structure that integrates vehicle sales, spare parts supply, and after-sales services.

In addition, the division aims to construct and expand value chains related to automotive sales and draw out its unique strengths by developing and fusing various businesses and functions, such as small-scale CKD production, body mounting and conversion, used vehicle sales, and captive finance and lease, centered on new emerging countries where a full-fledged motorization trend can be expected in the future. Particular emphasis is being placed on countries in which the division is operating its distributor business.

Furthermore, in countries where aged and imported used vehicles account for a large share of the market, we will focus on developing total car service operations to support customers using the brands we deal in, but not just those that are purchased directly from us, and foster safety while garnering greater trust for our products and brands.

The division commenced capital participation in CFAO S.A. during the fiscal year ended March 31, 2013. This move enabled us to establish a network that spreads across nearly all of the African continent. Going forward, we will fully leverage the strengths of both Toyota Tsusho and CFAO to formulate and advance optimal business expansion measures while creating synergies.

The division aims to continue growing its business around the world. To facilitate this endeavor, it has positioned regional headquarters in various locations to guide the development of an optimal organizational structure, cultivate and strengthen necessary functions and businesses, and enhance corporate governance systems.

### Responses to Social Issues

#### Enhancement of Automotive Value Chains in Kenya

Our distributor in Kenya, Toyota Kenya Ltd., is developing a nationwide service network consisting of 50 bases in this country. At the same time, we are advancing businesses that span the automotive sales value chain, including local small-scale CKD production, body mounting and conversion, used vehicle sales, and captive finance and lease. Through these operations, we are further improving convenience for customers, creating employment opportunities, and developing the skills and technical knowledge of our staff members. We are even supporting the Kenyan government, which trusted us enough to award us with a batch order for security vehicles.



## Major Investments and Projects

### Development of New Businesses in Africa

In April 2009, the division has started a captive finance and lease business at Tsusho Capital Kenya Ltd., in Kenya and Tsusho Capital Mauritius Ltd. in Mauritius. Later, in April 2012 the division established Toyotsu Auto Mart Kenya Ltd. as a used vehicle sales and after-sales services company in Kenya. Captive finance and lease and used vehicle sales play important roles in promoting new vehicle sales and the enhancement of automotive sales value chains, and are therefore positioned as the core businesses of the Automotive Division. Going forward, these businesses will be expanded in countries in which we are developing our distributor business centered on new emerging countries and other regions where a full-fledged motorization trend can be expected in the future.



### Strengthening of Sales Network in the United Kingdom

Toyota Tsusho Automobile London Holdings Ltd. (TTALH) has expanded its sales network by investing in three new dealers in the United Kingdom in July 2012. This sales network now consists of 11 bases (7 Toyota dealers and 4 Lexus dealers). The enhancement of this network also enabled TTALH to achieve record-breaking sales in 2013. Each of TTALH's bases is providing genuine spare parts and high-quality after-sales services and will keep improving the quality of operations to earn even greater trust from local customers.



## TOPICS

### Commencement of Total Car Service Operations in Cambodia

In December 2013, together with DENSO Corporation and Aisin Seiki Co., Ltd., we established PIT&GO Automotive Service (Cambodia) Co., Ltd., as well as its first branch in Cambodia, marking the start of total car service operations in this country. Cambodia, where aged and imported used vehicles account for a large share of the market, has huge demand for reasonable after-sales services for such vehicles. PIT&GO aims to respond to this demand by providing quality after-sales services and spare parts. Going forward, PIT&GO will expand its service network throughout Cambodia by developing authorized shops and providing them with technical and operational support.





**Nobuyuki Minowa**

Senior Managing Director,  
Chief Division Officer of Machinery,  
Energy & Project Division



## Machinery, Energy & Project Division

Spreading across the three domains (Tri Domains) of Mobility, Life and Community, and Earth and Resources, the Machinery, Energy & Project Division is pursuing synergies and working to establish a position as No. 1 in the regions in which it specializes.

### Business Fields and Strengths

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**1. Automotive machinery**

The division trades automotive manufacturing and distribution equipment, parts, and tools both domestically and internationally, and also designs, repairs, and installs related machinery.

**2. Energy**

The division develops and operates electricity, gas, coal, and oil businesses, and trades related products both domestically and internationally.

**3. Plant, industrial and construction machinery**

The division supplies and constructs plants related to electricity, oil, water, and offshore projects, trades industrial machinery and vehicles and construction machinery both domestically and internationally, and develops and operates related businesses.

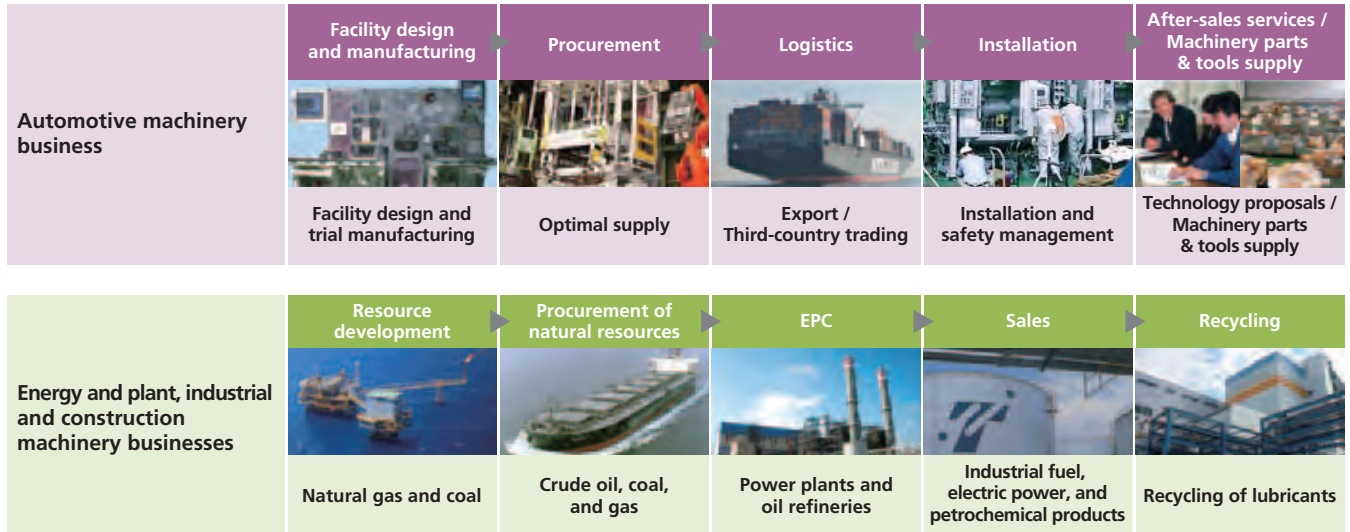
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The Machinery, Energy & Project Division is developing its operations in three areas. The automotive machinery area encompasses automotive production machinery and equipment. Meanwhile, the energy area includes electricity, gas, oil, and coal projects. The plant, industrial and construction machinery area involves various types of plants as well as construction machinery, industrial vehicles, and textile machinery. In the automotive machinery area, the division provides integrated support capabilities for production equipment to a wide range of automotive industries. In the energy area, the division's goal is to secure stable energy supplies over the long term. With this in mind, we procure crude oil from the Middle East and heavy oil from Southeast Asia and operate gas production businesses in Australia and North America and coal production businesses in Australia. In the power generation business, on a global scale we develop and operate renewable power generation businesses, including wind and solar power projects, as well as conventional thermal power generation businesses. In the plant, industrial and construction machinery area, the division's operations encompass business proposals, fund raising, engineering, procurement, and construction. Moreover, the division is focusing efforts on helping develop infrastructure in emerging countries while also promoting sales of construction machinery, industrial vehicles, and textile machinery in these countries.

## Integrated Support Capabilities for Machinery and Equipment and a Value Chain that Extends from Development of Resources to Stable Supply

The division not only procures and markets various types of machinery and equipment but also provides comprehensive support services covering planning and solutions as well as technological development, quality control, logistics, installation, and after-sales services that make important contributions to

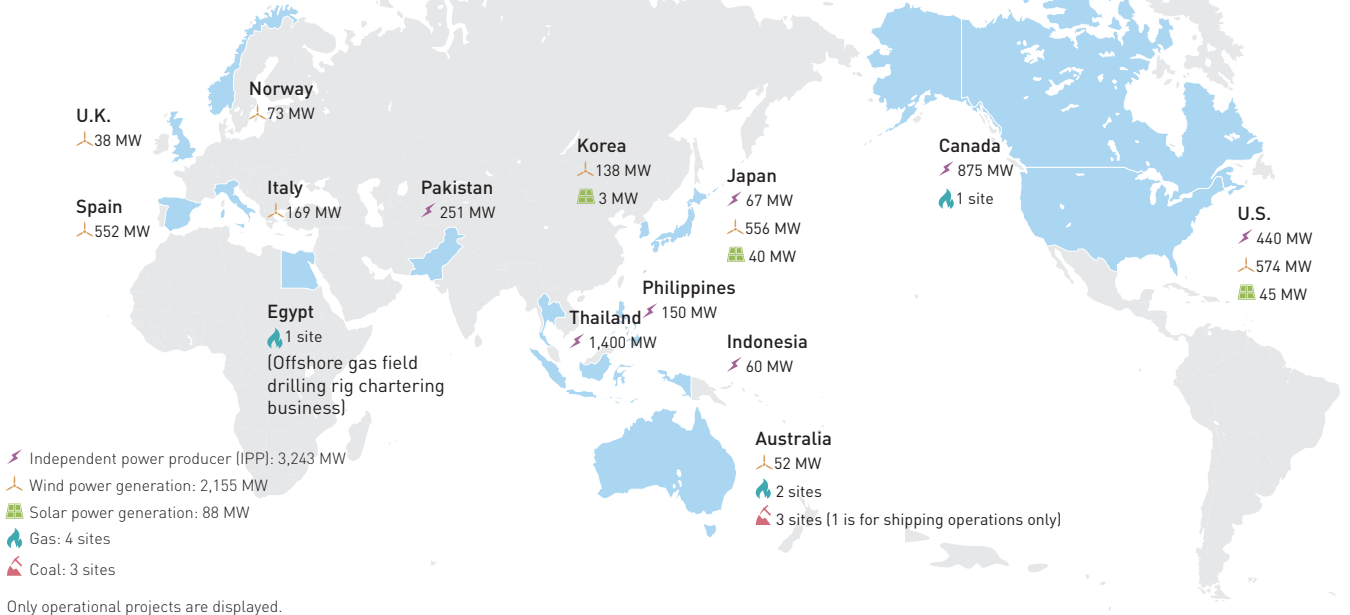
the building of customers' production systems. Aiming to ensure stable supplies of energy resources, on a global scale the division develops, procures, and supplies such resources as oil, natural gas, and coal and develops and operates power generation and water treatment businesses.



## Power Generation Businesses, Gas and Coal Resource Development and Production Projects, and Peripheral Businesses Conducted on a Global Scale

The division conducts renewable energy and other power generation businesses as well as gas and coal resource development and production projects. Moreover, it is expanding into businesses in peripheral fields, such as offshore gas field drilling rig

and coal shipping terminal operations. These operations are advanced on a global scale to supply energy to Japan as well as to the rest of the world.

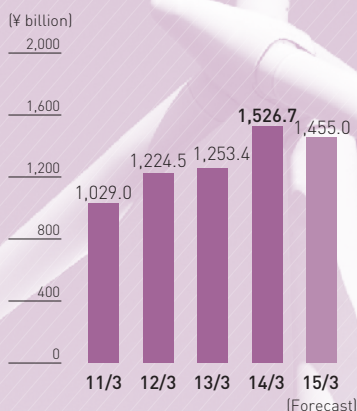


## DIVISION OVERVIEW

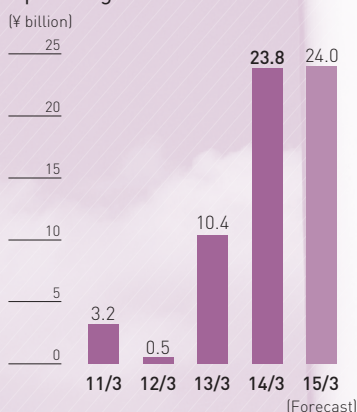


## Machinery, Energy & Project Division

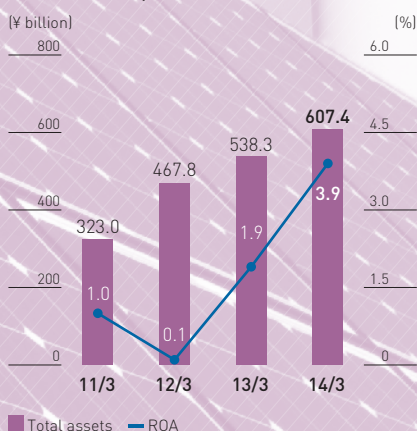
### Net Sales



### Operating Income



### Total Assets / ROA



### Business Results for the Fiscal Year Ended March 31, 2014

In the fiscal year ended March 31, 2014, Toyota Tsusho together with Mitsui Engineering & Shipbuilding Co., Ltd., received a contract to supply port cranes to Kenya's Mombasa Port, the largest trade port in East Africa. This contract was awarded by the government of Kenya, a country that has been experiencing a rise in international trade. In the United States, the Group partnered with Competitive Power Ventures Holdings, LLC, and ArcLight Capital Partners, LLC, to construct and operate a natural gas-fired power plant in New Jersey to contribute to stable power supplies in the northeastern region of the United States. Net sales for the division increased ¥273.3 billion, or 21.8%, to ¥1,526.7 billion. This increase was largely due to a rise in trading volumes of petrochemical products and the foreign exchange benefits of the depreciation of the yen.

### Medium- to Long-Term Initiatives and Priority Strategies

The operating environment is always changing, as seen in the overseas migration of Japanese automakers, the structural shifts in energy demand following the shale gas revolution and the rise in environment consciousness, and political unrest in the Middle East and Africa. Accordingly, the Machinery, Energy & Project Division is faced with the constant need to respond to operating environment changes through business initiatives. To facilitate such response, the division is strengthening coordination between its main business areas: the vehicle equipment area, where automobile production equipment is the main revenue source; the energy area, which is mainly focused on securing stable energy supplies; and the plant, industrial machinery area, which primarily deals in plants, construction machinery, industrial vehicles, and textile machinery. While reinforcing each business area's current earnings platform, the division will apply the expertise it has accumulated in the automotive production equipment sector to energy and infrastructure projects, and otherwise work to create new synergies.

### Responses to Social Issues

#### Participation in One of Japan's Largest Wood Biomass Power Generation Projects

Subsidiary Ene Vision Corporation has commenced participation in a wood biomass power generation project that is one of the largest in Japan. Located in Shimane Prefecture, the primary fuel source for this project is unused wood materials, such as wood leftover from thinning and timber offcuts. By utilizing Shimane Prefecture's rich forest resources in a more efficient manner, Ene Vision aims to improve the forest environment and promote the use of renewable energy.





## Major Investments and Projects

### Full-Fledged Participation in Wind and Solar Power Businesses

Converted into a subsidiary in January 2012, Eurus Energy Holdings Corporation conducts wind and solar power businesses around the world.

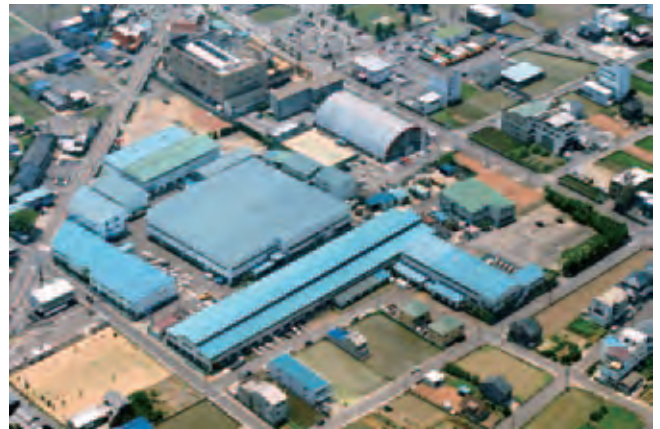
In its participation in these energy businesses, the Company leverages its global network as well as the sophisticated know-how and technologies of business partner Tokyo Electric Power Company, Incorporated. Energy projects are currently being developed and advanced primarily in the Asia-Pacific region, the United States, and Europe.

Going forward, energy businesses will be expanded through Eurus Energy Holdings to help contribute to the realization of a sustainable society.



### Conversion to Subsidiary of Automotive Die Manufacturer

Gifu Seiki Kogyo Co., Ltd., was converted into a subsidiary after the Company acquired a 90% stake in this company. Established in 1957, this die manufacturer primarily centers its business on large-scale dies for automotive applications. Strengths of this company include its unique 3D design systems and computer-aided engineering analytical technologies. Going forward, Toyota Tsusho will fuse the technologies Gifu Seiki has refined over its long history with other cutting-edge manufacturing technologies to pursue continual improvements in quality, costs, and delivery capabilities. In this manner, we aim to grow Gifu Seiki into a world-leading die manufacturer.



## TOPICS

### Crane Order for East Africa's Largest Trade Port

Together with Mitsui Engineering & Shipbuilding Co., Ltd., the division received a contract to supply gantry cranes to Kenya's Mombasa Port, the largest trade port in East Africa. The gantry cranes to be supplied employ eco-friendly hybrid technologies to realize greatly reduced CO<sub>2</sub> emissions in comparison to similar cranes.

The Mombasa Port is not only Kenya's only international trade port but also serves as the entry point for East Africa. As such, the further development of this port is anticipated to contribute to economic growth throughout all of East Africa.





**Hideki Yanase**

Managing Director,  
Chief Division Officer of Chemicals &  
Electronics Division



## Chemicals & Electronics Division

The Chemicals & Electronics Division is working to increase earnings by leveraging the collective strength that arises largely from its affiliates and by developing offshore businesses to pursue globalization in the truest sense. In this manner, the division aims to realize highly integrated management that exceeds organizational and national boundaries.

### Business Fields and Strengths

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**1. Chemicals**

Constructing value chains is a key focus in the chemicals and plastics business, and the business is being developed on a global scale while leveraging integrated functions that span from production and procurement of raw materials to processing, storage, sales, and logistics.

**2. Electronics**

Semiconductors and electronic parts are procured and sold in the electronic devices business.

The information technology (IT) business provides global IT solutions services ranging from system design and development to the provision of new business models.

In its HEV (Green Mobility) and intelligent transport systems (ITS) business, the division develops transportation infrastructure, such as charging stations for electric vehicles (EVs) and other next-generation automobiles, and provides engineering services for EV-related products while procuring and supplying these products on a global basis.

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The Chemicals & Electronics Division expands its business while creating new synergies by combining the chemicals and plastics business, the electronics business, and the HEV (Green Mobility) business. In the chemicals and plastics business, the division handles chemical products for a wide range of areas, including automotive- and industrial-use plastics, packaging materials, detergent raw materials, and hygiene materials. The division also boasts strong sales capabilities and networks in Asia, which it is leveraging to improve earnings while aggressively expanding into new fields such as pharmaceuticals and fertilizers. In the electronics business, we have standing as Japan's largest trader of electronic components. The division handles electronics components and software that are incorporated into automobiles, consumer electronics, and industrial devices and operates, on a global basis, a network business that links these products.

Meanwhile, the HEV (Green Mobility) business handles EV components (storage batteries and drive systems), conducts proving tests for technologies related to the emerging "electric society," and develops related charging infrastructure in Japan and overseas.

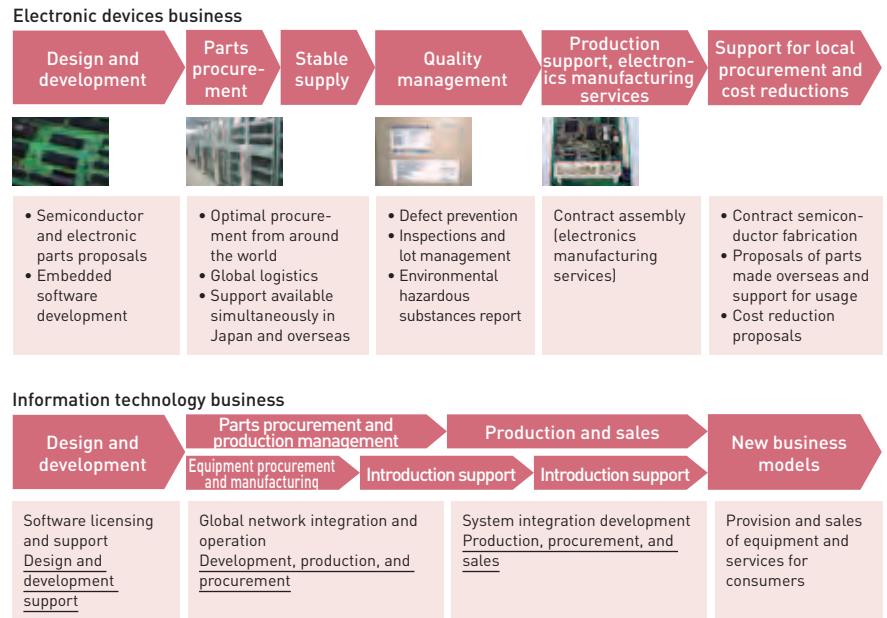
## Chemicals and Plastics Value Chains

In the chemicals business, we deal with a wide range of products and have constructed value chains that span from upstream to mid- and downstream areas. Meanwhile, the plastics business is being developed globally while leveraging integrated functions that span from procurement of raw materials to preparation for production, processing and materials testing, local sales, storage, and logistics.



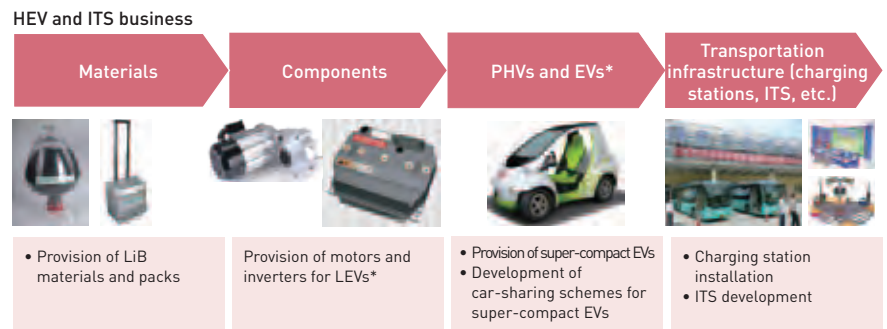
## Electronic Devices and Information Technology Value Chains

In the electronic devices business, we stably supply semiconductors and electronic parts through domestic and overseas operating sites while carefully managing factors relating to quality, costs, delivery, and after-sales services (QCDS). In the information technology business, we provide IT solutions services around the world and throughout various value chains.



## HEV and ITS Value Chains

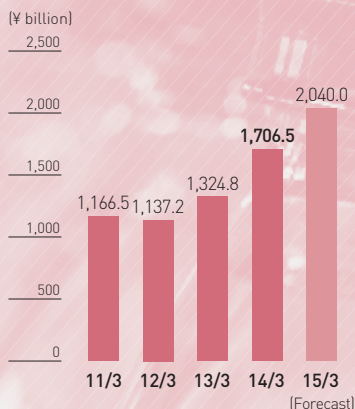
In the HEV and ITS business, the division develops transportation infrastructure, such as charging stations for EVs and other next-generation automobiles, and provides engineering services for EV-related products (storage batteries, drive systems, etc.) while procuring and supplying these products on a global basis.



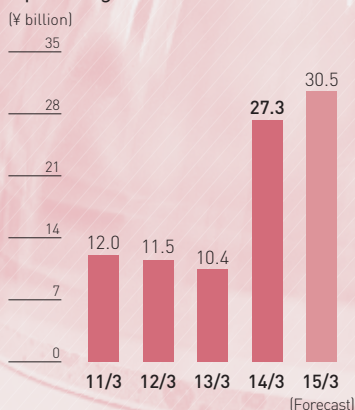
\* PHV: Plug-In Hybrid Vehicle EV: Electric Vehicle LEV: Light Electric Vehicle

## DIVISION OVERVIEW

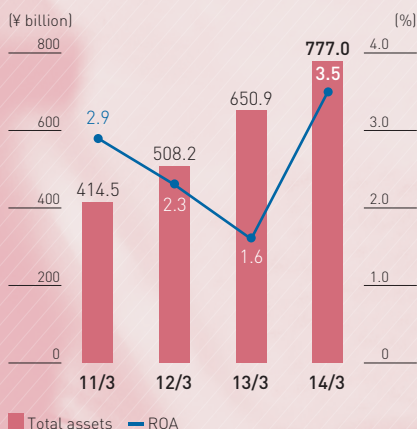
### Net Sales



### Operating Income



### Total Assets / ROA



## Chemicals & Electronics Division

### Business Results for the Fiscal Year Ended March 31, 2014

In the fiscal year ended March 31, 2014, in the chemicals business, the Company commenced investment in San-Dia Polymers, Ltd., a consolidated subsidiary of equity-method affiliate Sanyo Chemical Industries, Ltd., that manufactures and sells superabsorbent polymers (SAP). As part of this transaction, San-Dia Polymers was renamed SDP Global Co., Ltd. In the electronics business, preparations were advanced for a tender offer that will convert Tomen Electronics Corporation into a wholly owned subsidiary, enabling the division to strengthen initiatives targeting new business ventures and improve customer satisfaction. Net sales for the division rose ¥381.7 billion year on year, or 28.8%, to ¥1,706.5 billion, largely due to the benefits of newly consolidated subsidiaries.

### Medium- to Long-Term Initiatives and Priority Strategies

Straddling the three strategic business domains set out in the Global 2020 Vision, the Chemicals & Electronics Division is spread across organizational and national boundaries to better unite our headquarters, overseas operating sites, and Group companies and to utilize the collective strengths and synergies this creates to expand its business. In the chemicals and plastics business, we will strengthen ties with strategic partners while expanding value chains from upstream through to downstream operations. In the electronics business, we anticipate the emergence of a society based on ever more high-speed and high-capacity information and communications technology (ICT), and will strengthen electronic devices businesses and ICT-related businesses with this in mind.

In the HEV (Green Mobility) and ITS business, the division will address the progressive shift toward EVs and the growing sophistication of transportation infrastructure by accumulating superior technologies and allying with capable partners to develop its business while actively creating new markets.

### Responses to Social Issues

#### Bio-PET Business Providing Alternatives to Oil-Derived Plastics

The Company produces Bio-PET (polyethylene terephthalate) using bioethanol derived from sugarcane, and is helping preserve the environment by creating a comprehensive Bio-PET supply chain linked to manufacturers of automobile interior materials, apparel, and PET bottles.

**GLOBIO**

<http://www.globio.jp>



## Major Investments and Projects

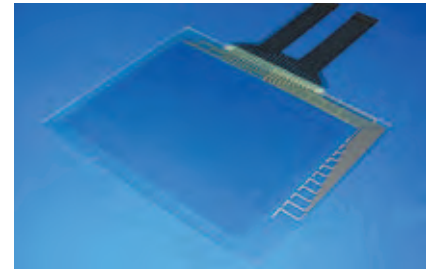
### Chilean Iodine Development and Production Company

In 2010, Toyota Tsusho partnered with Chilean iodine manufacturer ACF Minera S.A. in investing in Algorta Norte S.A., an iodine development and production company also located in Chile. The plant constructed in the Chilean state of Antofagasta through this investment commenced production in 2011. The first shipments left this plant in March 2012, and since then the plant has seen a smooth rise in production volumes as it exports products to China, India, Europe, North America, and other areas. By developing these operations, the Company aims to expand its share of the global iodine market to 15% by 2015. At the same time, we will construct a comprehensive iodine value chain that spans from upstream raw material supply to downstream product businesses.



### Elematec Corporation

In 2012, Toyota Tsusho acquired a 51% stake in Elematec Corporation, a company listed on the first section of the Tokyo Stock Exchange that supplies electronics-related materials and parts to electronics manufacturers in Japan and overseas. The Company is presently sharing sales channels with Elematec, conducting joint research, and engaging in a reciprocal exchange of technologies, knowledge, and personnel with this company with the aim of expanding the business scope of both parties. These activities are creating impressive synergies, and have resulted in Elematec achieving a 10.8% year-on-year increase in consolidated net sales in the fiscal year ended March 31, 2014, coupled with a 28.9% increase in consolidated net income.



## TOPICS

### SAP Production Capacity Increase in China

SDP Global Co., Ltd., in which the Company owns a 30% stake with the remaining 70% being held by Sanyo Chemical Industries, Ltd., recently boosted the disposable diaper-use SAP production capacity of its Chinese subsidiary San-Dia Polymers (Nantong) Co., Ltd. This company's production capacity was increased by 80,000 tons per year, to 230,000 tons per year, a move designed to help it respond to the rapid growth in demand for SAP used in disposable diapers in China and other emerging countries. Toyota Tsusho will support the development of SDP Global and San-Dia Polymers (Nantong) with its sales and distribution networks as well as its raw material and fund procurement capabilities.





# Food & Agribusiness Division

The Food & Agribusiness Division views providing a stable supply of safe and secure food as its mission. To fulfill this mission, it is accelerating efforts to globally procure food and explore new markets together with strategic partners. The division is also actively investing in the establishment of optimal, global value chains, and thereby driving the advancement of the “TRY-1” strategy.

### Business Fields and Strengths

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#### 1. Grain

The division boasts a leading share for grain import volumes in the domestic market. Through its four grain silos, the division provides a stable supply of grain.

#### 2. Food

Leveraging a global network of manufacturing and processing bases, the division supplies safe and secure food while catering to diversifying needs.

#### 3. Agriculture

The division is developing advanced recycling-oriented agricultural businesses.

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The Food & Agribusiness Division is developing operations in Japan and overseas in the three business areas of grains, food, and agriculture.

In the grain business, one of our strengths lies in our feed processing complexes, centered on four grain silos in Japan. These silos have piers that enable large vessels to dock alongside them. From the silos, we supply grains via a dedicated pipeline to blended feed manufacturers further inland. In terms of volume, we are one of the leading handlers of feed grain in Japan. Moreover, we have established a comprehensive value chain in which we import wheat from North America, Australia, and other regions and export flour to Asia through our proprietary sales network.

In the food business, we are catering to diversifying needs by capitalizing on processing bases in Japan and overseas. Imported food products are procured from stringently selected overseas suppliers, and then sold to end consumers through the division’s direct sales venues.

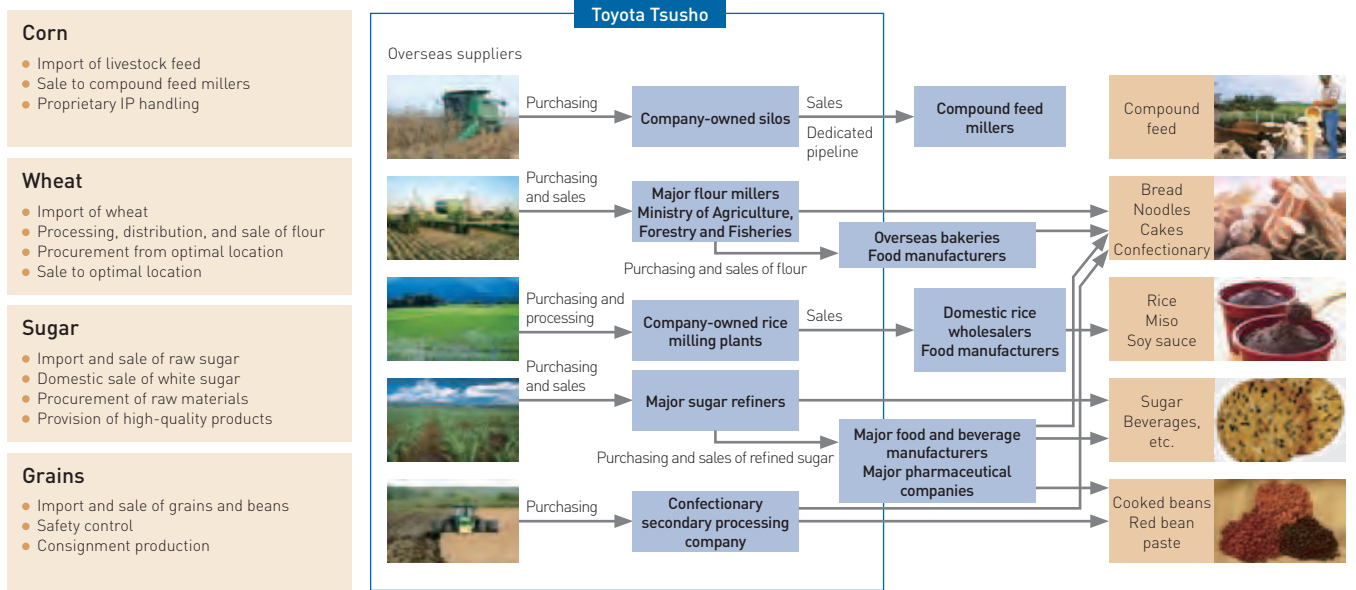
## Yoshiki Miura

Managing Director,  
Chief Division Officer of Food &  
Agribusiness Division

## Grain Business: Top Class Among Trading Companies in Terms of Import Volumes and Range of Grains Imported

Products handled:

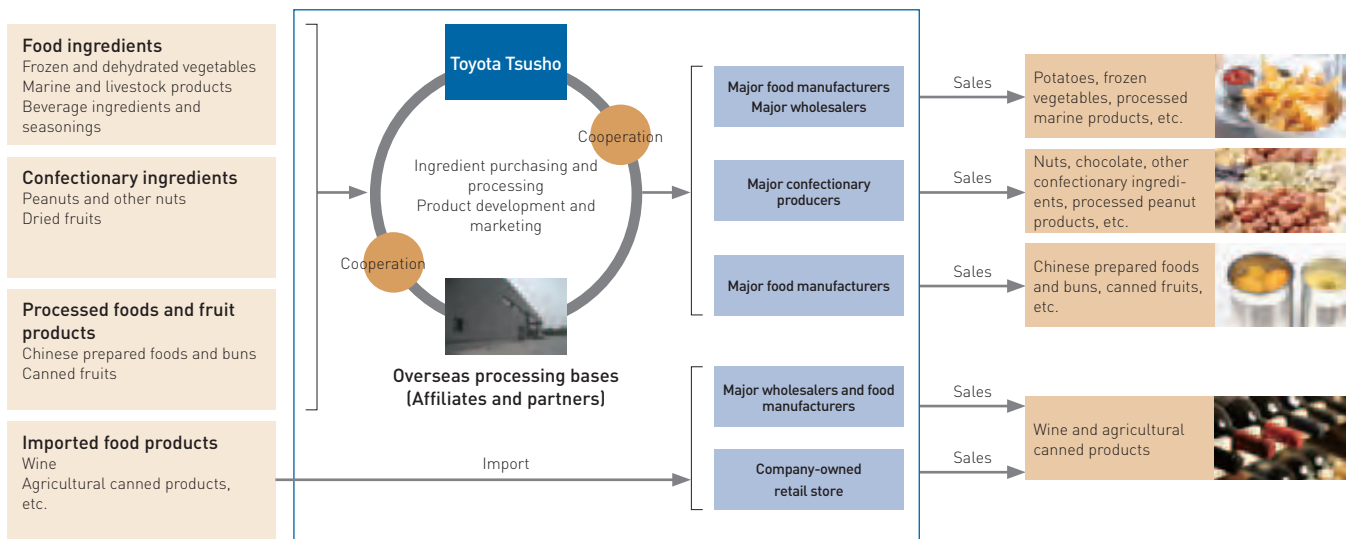
Corn, soybeans, soybean meal, grass hay, fish meal, other livestock feed, wheat, flour, raw sugar, refined sugar, starch, rice, and other grains



## Food Business: Reliable Supplier of Safe and Secure Foods

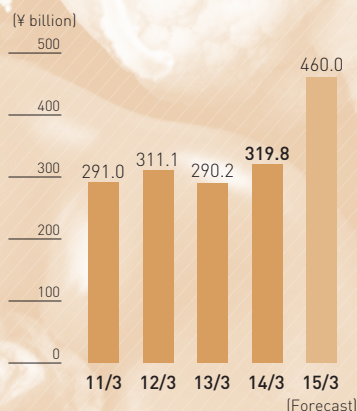
Products handled:

Nuts, dried fruits, confectionary ingredients, beverages, seasonings, frozen and dehydrated vegetables, marine products, livestock products, processed foods, and other food

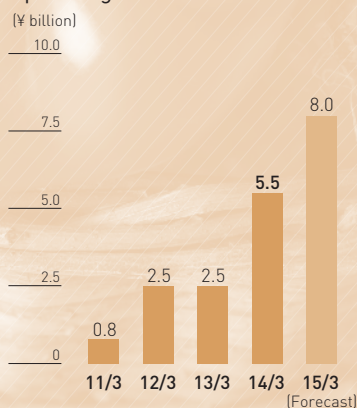


## DIVISION OVERVIEW

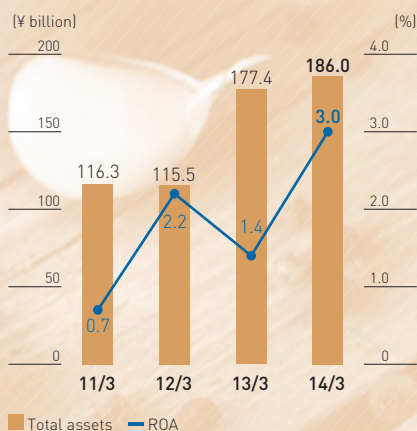
### Net Sales



### Operating Income



### Total Assets / ROA



## Food & Agribusiness Division

### Business Results for the Fiscal Year Ended March 31, 2014

In the fiscal year ended March 31, 2014, in the grain business the Group endeavored to expand sales of Australian grains to Japan and Southeast Asian countries by leveraging the capabilities of an Australian grain accumulation and exporting company. In the food business, the Group entered into a business alliance agreement with Kokubu & Co., Ltd., with the aim of expanding its domestic and overseas food distribution operations. It also acquired a stake in Fuji Sangyo Co., Ltd., to advance into the food service business. Net sales for the division rose ¥29.6 billion year on year, or 10.2%, to ¥319.8 billion, largely due to contributions from newly consolidated subsidiaries and the foreign exchange benefits of yen depreciation.

### Medium- to Long-Term Initiatives and Priority Strategies

In the grain business, the division intends to acquire a large market share by expanding businesses in emerging countries. The ability to sell food products in these countries will be used as a tool to boost procurement capabilities in food-producing regions, and the division will work to build comprehensive value chains that span from grain accumulation overseas through to sales in Japan and overseas. In the food business, the division will invest to acquire manufacturing and sales capabilities by forging alliances and implementing mergers and acquisitions (M&As) targeting domestic and overseas food manufacturers. In this manner, the division will develop businesses overseas and expand food distribution operations focused on food services. Furthermore, in the agriculture area, plans call for developing recycling-oriented agricultural systems while helping preserve biodiversity. With this in mind, the division will focus on agricultural produce cultivation, the aquaculture business, and compost and fertilizer manufacturing.

## Responses to Social Issues

### Participation in Chinese Fertilizer Business in Collaboration with Asahi Industries

Toyota Tsusho and Asahi Industries Co., Ltd., collaborated with China's Longda Foodstuff Group Co., Ltd., to establish a joint venture for manufacturing and selling organic fertilizers and organic compound fertilizers. Through effective use of dung and unused organic resources as well as recycling of organic materials, the joint venture is anticipated to help reduce pollution in China while constructing recycling-oriented agricultural systems and contributing to the production of safer and more secure foods in this country.





## Major Investments and Projects

### Installation of Second Production Line at Pt. Hokkan Indonesia

Pt. Hokkan Indonesia is a joint venture formed between Hokkan Holdings Limited and Toyota Tsusho that manufactures PET bottles for beverages and fills these bottles on a contract basis. To respond to the rise in orders following the rapid expansion of Indonesia's beverage market, the construction of a second beverage production line at this company was approved.



### Entry into Domestic Food Service Business

The Company recently acquired 72.6% of the outstanding stock of Fuji Sangyo Co., Ltd. Since its founding in 1968, Fuji Sangyo has steadily grown operations in the food service market while acting in accordance with its management philosophy that emphasizes service from the heart. This company has earned strong trust from customers with regard to the meal services it provides for industrial customers as well as preschools and other educational institutions and social welfare organizations such as hospitals. This trust lives on today.

The Company will use this acquisition to propel its entry into the food service business and fuel the expansion of domestic food distribution operations.



## TOPICS

### Business Alliance with Kokubu & Co., Ltd.

Toyota Tsusho has concluded a business alliance agreement with Kokubu & Co., Ltd., that is designed to help both companies expand their food distribution and other operations in Japan and overseas and provide new value to their respective customers.

Through this alliance, both parties will share knowledge and services, mutually compensating for deficiencies, to expand food distribution operations, particularly food service businesses, and better satisfy customers around the world.





**Soichiro Matsudaira**

Senior Managing Director,  
Chief Division Officer  
of Consumer Products & Services Division



## Consumer Products & Services Division

Aiming to lead the initiatives that the Group has set out for the Life and Community domain, the Consumer Products & Services Division pursues high ideals as it establishes new business models and works to create more satisfying lifestyles.

### Business Fields and Strengths

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**1. Insurance**

The division operates property and casualty insurance and life and health insurance agencies in Japan and overseas that provide services ranging from consulting to policy issuing, and is expanding overseas operations by establishing and acquiring insurance brokerages.

**2. Lifestyle**

The division conducts planning, procurement, and production of lifestyle items ranging from cotton, textile, and apparel products, and also plans and operates related retail businesses. These operations are being expanded overseas as well as in Japan.

**3. Living and healthcare**

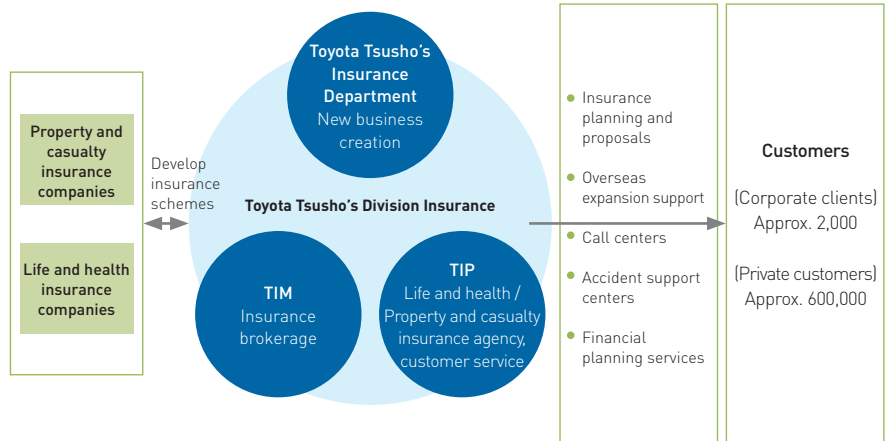
The division is developing operations in the medical and housing fields in addition to selling and renting nursing care products and planning and producing housing materials and interior items.

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The Consumer Products & Services Division provides various products and services that support people's daily lives in many different areas. In the insurance area, we operate insurance sales agencies in Japan that provide various insurance plans. Overseas, we are expanding into new fields, such as offering project insurance, contents insurance, and other new insurance services. In the lifestyle area, the division's apparel business takes advantage of strengths in functional materials and an extensive production network to act as a comprehensive supplier covering areas ranging from development through to delivery and sales. In the living and healthcare area, we are developing a medical institution-related business together with peripheral medical-field businesses and a housing materials and office furniture sales business, as well as a hotel residence business that supports companies in expanding their operations overseas. These businesses help people live healthier and more satisfying lives.

## Insurance Services Featuring Safety, Security, and Reliability

Toyota Tsusho operates a multifaceted insurance business. Group company Toyota Tsusho Insurance Partners Corporation (TIP) is one of Japan's leading insurance sales agency companies. Equipped with call centers and accident support centers, TIP provides high-quality service as a comprehensive venue for insurance consultation that caters to private and corporate customers. Overseas, insurance broker Toyota Tsusho Insurance Management Cooperation (TIM) is expanding project insurance and reinsurance operations. In addition, Toyota Tsusho's Insurance Department is undertaking a new business in Thailand that entails providing comprehensive insurance services centered on medical clinics for company employees.



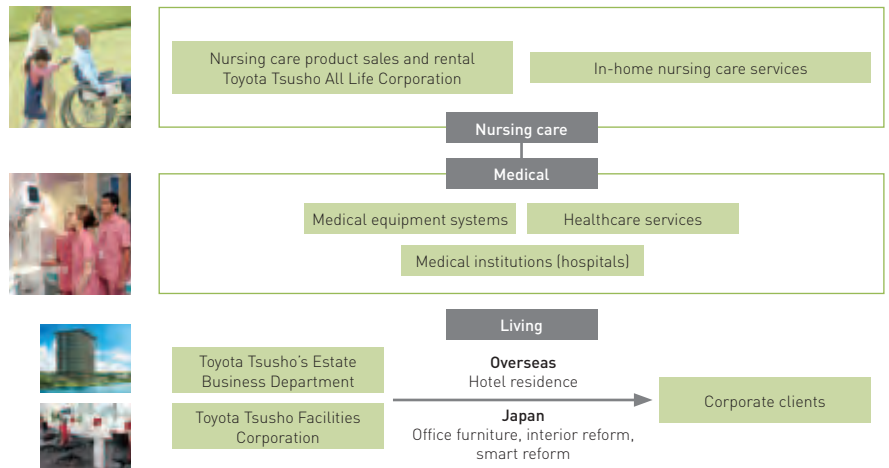
## Apparel that Offers Happiness and Satisfaction

Toyota Tsusho creates value across the expansive apparel value chain, which spans from material proposals and product planning and design on through to manufacturing, logistics, and sales. In creating this value, the Company calls upon its ability to obtain unique cotton from around the world and procure other materials such as permeable waterproof materials (GELANOTS). We also take advantage of our robust brand lineup, which includes such brands as Fukuske and Admiral, and our production network in Asia.



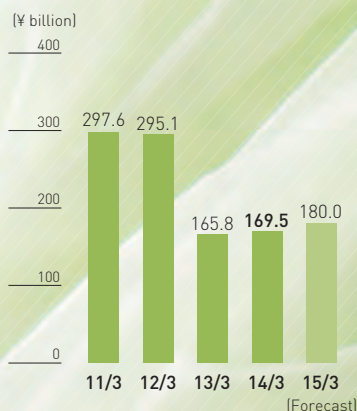
## Contributions to Healthy and Satisfying Lifestyles

Toyota Tsusho is developing a number of businesses that contribute to healthier and more satisfying lifestyles. Through its medical businesses centered on general hospital operation in India, the Company is helping improve local healthcare services by providing state-of-the-art medical equipment and Japanese-style services. In the nursing care business, we provide nursing care products and services to help senior citizens live safer lives. Our living business provides infrastructure support for companies in Japan while also supporting overseas expansion efforts through such ventures as the hotel residence business in Indonesia.

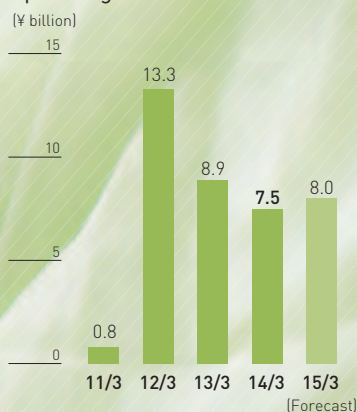


## DIVISION OVERVIEW

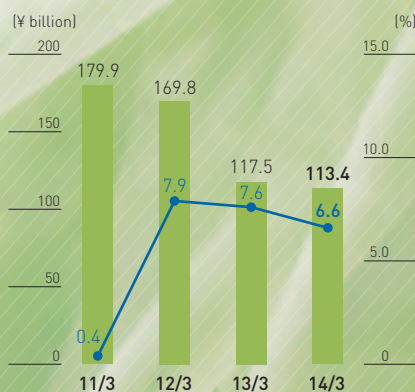
### Net Sales



### Operating Income



### Total Assets / ROA



■ Total assets — ROA

\* Effective April 1, 2013, the name of the Consumer Products, Services & Materials Division was changed to the Consumer Products & Services Division following a partial reorganization of the division. Figures for the fiscal year ended March 31, 2013, have been restated to reflect this change.



## Consumer Products & Services Division

### Business Results for the Fiscal Year Ended March 31, 2014

In the fiscal year ended March 31, 2014, the Consumer Products & Services Division endeavored to expand its medical operations in the living and healthcare business. As part of this endeavor, Secom Medical System Co., Ltd., India's Kirloskar Group, and the Company commenced operation of a general hospital that they jointly own and operate in Bangalore, India. In the insurance business, Toyotsu Hoken Customer Center Corporation and Toyotsu Family Life Corporation were integrated to form Toyota Tsusho Insurance Partners Corporation, one of Japan's leading insurance sales agency companies, effectively expanding and strengthening domestic insurance operations. Net sales increased ¥3.7 billion, or 2.2%, to ¥169.5 billion, due to the benefits of yen depreciation.

### Medium- to Long-Term Initiatives and Priority Strategies

In the insurance business, the division will strengthen agency and brokerage operations centered on senior citizens and overseas markets, both of which are projected to be future growth areas. In addition, we will create new insurance services to follow the example of the comprehensive insurance services business launched in Thailand. In the lifestyle business, planning and proposal functions related to original equipment manufacturer (OEM) production operations will be further refined to facilitate growth in overseas markets. We will also bolster the profitability of our lineup of finely crafted, high-quality brands, such as Fukuske, by cultivating brands and acquiring new brands. As for the living and healthcare business, we plan to contribute to the advancement of medicine in emerging and other countries by introducing Japanese medical technologies and services into these countries. At the same time, we are accelerating planning and development of nursing care products that respond to user needs in the nursing care business, and entering into the nursing care services field. Furthermore, in the living business we are replacing assets as needed while broadening the range of infrastructure and services provided to support corporate clients' businesses.

### Responses to Social Issues

#### Support for the Tohoku Region Through Cotton Growing

In March 2014, subsidiaries Toyo Cotton (Japan) Co. and Fukuske Corporation began participating in the Tohoku Cotton Project, a project that aims to support reconstruction in the Tohoku region, which was devastated by the Great East Japan Earthquake. This project entails planting cotton in former rice paddies that can no longer be used for their original purpose due to tsunami damage resulted from the earthquake. Toyo Cotton supports this project by providing cotton seeds and cultivation technique guidance based on its expertise in these fields. Cotton planting in spring 2014 used seeds that Toyo Cotton had imported from Greece. Fukuske, meanwhile, will assist by commercializing harvested cotton. It plans to use cotton grown through this project to produce Japanese-style *tabi* socks, which will be sold displaying a label that proclaims "Made in Japan from Tohoku cotton." Furthermore, volunteers from both companies help out with cotton planting and harvesting. These companies will continue to participate in this project to help contribute to reconstruction in the Tohoku region.



## Major Investments and Projects

### Hotel Residence Business for Business Travelers in Indonesia

The number of Japanese companies expanding into Indonesia has grown rapidly in recent years, and there is a chronic shortage of facilities for lodging or residence in the Cikarang district of the eastern part of the capital Jakarta in particular. To address this issue, the Company began developing a hotel residence business together with major Indonesian conglomerate Lippo Group, PT. Tokyu Land Indonesia—a Tokyu Land Group company—and Toyota Housing Corporation. Initially, this business will offer approximately 180 rooms.

The hotel residence will be geared towards business travelers to Indonesia on medium- to long-term stays and expatriates from Japanese companies, and will provide services including 24-hour Japanese-language concierge service and Japanese restaurants, along with shuttle services between the residences and industrial parks and airports. The Company is targeting a fall 2014 start of operation.



### First Indian General Hospital Operated Jointly by a Japanese and Local Company

In March 2014, full operation commenced at Sakra World Hospital, which is located in Bangalore, the capital of Karnataka State in southwest India, and operated jointly through a partnership between India's Kirloskar Group, Secom Medical System Co., Ltd.—a company with expertise in operating hospitals in Japan—and the Company. This general hospital has approximately 300 beds and 17 departments, including its flagship neurosurgery and orthopaedic surgery departments. Moreover, it is equipped with state-of-the-art equipment and technologies and offers Japanese-style hospitality to provide locals with safe medical services and peace of mind while contributing to quality improvements in India's medical field.

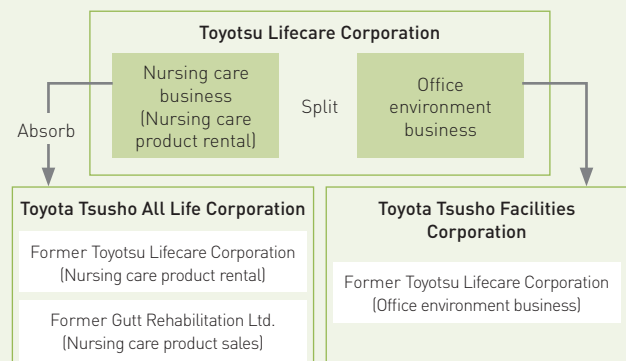


## TOPICS

### Reorganization of Nursing Care and Office Environment Businesses

Aiming to strengthen foundations and further refine specialties in the living and healthcare business, Toyotsu Lifecare Corporation was split into two companies—one related to the nursing care business, which was merged with Gutt Rehabilitation Ltd., and the other operating in the office environment business—in April 2014.

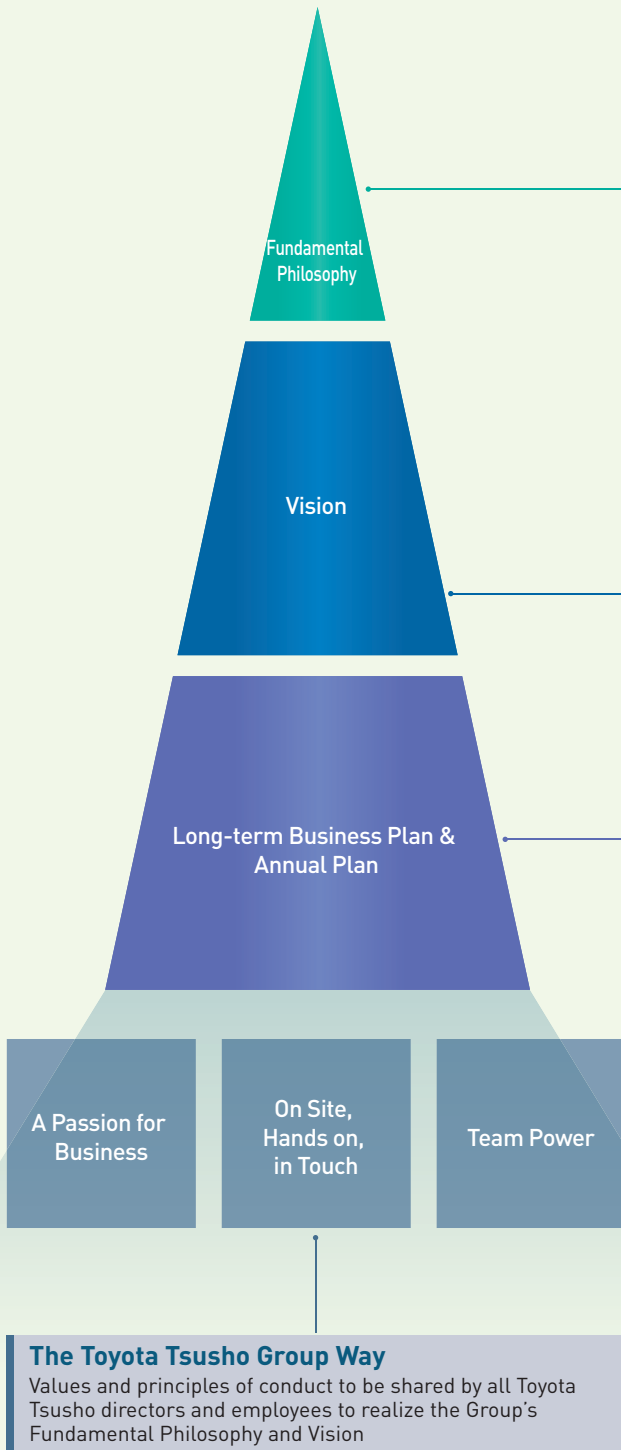
At nursing care company Toyota Tsusho All Life Corporation, we have developed the industry's first system for providing one-stop service for rental and sales of nursing care products. We aim to transform this company into a comprehensive nursing care product wholesaler that will be able to forge close bonds with users. Meanwhile, office environment company Toyota Tsusho Facilities Corporation expanded the scope of our conventional office furniture sales operations to include office construction services. It is now strengthening functions related to design proposals and construction and safety management as a comprehensive construction company.



# CORPORATE SOCIAL RESPONSIBILITY (CSR)

Toyota Tsusho's Group philosophy system forms a pyramid comprised of four tiers: Fundamental Philosophy, Vision, Long-term Business Plan & Annual Plan, and The Toyota Tsusho Group Way. The Fundamental Philosophy that rests at the top of this pyramid explains the Group's *raison d'être* and describes the ideals we should strive toward. It is divided into the Corporate Philosophy, which describes the perspective we employ for management, and the Behavioral Guidelines, which define a code of action for all executives and employees.

Pursuing the ideals of the Corporate Philosophy while adhering to the Behavioral Guidelines, this is the basis for our CSR activities.



## Fundamental Philosophy

Unchanging ideals that should be passed on to future generations

### Corporate Philosophy

Living and prospering together with people, society, and the globe, we aim to be a value-generating corporation that contributes to creation of a prosperous society.

### Behavioral Guidelines

As a good corporate citizen, we will:

- Implement open and fair corporate activities
- Fulfill our social responsibilities and conserve the global environment
- Offer creativity and provide added value
- Respect people and create an active working environment filled with job satisfaction

## Vision

This sets out the goals and milestones we aim to reach by 2020 while continuing to adhere to our Fundamental Philosophy.



## Long-term Business Plan

Revised each fiscal year in light of changes in business conditions, this guides our business activities over the coming five years.

## Annual Plan

This sets out the fiscal year's strategies, action plans, and numerical targets.



## Flagship Message

*G'VALUE with you* is the slogan motivating the Toyota Tsusho Group toward realization of its Corporate Philosophy.

The slogan's "G" refers to the initial letter of the Toyota Tsusho Group's keywords.

Global	:	Expansion of our activities on the world stage
Glowing	:	Sustaining a healthy and glowing morale and passion
Generating	:	Continuing to create new businesses

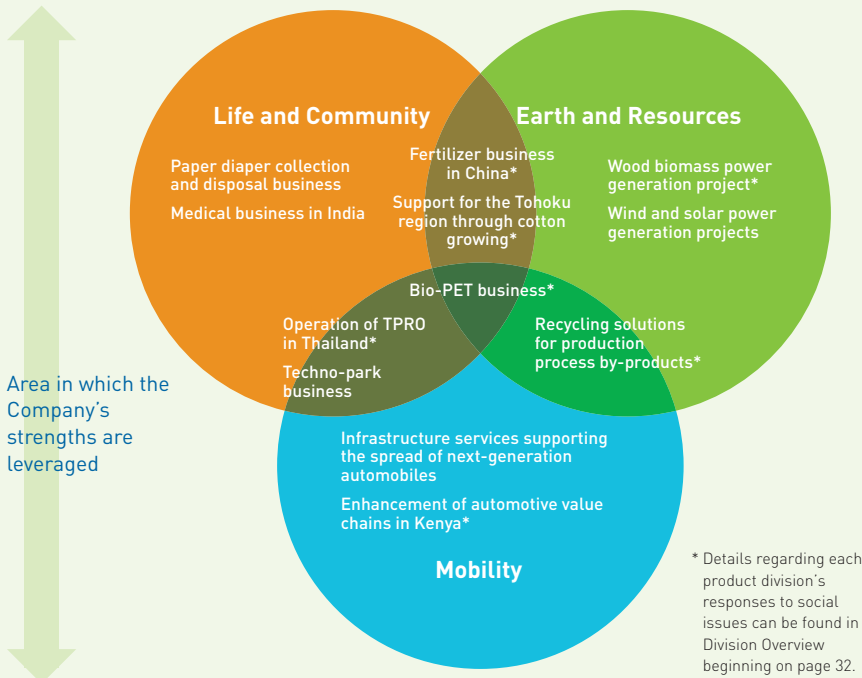
## The Toyota Tsusho Group Way

Values and principles of conduct to be shared by all Toyota Tsusho directors and employees to realize the Group's Fundamental Philosophy and Vision

In April 2013, we established a CSR Activities Map that clarifies the areas in which we will conduct our CSR activities. Specifically, these areas are the Social Issue Resolution Model and Local Contribution Model Businesses, the Corporate Responsibility Execution Model, and the Social Contribution / Charitable Business Model. Of these, the Social Issue Resolution Model and Local Contribution Model Businesses area was designed to correspond with the Global 2020 Vision to signify that working to realize this vision will intrinsically entail promoting CSR.

**CSR Activities Map**

**Social Issue Resolution Model and Local Contribution Model Businesses**



Area in which the Company's strengths are leveraged

CSR baseline

Area in which basic activities, as a company, are conducted

**Corporate Responsibility Execution Model (CSR foundation)**

- Compliance**
  - Operation and maintenance of internal control systems
  - Thorough execution of fair competition and trade
  - Supply chain CSR management
- Risk Management**
  - Risk management mainly through ERM Committee
  - Promotion of business continuity management (BCM)
- Information Disclosure**
  - Active disclosure on Company website
  - Information disclosure that is easy to understand and highly transparent for stakeholders

**Social Contribution / Charitable Business Model**

**Environment**

Toyota Tsusho Corporation, which aims for mutually supportive, mutually beneficial sustainability with the Earth, collaborates with the Toyota Group to participate in various environmental preservation activities and volunteer efforts on a global scale.

**Welfare**

We support sporting events for people with disabilities and programs to nurture service dogs, and also participate in a wide variety of other programs to solve social issues, contributing to the creation of a richer society through our continuous support.

**Education**

We provide scholarships for foreign exchange students, environmental education to Brazilian elementary school students, and take part in a wide variety of other education programs to help foster talented people who can succeed globally.



Field tests for micro EV "COMS"



Wind power business of Eurus Energy Holdings Corporation



Decontamination activities by Toyota Kenya Ltd. using microbe technologies

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

### Promotional Structure and Stakeholders

We have established the CSR Committee (chaired by the president) to serve as the central organization for promoting CSR throughout the Group. This committee meets once each year. Organizations operating under the CSR Committee are the Specified Import & Export Control Committee, the Conference on the Global Environment, the Safety Management Improvement Committee, and the OS&H Promotion Committee, with each committee discussing and deliberating the

#### Toyota Tsusho Stakeholders and CSR



### Safety

For the Toyota Tsusho Group, which is expanding globally in a quest to provide its customers with added value, ensuring safety is the presumption of business continuity. With many business sites (i.e., affiliates) creating value-added services such as processing and logistics in wide-ranging business fields, Toyota Tsusho strives to conduct unified safety management encompassing these affiliates and its suppliers. We also work to ensure safety awareness among all Toyota Tsusho Group associates. Measures include sharing information on accidents and disasters through monthly meetings of the Safety Management Improvement Committee, holding Safety Conventions for “Zero Workplace Accident Promoters” in each product division, and convening Safety Committee meetings with Group companies. At the same time, Toyota Tsusho is actively engaged in human resources development using “Practical Safety Workshops” and DVD training programs, with the aim of training personnel to anticipate potential hazards.

In addition, Toyota Tsusho is building a safety management system by changing the mindset of management and developing

various CSR themes. Also, the ERM (Enterprise Risk Management) Department, which is responsible for Company-wide integrated risk management, covers compliance, while the Social Contribution Office is a specialized organization that actively drives our social contribution efforts.

Based on this structure, we seek to conduct even more-active CSR efforts, resulting in the provision of value that will benefit all our stakeholders.

#### CSR Promotion Structure



facilities that exclude potential hazards, based on plant safety diagnoses and risk assessments at production sites worldwide. Furthermore, we verify safety management systems and methods for construction work and facilities when preparing plans for new business project proposals in order to ensure safety from the project development stage. Since the fiscal year ended March 31, 2013, we have been holding the Global Safety Meeting, a forum at which occupational safety and health representatives gather from overseas to discuss measures for establishing and strengthening safety and health management systems. In the fiscal year ended March 31, 2014, representatives assembled from Group companies in seven different countries: Thailand, the United States, Brazil, Australia, Indonesia, South Africa, and China.

Furthermore, realizing our responsibility as a trading company that deals in food products, we have installed stringent systems to ensure thorough food safety. The Food & Agribusiness Division has created a food safety management system with the Food Safety Promotion Group at its core, and actively



## Work Stoppage Rate\* at Domestic Group Company Factories

(Fiscal year ended March 31, 2014)

	Metals	Energy	Others
Applicable companies	14	3	14
Employees	1,244	481	3,549
Stoppage rate	0.00	0.00	0.00

\* Stoppage rate: An indicator of accident frequency that is calculated based on the number of accident-related casualties per 1 million working hours.



Practical Safety Workshop

complies with relevant laws and regulations. Also, the Company's supplier selection process includes paper screening and inspections of supplier processing facilities. Only superior suppliers that have cleared our supplier selection management standards are chosen for registration. In addition, we have developed product management guidelines for registered suppliers, and we require that suppliers conduct strict management of each process relating to their products, from ingredient procurement to product shipping. Also, the inspection manual based on our food safety management system rules prescribes

## Human Resources

Energetic employees are the driving force behind a business. The Toyota Tsusho Group promotes diversity in its human resources that "aims for the creation of new value through an organization where everybody is empowered regardless of gender or age, nationality, or culture." The Toyota Tsusho Group does business through more than 950 consolidated Group companies in approximately 90 nations around the world, with overseas bases accounting for more than 60% of operating income. To achieve the Toyota Tsusho Group's corporate vision, it is essential to have a local associate that is highly knowledgeable about laws, business conditions, culture, and other aspects of a given nation. We have established a global personnel strategy and are training employees responsible for managing operations overseas based on the basic stance of respecting the world's diverse values. In the fiscal year ended March 31, 2013, we worked together with product divisions to advance plans

## Principal Training and Number of People Taking Courses

(Fiscal year ended March 31, 2014)

Training topic	Target	People taking courses
Education and training for new employees	New employees	113
Training upon appointment as a safety manager	Mid-level employees, managers	151
Training for personnel posted overseas		38
Education for persons responsible for construction	People in charge (including at Group companies and suppliers)	117
Education for persons responsible for work operations		674
Education for persons responsible for work operations at high elevations		334
Education on prevention of electrical shock		327
Practical Safety Workshops		887
Training for top-level executives		Executives

guidelines for on-site supplier inspections. In accordance with these guidelines, we expect that registered suppliers conduct regular inspections. Should it be judged difficult for the supplier to conduct such on-site inspections, the Food & Agribusiness Division will conduct its own inspections.

For food products imported into Japan, we recognize the risk of unanticipated agrochemical or animal drug residues being found on products. To address this risk, we have established in-house inspection rules based on which we inspect products after they cross the Japanese border.

## Female Employees

(Toyota Tsusho, non-consolidated)

	10/4/1	11/4/1	12/4/1	13/4/1	14/4/1
Employees	3,267	3,499	3,585	3,690	3,722
Female employees	728	950	1,029	1,062	1,106
Percentage of female employees	22.3%	27.2%	28.7%	28.8%	29.3%
Percentage of female employees with children under 18	14.0%	12.7%	19.1%	16.6%	17.9%

## People Taking Childcare Leave

(Toyota Tsusho, non-consolidated)

	10/4/1	11/4/1	12/4/1	13/4/1	14/4/1
Female employees	23	41	42	40	54
Male employees	0	4	0	1	3

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

with the aim of having all employees be sent on overseas assignment by their seventh year at the Company.

In the fiscal year ended March, 31, 2014, we instituted the Global Advanced Leadership Program. Through this program, we will pursue the ongoing development of global management candidates by training such personnel together with local staff from overseas subsidiaries. Moreover, this program is conducted entirely in English to cultivate the language skills of participants. In addition, we set up a project team for

### The Environment

The Toyota Tsusho Group is closely involved with manufacturing activities, primarily in the automobile industry, and views the environment as the foundation of manufacturing activities. We believe that addressing environmental issues can help us contribute to the realization of a recycling-oriented society, a low-carbon society, and a society in harmony with nature, while fulfilling our social responsibilities. At the same time, activities to address such issues will help to drive growth at the Toyota Tsusho Group. In addition to reducing CO<sub>2</sub> emissions and waste through its own efforts, the Toyota Tsusho Group aspires to step up business activities that help to achieve the above three kinds of society, while expanding these activities worldwide.

Examples of actual activities include the recycling of metals, automobiles, home appliances, paper, and other materials in order to help realize a recycling-oriented society. We are also recycling batteries and mobile phones, which contain valuable scarce resources. Furthermore, we are practicing the 3Rs (reduce, reuse, and recycle) by working to reduce waste production volumes, reuse products, and recycle resources throughout our business activities.

To realize a low-carbon society, we are promoting renewable power generation businesses in various locations around the world, including a wind power generation business. On a global basis, we are also engaged in the supply of solar power generation systems and solar power plants; the recovery of biogas from wastewater released from starch plants; and the emissions rights business through Clean Development Mechanism projects, among other initiatives. In addition, we seek to reduce CO<sub>2</sub> emissions during regular operations, and are doing so by regulating thermostat settings at offices, introducing energy-saving equipment at factories, and improving efficiency in logistics.

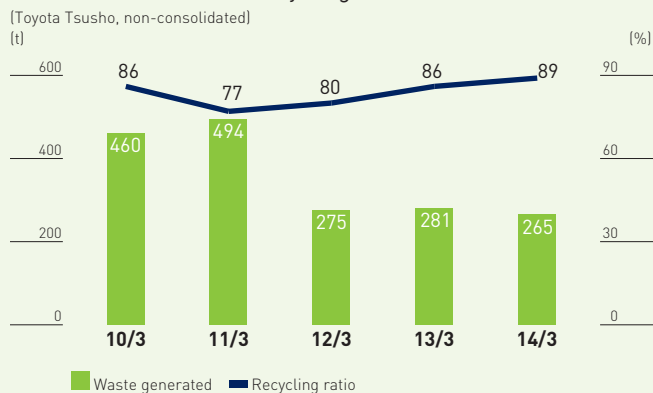
To realize a society in harmony with nature, we implement environmental assessments to rigorously prevent pollution, in addition to enforcing compliance with environmental laws and regulations. For projects under the management of the Company,

promoting diversity. This team is currently examining measures for empowering female employees, including means of boosting the motivation of female employees to make greater contributions as well as creating career development plans that take into account major life events. We also established the Career Development Office with the aim of increasing opportunities for the wealth of experience and expertise possessed by senior employees to be utilized at affiliates.

the Global Environment Management Group conducts environmental assessments from the planning phase, and environmental measures are steadily implemented to ensure compliance with environmental regulations and to prevent pollution. In the fiscal year ended March 31, 2013, we launched the investment project environmental assessment system. In the fiscal year ended March 31, 2014, 12 large-scale projects were assessed using this system, with investment being conducted subsequently. This assessment system has been judged top class in the industry by a major international environmental consulting firm.

Furthermore, as a common tool to facilitate environmental management, we encourage Group companies in Japan and overseas to acquire certification under the ISO 14001 international standard for environmental management systems. As of March 31, 2014, this certification had been acquired by 56 companies in Japan and 155 companies overseas. To ensure that our environmental management system is operating effectively, we conduct internal audits as well as third-party ISO audits through external auditing organizations. Moreover, Toyota Tsusho conducts ISO seminars each year to cultivate personnel capable of driving environmental management. We also invite external lecturers to hold internal audit seminars for internal auditors at Group companies in Japan.

### Waste Generation and Recycling Ratio



## Social Contribution Activities

The Toyota Tsusho Group adheres to the guiding principle of contributing to society as a good corporate citizen. Accordingly, the Group interacts directly with local communities while actively participating in an array of activities to find solutions to issues facing society and promoting initiatives aimed at ensuring people's happiness and well-being. Moreover, we promote activities in which people can see our "corporate face" by encouraging employee participation in volunteer activities to provide direct personal support. We position people (education), society (welfare), and the Earth (environment) as key themes in light of our Corporate Philosophy. By electing the well-balanced pursuit of three approaches, consisting of 1) contributing financially, coupled with planning and implementing voluntary programs as a company; 2) creating a culture and systems that

support participation / contribution through volunteering by directors and employees; and 3) contributing to a recycling-oriented society and reducing the burden on the Earth's environment through business activities, we are able to address our social responsibility of "creating a more prosperous society" through activities that are unique to the Toyota Tsusho Group.

Since the Great East Japan Earthquake struck in 2011, we have made disaster recovery support a top priority. In addition to aiding recovery in the stricken areas (conducting volunteer activities with the Toyota Group and holding events), we have been engaged in efforts such as supporting the education of children living in temporary housing, gathering donations, and sending and selling products from Northern Japan within the Company.

### People (Education)



Donation of mobile library in Myanmar



Participation in work study program by an automobile recycling plant

### Society (Welfare)



Installation of vending machines linked to the TABLE FOR TWO program on each floor of the head office



Educational support for children in Colombia

### The Earth (Environment)



Participation in the Mt. Fuji Reforestation Project for forestry preservation



Participation in cleanup activities by Fujimae-higata wo Mamoru Kai at Fujimae-higata tidal flat

### Disaster Recovery Support



Participation in social gathering for people that evacuated their prefecture due to the Great East Japan Earthquake



Fairs to promote reconstruction of regions impacted by the Great East Japan Earthquake and support the independence of people with disabilities

For more detailed information regarding CSR activities, please refer to the Company's website and CSR report



CSR website

<http://www.toyota-tsusho.com/english/csr>



CSR Report 2014

<http://www.toyota-tsusho.com/english/csr/report.html>



**Kuniaki Yamagiwa**

Senior Managing Director, Chief Division  
Officer of Administrative Division

## Message from the Chief Division Officer of the Administrative Division

### First Outside Directors—A Team of Three

The Company newly appointed three outside directors in June 2014. In addition to establishing a system that allows for business execution to be monitored from an independent, fair, and impartial perspective, the outside directors were selected with the aim of incorporating their wealth of experience and insight into management decisions.

### Division Heads Serving as Directors—Pursuing Companywide Optimization

Furthermore, the chief division officer of each product division also serves concurrently as a director. This enables them to share a Companywide management perspective based on which they can pursue coordination with other divisions to construct a business model that exceeds the boundaries of specific product categories. In the automotive business, for example, the value chain is exceptionally long, spreading across many divisions. For this reason, even if a division provides its services to customers based on optimizing its own operations, this may not end up being the best option for customers. Accordingly, it is necessary to pursue earnings from the standpoint of achieving Companywide optimization, and this must be done in a manner that creates value for customers. In the focus domains of Life and Community and Earth and Resources, creating inter-division synergies is of extreme importance, especially when it comes to commencing new businesses. For this perspective, I believe that Toyota Tsusho's current management system, which encourages the pursuit of value through Groupwide coordination, is the best possible system for realizing our Global 2020 Vision.

### Monthly Executive Committee Meetings—Constant Discussion of Investment Progress

Advancing toward the realization of this vision, however, is resulting in a rise in investment amounts. If the Company does not objectively evaluate whether or not investments will contribute to improved corporate value, then it will be exposed to significant risks. To reduce exposure to such risks, regular monthly meetings are held at which the president, executive vice presidents, executives from the Administrative Division, and the chief division officer of each product division discuss the progress of investment projects in each target area defined in annual plans. For specific projects, investment decisions are made by the Investment and Loan Committee or at the Investment and Loan Meeting in consideration of their strategic benefits and internal investment standards. Representatives from the Administrative Division attend these forums, where discussions are held from various perspectives to identify possible risks and ensure that investments are successful. Going forward, the Company will continue to bolster its corporate governance structure in pursuit of higher corporate value.

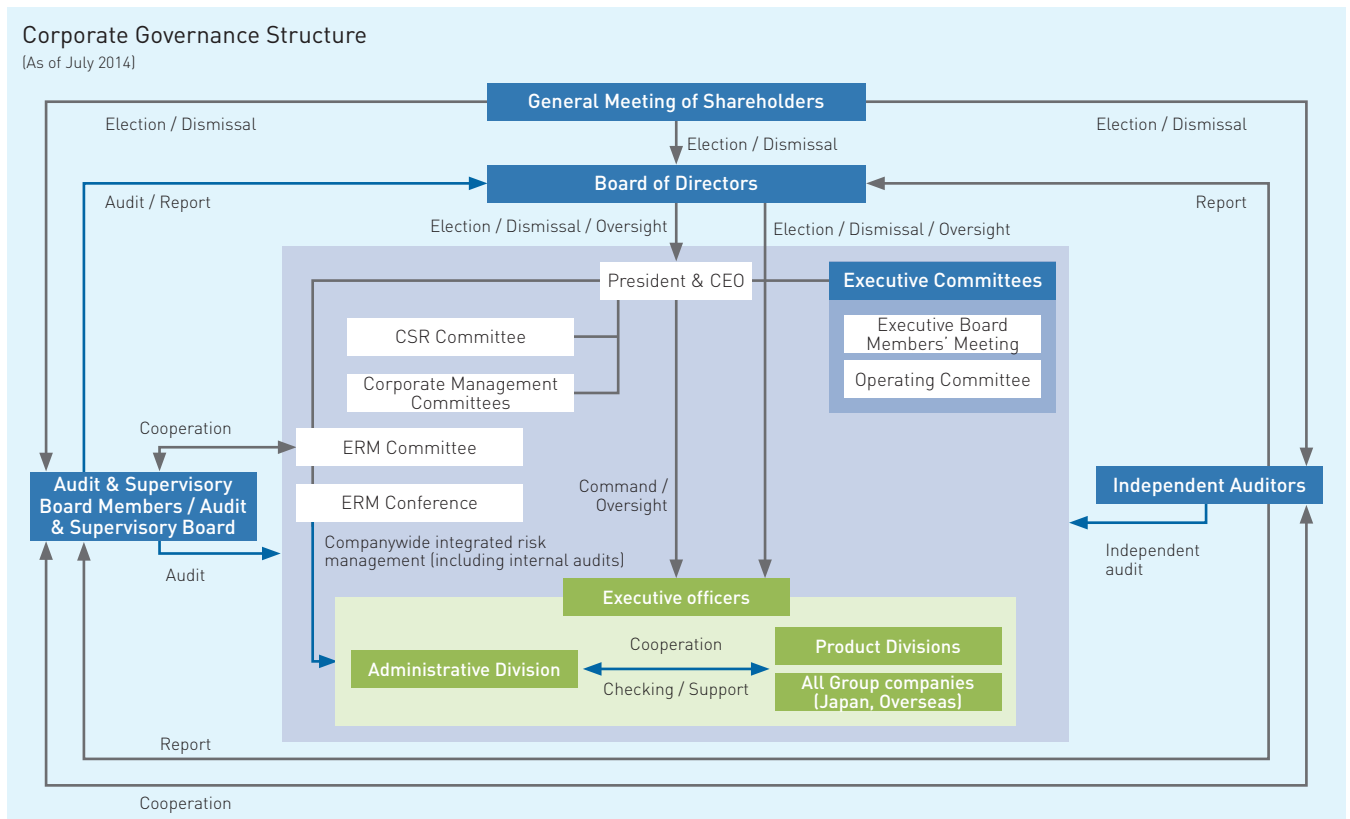
## Promotion Structure

Toyota Tsusho has adopted the system of a Company with Board of Auditors to ensure management transparency and soundness. In addition, the Company has streamlined the Board of Directors and introduced an executive officer system with the aim of improving managerial efficiency and strengthening internal control. The Board of Directors comprises 16 directors, three of whom are outside directors, who make important management decisions and supervise the execution of business by directors. Directors are appointed for a one-year term, and the Board of Directors meets once each month, in principle.

The Audit & Supervisory Board is made up of five Audit & Supervisory Board members, three of whom are outside Audit & Supervisory Board members, who perform a checking function from an external viewpoint. Audit & Supervisory Board members regularly exchange ideas with the directors, executive officers, and independent auditors, as well as the Internal Audit Division and other organizations. Through

these actions, Audit & Supervisory Board members strive to ensure the legality, appropriateness, and efficiency of business execution.

Toyota Tsusho conducts Groupwide management based on the divisional system. Currently, the Company has a total of eight divisions: seven product divisions and the Administrative Division. Each division is led by a director appointed as chief division officer. The duties of these directors encompass conducting management at both the corporate level and maintaining an understanding of business execution at divisional levels. Executive officers support the chief division officers of product divisions, and thus exclusively focus on the management of their respective product division. By separating overall Company management (directors) and the execution of duties (executive officers) in this manner, Toyota Tsusho aims to strengthen supervision of the execution of operations by the Board of Directors, clarify authority and responsibilities, and strengthen internal control.



## CORPORATE GOVERNANCE

### Committee and Meeting Functions and Roles

The Company has established various committees and meetings to reinforce its corporate governance. Toyota Tsusho has established a Companywide lateral meeting structure

wherein directors and executive officers examine measures for addressing management issues, consulting with the Board of Directors as necessary.

#### Executive Committees

Executive Committees comprise councils for deliberation on business execution, and include the Executive Board Members' Meeting, Operating Committee, Policy Committee, Investment and Loan Committee, and Investment and Loan Meeting.

#### ERM Committee and ERM Conference

While ensuring the independence of internal audits, the ERM\* Committee audits the process of managing individual risks, discerns risks for the Toyota Tsusho Group, and sets risk buffer limitations. The ERM Conference conducts screening of the above-mentioned items for the ERM Committee.

\* Enterprise Risk Management

#### CSR Committee

This committee discusses and drafts plans related to the building blocks of CSR, including safety, the environment, compliance, and corporate contribution activities.

#### Corporate Management Committees

Corporate management committees provide opportunities for discussion among executives in charge of multiple

divisions throughout the Company and are designed to discuss and determine policies on themes of important management strategy that span the entire Company.

#### <Description and Objectives of the Corporate Management Committees>

- Human Resources Enhancement Committee: Discuss various themes related to human resource training to reinforce human resources.
- Corporate Business Promotion Committee: Discuss policies and budgets for specific new business involving the entire Company.
- Overseas Regional Strategy Committee: Planning and promotion of strategies for key overseas markets, as well as for emerging nations and resource-rich countries.
- Cost Reduction and Kaizen Promotion Committee: Promote reductions in costs throughout the Company, and share and develop improvement case studies throughout the Company.
- IT Strategy Committee: Discuss Companywide policies on IT strategies.

### Appointed Outside Directors

	Major concurrent positions (as of July 1, 2014)	Reason for selection
Jiro Takahashi	Representative Director and Chairman, MEIKO TRANS Co., Ltd.	Mr. Takahashi has served as a manager at MEIKO TRANS Co., Ltd., for several years and has also accumulated experience in his position as Chairman of the Chamber of Commerce & Industry. He was selected as an outside director with the aim of incorporating his wealth of general management experience and broad range of expertise into the Company's management.
Yoriko Kawaguchi	Professor, Meiji University Fellow and Researcher, Meiji Institute for Global Affairs	Mrs. Kawaguchi has work experience in several important government offices, such as Director General of Environment Agency, Minister for the Environment, and Minister for Foreign Affairs, and was also Managing Director of Suntory Holdings Ltd. (in charge of the Lifestyle and Environment Department). She was selected as an outside director with the aim of incorporating her wealth of specialized insight regarding environmental issues and international political and economic trends into the Company's management.
Kumi Fujisawa	Partner, SophiaBank Limited Director, The Shizuoka Bank, Ltd.	Mrs. Fujisawa founded an investment trust evaluation company and led this company as its representative director. In addition, she has served as a director and auditor at various companies and has also held public office. She was selected as an outside director with the aim of incorporating her wealth of experience and broad range of expertise into the Company's management.

\* All are Independent directors.

## Status of Outside Audit & Supervisory Board Members

	Main activities in the fiscal year ended March 31, 2014	Relationships between companies where concurrent positions are held and Toyota Tsusho
Tetsuro Toyoda	Mr. Toyoda attended 14 out of 17 meetings of the Board of Directors and 13 out of 14 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2014, and expressed opinions needed to discuss agenda matters and other issues as appropriate, based on his wealth of experience and insight into corporate management.	He is chairman of Toyota Industries Corporation, an outside Audit & Supervisory Board member of Aichi Steel Corporation, and chairman of the Japan Textile Machinery Association. Toyota Industries is a major shareholder of Toyota Tsusho and holds 39,365 thousand shares of the Company. Toyota Tsusho conducts procurement, sales, and other transactions related to products and raw materials with Toyota Industries. Toyota Tsusho also conducts procurement, sales, and other transactions related to products and raw materials with Aichi Steel. There is no special business relationship between the Company and the Japan Textile Machinery Association.
Kyoji Sasazu	Mr. Sasazu attended 15 out of 17 meetings of the Board of Directors and 13 out of 14 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2014, and expressed opinions needed to discuss agenda matters and other issues as appropriate, based on his wealth of experience and insight into corporate management.	He is an outside Audit & Supervisory Board member of Tokai Rika Co., Ltd., and president of Aichi Public University Corporation. Toyota Tsusho conducts procurement, sales, and other transactions related to products and raw materials with Tokai Rika. There is no special business relationship between the Company and Aichi Public University.
Kazunori Tajima*	Mr. Tajima attended 16 out of 17 meetings of the Board of Directors and 14 out of 14 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2014, and expressed opinions needed to discuss agenda matters as appropriate based on his specialized knowledge, experience, and other credentials as a certified public accountant.	He is president of Kazunori Tajima Certified Public Accountant Office and an outside Audit & Supervisory Board member of SHINWA Co., Ltd., Daikoku Denki Co., Ltd., and Nihon Decoluxe Co., Ltd. Toyota Tsusho conducts procurement, sales, and other transactions related to products and raw materials with SHINWA. There is no special business relationship between Toyota Tsusho and Kazunori Tajima Certified Public Accountant Office, Daikoku Denki, or Nihon Decoluxe.

\* Independent Audit & Supervisory Board member

## Executive Compensation

Director compensation is determined by allocating a total amount that is within the limit set by the general meeting of shareholders. The president appointed by the Board of Directors determines compensation for individual directors by taking into overall account such factors as differences in posts, changes in profit within the Company during the fiscal year, and the business environment in which the Company operates.

Compensation for Audit & Supervisory Board members is discussed and determined at meetings of the Audit & Supervisory Board, and set within the overall limit set by the general meeting of shareholders, taking into consideration general conditions, responsibilities, and other factors.

Executive category	Total amount of compensation and other remuneration (Millions of yen)	Total amount of compensation by executive category (Millions of yen)			Number of executives (People)
		Basic remuneration	Stock options	Bonuses	
Directors	897	512	—	385	14
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	109	69	—	39	3
Outside Audit & Supervisory Board members	37	27	—	10	3

Notes:

1. Amounts of compensation above include compensation for one director and one Audit & Supervisory Board member who resigned following the general meeting of shareholders held in 2013.
2. At the general meeting of shareholders held in 2007, the upper limit for compensation of directors was set at ¥90 million.
3. At the general meeting of shareholders held in 2014, the upper limit for compensation of Audit & Supervisory Board members was set at ¥16 million.

## CORPORATE GOVERNANCE

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### Risk Management System

With respect to risk management, Toyota Tsusho established the ERM Department and works to develop and enhance its risk management system on a consolidated basis in collaboration with various departments and Group companies, with emphasis on the overall risk faced by the entire Toyota Tsusho Group. Specifically, the ERM Department centralizes the monitoring of various risk information, and formulates management rules for various risks, conducts training programs, distributes manuals, and takes other actions through departments responsible for each type of risk. The Company appropriately recognizes and manages risks by formulating management rules and guidelines for risks requiring particular caution with respect to its business execution, namely investment and financing, credit, market, country, occupational health and safety, and environmental risks. Additionally, Toyota Tsusho conducts financial risk management by measuring the amount of risk assets, and striving to balance the total amount

of risk assets with a suitable risk buffer on a consolidated basis.

Furthermore, the ERM Committee seeks to maintain an understanding of the above risks on a Companywide basis, identify issues, and take necessary countermeasures.

In the fiscal year ended March 31, 2014, working to strengthen governance at Group companies, we identified 11 risks that required serious responses, and managed progress in these areas through periodic reports to the ERM Conference. In addition, we established the Security Management Group to respond to country risks. This organization actively collects information from external sources, and uses this to identify countries that present significant risks. Such countries are designated as either countries warranting special attention or countries necessitating extra caution, and this organization has constructed a framework through which understanding of the risks of these countries can be shared throughout the Group so that countermeasures can be taken before risks materialize.

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### Information Disclosure

Toyota Tsusho promotes disclosure and dialogue by holding financial results briefings as well as individual meetings with domestic and overseas institutional investors.

In the fiscal year ended March 31, 2014, we worked to increase opportunities for direct communication with investors. As part of these efforts, we held 200 individual meetings with investors and conducted small meetings when necessary. In addition, we participated in conferences held in Japan that were targeted at overseas investors. The Company also posts videos of financial results briefings on the Company's website in both Japanese and English. Also, two of four briefings held each year are in the form of teleconferences. In this manner, we are working to provide a broad

array of investors with a deeper understanding of Toyota Tsusho.

To enable as many shareholders as possible to attend the general meeting of shareholders, we avoid holding this meeting on days when there is a large concentration of other shareholder meetings. For shareholders and other stakeholders who are unable to attend the meeting, we provide on-demand viewing through our website following the meeting. In addition, we send out our shareholder meeting convocation notice three weeks prior to the meeting to facilitate the exercise of voting rights by shareholders. We also participate in platforms for the exercise of voting rights to enable institutional investors both in and outside Japan to smoothly exercise their rights.

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### Compliance System

Toyota Tsusho endeavors to ensure that executives and employees perform their duties in accordance with laws, regulations, and the Company's Articles of Incorporation. We have formed the CSR Committee, which is chaired by the president, to focus on approaches and activities addressing such priorities as environmental issues and social contribution activities. The committee also addresses business ethics and legal issues across all corporate activities. In addition, the Company has distributed to employees publications such as its Code of

Ethics, including digests, which clearly state the Behavioral Guidelines that employees must observe based on Toyota Tsusho's Corporate Philosophy. This is one way the Company is making its Code of Ethics known to all employees.

Furthermore, all employees, including temporary staff members and contract employees, have access to internal (ERM Department) and external (law offices) reporting lines for reporting and consultation on items concerning business ethics. In accordance with the Whistleblower Protection Act,



## Principal Compliance Training Conducted

	Target	Content	Activities in the fiscal year ended March 31, 2014
Training on executives' legal tasks	Toyota Tsusho executives	General compliance	36 people
Compliance seminar for new employees	New employees of Toyota Tsusho	General compliance	113 people
Training on specific themes	Toyota Tsusho employees	Subcontract Law, handling third-country monetary payments, the basics of intellectual property (IP) rights, etc.	672 people
e-learning	Toyota Tsusho employees	Subcontract Law	3,853 people
Seminar for people in charge of human resources at affiliated companies in Japan	People in charge of human resources at principal Group companies in Japan	Human resources-related issues and responses, response to the Labor Standards Act, off-JT activities	136 people (total of 3 times)
Seminar on legal affairs involving trips to branches in Japan	Domestic branch employees	Subcontract Act	128 people
Training for new executives of Group companies in Japan	New executives of Group companies in Japan	General compliance	42 people in 25 companies
Risks management for employees to be dispatched overseas	Employees to be dispatched overseas	Internal control, prevention of illegal activity	102 people
Executive discussion forum	Toyota Tsusho executives	Compliance measures	36 people

we take sufficient care to protect people who file such reports. The names of filers and other details are kept strictly confidential, and we prohibit any disadvantage accruing to filers in terms of position, rank, compensation, or other concerns. Moreover, the general manager of the ERM

Department provides feedback on progress after a filing has been made.

We also hold the various types of training and seminars indicated below to ensure compliance and specific codes of conduct in employees' everyday operations.

## System for Ensuring Appropriate Operations of Group Companies Comprising Toyota Tsusho and Its Subsidiaries

To ensure appropriate operations throughout the Group, Toyota Tsusho holds meetings of Groupwide management committees to share Group policies and exchange information. Without unduly hindering the business execution of subsidiaries, Toyota Tsusho strives to ascertain and manage the financial condition and

important matters relating to business execution. Depending on the status of subsidiaries' systems, Toyota Tsusho will dispatch directors and Audit & Supervisory Board members to supervise and audit operations as necessary. Furthermore, internal audits are conducted by Toyota Tsusho's ERM Department.

## Supply Chain Management

The Company is constructing a diverse global value chain and procuring materials and goods from countries around the world. Forced labor and child labor are concerns in some of those countries. For this reason, it is necessary to promote CSR management across the supply chain when conducting business activities in these countries.

In recognition of this fact, we have established the Toyota Tsusho Supply Chain CSR Behavioral Guidelines with the aim of facilitating the ongoing growth of the Company and its suppliers by sharing an awareness of CSR and promoting coordinated CSR efforts. We require that our suppliers adhere to these guidelines.

### Toyota Tsusho Supply Chain CSR Behavioral Guidelines (Established April 1, 2012)

- Respect the human rights of employees and refrain from inhumane treatment of others.
- Prohibit forced labor, child labor, and insufficiently compensated labor.
- Strive to furnish a safe, hygienic, and healthy work environment.
- Refrain from discrimination in hiring.
- Comply with all related laws and international rules, conduct fair trading and thoroughly prevent corruption.
- Ensure the quality and safety of goods and services.
- Strive to maintain a sound global environment.
- Promptly and appropriately disclose information concerning the above.

# MANAGEMENT

[As of July 1, 2014]

## Board of Directors



Chairman of the Board\*  
**Junzo Shimizu**



Senior Managing Director\*  
**Kuniaki Yamagiwa**  
Chief Division Officer of  
Administrative Division



Managing Director  
**Takashi Hattori**  
Chief Division Officer of  
Automotive Division



Vice Chairman of the Board\*  
**Yoshio Shirai**



Senior Managing Director  
**Takumi Shirai**  
Chief Division Officer of  
Metals Division



Managing Director  
**Yuichi Oi**  
Chief Division Officer of  
Global Parts & Logistics  
Division



President & Chief  
Executive Officer\*  
**Jun Karube**



Senior Managing Director  
**Soichiro Matsudaira**  
Chief Division Officer of  
Consumer Products &  
Services Division



Managing Director  
**Yoshiki Miura**  
Chief Division Officer of Food  
& Agribusiness Division



Executive Vice President\*  
**Mikio Asano**



Senior Managing Director  
**Nobuyuki Minowa**  
Chief Division Officer of  
Machinery, Energy &  
Project Division



Managing Director  
**Hideki Yanase**  
Chief Division Officer of  
Chemicals & Electronics  
Division and Deputy Chief  
Division Officer of Consumer  
Products & Services Division



Executive Vice President\*  
**Yasuhiko Yokoi**

\* Representative Director

## Audit & Supervisory Board Members



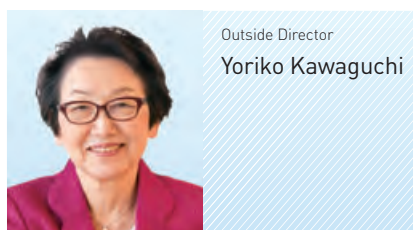
Outside Director  
Jiro Takahashi



Audit & Supervisory  
Board Member  
Seiichiro Adachi



Audit & Supervisory  
Board Member  
Tetsuro Toyoda



Outside Director  
Yoriko Kawaguchi



Audit & Supervisory  
Board Member  
Yoshihiro Shiji



Audit & Supervisory  
Board Member  
Kyoji Sasazu



Outside Director  
Kumi Fujisawa



Audit & Supervisory  
Board Member  
Kazunori Tajima

## Executive Officers

### Managing Executive Officers

Jun Nakayama	President of Toyota Tsusho Asia Pacific Pte. Ltd.
Tetsuro Hirai	Deputy Chief Division Officer of Administrative Division and Deputy Chief Division Officer of Automotive Division
Minoru Murata	President of Toyota Tsusho America Inc.
Yoshifumi Araki	President of S.C. Toyota Tsusho Do Brasil Ltda.
Hirofumi Sato	President of Toyota Tsusho (Thailand) Co., Ltd.
Hiroyuki Niwa	Deputy Chief Division Officer of Automotive Division
Yasushi Okamoto	Deputy Chief Division Officer of Chemicals & Electronics Division
Shizuka Hayashi	President of Toyota Tsusho India Private Ltd. and General Manager of Colombo Office
Takeshi Matsushita	Deputy Chief Division Officer of Consumer Products & Services Division
Takahiro Kondo	Regional Chief Operating Officer for China and Chairman of Toyota Tsusho (China) Co., Ltd., and General Manager of Beijing Office

### Executive Officers

Hideki Kondo	Deputy Chief Division Officer of Metals Division and Deputy Chief Division Officer of Chemicals & Electronics Division
Hideki Kanatani	Deputy Chief Division Officer of Chemicals & Electronics Division and President of Toyotsu Chemiplas Corporation
Shigeki Tani	Deputy Chief Division Officer of Administrative Division and President of Toyotsu Syscom Corporation
Kiyoyoshi Oba	Deputy Chief Division Officer of Global Parts & Logistics Division
Yuji Hamamoto	Deputy Chief Division Officer of Machinery, Energy & Project Division
Ichiro Kashitani	Vice Chairman of the Management Board of CFAO S.A.

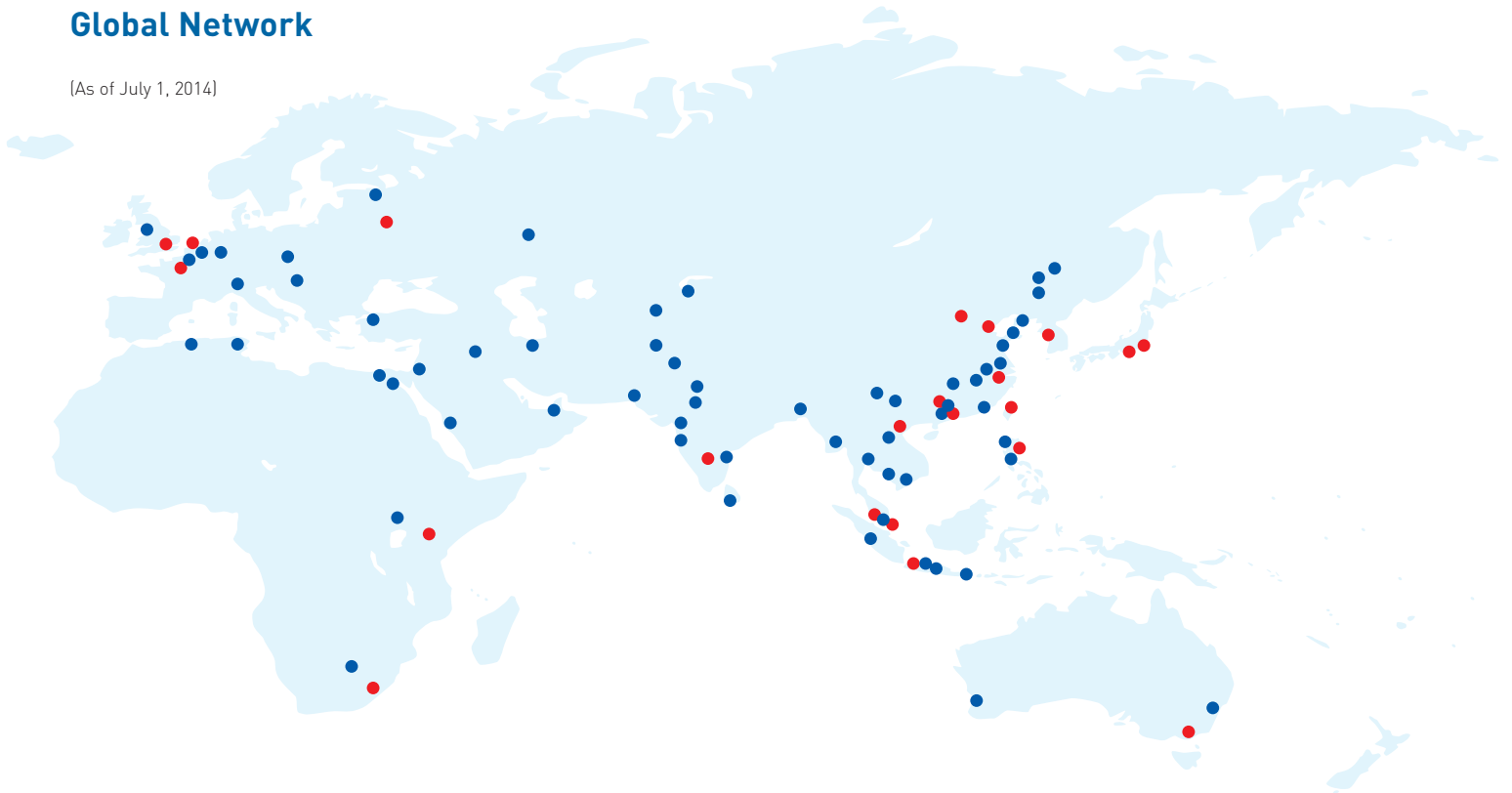
Tatsuya Tsutsui	Deputy Chief Division Officer of Chemicals & Electronics Division
Mikihito Enami	Deputy Chief Division Officer of Food & Agribusiness Division
Yoshihiro Inoue	Deputy Chief Division Officer of Machinery, Energy & Project Division
Mitsuhiro Tsubakimoto	Deputy Chief Division Officer of Chemicals & Electronics Division
Jun Eyama	Deputy Chief Division Officer of Global Parts & Logistics Division
Naoki Takeuchi	Deputy Chief Division Officer of Automotive Division
Yasuhiro Nagai	Deputy Chief Division Officer of Administrative Division and Toyota Branch Manager
Hiroshi Tasaka	Deputy Chief Division Officer of Consumer Products & Services Division
Masanori Kondo	Deputy Chief Division Officer of Machinery, Energy & Project Division
Satoshi Suzuki	Deputy Chief Division Officer of Automotive Division
Motoya Hayata	Deputy Chief Division Officer of Food & Agribusiness Division
Naoji Saito	Deputy Chief Division Officer of Metals Division
Hiroshi Tominaga	Chief Financial Officer of Toyota Tsusho America, Inc.
Hideyuki Iwamoto	Deputy Chief Division Officer of Administrative Division
Hajime Sakaguchi	Deputy Chief Division Officer of Administrative Division
Tsutomoto Suzuki	President of Toyota Tsusho Europe S.A. and President of Toyota Tsusho U.K. Ltd.
Kazuo Yuhara	Deputy Chief Division Officer of Administrative Division, Deputy Chief Division Officer of Metals Division, and Deputy Chief Division Officer of Machinery, Energy & Project Division
Naoyuki Hata	Deputy Chief Division Officer of Metals Division and Osaka Branch Manager

Note: Company names and titles are as of July 1, 2014.

# ORGANIZATIONAL STRUCTURE

## Global Network

(As of July 1, 2014)



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### Japan

#### Toyota Tsusho Corporation

**Nagoya Head Office**

**Tokyo Head Office**

Osaka, Hamamatsu, Toyota, Hokkaido, Tohoku, Niigata, Hokuriku, Hiroshima, Kyushu, Mishima, Takamatsu

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### North America

#### Toyota Tsusho America, Inc.

**Georgetown (U.S.)**

Battle Creek, Boston, Chicago, Cincinnati, Columbus, Dania Beach, Detroit, Franklin, Fremont, Houston, Huntsville, Jackson, Lafayette, Los Angeles, Memphis, Miami, Missouri, New York, Portland, Princeton, San Antonio, San Diego, San Francisco, Tennessee, Tupelo, West Virginia

#### Toyota Tsusho Canada, Inc.

**Ontario (Canada)**

Woodstock

#### Toyota Tsusho Mexico, S.A. de C.V.

**Monterrey (Mexico)**

Mexico City, Irapuato

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### Central & South America

#### Toyota Tsusho Corporation

Santiago, Lima

#### Toyota Tsusho America, Inc.

San Jose

#### Toyota Tsusho de Venezuela, C.A.

Caracas (Venezuela)

#### S.C. Toyota Tsusho do Brasil Ltda.

Sao Paulo (Brazil)

Rio de Janeiro

#### Toyota Tsusho Argentina S.A.

Buenos Aires (Argentina)

#### C.I. Toyota Tsusho de Colombia S.A.

Bogota (Colombia)

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### Europe

#### Toyota Tsusho Europe S.A.

**Bruxelles (Belgium)**

Düsseldorf, Gebze, Milano, Paris, Praha, Valenciennes, Walbrzych

#### Toyota Tsusho U.K. Ltd.

**London (U.K.)**

Derby

#### CFAO S.A.

**Paris (France)**

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### Russia & the CIS

#### Toyota Tsusho Corporation

Almaty, Moscow, Tashkent

#### Toyota Tsusho RUS LLC

**Moscow (Russia)**

St. Petersburg, Togliatti

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### Africa

#### Toyota Tsusho Corporation

Alexandria, Alger, Cairo, Tunis

#### Toyota Tsusho Africa (Pty) Ltd.

**Durban (South Africa)**

Johannesburg

#### Toyota Tsusho East Africa Ltd.

**Nairobi (Kenya)**

Juba



- Toyota Tsusho and regional subsidiary head offices
- Main regional subsidiary bases

### Number of Consolidated Subsidiaries and Equity-Method Affiliates by Product Division

Metals Division	98
Global Parts & Logistics Division	70
Automotive Division	247
Machinery, Energy & Project Division	221
Chemicals & Electronics Division	170
Food & Agribusiness Division	38
Consumer Products & Services Division	47
Administrative Division and Regional Subsidiaries	64
<b>Total</b>	<b>955</b>

Number of employees at parent company and all of its consolidated subsidiaries: 50,423  
 Number of employees at parent company alone: 2,809

#### Middle East

##### Toyota Tsusho Corporation

Amman, Dubai, Jeddah, Baghdad, Tehran

#### Asia

##### Toyota Tsusho Corporation

Manila, Beijing, Colombo, Dhaka, Islamabad, Jakarta, Karachi, Lahore, Phnom Penh, Vientiane, Yangon

##### Toyota Tsusho (China) Co., Ltd.

Beijing (China)

##### Toyota Tsusho (Tianjin) Co., Ltd.

Tianjin (China)

Beijing, Changchun, Dalian, Harbin, Shenyang

##### Toyota Tsusho (Shanghai) Co., Ltd.

Shanghai (China)

Chengdu, Chongqing, Nanjing, Nantong, Qingdao, Wuxi, Yantai, Changshu

##### Toyota Tsusho (Guangzhou) Co., Ltd.

Guangzhou (China)

Nansha, Xiamen, Wuhan

##### Toyota Tsusho (H.K.) Co., Ltd.

Hong Kong (China)

DongGuan

##### Toyota Tsusho (Taiwan) Co., Ltd.

Taipei (Taiwan)

##### Toyota Tsusho Korea Corporation

Seoul (Korea)

##### Toyota Tsusho Philippines Corporation

Laguna (Philippines)

Taguig

##### Toyota Tsusho (Thailand) Co., Ltd.

Bangkok (Thailand)

##### Toyota Tsusho Asia Pacific Pte. Ltd.

Singapore (Singapore)

##### Toyota Tsusho Asia Pacific (Thailand) Co., Ltd.

Bangkok (Thailand)

##### Toyota Tsusho (Malaysia) Sdn. Bhd.

Kuala Lumpur (Malaysia)

Johor Bahru

##### PT. Toyota Tsusho Indonesia

Jakarta (Indonesia)

Bandung, Cibitung, Surabaya

##### Toyota Tsusho India PVT. Limited

Bidadi (India)

Bangalore, Chennai, Mumbai, Delhi-NCR, Ahmedabad, Manesar

##### Toyota Tsusho Vietnam Co., Ltd.

Hanoi (Vietnam)

Ho Chi Minh City

#### Oceania

##### Toyota Tsusho (Australasia) Pty. Ltd.

Melbourne (Australia)

Sydney, Perth

## ORGANIZATIONAL STRUCTURE

### Principal Consolidated Subsidiaries and Affiliates by Equity Method

(As of July 1, 2014)

		Metals Division			
		Company Name	Country	Voting Rights	Main Business
Consolidated Subsidiaries	Domestic	Toyota Steel Center Co., Ltd.	Japan	90.0	Processing and warehousing of steel sheets
		Toyotsu Tekkou Hanbai Corporation	Japan	100.0	Wholesale marketing of steel sheets
		Toyotsu Recycle Corporation	Japan	97.0	Collection and sales of metals
		Toyota Metal Co., Ltd.	Japan	50.0	Collection, processing, and sales of metal scrap
		Toyotsu Steel Pipe & Tubular Products Co., Ltd.	Japan	100.0	Cutting of steel pipes and parts processing
		Kanto Coil Center Co., Ltd.	Japan	100.0	Shearing and sales of thin steel sheets
		Oriental Kogyo Co., Ltd.	Japan	100.0	Processing and sales of thin steel sheets
		Toyotsu Material Incorporated	Japan	100.0	Sales of nonferrous metal products, nonferrous scrap, and iron scrap
		Green Metals Japan, Inc.	Japan	100.0	Scrap metal and scrap nonferrous metal recycling
		Prosteel Co., Ltd.	Japan	61.3	Processing and sales of special steel sheets
		Toyotsu Smelting Technology Corporation	Japan	99.8	Manufacture and sales of molten aluminum and ingots
		Toyotsu Rare Earths Corporation	Japan	100.0	Wholesale marketing of nonferrous metals
		Kitanihon Construction Material Leasing Co., Ltd.	Japan	55.0	Dealing of steel temporary construction steel materials, lease, and repair
		Overseas	Poland Smelting Technologies Polst Sp. Zo.O.	Poland	85.1
	Pt. Indonesia Smelting Technology		Indonesia	100.0	Manufacture and sales of molten aluminum and recycled ingots
	Tianjin Fengtian Steel Process Co., Ltd.		China	70.0	Processing of steel sheets
	Guangzhou Guangqi Toyotsu Resource Management Co., Ltd.		China	60.0	Recycling of iron scrap, used paper, and other waste materials
	TT Steel Processing (Thailand) Co., Ltd.		Thailand	100.0	Blanking of steel sheets
	Tianjin Toyotsu Aluminium Smelting Technology Co., Ltd.		China	100.0	Manufacture and sales of molten aluminum and ingots
	Toyota Tsusho Metals Ltd.		U.K.	100.0	Commissioned handling of futures transactions involving nonferrous metals
	Toyota Tsusho South Africa Processing (Pty.) Ltd.		South Africa	80.0	Blanking of steel sheets
	TT Steel Centre Australia Pty. Ltd.		Australia	100.0	Blanking of steel sheets
	Pt. TT Metals Indonesia		Indonesia	100.0	Blanking of steel sheets
	Tianjin Toyota Tsusho Steel Co., Ltd.		China	100.0	Blanking of steel sheets
	Guangqi Toyotsu Steel Processing Co., Ltd.	China	70.0	Blanking of steel sheets	
Tianjin Toyotsu Resource Management Co., Ltd.	China	100.0	Recycling of iron scrap and other waste materials		
Guangzhou Aluminium Smelting Technology Co., Ltd.	China	66.7	Manufacture and sales of molten aluminum and recycled ingots		
Changchun Tong-Li Aluminium Smelting Technology Co., Ltd.	China	70.0	Manufacture and sales of molten aluminum and recycled ingots		
Techno Steel Processing De Mexico, S.A. De C.V.	Mexico	95.7	Processing and sales of steel sheets		
Tianjin Toyotsu Aluminium Processing Technology Co., Ltd.	China	100.0	Operation of logistics centers, cutting of formed aluminum products		
Guangzhou Fengzhong Aluminium Smelting Technology Co., Ltd.	China	100.0	Manufacture and sales of molten aluminum and ingots		
Toyota Tsusho (Taicang) Special Steel Processing Co., Ltd.	China	100.0	Logistics, cutting and processing, and sales of special steel round bars		



## Global Parts & Logistics Division

	Company Name	Country	Voting Rights	Main Business
Consolidated Subsidiaries	Domestic			
	Toyotsu Logistics Service Co. Ltd.	Japan	100.0	Warehousing and logistics services
	TOPIX Corporation	Japan	95.0	Sales, leasing, and maintenance of computer equipment and software
	Toyotsu Vehitecs Co., Ltd.	Japan	100.0	Manufacture of textile goods
	Toyota Tsusho Matex Corporation	Japan	100.0	Procurement, development, and sales of industrial materials and housing materials
	Toyotsu Automotive Creation Corporation	Japan	100.0	Development, manufacture, and sales of automotive accessories
	Overseas			
	Cactus Automotive Service De Mexico, S. De Rl. De C.V.	Mexico	100.0	Warehousing and logistics services
	Hero Logistics, Lp.	U.S.	49.0	Warehousing and logistics services
	TLD Logistics Services, Inc.	U.S.	90.0	Logistics services
	TTK Logistics (Thailand) Co., Ltd.	Thailand	77.0	Warehousing and logistics services
	Toyota Transport (Thailand) Co., Ltd.	Thailand	66.6	Logistics services
	TT Marunouchi (Thailand) Co., Ltd.	Thailand	51.0	Logistics services
	TT Logistics (Australasia) Pty. Ltd.	Australia	100.0	Warehousing and logistics services
	Shanghai Toyota Tsusho Hot-Line Logistics Co., Ltd.	China	100.0	Warehousing and logistics services
	PT. Toyota Tsusho Logistic Center	Indonesia	97.9	Warehousing and logistics services
	Hot-Line International Transport (H.K.) Limited	Hong Kong	100.0	Warehousing and logistics services
	Toyotsu Kamigumi Logistics (Changshu) Co., Ltd.	China	51.0	Warehousing and logistics services
	Wingard Quality Supply, Llc.	U.S.	49.0	Assembly of tires and wheels
	Hero Assemblers, Lp.	U.S.	44.0	Assembly of tires and wheels
Wingard Wheel Works, Llc.	U.S.	49.0	Assembly of tires and wheels	
Magnolia Automotive Services, Llc.	U.S.	49.0	Assembly of tires and wheels	
Maple Automotive Corporation	Canada	100.0	Assembly of tires and wheels	
TT Assembly Systems (UK) Ltd.	U.K.	95.6	Assembly of tires and wheels	
TT Assembly (Thailand) Co., Ltd.	Thailand	100.0	Assembly of tires and wheels	
TT Assembly East Co., Ltd.	Thailand	100.0	Assembly of tires and wheels	
TT Assembly (Australia) Pty. Ltd.	Australia	100.0	Assembly of tires and wheels	
Tianjin Toyotsu Automotive Parts Assembly Co., Ltd.	China	100.0	Assembly of tires and wheels	
TT Techno-Park Co., Ltd.	Thailand	79.0	Provision of administrative, accounting, and other support services for industrial parks	
TTK Asia Transport (Thailand) Co., Ltd.	Thailand	77.0	Logistics services	
PT. TT Techno Park Indonesia	Indonesia	100.0	Operation of industrial parks	
TT Techno Park Management Services India Pvt. Ltd.	India	100.0	Provision of administrative, accounting, and other support services for industrial parks	
Equity-Method Affiliates	Domestic			
	Lilycolor Co., Ltd	Japan	18.8	Sales of interior materials
	Overseas			
	TK Logistica Do Brazil Ltda.	Brazil	51.0	Warehousing and logistics services
	TK Logistica De Mexico S. De R.L. De. C.V.	Mexico	51.0	Warehousing and logistics services
	GAC Toyota Tsusho Logistics., Ltd.	China	45.0	Logistics services
	Tianjin Fengtian Logistics Co., Ltd.	China	36.2	Warehousing and logistics services
	Total Logistic Services (M) Sdn. Bhd.	Malaysia	27.0	Warehousing and logistics services
	Toyota Techno Park India Pvt. Ltd.	India	30.0	Operation of industrial parks
	Chongqing CTG Co., Ltd.	China	40.0	Development, manufacture, and sales of automotive accessories

## ORGANIZATIONAL STRUCTURE

Automotive Division					
		Company Name	Country	Voting Rights	Main Business
Consolidated Subsidiaries	Domestic	T.A.S. Co., Ltd.	Japan	100.0	Sales of and after-sales service for automobile parts and equipment, export of used vehicles and forklifts as well as parts
		O-Rush International Co., Ltd.	Japan	100.0	Procurement and sales of used imported vehicles and spare parts and after-sales services
	Overseas	Comercio de Veiculos Toyota Tsusho Ltda.	Brazil	100.0	Retail of vehicles and spare parts and after-sales services
		Toyota Trinidad & Tobago Ltd.	Trinidad & Tobago	100.0	Import and sales of vehicles and spare parts and after-sales services
		Toyota Lanka (Private) Limited	Sri Lanka	100.0	Import and sales of vehicles and spare parts and after-sales services
		Toyota (Cambodia) Co., Ltd.	Cambodia	80.0	Import and sales of vehicles and spare parts and after-sales services
		Toyota Tsusho South Pacific Holdings Pty. Ltd.	Australia	100.0	Holding company
		Toyota Caucasus Ltd.	Georgia	100.0	Import and wholesale of vehicles and spare parts
		Business Car Co., Ltd.	Russia	92.1	Retail of vehicles and spare parts and after-sales services
		T.T.A.S. Co., Ltd.	Myanmar	75.0	Retail of vehicles and spare parts and after-sales services
		TTC Auto Argentina S.A.	Argentina	100.0	Retail of vehicles and spare parts and after-sales services
		Toyota Kenya Ltd.	Kenya	100.0	Import and sales of vehicles and spare parts and after-sales services
		Toyota Malawi Ltd.	Malawi	100.0	Import and sales of vehicles and spare parts and after-sales services
		Toyota Zimbabwe (Private) Ltd.	Zimbabwe	100.0	Import and sales of vehicles and spare parts and after-sales services
		Toyota Zambia Ltd.	Zambia	100.0	Import and sales of vehicles and spare parts and after-sales services
		Toyota De Angola, S.A.	Angola	100.0	Import and sales of vehicles and spare parts and after-sales services
		Toyota Lakozy Auto Private Ltd.	India	93.2	Retail of vehicles and spare parts and after-sales services
		T00 Toyota Tsusho Kazakhstan Auto	Kazakhstan	100.0	Retail of vehicles and spare parts and after-sales services
		Toyota Adria, D.O.O.	Slovenia	100.0	Import and wholesale of vehicles and spare parts
		Toyota Jamaica Ltd.	Jamaica	80.0	Import and sales of vehicles and spare parts and after-sales services
		Thai Hino (Nakhonsawan) Co., Ltd.	Thailand	100.0	Sales of trucks and spare parts and after-sales services
		Toyotsu Auto (Middle East) Fze.	U.A.E.	100.0	Export of automobile parts
		Toyota Tsusho Automobile London Holdings Ltd.	U.K.	100.0	Holding company
		Toyota Uganda Ltd.	Uganda	100.0	Import and sales of vehicles and spare parts and after-sales services
		Subaru Southern Africa (Pty.) Ltd.	South Africa	100.0	Import and sales of vehicles and spare parts and after-sales services
		UMW Toyotsu Motors Sdn. Bhd.	Malaysia	70.0	Retail of vehicles and spare parts and after-sales services
		TTLA Limited Liability Partnership	Kazakhstan	100.0	Retail of vehicles and spare parts and after-sales services
		Toyota Tsusho Saigon Motor Service Co., Ltd.	Vietnam	62.4	Retail of vehicles and spare parts and after-sales services
		Tsusho Capital Service (Proprietary) Ltd.	South Africa	100.0	Automobile sales finance
		Tsusho Capital Kenya Ltd.	Kenya	100.0	Automobile sales finance
		Tsusho Capital Mauritius Ltd.	Mauritius	100.0	Automobile sales finance
		Toyotsu Auto Mart Kenya Ltd.	Kenya	97.3	Retail of used vehicles and spare parts and after-sales services
Equity-Method Affiliates	Overseas	Pt. Astra Auto Finance	Indonesia	30.0	Automobile sales finance
		Jiangmen Huatong Toyota Motor Sales & Service Co., Ltd.	China	40.0	Retail of vehicles and spare parts and after-sales services



Company Name	Country	Voting Rights	Main Business
Hinopak Motors Ltd.	Pakistan	29.7	Assembly of trucks, buses, and other commercial vehicles
Toyotoshi S.A.	Paraguay	23.0	Import and sales of vehicles and spare parts and after-sales services
Urmqi Huatong Toyota Service Co., Ltd.	China	40.0	Retail of vehicles and spare parts and after-sales services
Valor Motriz, S.De R.L.De C.V.	Mexico	49.0	Retail of vehicles and spare parts and after-sales services
TRD Asia Co., Ltd.	Thailand	20.0	Design, development, and sales of automotive accessories
Toyota (Mauritius) Ltd.	Mauritius	50.0	Import and sales of vehicles and spare parts and after-sales services
Nanjing Jiatong Hino Sale Service Co., Ltd.	China	50.0	Sales of trucks and spare parts and after-sales services
Toyota del Ecuador, S.A.	Ecuador	33.3	Import and wholesale of vehicles and spare parts
Toyota Motor Engineering Egypt S.A.E.	Egypt	40.0	Automobile assembly

## Machinery, Energy & Project Division

	Company Name	Country	Voting Rights	Main Business	
Consolidated Subsidiaries	Domestic	Toyotsu Machinery Corporation	Japan	100.0	Manufacture, sales, and maintenance of mechanical equipment
	Toyotsu Techno Corporation	Japan	100.0	Parts engineering company for technological development	
	Ene Vision Corporation	Japan	65.2	Sales and maintenance of cogeneration systems	
	Tokiwa Engineering Co., Ltd.	Japan	100.0	Design, manufacture, and sales of plastic product and mechanical equipment	
	Gifu Seiki Kogyo Co., Ltd.	Japan	90.0	Design, manufacture, and sales of die and mold	
	Eurus Energy Holdings Corporation	Japan	60.0	Management of wind power and solar generation power projects	
	Toyotsu Energy Corporation	Japan	100.0	Sales of liquefied petroleum gas (LPG) and other substances	
	Overseas	Industrial Tech Services, Inc.	U.S.	51.0	Maintenance of facilities and equipment
	Pt. Toyota Tsusho Mechanical & Engineering Service Indonesia	Indonesia	100.0	Sales and maintenance of machinery and equipment	
	Toyota Tsusho M&E (Thailand) Co., Ltd	Thailand	100.0	Sales and maintenance of machinery and equipment	
	Tomen Power (Singapore) Pte. Ltd.	Singapore	100.0	Operation and management of power generation projects	
	Toyota Tsusho Energy Europe Cooperatief U.A.	Netherlands	100.0	Combined power generation fired by Canadian gas	
	Toyota Tsusho Power USA, Inc.	U.S.	100.0	U.S. gas-fired power generation business	
	Toyota Tsusho CBM Queensland Pty. Ltd.	Australia	100.0	Exploration, development, and production of coalbed methane (CBM) gas	
	Toyota Tsusho Gas E&P Otway Ltd.	U.K.	100.0	Gas production, refining, and sales business	
	Toyota Tsusho Gas E&P Trefoil Pty. Ltd.	Australia	100.0	Exploration, development, and production of gas	
	Toyota Tsusho Wheatland Inc.	Canada	100.0	Development, production, and sales of CBM gas in Canada (special purpose company)	
	Toyota Tsusho Mining (Australia) Pty. Ltd.	Australia	100.0	Investment and management for Camberwell coal project	
	Tomen Panama Asset Management S.A.	Panama	100.0	Investment and management for Camberwell coal project	
	Toyota Tsusho Petroleum Pte. Ltd.	Singapore	100.0	Sales of bunker oil and petroleum products	
	Kwarta Maritime S.A.	Panama	100.0	Marine shipping business	
	Toyota Tsusho Corporation De Mexico S.A. De C.V.	Mexico	100.0	Import and sales of forklifts	
	Toyota Tsusho Material Handling America Inc.	U.S.	100.0	Sales of forklifts in the U.S.	
	Toyota Tsusho Forklift (Thailand) Co., Ltd.	Thailand	90.0	Import and sales of forklifts in Thailand	
	Toyota Tsusho Tekhnika LLC.	Russia	89.0	Sales of forklifts	
	Toyota Tsusho Technics Central Asia	Kazakhstan	75.0	Import, wholesale, retail, and service of forklifts and warehousing equipment	
	Equity-Method Affiliates	Domestic	Kobelco Toyota Tsusho Construction Machinery Holding Asia Co., Ltd.	Japan	19.8
Overseas	Hangzhou Kobelco Construction Machinery Co., Ltd.	China	27.3	Manufacture and sales of construction machinery	
Sin Heng Heavy Machinery Limited	Singapore	27.0	Sales and rental of cranes and aerial work platforms		

## ORGANIZATIONAL STRUCTURE

		Chemicals & Electronics Division			
		Company Name	Country	Voting Rights	Main Business
Consolidated Subsidiaries	Domestic	Toyotsu Syscom Corporation	Japan	100.0	Mobile communications services and handsets, other communications services and equipment
		TD Mobile Corporation	Japan	51.0	Sales agent for mobile phone, fixed-line telephone, and other services, as well as content development and distribution for mobile phones
		ISAO Corporation	Japan	100.0	Provision of services and planning of consumer service sites
		Toyota Tsusho Electronics Corporation	Japan	100.0	Sales of semiconductors and development of software
		Tomen Devices Corporation	Japan	50.1	Sales of semiconductors and electronic components
		Tomuki Corporation	Japan	100.0	Marketing and sales of such electronic components as passive components and electronic components for semiconductors
		Tomen Electronics Corporation	Japan	40.2	Marketing and sales of semiconductors, integrated circuits, electronic components, and computer-related equipment
		Elematec Corporation	Japan	51.0	Sales, import / export, and processing of electrical materials, electronic components, optical parts, and materials
		Daiichi Sekken Co., Ltd.	Japan	100.0	Manufacture and sales of detergent, soap, toiletries, and quasi-drug pharmaceuticals
	Toyotsu Chemiplas Corporation	Japan	100.0	Domestic sales, import / export, and third-company transactions involving chemicals, compound resins, and other items	
	Overseas	TT Network Integration Asia Pte. Ltd.	Singapore	56.0	Network integration and system introduction support, operation, and maintenance of systems in China and other parts of Asia
		Toyota Tsusho ID Systems GmbH	Germany	100.0	Sales of barcode handheld terminals and scanners, system integration, and IT support
		Toyota Tsusho Electronics (Thailand) Co., Ltd.	Thailand	100.0	Development of embedded software, sales of semiconductors and electronic components in Thailand, and provision of telematics services
		Toyota Tsusho Electronics (Dalian) Co., Ltd.	China	100.0	Development of embedded software
		Deepwater Chemicals, Inc.	U.S.	100.0	Manufacture and sales of iodine derivatives and other items
		Dewey Chemical Inc.	U.S.	100.0	Holding company involved in the U.S. iodine manufacture and sales business
		Thai Chemical Terminal Co., Ltd.	Thailand	95.0	Sales of solvents
		Soft Industry Corporation	Vietnam	50.0	Manufacture and sales of detergent raw materials (LAS / alkylbenzene sulfonic acid)
	Equity-Method Affiliates	Domestic	Nihon Tennen Gas Co., Ltd.	Japan	39.0
Sanyo Chemical Industries, Ltd.			Japan	19.6	Manufacture and sales of chemicals, primarily surface active agents for textile and industrial use
SDP Global Co., Ltd.			Japan	30.0	Manufacture and sales of superabsorbent polymers
Overseas		China Navi System Co., Ltd.	China	49.0	Sales of digital map content, and planning and operation of locational information service
		Admatechs (Shanghai) Co., Ltd.	China	30.0	Sales of spherical silica, produced by Admatechs
		Soft Chemical Corporation	Vietnam	42.0	Manufacture and sales of detergent raw materials (LAS / alkylbenzene sulfonic acid)
		Philippine Prosperity Chemicals, Inc.	Philippines	45.0	Sales of solvents
		KPX Chemical Co., Ltd.	Korea	10.1	Manufacture and sales of polypropylene glycol
		Greencol Taiwan Corporation	Taiwan	50.0	Manufacture of polyester raw materials
		Algorta Norte S.A.	Chile	25.5	Development and production of iodine
		Atsumitec Toyota Tsusho Rus LLC.	Russia	49.0	Manufacture and sales of an auto AT / MT shifter system for vehicles



## Food & Agribusiness Division

		Company Name	Country	Voting Rights	Main Business
Consolidated Subsidiaries	Domestic	Toyota Tsusho Foods Corporation	Japan	100.0	Import and domestic sales of marine products, and processing and sales of institutional food products
		Kanto Grain Terminals Co., Ltd.	Japan	60.0	Operation of silo storage facilities and piers
		Tohoku Grain Terminals Co., Ltd.	Japan	90.0	Operation of silo storage facilities and piers
		Tohoku Godo Warehouse Co., Ltd.	Japan	70.0	Operation of silo storage facilities and piers
		Toyo Grain Terminals Co., Ltd.	Japan	100.0	Operation of silo storage facilities and piers
		Higashinada Tomen Grain Silo Co., Ltd.	Japan	100.0	Operation of silo storage facilities and piers
		Tuna Dream Goto Corporation	Japan	100.0	Tuna farming
	Overseas	Oleos Menu Industria E Comercio Ltda.	Brazil	100.0	Manufacture and sales of edible oils
Equity-Method Affiliates	Domestic	First Baking Co., Ltd.	Japan	33.5	Production and sales of breads
	Overseas	Pt. Hokkan Indonesia	Indonesia	30.0	Filling of beverages
		Pt. Bungasari Flour Mills Indonesia	Indonesia	30.0	Milling



## Consumer Products & Services Division

		Company Name	Country	Voting Rights	Main Business
Consolidated Subsidiaries	Domestic	Toyota Tsusho Insurance Partners Corporation	Japan	100.0	Insurance agencies and insurance services
		Toyota Tsusho Insurance Management Corporation	Japan	100.0	Insurance broker
		Toyotsu Fashion Express Co., Ltd.	Japan	100.0	Planning, manufacture, and sales of apparel
		Fukuske Corporation	Japan	100.0	Planning, manufacture, and sales of legwear and innerwear
		Biscaye Co., Ltd.	Japan	100.0	Planning and sales of apparel products
		Toyo Cotton (Japan) Co.	Japan	100.0	Purchasing, sales, import, and export of raw cotton
		Toyota Tsusho All Life Corporation	Japan	100.0	Wholesale of nursing care products, nursing care service provider
		Toyota Tsusho Facilities Corporation	Japan	100.0	Office interior and exterior furnishing
Equity-Method Affiliate	Overseas	Takshasila Hospitals Operating Pvt LTD.	India	25.4	Operation of general hospitals in India

## Administrative Division

		Company Name	Country	Voting Rights	Main Business
Consolidated Subsidiaries	Domestic	Toyotsu Human Resources Corporation	Japan	100.0	Temporary staffing company
		Toyotsu Office Service Corporation	Japan	100.0	Shared service provider
	Overseas	Tomen America Inc.	U.S.	100.0	Trading business
Equity-Method Affiliate	Domestic	Central Motor Wheel Co., Ltd.	Japan	18.0	Sales of automotive wheels

# ORGANIZATIONAL STRUCTURE

## Organizational Chart

[As of July 1, 2014]

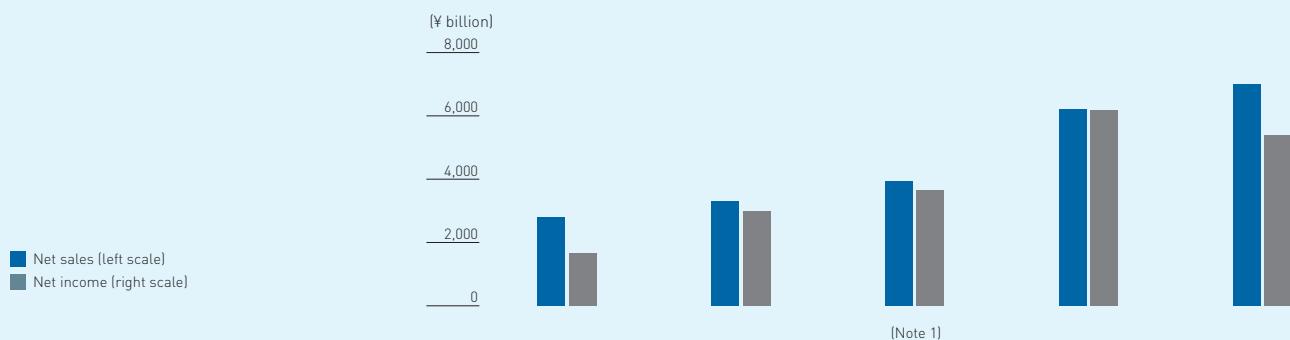


# FINANCIAL SECTION

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# ELEVEN-YEAR FINANCIAL SUMMARY

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries  
Years ended March 31



	2004/3	2005/3	2006/3	2007/3	2008/3
<b>Results of Operations:</b>					
Net Sales <sup>(Note 3)</sup>	¥2,787,794	¥3,315,831	¥3,945,319	¥6,212,726	¥7,000,353
Gross Profit	146,428	175,683	221,593	328,459	369,524
SG&A Expenses	109,407	119,368	141,536	218,456	237,853
Operating Income	37,021	56,315	80,057	110,003	131,671
Share of Profit of Entities Accounted for Using Equity Method	564	2,602	1,180	7,342	11,065
Net Income	20,663	37,522	45,733	77,212	67,506

	2004/3	2005/3	2006/3	2007/3	2008/3
<b>Financial Position at Year-End:</b>					
Total Assets	¥1,032,602	¥1,198,394	¥1,602,702	¥2,462,229	¥2,603,207
Total Net Assets <sup>(Note 4)</sup>	188,785	237,132	314,319	626,539	639,731
Net Interest-Bearing Debt	304,151	319,785	431,844	677,580	600,250

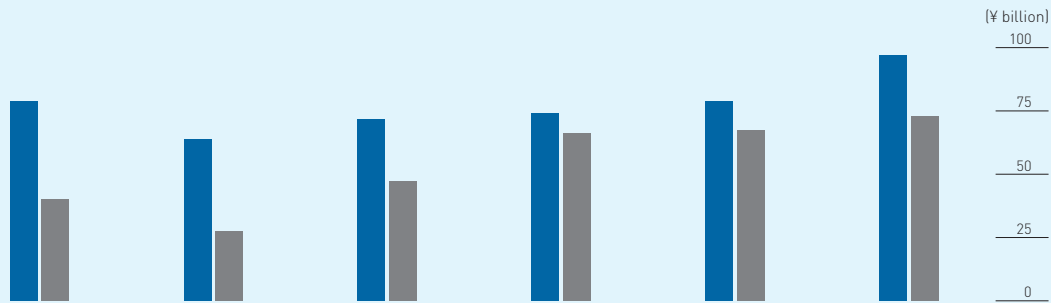
	2004/3	2005/3	2006/3	2007/3	2008/3
<b>Cash Flows:</b>					
Net Cash Provided by Operating Activities	¥ 62,660	¥ 17,836	¥ 33,089	¥ 44,599	¥ 104,728
Net Cash Used in Investing Activities	(38,220)	(29,410)	(119,379)	(31,159)	(36,717)
Net Cash Provided by (Used in) Financing Activities	(18,111)	12,027	90,453	(46,555)	(23,058)
Cash and Cash Equivalents at End of Period	67,704	69,548	75,032	125,603	174,197

	2004/3	2005/3	2006/3	2007/3	2008/3
<b>Per Share:</b>					
Net Income:					
Basic	¥72.75	¥132.98	¥161.88	¥231.47	¥192.44
Diluted <sup>(Note 5)</sup>	72.35	132.11	160.75	230.30	192.08
Cash Dividends for the Year	8.00	12.00	18.00	26.00	30.00
Dividend Payout Ratio	11.0%	9.0%	11.1%	11.2%	15.6%

	2004/3	2005/3	2006/3	2007/3	2008/3
<b>Financial Measures:</b>					
ROE	11.9%	17.6%	16.6%	15.7%	11.6%
Shareholders' Equity Ratio	18.3%	19.8%	19.6%	23.5%	22.5%
Net Debt Equity Ratio (times)	1.61	1.35	1.37	1.17	1.02

	2004/3	2005/3	2006/3	2007/3	2008/3
<b>Common Stock:</b>					
Number of Shares Outstanding at Year-End	282,867	282,867	282,867	354,056	354,056

Notes: 1. Toyota Tsusho Corporation merged with Tomen Corporation on April 1, 2006. The figures for the fiscal year ended March 31, 2006, and before were based on the former Toyota Tsusho Corporation.  
2. The U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of the readers, at the rate of ¥102.92=U.S.\$1, the approximate exchange rate prevailing on March 31, 2014, which was the final business day of financial institutions in the fiscal year ended March 31, 2014.  
3. Commission income was included in net sales from the fiscal year ended March 31, 2007, as a result of the reconsideration of the presentation of consolidated financial statements.



2009/3	2010/3	2011/3	2012/3	2013/3	Millions of Yen 2014/3	Thousands of U.S. Dollars (Note 2) 2014/3
¥6,286,996	¥5,102,261	¥5,743,649	¥5,916,759	¥6,304,354	<b>¥7,743,237</b>	<b>\$75,235,493</b>
326,679	280,790	330,730	343,999	403,888	<b>582,498</b>	<b>5,659,716</b>
235,661	225,199	245,432	251,596	288,013	<b>421,177</b>	<b>4,092,275</b>
91,017	55,591	85,297	92,403	115,875	<b>161,321</b>	<b>1,567,440</b>
6,610	7,364	13,636	15,396	17,646	<b>13,783</b>	<b>133,919</b>
40,224	27,339	47,169	66,205	67,432	<b>73,034</b>	<b>709,619</b>
¥2,130,089	¥2,274,547	¥2,436,248	¥2,837,428	¥3,592,368	<b>¥4,072,728</b>	<b>\$39,571,783</b>
586,996	650,215	667,378	751,747	920,043	<b>1,156,080</b>	<b>11,232,802</b>
573,920	563,066	581,366	672,137	998,626	<b>1,088,974</b>	<b>10,580,781</b>
¥ 123,760	¥ 100,217	¥ 79,884	¥ 63,782	¥ 124,156	<b>¥ 133,937</b>	<b>\$ 1,301,369</b>
(54,827)	(73,090)	(74,046)	(58,771)	(323,389)	<b>(135,587)</b>	<b>(1,317,401)</b>
4,614	(107,623)	77,751	97,358	223,374	<b>5,356</b>	<b>52,040</b>
242,530	170,714	252,747	354,755	391,352	<b>412,032</b>	<b>4,003,420</b>
¥114.73	¥78.08	¥134.78	¥189.34	¥192.58	<b>¥208.01</b>	<b>\$2.02</b>
114.72	—	—	—	192.42	<b>207.82</b>	<b>2.02</b>
26.00	16.00	28.00	42.00	44.00	<b>50.00</b>	<b>0.49</b>
22.7%	20.5%	20.8%	22.2%	22.8%	<b>24.0%</b>	<b>—</b>
7.2%	4.9%	8.0%	10.7%	9.6%	<b>8.4%</b>	<b>—</b>
24.9%	25.7%	24.4%	22.6%	21.2%	<b>23.9%</b>	<b>—</b>
1.08	0.96	0.98	1.04	1.31	<b>1.12</b>	<b>—</b>
354,056	354,056	354,056	354,056	354,056	<b>354,056</b>	<b>—</b>

4. Effective from the fiscal year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the "Accounting Standard for Presentation of Net Assets in the Balance Sheet."

5. Figures for diluted net income per share are not shown for the fiscal years ended March 31, 2010, 2011, and 2012, as there were no potential stocks with dilution effect during these years.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### General Operating Environment

In the fiscal year ended March 31, 2014, the global economy as a whole continued to gradually recover, with developed economies performing solidly, while growth slowed in emerging market economies. Conditions in the U.S. economy held firm, bolstered mainly by consumer spending. The European economy has embarked on a recovery trend even though certain countries remain mired in debt crises. Conversely, emerging countries, which had previously driven global economic growth, saw their overall

growth decelerate in the wake of continued slow-down in the Chinese economy and capital outflows triggered by speculation regarding tapering of the U.S. quantitative easing policy.

Against such a backdrop, the Japanese economy maintained an upward trajectory, buoyed by monetary and fiscal stimulus measures and recovery in consumer and corporate confidence. However, Japan's trade deficit widened as a result of higher costs for importing energy coupled with sluggish exports.

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### Business Performance of Toyota Tsusho Corporation

The Toyota Tsusho Group has responded to changes in its management environment by investing proactively for the future and furthering the development of existing investments. Due to the benefits of newly consolidated subsidiaries and yen depreciation, the Company recorded net sales of ¥7,743.2 billion, operating income of ¥161.3 billion, and net income of ¥73.0 billion, resulting in the fourth consecutive year of higher sales and earnings.

In automotive sectors, we expanded and developed existing businesses, such as the metal processing and tire and wheel assembly businesses as well as the electronics materials business in which we provide a stable supply of these items. In addition, we strengthened coordination with CFAO S.A. to solidify and expand automobile sales foundations in Africa.

In non-automotive sectors, we developed existing operations while securing competitive new functions

through collaboration with capable partners. While leveraging the expertise accumulated through operations to date, we will ally with partners possessing insight into product technologies, markets, and regions of interests to ensure that investments generate sufficient returns. Furthermore, CFAO's networks in Africa will be utilized to accelerate our approach toward consumer goods markets in this region.

We will continue to invest proactively in this and other business domains where we intend to take the offensive, while also maintaining a sound financial position. We will also continue to deepen relations with customers in Japan and overseas, while strengthening ties with suppliers and outstanding business partners. In this manner, we will build the organizations and networks that will enable us to respond accurately to changes in a fast-moving business environment.

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### Future Issues to Address

Looking at the global economy, a modest recovery trend was seen centered on developed countries. The U.S. economy continued to record solid consumption levels while the European economy is regaining stability, although growth rates remain low and certain countries are still struggling with debt issues. However, the global economy remains plagued with uncertainty. The emerging countries that previously drove global economic growth are experiencing clear economic slowdown. In addition, we are seeing capital outflows triggered by speculation regarding tapering of the U.S. quantitative easing

policy, and economic growth in China continues to decelerate. Other reasons for concern include the escalating international crisis surrounding Russia and economic issues in the Middle East and North Africa.

The Japanese economy continues to recover due to the benefits of monetary and fiscal stimulus measures and improvements in consumer and corporate confidence. However, Japan's trade deficit is widening as a result of higher costs for importing energy coupled with sluggish exports, and it is expected that additional time will be required before the recovery



can spread to the real economy. In the automobile business, which has traditionally supported the Toyota Tsusho Group's operations, we continue to expand operations centered on emerging markets in Africa and Asia. In burgeoning emerging markets, we are witnessing the rise of automakers from South Korea, China, and India, and a growing market for compact automobiles. Accordingly, we project a difficult operating environment going forward.

Faced with such adversity, the Toyota Tsusho Group will advance the following initiatives as it strives to realize the Global 2020 Vision.

First, in the domain of Mobility, we will leverage the strengths that we have developed chiefly through the Toyota Group—namely our distribution and processing functions and our advantages in terms of regions, partners, and manufacturers—to expand transactions with customers outside the Toyota Group.

Furthermore, the Company will continue contributing to the automobile industry by developing an automobile recycling business and supporting next-generation automobiles to help reduce damage to the environment.

At the same time, we will work to develop and expand medical businesses that improve living environments in the Life and Community domain. In the Earth and Resources domain, meanwhile, we will focus on cultivating businesses that help address global issues, such as the renewable energy business.

In this manner, we are working to accomplish the goals of the Global 2020 Vision by developing businesses and synergies that will support the future of the Toyota Tsusho Group in the three domains of Mobility, Life and Community, and Earth and Resources.

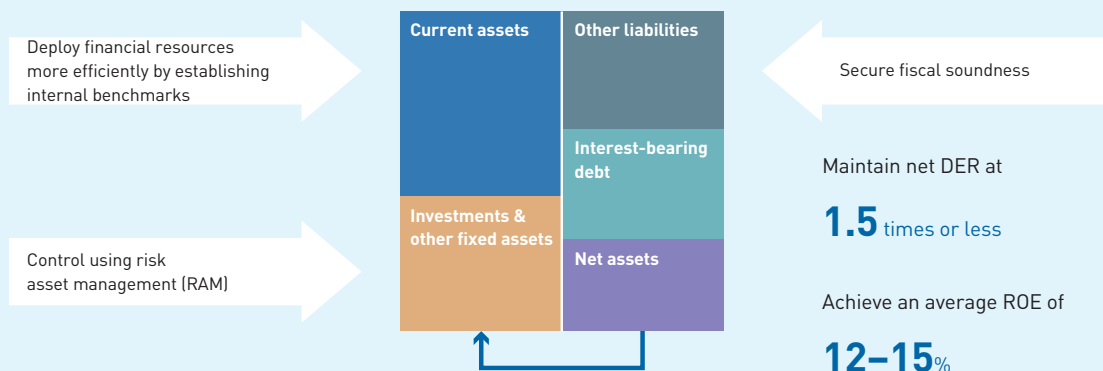
In particular, we see strong potential for our capital participation in CFAO. In addition to automotive sector collaboration in Africa, synergies will be pursued by leveraging CFAO's medical and beverage business networks to advance measures in the domains of Life and Community and Earth and Resources.

Aside from Africa, we have strategically defined high priority, priority, and focus countries among emerging countries with growing economies. Going forward, we will strategically invest and accelerate efforts in these countries in accordance with their priority ranking.

To further accelerate overseas operations, we are advancing regional strategies that have been formulated for regions around the world and complement existing product division strategies. Strategies will be shared with business partners to broaden our business range and regions of involvement in order to grow together with these partners.

In order to achieve this type of global growth, we must further utilize the diversity of our human resources to create value, as they are one of our most important assets. We therefore see promoting diversity as a crucial management strategy. At the same time, we are actively hiring, educating, and promoting quality human resources, and initiatives conducted in Japan are being extended to overseas.

## Financial Risk Management



**By carefully choosing and building up strategic investments, ensure strong growth potential and raise investment efficiency.**

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As we advance this aggressive business expansion, we will review management resource distribution to achieve optimal allocations, and work to secure returns through effective investment. In addition, a sound financial position will be maintained by managing finances in a manner that emphasizes

return on equity (ROE) as an indicator highly correlated with the cost of equity and focusing on the net debt equity ratio (DER) as a metric of financial soundness. Cash flows will be also monitored carefully to track the movement of funds.

### Assets, Liabilities, and Equity as of March 31, 2014

As of March 31, 2014, total assets amounted to ¥4,072.7 billion, an increase of ¥480.4 billion from March 31, 2013. The increase was chiefly attributable to a ¥161.7 billion increase in notes and accounts receivable-trade, an ¥85.8 billion increase in investment securities, a ¥64.8 billion increase in intangible assets, a ¥58.8 billion increase in property, plant and equipment, and a ¥35.6 billion increase in inventories.

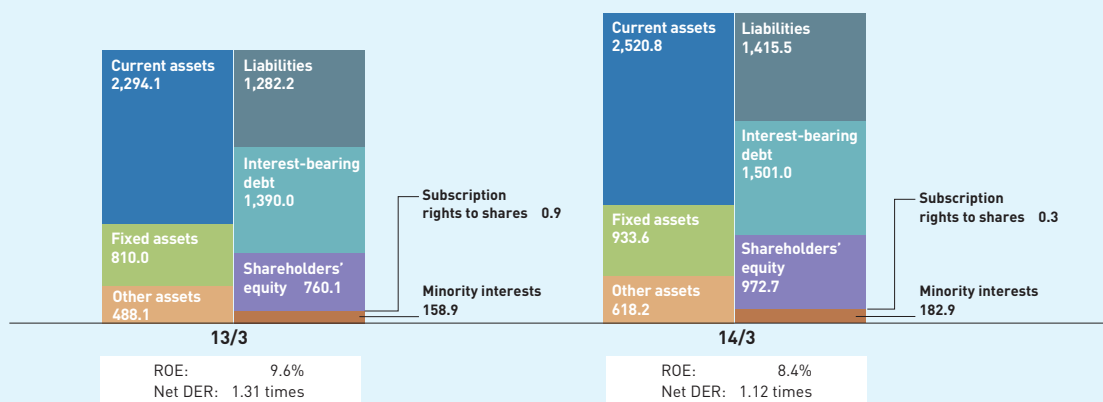
Total liabilities on March 31, 2014, stood at ¥2,916.6 billion, an increase of ¥244.3 billion from March 31, 2013. The increase was mainly attributable

to a ¥111.0 billion increase in interest-bearing debt and ¥74.3 billion in notes and accounts payable-trade.

As of March 31, 2014, total net assets were ¥1,156.0 billion, up ¥236.0 billion from March 31, 2013. The increase was mostly attributable to retained earnings accretion of ¥53.5 billion derived mainly from net income, a ¥33.9 billion increase in valuation difference on available-for-sale securities, and a ¥121.8 billion improvement in foreign currency translation adjustment.

### Balance Sheet Trends

(¥ billion)



### Cash Flows in the Fiscal Year Ended March 31, 2014

Cash and cash equivalents totaled ¥412.0 billion as of March 31, 2014, up ¥20.6 billion from a year earlier. This increase was due to net cash provided by operating and financing activities, which outpaced net cash used in investing activities.

### ■ Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥133.9 billion, an increase of ¥9.7 billion from the preceding fiscal year. The posting of net income was the principal source of cash.

### ■ Cash Flows from Investing Activities

Net cash used in investing activities was ¥135.5 billion, which was ¥187.8 billion less than in the previous

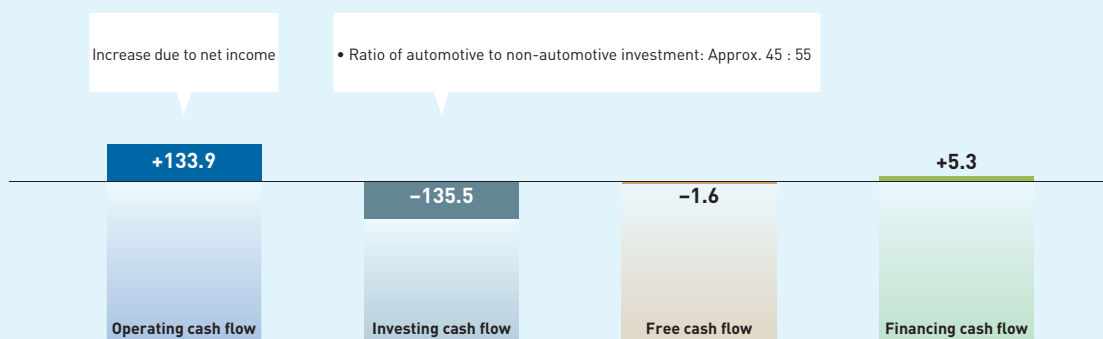
fiscal year. Cash was used mainly for purchase of property, plant and equipment.

### ■ Cash Flows from Financing Activities

Net cash provided by financing activities was ¥5.3 billion, representing a ¥218.0 billion decrease from the fiscal year ended March 31, 2014. Increases in debt were the main source of cash.

### Cash Flow Breakdown

(¥ billion)



### Financial Strategy

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

Aiming to “generate maximum profit with minimum funds,” we strive to use funds more efficiently through the efficient use of working capital through such means as collecting sales receivables earlier and reducing inventories, as well as by reducing idle, inefficient fixed assets. We aim both to enhance corporate value and improve our financial position by directing funds generated by the above measures to investments in businesses with higher growth potential and the repayment of interest-bearing debt.

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

In regard to the fund management system on a consolidated basis, we are shifting to a unified group

financing system by the parent company in Japan. At the same time, in regard to the fund procurement of overseas subsidiaries, we will conduct group financing utilizing a cash management system for concentrating fund procurement at specific overseas subsidiaries in Asia, Europe, and the United States and for supplying funds to other subsidiaries. In this manner, we will strive to raise funding efficiency on a consolidated basis, as we work to further enhance our fund management system.

In addition, we have established a multi-currency revolving credit facility that allows us to respond to unexpected events and safely meet our funding requirements. Looking ahead, we will strive to enhance the efficient use of assets and secure funding, taking into consideration cash flows generated from operating activities, the condition of assets, economic conditions, and the financial environment.

As of March 31, 2014, the current ratio was 130% on a consolidated basis, meaning that the Company has maintained financial soundness in terms of liquidity. In addition, the Company and its consolidated subsidiaries have established an adequate liquidity buffer mainly through cash and deposits and the aforementioned credit facility.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### Business Risks and Uncertainties

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

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

### Risk Associated with Operating Activities

#### 1. Dependence on Specific Customers

The Group consists of the Company, its 694 subsidiaries, and 261 affiliates. The main business line of the Group is the sale of automotive-related and other products in the domestic and overseas markets. In the fiscal year ended March 31, 2014, the Company's sales to the Toyota Group\* accounted for 12.4% of net sales, with sales to Toyota Motor Corporation representing 5.9% of net sales. Therefore, trends in the automobile output of Toyota Motor Corporation may affect the operating results of the Company.

\* Toyota Motor Corporation, Toyota Industries Corporation, Toyotsu Steel Pipe & Tubular Products Co., Ltd., JTEKT Corporation, Toyota Auto Body Co., Ltd., Aisin Seiki Co., Ltd., DENSO Corporation, Toyota Boshoku Corporation, Toyota Motor East Japan, Inc., Toyoda Gosei Co., Ltd., Hino Motors, Ltd., and Daihatsu Motor Co., Ltd.

#### 2. Risk Associated with Customers' Credit

The Group faces a degree of risk arising from the collection of loans and receivables associated with commercial transactions of our domestic and overseas business customers. While the Group retains an allowance for doubtful accounts based on certain assumptions and estimates concerning customers' creditability, value of pledge, and general economic situation, until customers complete the fulfillment of their obligations there is no guarantee that customers will repay the debts owed to the Group or that customers will be in a sound financial condition to repay debts owed by each due date.

#### 3. Risk Associated with Commodities

Commodities that the Group deals with in its businesses, such as nonferrous metals, crude oil, petroleum products, rubber, food, and textiles, are vulnerable to uncertainties arising from price fluctuations. While the Group takes various measures to reduce such risks, it may not be possible to completely avoid them.

#### 4. Risk Associated with Business Investment

The Group intends to grow existing businesses, enhance functions, and take on new business through the strengthening of current partnerships or establishment of new partnerships with companies within or outside the Group. Therefore, the Group has established new ventures in partnership with other companies and has also invested in existing companies, and may continue to conduct such investing activities.

However, the Group may lose all or part of such investments or be obliged to provide additional funds in the event of a decline in the corporate worth or market value of the shares of invested companies. In such cases, the financial condition and / or results of the business operations of the Group may be adversely affected.

#### 5. Risk Associated with Fluctuations in Interest Rates

A portion of interest-bearing debt of the Group is based on variable interest rates. For a considerable portion of such debt, we are able to absorb the effect of changes in interest rates within working capital. However, a certain portion of interest-bearing debt cannot be hedged against the risk of market fluctuations. Thus, we are susceptible to risk associated with fluctuations in interest rates. The results of the business operations of the Group may therefore be affected by changes in future interest rates.

#### 6. Risk Associated with Exchange Rates

Of the product sales, investment, and other business activities conducted by the Group, transactions denominated in U.S. dollars or other foreign currencies may be affected by changes in exchange rates. While the Group takes measures to constrain the impact of such risks, we may be unable to completely avoid them.

### 7. Risk Associated with Countries

The Group deals with many overseas counterparts in the trade of foreign products or investment. Therefore, the Group is exposed to risks arising from the manufacturing and purchase of foreign products, such as regulations imposed by foreign governments, political uncertainties, and fund transfer restraints, as well as loss on investment or reduced asset value.

Furthermore, export and import activities of the Group are generally affected by competitive conditions arising from international trade barriers, trade conflicts, free trade agreements, and multilateral agreements. While the Group endeavors to avoid the concentration of its business on specific regions or countries, there is the possibility that future losses incurred in specific regions or countries may impact the overall performance of the Group.

### 8. Competition in Export and International Trade

Major export and other international trade of the Group are conducted in a fiercely competitive environment. The Group competes with domestic and overseas manufacturers and trading companies operating in international markets on a global level.

Some of these competitors possess merchandise, technologies, and experience superior to that of the Group. Thus, there is no guarantee that the Group will maintain a competitive edge.

### 9. Environment-Related Risks

The Group is engaged in businesses in Japan and overseas that are exposed to a broad range of environment-related risks. To mitigate these risks, the Group conducts risk management throughout its supply chain. Specific activities include promoting traceability in the food domain, and enforcing compliance with laws and regulations concerning the handling of hazardous chemical substances in the chemical products domain. Furthermore, the Group's businesses in Japan and overseas are susceptible to various environmental risks associated with waste disposal and other factors. The Group could conceivably incur additional costs in these businesses, due to changes in environmental regulations, environmental pollution caused by natural disasters and other events, or other factors. These and other factors may affect the Group's business performance.

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### Effect of Natural Disasters and Other Events

The Group conducts sufficient reviews and training regarding the establishment and management of disaster response agencies, in order to safely and rapidly deal with natural disasters such as fires, earthquakes, and floods. For example, as an initiative to minimize the impact of earthquakes and other events on the Group's business operations, the

Group conducts inspections and surveys of the seismic structure of its facilities and takes other appropriate measures as necessary.

However, a major, large-scale natural disaster may still have an impact on the Group's business operations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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### Effect of Natural Disasters and Other Events

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles and practices in Japan. In producing these consolidated financial statements, the Company recognizes the following critical accounting policies can significantly affect important judgments and estimates the Company has employed to produce the consolidated financial statements of the Group.

Forward-looking statements contained in this report are based on the judgment of the Company and its consolidated subsidiaries (the "Group") as of March 31, 2014.

#### 1. Allowance for Doubtful Accounts

The Group records an allowance for doubtful accounts to cover estimated credit losses resulting from the inability of customers to make required payments. Additional provisions may be required in the event a customer's financial position worsens, thereby weakening repayment ability.

#### 2. Inventories

The Group records as write-offs an amount equal to the difference between cost and estimated fair value based on projected future demand and market conditions. The Group may be required to book additional write-offs in the event that declines in future demand and market conditions exceed its projections.

#### 3. Impairment of Tangible and Intangible Fixed Assets

The Group owns tangible and intangible fixed assets in order to enhance its operational capabilities and expand business. Calculation of the impairment of 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 company. Additional write-offs may be required should losses or an uncollectible amount of book value beyond that reflected in the present book value arise due to a reduction in land prices, the impairment of assets, or other causes.

#### 4. Impairment of Marketable Securities

The Group owns the stock of specific customers and financial institutions in order to ensure continued business. Such stock includes listed stock with highly volatile prices and stock of non-listed companies for which it is difficult to determine fair market value. For listed stock, an impairment loss is recorded when the stock market price at our closing date falls 30% or more below book value and such decline is deemed to be other than temporary. For the stock of non-listed companies, an impairment loss is recorded when the value of our investment as measured by the non-listed company's net assets declines by 50% or more below book value. Furthermore, additional write-offs may be necessary should losses or an uncollectible amount of book value beyond that reflected in present estimates arise due to market decline or poor performance by the invested company.

## 5. Deferred Tax Assets

The Group records valuation allowances in order to reduce deferred tax assets to realizable values. Future taxable income and prudent, achievable, and sustainable tax payment schedules are considered in determining the appropriate valuation allowances. An adjusted amount for deferred income tax assets is recorded as a cost in the fiscal year in which it is deemed more likely than not that some portion or all of the deferred tax assets will not be realized. Conversely, in the event tax assets exceeding the net values as recorded in the financial statements are expected to be realized, an adjustment in deferred tax assets is recorded as income in the fiscal year in which the tax assets are expected to be realized.

## 6. Employee Retirement Benefits

Calculation of costs and obligations from employee retirement benefits is based on actuarial assumptions. These assumptions include discount rates, future levels of compensation, and retirement ratios as well as mortality rates using recent statistical data and long-term returns on pension assets. In the pension system applied to the parent company and its domestic subsidiaries, discount rates are calculated by adjusting the market yield of Japanese government bonds by the number of years during which existing employees receive the pension. The expected long-term return on assets is calculated using the weighted average of the expected long-term return on each category of assets in which the pension assets are invested. The extent to which actual results differ from the assumptions, or the extent to which assumptions are revised, will generally affect recognized expenses or recorded obligations in future periods, since such effects are accumulated and regularly recognized in the future. The amortization of the actuarial difference comprising a portion of pension expenses is a regularly recognized expense of the effect of the change in assumptions and the impact of the difference between assumptions and actual results.

# CONSOLIDATED BALANCE SHEETS

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries  
March 31, 2014 and 2013

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Current Assets:</b>			
Cash and deposits (Notes 3 and 14)	¥ 412,089	¥ 391,409	\$ 4,003,973
Notes and accounts receivable—trade (Notes 3 and 14)	1,268,331	1,106,604	12,323,464
Inventories (Notes 3 and 4)	628,758	593,155	6,109,191
Deferred tax assets (Note 8)	15,311	17,056	148,766
Other (Note 3)	217,617	203,846	2,114,428
Allowance for doubtful accounts	(21,222)	(17,920)	(206,198)
Total current assets	2,520,885	2,294,151	24,493,635
<b>Property, Plant and Equipment (Note 19):</b>			
Land (Note 3)	94,045	81,537	913,767
Buildings and structures (Note 3)	315,629	283,577	3,066,741
Machinery, equipment and vehicles (Note 3)	372,817	325,449	3,622,396
Leased assets	24,388	24,892	236,960
Construction in progress	28,966	26,072	281,441
Other (Note 3)	35,903	29,747	348,843
Accumulated depreciation (Note 2 (6))	(367,645)	(325,906)	(3,572,143)
Total property, plant and equipment	504,104	445,370	4,898,017
<b>Intangible Assets:</b>			
Goodwill	202,858	256,957	1,971,026
Leased assets	107	255	1,039
Other	226,534	107,516	2,201,068
Total intangible assets	429,500	364,729	4,173,144
<b>Investments and Other Assets:</b>			
Investment securities (Notes 3, 14 and 15):			
Investments in unconsolidated subsidiaries and affiliates	231,160	200,991	2,246,016
Investments in third parties	294,888	227,986	2,865,215
Long-term loans receivable (Note 14)	17,251	11,224	167,615
Net defined benefit asset	12,407	—	120,549
Deferred tax assets (Note 8)	15,705	14,374	152,594
Other	62,695	50,580	609,162
Allowance for doubtful accounts	(15,870)	(17,040)	(154,197)
Total investments and other assets	618,238	488,117	6,006,976
Total assets	¥4,072,728	¥3,592,368	\$39,571,783

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)
	2014	2013	2014
<b>Current Liabilities:</b>			
Notes and accounts payable-trade (Notes 3 and 14)	¥ 950,852	¥ 876,595	\$ 9,238,748
Short-term loans payable (Notes 3, 6 and 14)	520,337	420,602	5,055,742
Commercial papers (Notes 6 and 14)	155,000	144,000	1,506,024
Current portion of bonds (Notes 6 and 14)	—	20,000	—
Lease obligations (Note 6)	4,977	4,715	48,357
Income taxes payable	33,099	30,153	321,599
Deferred tax liabilities (Note 8)	5,675	4,154	55,139
Other (Notes 2 (10) and (15))	265,389	264,852	2,578,595
Total current liabilities	1,935,332	1,765,072	18,804,236
<b>Non-current Liabilities:</b>			
Bonds payable (Notes 6 and 14)	95,000	65,000	923,047
Long-term loans payable (Notes 3, 6 and 14)	720,813	727,244	7,003,624
Lease obligations (Note 6)	4,935	8,474	47,949
Deferred tax liabilities (Note 8)	80,604	33,815	783,171
Provision for retirement benefits	—	21,037	—
Provision for loss on allowance for liquidation of affiliated companies	2,285	3,101	22,201
Provision for contract loss	2,087	2,907	20,277
Net defined benefit liability	30,915	—	300,378
Other (Notes 2 (11), (12) and (15))	44,673	45,671	434,055
Total non-current liabilities	981,315	907,251	9,534,735
Total liabilities	2,916,648	2,672,324	28,338,981
<b>Net Assets:</b>			
Shareholders' equity (Notes 7 and 26)			
Capital stock:			
Authorized: 1,000,000,000 shares			
Issued: 354,056,516 shares in 2014 and 2013 (Note 25)	64,936	64,936	630,936
Capital surplus	154,781	154,539	1,503,896
Retained earnings	584,591	531,049	5,680,052
Treasury shares			
—2,759,031 shares in 2014 and 3,268,023 shares in 2013 (Note 25)	(4,508)	(5,345)	(43,801)
Total shareholders' equity	799,801	745,179	7,771,094
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	78,553	44,637	763,243
Deferred gains or losses on hedges	(6,515)	(9,710)	(63,301)
Foreign currency translation adjustment	101,926	(19,931)	990,342
Remeasurements of defined benefit plans	(1,025)	—	(9,959)
Total accumulated other comprehensive income	172,938	14,996	1,680,314
Subscription rights to shares	371	951	3,604
Minority interests	182,968	158,916	1,777,769
Total net assets	1,156,080	920,043	11,232,802
Total liabilities and net assets	¥4,072,728	¥3,592,368	\$39,571,783



## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries  
Years ended March 31, 2014 and 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Income before Minority Interests</b>	<b>¥ 98,738</b>	¥ 84,908	<b>\$ 959,366</b>
<b>Other Comprehensive Income (Note 20):</b>			
Valuation difference on available-for-sale securities	32,949	27,279	320,141
Deferred gains or losses on hedges	3,694	(9,134)	35,891
Foreign currency translation adjustment	116,273	52,514	1,129,741
Share of other comprehensive income of entities accounted for using equity method	14,730	6,969	143,120
Total other comprehensive income	167,649	77,629	1,628,925
<b>Comprehensive Income</b>	<b>¥266,387</b>	¥162,537	<b>\$2,588,291</b>
<b>Comprehensive Income Attributable to:</b>			
Comprehensive income attributable to owners of the parent	¥232,127	¥137,863	\$2,255,411
Comprehensive income attributable to minority interests	34,260	24,673	332,879

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, 2014 and 2013

	Millions of Yen				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
<b>As of March 31, 2012</b>	¥64,936	¥154,367	¥483,255	¥(6,844)	¥695,714
Dividends of surplus (Note 26)			(16,809)		(16,809)
Net income			67,432		67,432
Purchase of treasury shares				(20)	(20)
Disposal of treasury shares		171		1,522	1,694
Net increase (decrease) of consolidated subsidiaries			(1,762)		(1,762)
Net increase (decrease) of entities accounted for using equity method			(975)		(975)
Other			(91)	(3)	(94)
Net changes of items other than shareholders' equity					
<b>As of March 31, 2013</b>	¥64,936	¥154,539	¥531,049	¥(5,345)	¥745,179
Dividends of surplus (Note 26)			(15,804)		(15,804)
Net income			73,034		73,034
Purchase of treasury shares				(45)	(45)
Disposal of treasury shares		242		882	1,125
Net increase (decrease) of consolidated subsidiaries			(778)		(778)
Net increase (decrease) of entities accounted for using equity method			(2,039)		(2,039)
Other			(870)	(0)	(870)
Net changes of items other than shareholders' equity					
<b>As of March 31, 2014</b>	¥64,936	¥154,781	¥584,591	¥(4,508)	¥799,801

	Millions of Yen							
	Accumulated Other Comprehensive Income							
	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription rights to shares	Minority interests	Total Net Assets
<b>As of March 31, 2012</b>	¥16,924	¥ (577)	¥ (71,730)	¥ —	¥ (55,383)	¥1,454	¥109,962	¥ 751,747
Dividends of surplus (Note 26)								(16,809)
Net income								67,432
Purchase of treasury shares								(20)
Disposal of treasury shares								1,694
Net increase (decrease) of consolidated subsidiaries								(1,762)
Net increase (decrease) of entities accounted for using equity method								(975)
Other								(94)
Net changes of items other than shareholders' equity	27,713	(9,132)	51,799	—	70,380	(502)	48,954	118,831
<b>As of March 31, 2013</b>	¥44,637	¥(9,710)	¥ (19,931)	¥ —	¥ 14,996	¥ 951	¥158,916	¥ 920,043
Dividends of surplus (Note 26)								(15,804)
Net income								73,034
Purchase of treasury shares								(45)
Disposal of treasury shares								1,125
Net increase (decrease) of consolidated subsidiaries								(778)
Net increase (decrease) of entities accounted for using equity method								(2,039)
Other								(870)
Net changes of items other than shareholders' equity	33,915	3,194	121,857	(1,025)	157,942	(579)	24,051	181,414
<b>As of March 31, 2014</b>	¥78,553	¥(6,515)	¥101,926	¥(1,025)	¥172,938	¥ 371	¥182,968	¥1,156,080

	Thousands of U.S. Dollars (Note 1)				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
<b>As of March 31, 2013</b>	\$630,936	\$1,501,544	\$5,159,823	\$(51,933)	\$7,240,371
Dividends of surplus (Note 26)			(153,556)		(153,556)
Net income			709,619		709,619
Purchase of treasury shares				(437)	(437)
Disposal of treasury shares		2,351		8,569	10,930
Net increase (decrease) of consolidated subsidiaries			(7,559)		(7,559)
Net increase (decrease) of entities accounted for using equity method			(19,811)		(19,811)
Other			(8,453)	(0)	(8,453)
Net changes of items other than shareholders' equity					
<b>As of March 31, 2014</b>	\$630,936	\$1,503,896	\$5,680,052	\$(43,801)	\$7,771,094

	Thousands of U.S. Dollars (Note 1)							
	Accumulated Other Comprehensive Income							
	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Foreign Currency Translation Adjustment	Remeasurements of Defined Benefit Plans	Total Accumulated Other Comprehensive Income	Subscription rights to shares	Minority interests	Total Net Assets
<b>As of March 31, 2013</b>	\$433,705	\$(94,345)	\$(193,655)	\$ —	\$ 145,705	\$ 9,240	\$1,544,073	\$ 8,939,399
Dividends of surplus (Note 26)								(153,556)
Net income								709,619
Purchase of treasury shares								(437)
Disposal of treasury shares								10,930
Net increase (decrease) of consolidated subsidiaries								(7,559)
Net increase (decrease) of entities accounted for using equity method								(19,811)
Other								(8,453)
Net changes of items other than shareholders' equity	329,527	31,033	1,183,997	(9,959)	1,534,609	(5,625)	233,686	1,762,470
<b>As of March 31, 2014</b>	\$763,243	\$(63,301)	\$ 990,342	\$(9,959)	\$1,680,314	\$ 3,604	\$1,777,769	\$11,232,802

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, 2014 and 2013

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	2014
<b>Cash Flows from Operating Activities:</b>			
Income before income taxes and minority interests	¥ 155,832	¥ 127,272	\$ 1,514,108
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation	64,893	41,354	630,518
Amortization of goodwill	35,179	19,044	341,809
Increase (decrease) in allowance for doubtful accounts	569	(297)	5,528
Interest and dividend income	(19,054)	(15,756)	(185,134)
Interest expenses	25,499	18,685	247,755
Share of (profit) loss of entities accounted for using equity method	(13,783)	(17,646)	(133,919)
Decrease (increase) in notes and accounts receivable–trade	(99,248)	69,778	(964,321)
Decrease (increase) in inventories	21,987	(29,884)	213,631
Increase (decrease) in notes and accounts payable–trade	24,094	(51,643)	234,104
Other, net	(16,993)	(7,725)	(165,108)
Subtotal	178,975	153,181	1,738,972
Interest and dividend income received	40,961	30,315	397,988
Interest expenses paid	(25,574)	(17,982)	(248,484)
Income taxes paid	(60,424)	(41,358)	(587,096)
Net cash provided by (used in) operating activities	133,937	124,156	1,301,369
<b>Cash Flows from Investing Activities:</b>			
Decrease (increase) in time deposits	(0)	(1)	(0)
Proceeds from redemption of securities	—	10,000	—
Purchase of property, plant and equipment	(73,847)	(50,066)	(717,518)
Proceeds from sales of property, plant and equipment	8,176	6,975	79,440
Purchase of intangible assets	(24,555)	(40,094)	(238,583)
Proceeds from sales of intangible assets	698	551	6,781
Payment for purchase of investment securities and investments in capital	(46,064)	(106,770)	(447,570)
Proceeds from sales of investment securities and investments in capital	5,361	7,214	52,089
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(148,742)	—
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(86)	—	(835)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,247	—	12,116
Payments of loans receivable	(14,948)	(8,151)	(145,239)
Collection of loans receivable	12,128	6,840	117,839
Payment for purchase of shares of subsidiaries from minority shareholders	(1,850)	(53)	(17,975)
Other, net	(1,848)	(1,092)	(17,955)
Net cash provided by (used in) investing activities	(135,587)	(323,389)	(1,317,401)
<b>Cash Flows from Financing Activities:</b>			
Net increase (decrease) in short-term loans payable	78,090	(14,435)	758,744
Proceeds from long-term loans payable	72,573	365,180	705,139
Repayments of long-term loans payable	(118,159)	(90,404)	(1,148,066)
Proceeds from issuance of bonds	30,000	—	291,488
Redemption of bonds	(20,000)	(10,000)	(194,325)
Purchase of treasury shares	(112)	(195)	(1,088)
Cash dividends paid	(15,804)	(16,809)	(153,556)
Cash dividends paid to minority shareholders	(15,193)	(6,113)	(147,619)
Proceeds from share issuance to minority shareholders	133	336	1,292
Other, net	(6,171)	(4,184)	(59,959)
Net cash provided by (used in) financing activities	5,356	223,374	52,040
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>15,082</b>	<b>10,356</b>	<b>146,541</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>18,789</b>	<b>34,496</b>	<b>182,559</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>391,352</b>	<b>354,755</b>	<b>3,802,487</b>
<b>Cash and cash equivalents from newly consolidated subsidiaries at the beginning of the year</b>	<b>1,889</b>	<b>2,100</b>	<b>18,354</b>
<b>Cash and cash equivalents at end of period</b>	<b>¥ 412,032</b>	<b>¥ 391,352</b>	<b>\$ 4,003,420</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	¥ 412,089	¥ 391,409	\$ 4,003,973
Time deposits over 3 months	(57)	(57)	(553)
Cash and cash equivalents in the consolidated statements of cash flows	¥ 412,032	¥ 391,352	\$ 4,003,420

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.

In 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 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, 2014 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥102.92 = U.S.\$1, the rate prevailing on March 31, 2014, which was the final business day of financial institutions in fiscal 2014. 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, 2014 was as follows:

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

	2014
Consolidated subsidiaries	640
Unconsolidated subsidiaries and affiliates, accounted for using equity method	225
Unconsolidated subsidiaries and affiliates, stated at cost	90

For the year ended March 31, 2014, 38 subsidiaries were newly added to the scope of consolidation and 13 subsidiaries were excluded from the scope of consolidation. In addition, 44 unconsolidated subsidiaries and affiliates were newly added to the scope of consolidation under the equity method and 12 unconsolidated subsidiaries and affiliates were excluded from the scope of consolidation under the equity method.

Investments in unconsolidated subsidiaries and affiliates not accounted for using 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 345 subsidiaries in 2014 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 more than three months 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.

## (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	Fair value based on the market price on balance sheet dates (Valuation difference 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

<i>Inventories held for sale in the ordinary course of business</i>	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 the identified cost method
<i>Inventories held for trading</i>	At fair value

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (6) Depreciation method for depreciable assets

Property, plant and equipment other than leased assets 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
	2014	2013	2014
Buildings and structures	¥135,263	¥118,920	\$1,314,253
Machinery, equipment and vehicles	194,559	174,736	1,890,390
Leased property	13,097	11,520	127,254
Other property, plant and equipment	24,724	20,729	240,225
Total accumulated depreciation	¥367,645	¥325,906	\$3,572,143

The number of years over which the asset is depreciated and the treatment of residual value 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 expense as incurred. Upon the disposal of property, plant and equipment, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is recorded as income or expense.

Certain property, plant and equipment were acquired using subsidies received from the national treasury. The amounts deducted from the cost of property, plant and equipment as of March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Buildings and structures	¥ 2,877	¥ 3,143	\$ 27,953
Machinery, equipment and vehicles	34,774	32,718	337,874
Total	¥37,651	¥35,861	\$365,827

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

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

### (7) Impairment on non-current assets

Calculation of the impairment on non-current 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) Bond issue costs

Bond issue costs are charged to expense 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 directors' bonuses

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, ¥792 million (\$7,695 thousand) and ¥771 million were included in current liabilities—other on the accompanying consolidated balance sheets as of March 31, 2014 and 2013, respectively.



### **(11) 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.

Accordingly, ¥625 million (\$6,072 thousand) and ¥727 million were included in non-current liabilities—other on the accompanying consolidated balance sheets as of March 31, 2014 and 2013, respectively.

### **(12) Provision for loss on 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. Accordingly, ¥826 million (\$8,025 thousand) and ¥107 million were included in non-current liabilities—other on the accompanying consolidated balance sheets as of March 31, 2014 and 2013, respectively.

### **(13) Provision for loss on allowance 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.

### **(14) Provision for contract loss**

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

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

To cover possible future losses for litigation, the Company records an estimated allowance for such losses. Accordingly, ¥745 million (\$7,238 thousand) and ¥362 million were included in current liabilities—other and ¥742 million (\$7,209 thousand) and ¥422 million were included in non-current liabilities—other on the accompanying consolidated balance sheets as of March 31, 2014 and 2013, respectively.

### **(16) Employee retirement benefits**

To calculate retirement benefit obligations, the straight-line method is used for attributing expected retirement benefits to periods through March 31, 2014.

Past service costs are mainly charged to expense 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.

### **(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 and liabilities 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, shareholders' equity is translated at the historical rates and income and expenses are translated at the average exchange rates during the year. The resulting translation difference is accounted for as foreign currency translation adjustment and minority interests in consolidated subsidiaries.

### (18) Accounting methods for hedges

#### 1. Accounting methods for hedges

Hedges are principally accounted for by the deferred hedge method.

#### 2. Hedge methods and targets

Hedge methods	a. Forward exchange contracts b. Interest rate swap contracts c. Commodity future and forward contracts
Hedge targets	a. Foreign currency transactions b. Interest on deposits and loans c. Commodity transactions in the nonferrous metal, crude oil, petroleum products, foodstuffs, cotton and other markets

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#### 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 Administrative 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 taxes

The consumption taxes 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 taxes 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

### For the year ended March 31, 2014

#### *[Adoption of Accounting Standard for Retirement Benefits]*

Effective from the fiscal year ended March 31, 2014, the Company and its domestic consolidated subsidiaries have adopted the "Accounting Standard for Retirement Benefits" (the Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012, hereinafter, the "Standard") and the "Guidance on the Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012, hereinafter, the "Guidance"), except for the treatment allowed by main clause of Section 35 of the Standard and Paragraph 67 of the Guidance. Under the new standard, the Company and its domestic consolidated subsidiaries changed its method of recording the amount of retirement benefit obligations deducting plan assets as net defined benefit asset and net defined benefit liability, and accordingly, recorded unrecognized actuarial differences and unrecognized prior service costs as net defined benefit asset and net defined benefit liability.

With regard to the adoption of the Standard and the Guidance, in accordance with the transitional treatment indicated in Section 37 of the Standard, the effect resulting from this change is included in remeasurements of defined benefit plans within accumulated other comprehensive income as of March 31, 2014.

The effects of this change for the year ended March 31, 2014 were immaterial.

## (23) Accounting standard issued but not yet adopted

### For the year ended March 31, 2014

ASBJ issued "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25) on May 17, 2012.

#### *1. Overview*

The accounting standard for retirement benefits has been revised, mainly focusing on how unrecognized actuarial difference and prior service costs should be accounted for, how retirement benefit obligations and service costs should be determined, and enhancement of disclosures.

#### *2. Expected adoption date*

The Company expects to adopt this standard and the guidance from the beginning of the fiscal year ending March 31, 2015. The adjustments are not made retroactively to the prior periods based on transitional measures.

#### *3. Effects of the adoption*

Due to the revision of calculation method of retirement benefit obligations and service costs, the Company expects its retained earnings to decrease by ¥1,521 million (\$14,778 thousand) as of the beginning of the year ending March 31, 2015. The effect on profit or loss is immaterial.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 3. PLEDGED ASSETS

Pledged assets as collateral as of March 31, 2014 and 2013 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Cash and deposits	¥ 7,397	¥ 6,086	\$ 71,871
Notes and accounts receivable–trade	5,034	4,543	48,911
Inventories	2,087	1,733	20,277
Current assets–other	17,218	17,575	167,294
Buildings and structures	11,180	8,970	108,628
Machinery, equipment and vehicles	52,095	51,776	506,169
Land	2,431	2,744	23,620
Property, plant and equipment–other	2,725	1,666	26,476
Investment securities	6,272	4,994	60,940
Total	¥106,444	¥100,092	\$1,034,240

Collateral secured obligations as of March 31, 2014 and 2013 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Notes and accounts payable–trade	¥ 203	¥ 267	\$ 1,972
Short-term loans payable	10,979	9,539	106,675
Long-term loans payable	56,122	38,852	545,297
Total	¥67,305	¥48,659	\$653,954

### 4. INVENTORIES

Inventories by major classification were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Merchandise and finished goods	¥598,915	¥560,975	\$5,819,228
Work in process	4,635	3,273	45,034
Raw materials and supplies	25,206	28,905	244,908
Total	¥628,758	¥593,155	\$6,109,191

The book value of inventories as of March 31, 2014 and 2013 is stated after the write-downs of inventories due to decrease in profitability of assets. The loss on write-downs of inventories of ¥647 million [\$6,286 thousand] and ¥2,991 million was included in cost of sales for the years ended March 31, 2014 and 2013, respectively.

## 5. MULTI-CURRENCY REVOLVING FACILITIES AND COMMITMENT LINES

The Company maintains a line of credit in the form of multi-currency revolving facilities provided by eight financial institutions in order to obtain required funds should unexpected events arise.

As of March 31, 2014 and 2013, the unused line of credit of the multi-currency revolving facilities was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Maximum line of credit of the multi-currency revolving facilities	¥20,000	¥20,000	\$194,325
Less: outstanding drawdown on revolving facilities	—	—	—
Balance	¥20,000	¥20,000	\$194,325

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, 2014 and 2013 were as follows:

	Millions of Currency		Thousands of U.S. Dollars
	2014	2013	2014
Maximum line of credit of the commitment line contracts	¥18,000 and Euro 400	¥18,000 and Euro 300	\$174,893 550,524
Less: outstanding drawdown on commitment line contracts	Euro 65	Euro 90	89,460
Balance	¥18,000 and Euro 335	¥18,000 and Euro 210	\$174,893 461,064

## 6. INTEREST-BEARING DEBT

### Short-term loans payable

The average annual interest rates applicable to short-term loans, principally from banks, outstanding at March 31, 2014 and 2013 were 2.20% and 2.37%, respectively.

### Commercial papers

The average annual interest rates applicable to commercial papers outstanding at March 31, 2014 and 2013 were 0.10% and 0.14%, respectively.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Summary of bonds payable, long-term loans payable and lease obligations

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
1.65% straight bonds due 2014	¥ —	¥ 20,000	\$ —
1.09% straight bonds due 2015	10,000	10,000	97,162
2.26% straight bonds due 2016	15,000	15,000	145,744
Floating rate straight bonds due 2016 <sup>(Note 1)</sup>	10,000	10,000	97,162
1.35% straight bonds due 2021	30,000	30,000	291,488
0.81% straight bonds due 2023	15,000	—	145,744
1.01% straight bonds due 2025	15,000	—	145,744
Long-term loans payable, principally from commercial and trust banks and insurance companies, maturing serially through 2034 <sup>(Note 2)</sup>	814,694	828,498	7,915,798
Lease obligations maturing serially through 2022	9,912	13,189	96,307
Total	919,607	926,687	8,935,163
Less: current portion <sup>(Note 2)</sup>	(98,858)	(125,969)	(960,532)
	¥820,748	¥ 800,718	\$7,974,621

- Notes: 1. The annual rate was 2.20% for the 1st year and 20-year swap rate minus 2-year swap rate plus 0.20% for the 2nd year and after. In case the result of the above calculation is below zero, it should be zero percentage.
2. The average annual interest rates applicable to long-term loans payable (current portion) outstanding at March 31, 2014 and 2013 were 1.34% (1.88%) and 1.51% (1.52%), respectively.
3. The average annual interest rate of lease obligations was not presented because the lease obligations were booked on the consolidated balance sheets before deducting the interest amount included in the aggregate lease payments.

The aggregate annual maturities of bonds payable, long-term loans payable and lease obligations at March 31, 2014 were as follows:

Year ending March 31	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
2015	¥ 98,858	\$ 960,532
2016	119,425	1,160,367
2017	120,971	1,175,388
2018	104,423	1,014,603
2019	87,819	853,274
2020 and thereafter	388,109	3,770,977
Total	¥919,607	\$8,935,163

## 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, 2014 and 2013, 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
	2014	2013	2014
Deferred tax assets:			
Unrealized profit	¥ 2,892	¥ 3,144	\$ 28,099
Allowance for doubtful accounts	6,258	7,004	60,804
Employee retirement benefits	—	4,598	—
Net defined benefit liability	5,727	—	55,645
Directors' and corporate auditors' retirement benefits	319	380	3,099
Provision for employees' bonuses	5,774	5,136	56,101
Write-down of investment securities	8,473	8,751	82,326
Write-down of investment in subsidiaries and affiliates	8,117	7,287	78,867
Net operating loss carryforward	16,278	19,418	158,161
Valuation losses of inherited assets on the merger	10,537	11,392	102,380
Others	27,843	27,921	270,530
Subtotal	92,221	95,035	896,045
Valuation allowance	(35,848)	(47,648)	(348,309)
Total deferred tax assets	56,372	47,386	547,726
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	(39,307)	(22,042)	(381,917)
Valuation of assets and liabilities of consolidated subsidiaries on acquisition	(33,975)	(693)	(330,110)
Depreciation of property, plant and equipment	(8,240)	(14,702)	(80,062)
Valuation profits of inherited assets on the merger	(5,685)	(5,854)	(55,237)
Others	(24,426)	(10,630)	(237,329)
Total deferred tax liabilities	(111,636)	(53,924)	(1,084,687)
Net deferred tax liabilities	¥ (55,263)	¥ (6,537)	\$ (536,951)

Reconciliation items of difference between the Japanese statutory effective tax rate and actual effective income tax rate for the year ended March 31, 2014 were not presented because the difference between them was less than 5%.

Reconciliation items of difference between the Japanese statutory effective tax rate and actual effective income tax rate for the year ended March 31, 2013 were as follows:

	Percentage of pretax income
	2013
Japanese statutory effective tax rate	37.7%
Increase (decrease) due to:	
Permanently nondeductible expenses	1.1
Equity in earnings of unconsolidated subsidiaries and affiliates	(2.5)
Differences of tax rates for overseas consolidated subsidiaries	(11.2)
Valuation allowance	1.7
Amortization of goodwill	5.8
Others	0.7
Actual effective income tax rate	33.3%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 9. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2014 and 2013 were ¥487 million (\$4,731 thousand) and ¥341 million, respectively.

### 10. OTHER INCOME (EXPENSES)

Details of Other, net, included in Other Income (Expenses) for the years ended March 31, 2014 and 2013 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Gain on sales of non-current assets	¥ 1,686 <sup>(Note 1)</sup>	¥ 1,342 <sup>(Note 1)</sup>	\$ 16,381
Loss on disposal of non-current assets	(1,200) <sup>(Note 2)</sup>	(3,745) <sup>(Note 3)</sup>	(11,659)
Impairment loss (Note 12)	6,681	(3,137)	(64,914)
Gain on sales of investment securities and investments in capital	3,630	5,865	35,270
Loss on sales of investment securities and investments in capital	(427)	(398)	(4,148)
Loss on valuation of investment securities and investments in capital	(3,491)	(2,778)	(33,919)
Loss on liquidation of subsidiaries and associates	(773)	(8)	(7,510)
Gain on reversal of allowance for liquidation of affiliated companies	215	467	2,089
Loss on provision for liquidation of affiliated companies	—	(1,992)	—
Loss on change in equity	—	(29)	—
Gain on reversal of subscription rights to shares	372	172	3,614
Insurance income	—	154	—
Settlement of contract amendment	—	(4,943)	—
Gain on reversal of provision for loss on compensations	394	1,024	3,828
Gain on reversal of contract loss provisions	12	289	116
Gain on step acquisitions	—	10,143	—
Loss on revision of retirement benefit plan	(396)	—	(3,847)
Other, net	7,454	4,607	72,425
Total	¥ 795	¥ 7,034	\$ 7,724

Notes: 1. The Company recorded a gain on sales of buildings.

2. The Company recorded a loss on sales of land and buildings.

3. The Company recorded a loss on disposal of software in progress.



## 11. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2014 and 2013 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Discounted exports bills	¥10,672	\$103,692
For guarantees of indebtedness to:		
Sales de Jujuy S.A.	¥11,407	\$110,833
ATMD (Hong Kong) Limited	11,166	108,492
P.T. Astra Auto Finance	6,593	64,059
Toyota Tsusho Sugar Trading Limited	2,826	27,458
Chengdu Kobelco Construction Machinery Financial Leasing Ltd.	2,223	21,599
Other 74 companies	31,184	302,992
Subtotal	65,401	635,454
Provision for guarantees	(826)	(8,025)
Total	¥64,575	\$627,429

	Millions of Yen
	2013
Discounted exports bills	¥23,805
For guarantees of indebtedness to:	
ATMD (Hong Kong) Limited	¥ 7,736
P.T. Astra Auto Finance	6,102
Avenal Solar Holdings LLC	5,046
Chengdu Kobelco Construction Machinery Financial Leasing Ltd.	1,667
Sarangani Energy Corporation	1,495
Other 66 companies	26,306
Subtotal	48,355
Provision for guarantees	(107)
Total	¥48,248

## 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.

### 1. For the year ended March 31, 2014

During the year ended March 31, 2014, the Company and its consolidated subsidiaries recognized impairment loss amounting to ¥6,681 million (\$64,914 thousand) as other expense in the consolidated statements of income by devaluating the book value of the business-use and other assets whose profitability significantly declined, and the business-use assets and the idle assets whose disposal were decided to their recoverable amounts.

The details of impairment loss for the year ended March 31, 2014 were as follows:

Location	Use	Type of assets	Millions of Yen	Thousands of U.S. Dollars
			2014	2014
Kanto area	1 Business-use asset	Machinery & equipment, etc.	¥ 817	\$ 7,938
Kyushu area	1 Idle asset	Land	137	1,331
Australia	1 Business-use asset	Land, buildings and machinery & equipment, etc.	5,341	51,894
France	1 Other asset	Goodwill	300	2,914
Other areas	3 Business-use assets	Goodwill, buildings and machinery & equipment, etc.	84	816
Total			¥6,681	\$64,914

In measuring impairment loss, the Company and its consolidated subsidiaries used the net selling value for the recoverable amounts of the business-use assets and the idle assets based on the expected selling price.

### 2. For the year ended March 31, 2013

During the year ended March 31, 2013, the Company and its consolidated subsidiaries recognized impairment loss amounting to ¥3,137 million as other expense in the consolidated statements of income by devaluating the book value of the business-use assets whose disposal were decided, the business-use assets whose profitability significantly declined, and the idle assets and the business-use assets whose land prices significantly declined to their recoverable amounts.

The details of impairment loss for the year ended March 31, 2013 were as follows:

Location	Use	Type of assets	Millions of Yen
			2013
Tokai area	3 Business-use assets and 1 Idle asset	Land, buildings and leased assets, etc.	¥2,347
Hokuriku area	1 Business-use asset and 1 Idle asset	Leased assets, etc.	134
United States	4 Business-use assets	Goodwill, buildings and machinery & equipment, etc.	553
Australia	1 Business-use asset	Machinery & equipment	59
Other areas	4 Business-use assets and 1 Idle asset	Land and buildings, etc.	42
Total			¥3,137

In measuring impairment loss, the Company and its consolidated subsidiaries used the net selling value for the recoverable amounts of the business-use assets and the idle assets based on the expected selling price.

## 13. LEASE TRANSACTIONS

### Noncancelable Operating Leases

Lease payments for noncancelable operating lease transactions as of March 31, 2014 and 2013 were as follows:

Lessee	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Future minimum lease payments			
Within one year	¥11,254	¥ 9,686	\$109,347
More than one year	33,329	33,966	323,834
Total	¥44,583	¥43,652	\$433,181

Lessor	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Future minimum lease payments to be received			
Within one year	¥15	¥60	\$145
More than one year	—	13	—
Total	¥15	¥74	\$145

## 14. FINANCIAL INSTRUMENTS

### (a) Overview of financial instruments

#### 1. Policies on financial instruments

The Company and its consolidated subsidiaries (the "Group") manage excess funds only by investing in short-term deposits, etc., and finance by debt from financial institutions such as banks, etc. The Group utilizes derivative transactions mainly to avoid adverse effects of the market risks such as foreign exchange rate fluctuation risk, interest rate fluctuation risk and commodity price fluctuation risk that are generated along with the usual activities of the Group's business, and these derivative transactions are restrictively used to acquire earnings.

#### 2. Description and associated risks of financial instruments and risk management

Trade receivables such as notes and accounts receivable-trade are exposed to customer credit risk. Regarding the risk, in accordance with the management regulations of the Group, the Group periodically monitors the collecting due dates and the receivable balances and checks creditability of customers.

Although the trade receivables denominated in foreign currencies are exposed to the risk affected by fluctuation in exchange rates, the Group hedges the net position of trade receivables and trade payables by using forward exchange contracts as a general rule.

Investment securities are exposed to the risk affected by fluctuation in market price which are mainly for expansion or functional enhancement of existing business or for entry into new business. The Group periodically manages the fair value of the investment securities.

Trade payables such as notes and accounts payable-trade are payable within one year. The trade payables denominated in foreign currencies, which are exposed to the risk affected by fluctuation in exchange rates, are within the range of the receivables balances denominated in foreign currencies. Short-term loans payable are mainly for fund-raising for business transactions, while long-term loans payable and bonds payable are mainly for fund-raising for capital investments or business investments. The loans based on variable interest rates are exposed to the risk associated with fluctuation in interest rates. To hedge the risk, interest rate swap contracts and interest rate and currency swap contracts are utilized for some of the loans based on variable interest rates.

The Group utilizes foreign exchange contracts, foreign currency options and foreign currency swap contracts, interest rate swap contracts and interest rate and currency swap contracts and commodity-related futures, forwards, swaps and options as the derivative transactions. As the Group selects highly ranked financial institutions, exchanges

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

and brokers as counter parties to minimize credit risk exposure associated with these derivative transactions, we believe that the credit risks are mostly avoided. Derivative transactions are mainly utilized to hedge the risk, and the market risks of the derivative transactions are offset against the market fluctuations in physical transactions whose risk is hedged by derivative transactions. Derivative transactions are entered into and managed by the Group in accordance with the internal regulations on derivative transactions that regulate the limits of transactions, etc. Under these regulations, each Business Division which enters into and executes derivative transactions and also manages the positions by itself directly reports to the Company's management and to the Administrative Division, which is in charge of risk management.

Regarding hedge transactions, please refer to "2. Summary of Significant Accounting Policies (18) Accounting methods for hedges."

### 3. Supplementary explanation on fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, the fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, values may vary depending on the assumptions used. The contract or notional amounts of derivative instruments which are shown in "(b) Fair value of financial instruments" or "16. Derivative Instruments" do not represent the amounts of the Group's exposure to credit or market risks.

#### (b) Fair value of financial instruments

The carrying amount, fair value and unrealized gain (loss) of the financial instruments at March 31, 2014 and 2013 were as follows:

Financial instruments whose fair values are difficult to measure are excluded from the table below.

	Millions of Yen			Thousands of U.S. Dollars		
	2014	2014	2014	2014	2014	2014
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and deposits	¥ 412,089	¥ 412,089	¥ —	\$ 4,003,973	\$ 4,003,973	\$ —
(2) Notes and accounts receivable—trade	1,268,331			12,323,464		
Less: allowance for doubtful accounts <sup>(Note 1)</sup>	[21,222]			[206,198]		
	1,247,109	1,247,109	—	12,117,265	12,117,265	—
(3) Investment securities	272,955	261,017	[11,937]	2,652,108	2,536,115	[115,983]
(4) Long-term loans receivable	17,251			167,615		
Less: allowance for doubtful accounts <sup>(Note 1)</sup>	[396]			[3,847]		
	16,855	16,961	106	163,767	164,797	1,029
<b>Total Assets</b>	<b>¥1,949,009</b>	<b>¥1,937,177</b>	<b>¥[11,831]</b>	<b>\$18,937,125</b>	<b>\$18,822,162</b>	<b>\$(114,953)</b>
(1) Notes and accounts payable—trade	¥ 950,852	¥ 950,852	¥ —	\$ 9,238,748	\$ 9,238,748	\$ —
(2) Short-term loans payable	520,337	520,337	—	5,055,742	5,055,742	—
(3) Commercial papers	155,000	155,000	—	1,506,024	1,506,024	—
(4) Current portion of bonds	—	—	—	—	—	—
(5) Bonds payable	95,000	97,797	2,797	923,047	950,223	27,176
(6) Long-term loans payable	720,813	727,849	7,036	7,003,624	7,071,987	68,363
<b>Total Liabilities</b>	<b>¥2,442,003</b>	<b>¥2,451,837</b>	<b>¥ 9,833</b>	<b>\$23,727,195</b>	<b>\$23,822,745</b>	<b>\$ 95,540</b>
Derivative Instruments <sup>(Note 2)</sup>	¥ 13,814	¥ 13,814	¥ —	\$ 134,220	\$ 134,220	\$ —

	Millions of Yen		
	2013		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and deposits	¥ 391,409	¥ 391,409	¥ —
(2) Notes and accounts receivable–trade	1,106,604		
Less: allowance for doubtful accounts <sup>(Note 1)</sup>	(17,920)		
	1,088,683	1,088,683	—
(3) Investment securities	204,847	189,821	(15,025)
(4) Long-term loans receivable	11,224		
Less: allowance for doubtful accounts <sup>(Note 1)</sup>	(446)		
	10,778	10,799	20
<b>Total Assets</b>	<b>¥1,695,718</b>	<b>¥1,680,714</b>	<b>¥(15,004)</b>
(1) Notes and accounts payable–trade	¥ 876,595	¥ 876,595	¥ —
(2) Short-term loans payable	420,602	420,602	—
(3) Commercial papers	144,000	144,000	—
(4) Current portion of bonds	20,000	20,000	—
(5) Bonds payable	65,000	68,557	3,557
(6) Long-term loans payable	727,244	738,970	11,726
<b>Total Liabilities</b>	<b>¥2,253,441</b>	<b>¥2,268,725</b>	<b>¥ 15,284</b>
<b>Derivative Instruments</b> <sup>(Note 2)</sup>	<b>¥ (13,540)</b>	<b>¥ (13,540)</b>	<b>¥ —</b>

Notes: 1. The amount of individual reserve of allowance for doubtful accounts is deducted from notes and accounts receivable–trade and long-term loans receivable.

2. Debts and credits occurred from derivatives are presented at net price, and net debts in total is presented as [ ].

(a) *A method of estimating fair value for financial instruments and information for securities and derivatives*

**Assets**

(1) Cash and deposits, (2) Notes and accounts receivable–trade

The fair value of cash and deposits and notes and accounts receivable–trade approximates book value due to the short maturity of these instruments.

(3) Investment securities

The fair value of securities is estimated based on the market price at securities exchanges.

For more information about securities, please refer to “Note 15. Information of Securities.”

(4) Long-term loans receivable

The fair value of long-term loans receivable is estimated by discounting expected future cash flows using the rates at which loans under similar conditions with the same remaining years would be made as of March 31, 2014 and 2013, respectively.

**Liabilities**

(1) Notes and accounts payable–trade, (2) Short-term loans payable, (3) Commercial papers, and (4) Current portion of bonds

The fair value of the above approximates book value due to the short maturity of these instruments.

(5) Bonds payable

The fair value of bonds payable is estimated based on the market price on the respective balance sheet dates.

(6) Long-term loans payable

The fair value of long-term loans payable is estimated by discounting expected future cash flows using the rates at which loans under similar conditions with the same remaining years would be made as of March 31, 2014 and 2013, respectively.

The estimated fair value of the interest rate swaps with exceptional accounting is included in the estimated fair value of the long-term loans payable since it is handled as one loan.

**Derivative instruments**

Please refer to “16. Derivative Instruments.”

(b) *Financial instruments whose fair values are difficult to measure*

Carrying amount	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Unlisted securities and others	¥198,863	¥181,179	\$1,932,209

Note: The above, which have no market price, are not included in “(3) Investment securities.”

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(c) The term of redemption for money, debt and securities with maturity after March 31, 2014

	Millions of Yen				Thousands of U.S. Dollars			
	2014				2014			
	Within one year	Between one and five years	Between five and ten years	After ten years	Within one year	Between one and five years	Between five and ten years	After ten years
Cash and deposits	¥ 412,089	¥ —	¥ —	¥ —	\$ 4,003,973	\$ —	\$ —	\$ —
Notes and accounts receivable—trade	1,268,331	—	—	—	12,323,464	—	—	—
Investment securities								
Held-to-maturity debentures								
(1) National bonds, local bonds and others	—	—	—	—	—	—	—	—
(2) Bonds	—	—	—	—	—	—	—	—
Available-for-sale securities with maturity								
(1) Bonds	—	—	—	—	—	—	—	—
(2) Others	—	1	—	2	—	9	—	19
Long-term loans receivable	—	7,005	3,692	6,552	—	68,062	35,872	63,661
Total	¥1,680,421	¥7,007	¥3,692	¥6,554	\$16,327,448	\$68,082	\$35,872	\$63,680

	Millions of Yen			
	2013			
	Within one year	Between one and five years	Between five and ten years	After ten years
Cash and deposits	¥ 391,409	¥ —	¥ —	¥ —
Notes and accounts receivable—trade	1,106,604	—	—	—
Investment securities				
Held-to-maturity debentures				
(1) National bonds, local bonds and others	—	—	—	—
(2) Bonds	—	—	—	—
Available-for-sale securities with maturity				
(1) Bonds	—	—	—	—
(2) Others	—	1	—	1
Long-term loans receivable	—	5,540	991	4,693
Total	¥1,498,014	¥5,541	¥991	¥4,695

(d) Amount of repayment scheduled for bonds payable and long-term loans payable after March 31, 2014

	Millions of Yen						Thousands of U.S. Dollars					
	2014						2014					
	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	After five years	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	After five years
Bonds payable	¥—	¥ 10,000	¥ 25,000	¥ —	¥ —	¥ 60,000	\$—	\$ 97,162	\$ 242,907	\$ —	\$ —	\$ 582,977
Long-term loans payable	—	105,832	95,147	104,116	87,677	328,038	—	1,028,293	924,475	1,011,620	851,894	3,187,310
Total	¥—	¥115,832	¥120,147	¥104,116	¥87,677	¥388,038	\$—	\$1,125,456	\$1,167,382	\$1,011,620	\$851,894	\$3,770,287

	Millions of Yen					
	2013					
	Within one year	Between one and two years	Between two and three years	Between three and four years	Between four and five years	After five years
Bonds payable	¥20,000	¥ —	¥ 10,000	¥ 25,000	¥ —	¥ 30,000
Long-term loans payable	—	106,237	90,091	75,984	98,592	356,337
Total	¥20,000	¥106,237	¥100,091	¥100,984	¥98,592	¥386,337

## 15. INFORMATION OF SECURITIES

### (a) Securities with market price

Original cost, carrying amount and valuation difference on available-for-sale securities with market price at March 31, 2014 and 2013 were as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2014			2014		
	Carrying amount	Original cost	Valuation difference	Carrying amount	Original cost	Valuation difference
Fair value in excess of original cost amount:						
Equity securities	¥211,734	¥ 93,518	¥118,215	\$2,057,267	\$ 908,647	\$1,148,610
Fair value less than original cost amount:						
Equity securities	16,868	18,296	(1,428)	163,894	177,769	(13,874)
Total	¥228,602	¥111,815	¥116,787	\$2,221,162	\$1,086,426	\$1,134,735

	Millions of Yen		
	2013		
	Carrying amount	Original cost	Valuation difference
Fair value in excess of original cost amount:			
Equity securities	¥154,002	¥83,679	¥70,322
Fair value less than original cost amount:			
Equity securities	11,024	12,242	(1,217)
Total	¥165,026	¥95,921	¥69,105

Note: Impairment losses of ¥3,336 million (\$32,413 thousand) and ¥2,367 million were recognized in the consolidated statements of income for available-for-sale securities with market price for the years ended March 31, 2014 and 2013, respectively.

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### (b) Securities without market price

Book value of securities not measured at fair value at March 31, 2014 and 2013 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Available-for-sale securities:			
Unlisted securities	¥50,789	¥49,120	\$493,480

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Total amount of sold	¥2,877	¥6,615	\$27,953
Gain on sales of investment securities	1,837	5,793	17,848
Loss on sales of investment securities	(61)	(192)	(592)



## 16. DERIVATIVE INSTRUMENTS

### 1. For the year ended March 31, 2014

#### (a) Transactions for derivative financial instruments to which hedge accounting is not applied

	Millions of Yen				Thousands of U.S. Dollars			
	2014				2014			
Commodity Related:	Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)	Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)
Exchange-traded								
Future contracts:								
Nonferrous Metal								
(Sell)	¥ 64,422	¥4,566	¥ 2,463	¥ 2,463	\$ 625,942	\$44,364	\$ 23,931	\$ 23,931
(Buy)	67,980	2,758	(1,744)	(1,744)	660,513	26,797	(16,945)	(16,945)
Produce & Foodstuffs								
(Sell)	973	—	(68)	(68)	9,453	—	(660)	(660)
(Buy)	372	—	25	25	3,614	—	242	242
Natural Rubber								
(Sell)	423	—	(17)	(17)	4,109	—	(165)	(165)
(Buy)	187	—	8	8	1,816	—	77	77
Raw Cotton								
(Sell)	11,584	—	(695)	(695)	112,553	—	(6,752)	(6,752)
(Buy)	2,408	—	97	97	23,396	—	942	942
Exchange-traded								
Commodity option contracts:								
Raw Cotton								
(Sell)								
Put	¥ 383	¥ —	¥ (29)	¥ (29)	\$ 3,721	\$ —	\$ (281)	\$ (281)
Call	2,047	—	(293)	(293)	19,889	—	(2,846)	(2,846)
Over-the-counter								
Forward contracts:								
Nonferrous Metal								
(Sell)	¥123,392	¥3,307	¥(6,031)	¥(6,031)	\$1,198,911	\$32,131	\$(58,598)	\$(58,598)
(Buy)	91,287	1,191	3,844	3,844	886,970	11,572	37,349	37,349
Natural Rubber								
(Sell)	3,879	—	(129)	(129)	37,689	—	(1,253)	(1,253)
(Buy)	1	—	0	0	9	—	0	0
Raw Cotton								
(Sell)	5,152	111	(39)	(39)	50,058	1,078	(378)	(378)
(Buy)	9,854	497	1,082	1,082	95,744	4,828	10,513	10,513
Over-the-counter								
Commodity swap contracts:								
Petroleum Products								
Receipt-variable/Payment-fixed	¥ 23,052	¥ —	¥(2,176)	¥(2,176)	\$ 223,979	\$ —	\$(21,142)	\$(21,142)
Receipt-fixed/Payment-variable	24,988	—	2,538	2,538	242,790	—	24,659	24,659
Total				¥(1,167)				\$(11,338)

- Notes: 1. The estimated fair value amounts of future contracts except for Raw Cotton were determined using market information on the Tokyo Commodity Exchange or other exchanges.
2. The estimated fair value amounts of future contracts, commodity option contracts and forward contracts for Raw Cotton were determined using market information on the Intercontinental Exchange.
3. The estimated fair value amounts of forward contracts for Nonferrous Metal were determined using the value calculated by major transaction partners.
4. The estimated fair value amounts of commodity swap contracts for Petroleum Products were determined using quotes obtained from financial institutions.
5. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

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	Millions of Yen				Thousands of U.S. Dollars			
	2014				2014			
Currency Related:	Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)	Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)
Over-the-counter								
Forward exchange contracts:								
Selling:								
U.S. Dollars	¥148,268	¥—	¥ (571)	¥ (571)	\$1,440,614	\$ —	\$ (5,547)	\$ (5,547)
Other currencies	21,364	27	(347)	(347)	207,578	262	(3,371)	(3,371)
Buying:								
U.S. Dollars	92,745	—	(894)	(894)	901,136	—	(8,686)	(8,686)
Other currencies	63,774	—	(1,532)	(1,532)	619,646	—	(14,885)	(14,885)
Over-the-counter								
Currency option contracts:								
Selling:								
Put	¥ 4,891	¥—	¥ (3)	¥ (3)	\$ 47,522	\$ —	\$ (29)	\$ (29)
Buying:								
Call	4,891	—	14	14	47,522	—	136	136
Over-the-counter								
Currency swap contracts:								
Receipt–Euro/Payment–U.S. Dollars	¥ 75	¥—	¥ 1	¥ 1	\$ 728	\$ —	\$ 9	\$ 9
Receipt–Pounds/Payment–Euro	64	—	0	0	621	—	0	0
<b>Total</b>				¥(3,331)				\$(32,364)

- Notes: 1. The estimated fair value amounts of forward exchange contracts were determined using the forward exchange rate at the end of the fiscal year.  
2. The estimated fair value amounts of currency option contracts and currency swap 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 in which the premiums of the written options are the same as those paid for the options that are purchased.  
4. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

	Millions of Yen				Thousands of U.S. Dollars			
	2014				2014			
Interest Rate Related:	Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)	Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)
Over-the-counter								
Interest rate swap contracts:								
Receipt–variable/Payment–fixed	¥331	¥—	¥220	¥220	\$3,216	\$—	\$2,137	\$2,137
<b>Total</b>				¥220				\$2,137

- Notes: 1. The estimated fair value amounts of interest rate swap contracts were determined using quotes obtained from financial institutions.  
2. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

(b) Transactions for derivative financial instruments to which hedge accounting is applied

	Millions of Yen			Thousands of U.S. Dollars		
	2014			2014		
	Contract or notional	Contract or notional over one year	Estimated fair value	Contract or notional	Contract or notional over one year	Estimated fair value
Commodity Related:						
<i>(Deferred hedge accounting method)</i>						
Future contracts:						
Produce & Foodstuffs						
(Sell)	¥8,081	¥—	¥(406)	\$78,517	\$ —	\$(3,944)
(Buy)	9,293	—	695	90,293	—	6,752
Petroleum Products						
(Sell)	207	—	(3)	2,011	—	(29)
(Buy)	233	—	1	2,263	—	9
Forward contracts:						
Nonferrous Metal						
(Sell)	¥5,870	¥—	¥(147)	\$57,034	\$ —	\$(1,428)
Commodity swap contracts:						
Petroleum Products						
Receipt-variable/Payment-fixed	¥3,303	¥42	¥ 849	\$32,092	\$408	\$ 8,249
Total			¥ 987			\$ 9,589

- Notes: 1. The estimated fair value amounts of future contracts were determined using market information on the Tokyo Commodity 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. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Millions of Yen			Thousands of U.S. Dollars		
	2014			2014		
	Contract or notional	Contract or notional over one year	Estimated fair value	Contract or notional	Contract or notional over one year	Estimated fair value
Currency Related:						
<i>(Deferred hedge accounting method)</i>						
Forward exchange contracts:						
Selling:						
U.S. Dollars	¥30,372	¥ —	¥ (234)	\$295,102	\$ —	\$ (2,273)
Other currencies	7,981	—	(157)	77,545	—	(1,525)
Buying:						
U.S. Dollars	54,337	14	680	527,953	136	6,607
Other currencies	8,027	126	70	77,992	1,224	680
Currency option contracts:						
Selling:						
Put	¥ 2,171	¥ —	¥ (17)	\$ 21,094	\$ —	\$ (165)
Buying:						
Call	2,171	—	14	21,094	—	136
Currency swap contracts:						
Receipt–U.S. Dollars/Payment–Canadian Dollars	¥20,420	¥ —	¥1,372	\$198,406	\$ —	\$13,330
<i>(Replacement equivalent method for forward exchange contracts)</i>						
Forward exchange contracts:						
Selling:						
U.S. Dollars	¥ 7,707	¥ —	¥ (18)	\$ 74,883	\$ —	\$ (174)
Buying:						
U.S. Dollars	7,036	1,434	220	68,363	13,933	2,137
Other currencies	11,289	1,656	971	109,687	16,090	9,434
<b>Total</b>			<b>¥2,901</b>			<b>\$28,186</b>

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

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

3. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

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

	Millions of Yen			Thousands of U.S. Dollars		
	2014			2014		
	Contract or notional	Contract or notional over one year	Estimated fair value	Contract or notional	Contract or notional over one year	Estimated fair value
Interest Rate Related:						
<i>(Deferred hedge accounting method)</i>						
Interest rate swap contracts:						
Receipt-variable/Payment-fixed	¥ 35,112	¥ 32,005	¥583	\$ 341,158	\$ 310,969	\$5,664
(Exceptional accounting for interest rate swaps)						
Interest rate swap contracts:						
Receipt-variable/Payment-fixed	¥149,240	¥147,184	¥ —	\$1,450,058	\$1,430,081	\$ —
Total			¥583			\$5,664

- Notes: 1. The estimated fair value amounts of interest rate swap contracts were determined using quotes obtained from financial institutions.  
2. The estimated fair value of the interest rate swaps with exceptional accounting is included in the estimated fair value of the long-term loans since handled as one loan.  
3. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

	Millions of Yen			Thousands of U.S. Dollars		
	2014			2014		
	Contract or notional	Contract or notional over one year	Estimated fair value	Contract or notional	Contract or notional over one year	Estimated fair value
Interest Rate and Currency Related:						
<i>(Deferred hedge accounting method)</i>						
Interest rate and currency swap contracts:						
Receipt-U.S. Dollars variable/Payment-Japanese Yen fixed	¥162,613	¥162,613	¥13,619	\$1,579,994	\$1,579,994	\$132,326
Total			¥13,619			\$132,326

- Notes: 1. The estimated fair value amounts of interest rate swap contracts were determined using quotes obtained from financial institutions.  
2. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 2. For the year ended March 31, 2013

#### (a) Transactions for derivative financial instruments to which hedge accounting is not applied

	Millions of Yen			
	2013			
	Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)
Commodity Related:				
Exchange-traded				
Future contracts:				
Nonferrous Metal				
(Sell)	¥ 66,570	¥5,778	¥ 3,059	¥ 3,059
(Buy)	61,337	2,017	(2,251)	(2,251)
Produce & Foodstuffs				
(Sell)	2,667	—	32	32
(Buy)	1,105	—	6	6
Natural Rubber				
(Sell)	537	—	44	44
(Buy)	437	—	(44)	(44)
Raw Cotton				
(Sell)	7,213	—	(299)	(299)
(Buy)	2,853	—	112	112
Exchange-traded				
Commodity option contracts:				
Raw Cotton				
(Sell)				
Put	¥ 1,067	¥ —	¥ (253)	¥ (253)
Call	4,414	—	(711)	(711)
Over-the-counter				
Forward contracts:				
Nonferrous Metal				
(Sell)	¥130,646	¥2,442	¥ (6,815)	¥ (6,815)
(Buy)	102,313	940	4,383	4,383
Raw Cotton				
(Sell)	9,593	—	432	432
(Buy)	11,826	1,233	1,179	1,179
Over-the-counter				
Commodity swap contracts:				
Petroleum Products				
Receipt-variable/Payment-fixed	¥ 28,413	¥ —	¥ 12,276	¥ 12,276
Receipt-fixed/Payment-variable	23,954	—	(10,126)	(10,126)
<b>Total</b>				<b>¥ 1,024</b>

- Notes: 1. The estimated fair value amounts of future contracts except for Raw Cotton were determined using market information on the Tokyo Commodity Exchange or other exchanges.
2. The estimated fair value amounts of future contracts, commodity option contracts and forward contracts for Raw Cotton were determined using market information on the Intercontinental Exchange.
3. The estimated fair value amounts of forward contracts for Nonferrous Metal were determined using the value calculated by major transaction partners.
4. The estimated fair value amounts of commodity swap contracts for Petroleum Products were determined using quotes obtained from financial institutions.
5. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

	Millions of Yen			
	2013			
Currency Related:	Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)
Over-the-counter				
Forward exchange contracts:				
Selling:				
U.S. Dollars	¥126,068	¥ —	¥(7,711)	¥ (7,711)
Other currencies	20,795	41	(341)	(341)
Buying:				
U.S. Dollars	106,746	—	(99)	(99)
Other currencies	55,723	228	(4,181)	(4,181)
Over-the-counter				
Currency option contracts:				
Selling:				
Put	¥ 42,520	¥ —	¥ (5)	¥ (5)
Buying:				
Call	42,520	—	6	6
Over-the-counter				
Currency swap contracts:				
Receipt–Euro/Payment–U.S. Dollars	¥ 60	¥ —	¥ (0)	¥ (0)
Receipt–U.S. Dollars/Payment–Pounds	56	—	0	0
<b>Total</b>				<b>¥(12,333)</b>

- Notes: 1. The estimated fair value amounts of forward exchange contracts were determined using the forward exchange rate at the end of the fiscal year.  
2. The estimated fair value amounts of currency option contracts and currency swap 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 in which the premiums of the written options are the same as those paid for the options that are purchased.  
4. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

	Millions of Yen			
	2013			
Interest Rate Related:	Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)
Over-the-counter				
Interest rate swap contracts:				
Receipt–variable/Payment–fixed	¥2,872	¥—	¥260	¥260
<b>Total</b>				<b>¥260</b>

- Notes: 1. The estimated fair value amounts of interest rate swap contracts were determined using quotes obtained from financial institutions.  
2. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### (b) Transactions for derivative financial instruments to which hedge accounting is applied

	Millions of Yen		
	2013		
	Contract or notional	Contract or notional over one year	Estimated fair value
Commodity Related:			
<i>(Deferred hedge accounting method)</i>			
Future contracts:			
Produce & Foodstuffs			
(Sell)	¥21,513	¥ —	¥ 715
(Buy)	8,577	—	(208)
Petroleum Products			
(Sell)	105	—	(0)
(Buy)	117	—	1
Forward contracts:			
Nonferrous Metal			
(Sell)	¥ 3,833	¥ —	¥ (57)
Commodity swap contracts:			
Petroleum Products			
Receipt-variable/Payment-fixed	¥ 1,742	¥ —	¥ (569)
Receipt-fixed/Payment-variable	3,367	343	2,445
<b>Total</b>			<b>¥2,326</b>

- Notes: 1. The estimated fair value amounts of future contracts were determined using market information on the Tokyo Commodity 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. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.



	Millions of Yen		
	2013		
	Contract or notional	Contract or notional over one year	Estimated fair value
<b>Currency Related:</b>			
<i>(Deferred hedge accounting method)</i>			
Forward exchange contracts:			
Selling:			
U.S. Dollars	¥20,630	¥ 169	¥(1,831)
Other currencies	6,021	881	1
Buying:			
U.S. Dollars	34,983	4,177	976
Other currencies	9,571	426	437
Currency option contracts:			
Selling:			
Put	¥ 2,962	¥ —	¥ (10)
Buying:			
Call	2,962	—	22
Currency swap contracts:			
Receipt–U.S. Dollars/Payment–Canadian Dollars	¥15,621	¥15,621	¥ (66)
<i>(Replacement equivalent method for forward exchange contracts)</i>			
Forward exchange contracts:			
Selling:			
U.S. Dollars	¥ 8,603	¥ —	¥ (506)
Buying:			
Other currencies	3,238	1,755	0
<b>Total</b>			<b>¥ (977)</b>

- Notes: 1. The estimated fair value amounts of forward exchange contracts were determined using the forward exchange rate at the end of the fiscal year.  
2. The estimated fair value amounts of currency option contracts and currency swap contracts were determined using quotes obtained from financial institutions.  
3. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.  
4. Option premiums are not received or paid because these currency option contracts are zero cost option contracts in which the premiums of the written options are the same as those paid for the options that are purchased.

	Millions of Yen		
	2013		
	Contract or notional	Contract or notional over one year	Estimated fair value
<b>Interest Rate Related:</b>			
<i>(Deferred hedge accounting method)</i>			
Interest rate swap contracts:			
Receipt–variable/Payment–fixed (Exceptional accounting for interest rate swaps)	¥ 40,810	¥ 29,534	¥(1,818)
Interest rate swap contracts:			
Receipt–variable/Payment–fixed	¥207,415	¥143,136	¥ —
<b>Total</b>			<b>¥(1,818)</b>

- Notes: 1. The estimated fair value amounts of interest rate swap contracts were determined using quotes obtained from financial institutions.  
2. The estimated fair value of the interest rate swaps with exceptional accounting is included in the estimated fair value of the long-term loans since it is handled as one loan.  
3. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Millions of Yen		
	2013		
	Contract or notional	Contract or notional over one year	Estimated fair value
Interest Rate and Currency Related:			
<i>(Deferred hedge accounting method)</i>			
Interest rate and currency swap contracts:			
Receipt–U.S. Dollars variable/Payment–Japanese Yen fixed	¥148,599	¥148,599	¥(2,023)
Total			¥(2,023)

Notes: 1. The estimated fair value amounts of interest rate and currency swap contracts were determined using quotes obtained from financial institutions.  
 2. The contract or notional amounts of swap contracts are just notional contract amounts or hypothetical principal amounts under derivative transactions which do not represent market risk or credit risk of derivative transactions by themselves.

## 17. EMPLOYEE RETIREMENT BENEFITS

### 1. For the year ended March 31, 2014

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.

The Company has established a retirement benefits trust.

Certain consolidated subsidiaries have multi-employer welfare pension funds. Notes to the multi-employer welfare pension funds are included in "a. Defined benefit plan."

#### a. Defined benefit plan

(1) Adjustment table for the balances of retirement benefit obligations as of April 1, 2013 and as of March 31, 2014 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Balance as of April 1, 2013	¥79,849	\$775,835
Service expenses	4,389	42,644
Interest expenses	1,387	13,476
Actuarial difference incurred	5,613	54,537
Retirement benefits paid	(3,573)	(34,716)
Foreign currency translation difference	3,397	33,006
Other	2,537	24,650
Balance as of March 31, 2014	¥93,601	\$909,453

Note: Certain domestic consolidated subsidiaries are accounted for through the application of the simplified calculation method.

(2) Adjustment table for the balances of pension plan assets as of April 1, 2013 and as of March 31, 2014 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Balance as of April 1, 2013	¥62,447	\$606,752
Expected return on pension plan assets	1,601	15,555
Actuarial differences incurred	5,836	56,704
Employer's contribution	3,113	30,246
Retirement benefits paid	(2,497)	(24,261)
Foreign currency translation difference	4,410	42,848
Other	182	1,768
Balance as of March 31, 2014	¥75,093	\$729,624

(3) Adjustment table for the balances of retirement benefit obligations and pension plan assets as of March 31, 2014 and net defined benefit liability and net defined benefit asset recorded on the consolidated balance sheets was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Retirement benefit obligations (funded)	¥ 62,851	\$ 610,678
Pension plan assets	(75,093)	(729,624)
	(12,241)	(118,937)
Retirement benefit obligations (unfunded)	30,749	298,766
Net balance of liabilities and assets recorded on the consolidated balance sheets	¥ 18,507	\$ 179,819
Net defined benefit liability	¥ 30,915	\$ 300,378
Net defined benefit asset	(12,407)	(120,549)
Net balance of liabilities and assets recorded on the consolidated balance sheets	¥ 18,507	\$ 179,819

(4) The components of net retirement benefit expenses for the year ended March 31, 2014 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Service expenses	¥ 4,389	\$ 42,644
Interest expenses	1,387	13,476
Expected return on pension plan assets	(1,601)	(15,555)
Recognized actuarial loss	1,184	11,504
Amortization of past service costs	20	194
Amortization of transition obligation	(11)	(106)
Net periodic benefit costs for defined benefit plan	5,368	52,157
Other	101	981
Total	¥ 5,469	\$ 53,138

(5) The components of rereasurements of defined benefit plans (before applicable tax effects) for the year ended March 31, 2014 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Unrecognized amortization of past service costs	¥ (231)	\$ (2,244)
Unrecognized actuarial difference	(1,219)	(11,844)
Amortization of transition obligation	11	106
Total	¥(1,439)	\$(13,981)

(6) Pension plan assets

(i) Components of pension plan assets as of March 31, 2014 were as follows:

	2014
Equity securities (Japan)	34%
Equity securities (Overseas)	13
Debt securities (Japan)	21
Debt securities (Overseas)	7
Cash and deposits	1
Life insurance general accounts	16
Other	8
Total	100%

Note: 20% of total pension plan assets was comprised of the retirement benefits trust for the corporate pension fund plan.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(ii) Method of determining the expected long-term rate of return on pension plan assets

The expected rate of return on pension plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(7) Assumptions used in determining the retirement benefit obligations for the year ended March 31, 2014 were as follows:

	2014	
Discount rate	mainly	1.3%
Expected long-term rate of return on pension plan assets	mainly	3.0%

### b. Defined contribution plan

The Company and its consolidated subsidiaries were required to contribute ¥955 million (\$9,279 thousand) to the defined contribution plan.

## 2. For the year ended March 31, 2013

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.

The Company has established a retirement benefits trust.

Certain domestic consolidated subsidiaries were permitted the return of the past government-substituted portion of the welfare pension fund by the Ministry of Health, Labour and Welfare on April 1, 2011 and accordingly, returned the amount of the minimum responsibility reserve fund on August 1, 2012.

	Millions of Yen
Employee Retirement Benefits Liability	2013
Employee retirement benefits obligation	¥(79,849)
Fair value of pension plan assets	62,447
Unfunded benefits obligation	(17,401)
Unrecognized transition amount	(23)
Unrecognized actuarial difference	2,433
Unrecognized past service costs	271
Net amount recognized	(14,720)
Prepaid pension	6,316
Employee retirement benefits liability	¥(21,037)

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

	Millions of Yen
Retirement Benefits Expenses	2013
Service expenses	¥3,533
Interest expenses	1,118
Expected return on pension plan assets	(942)
Amortization of transition obligation	(11)
Amortization of actuarial difference	1,882
Amortization of past service costs	26
Retirement benefits expenses	5,607
Net gain related to the return of the government-substituted portion of the welfare pension fund	—
Others	860
Total	¥6,468

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

Basis of Calculation of Benefits Obligations	2013	
Allocation of payments of expected retirement benefits	Straight-line method	
Discount rate	mainly	2.0%
Expected rate of return on pension plan assets	mainly	3.0%
Amortization of past service costs	mainly	1 year
Amortization of actuarial difference	mainly	12 years
Amortization of transition amount	mainly	1 year

## 18. BUSINESS COMBINATION

### Business combination through acquisition

#### Acquisition of CFAO S.A.

##### 1. Details of adjustments and amount when the material adjustments have been made to the initial allocation of acquisition costs

The Company acquired CFAO S.A. ("CFAO") during the year ended March 31, 2013. Since CFAO is developing a broad array of business in many countries, especially in North and West Africa region, it took a considerable amount of time on necessary procedures for the allocation of the acquisition costs. Accordingly, the allocation of the acquisition costs has not been completed and the Company has tentatively computed the amount of goodwill based on the information reasonably available at the time of preparation of the consolidated financial statements for the year ended March 31, 2013.

Adjusted amounts of goodwill as of the date of the business combination which was reviewed in the year ended March 31, 2014 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Adjusted accounts		
Goodwill (Before adjustments)	¥196,544	\$1,909,677
Property, plant and equipment	(1,250)	(12,145)
Intangible assets	(87,179)	(847,055)
Deferred tax liabilities	28,945	281,237
Current liabilities	3,126	30,373
Minority interests	1,303	12,660
Total adjustments	(55,054)	(534,920)
Goodwill (After adjustments)	¥141,490	\$1,374,757

##### 2. Details of Goodwill

	Millions of Yen	Thousands of U.S. Dollars
	2014	2014
Amount of goodwill recognized	¥141,490	\$1,374,757

Goodwill is recognized for the difference of acquisition cost and the Company's share on the acquired company. Goodwill is amortized evenly over 10 years.

##### 3. Amounts and details by main categories allocated to intangible assets other than goodwill and the weighted average amortization period of total and each main category

Details by main categories	Millions of Yen	Weighted average amortization period	Thousands of U.S. Dollars
	2014		2014
Trademark right	¥ 5,540	15 years	\$ 53,828
Customer-related assets	81,639	11 years	793,227
Intangible assets total	¥87,179	11 years	\$847,055

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 19. INVESTMENT PROPERTY

The Company and certain consolidated subsidiaries own rental properties such as office buildings and commercial facilities including land in Kyushu and other areas. The net of rental income and operating expenses for those rental properties was ¥1,742 million (\$16,925 thousand) and ¥751 million for the fiscal years ended March 31, 2014 and 2013, respectively.

The carrying amounts, changes in such balances and market prices of such properties are as follows:

	Millions of Yen				Thousands of U.S. Dollars			
	Carrying amount		Fair value		Carrying amount		Fair value	
	April 1, 2013	Increase/Decrease	March 31, 2014	March 31, 2014	April 1, 2013	Increase/Decrease	March 31, 2014	March 31, 2014
2014								
Investment property	¥43,030	¥3,382	¥46,413	¥43,011	\$418,091	\$32,860	\$450,961	\$417,907

- Notes: 1. The carrying amount recognized in the balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.  
 2. Increase during the fiscal year ended March 31, 2014 primarily represents the acquisition of real estate, which was ¥5,086 million (\$49,417 thousand).  
 3. The fair value of main properties is measured by a licensed third-party real estate appraisal agent and that of the remaining properties is measured by the Group in accordance with the Real Estate Appraisal Standard (including adjustments made using indexes).

	Millions of Yen			
	Carrying amount		Fair value	
	April 1, 2012	Increase/Decrease	March 31, 2013	March 31, 2013
2013				
Investment property	¥44,866	¥[1,836]	¥43,030	¥38,999

- Notes: 1. The carrying amount recognized in the balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.  
 2. Decrease during the fiscal year ended March 31, 2013 primarily represents the sales of real estate, which was ¥1,245 million.  
 3. The fair value of main properties is measured by a licensed third-party real estate appraisal agent and that of the remaining properties is measured by the Group in accordance with the Real Estate Appraisal Standard (including adjustments made using indexes).

## 20. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and tax effects for each component of other comprehensive income for the years ended March 31, 2014 and 2013 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Net valuation difference on available-for-sale securities, net of taxes:			
Gains (losses) arising during the year	¥ 51,229	¥ 43,820	\$ 497,755
Reclassification adjustments	(1,203)	(2,617)	(11,688)
Before income tax effects	50,025	41,202	486,057
Income tax effects	17,077	13,923	165,924
Net valuation difference on available-for-sale securities, net of taxes	32,949	27,279	320,141
Net deferred gains or losses on hedges, net of taxes:			
Gains (losses) arising during the year	(595)	(13,782)	(5,781)
Reclassification adjustments	5,688	(410)	55,266
Before income tax effects	5,093	(14,193)	49,485
Income tax effects	1,398	(5,058)	13,583
Net deferred gains or losses on hedges, net of taxes	3,694	(9,134)	35,891
Foreign currency translation adjustment:			
Adjustments arising during the year	116,407	52,510	1,131,043
Reclassification adjustments	(133)	3	(1,292)
Foreign currency translation adjustment	116,273	52,514	1,129,741
Share of other comprehensive income of entities accounted for using equity method:			
Gains (losses) arising during the year	15,165	6,826	147,347
Reclassification adjustments	(434)	143	(4,216)
Share of other comprehensive income of entities accounted for using equity method	14,730	6,969	143,120
Total other comprehensive income	¥167,649	¥ 77,629	\$1,628,925

### 21. SEGMENT INFORMATION

#### Description of reportable segments

The Group's reportable segments are components of the Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.

The main business of the Group is buying and selling of various goods in Japan and overseas. The Group is also engaged in a wide range of business including manufacturing, processing and selling products, investments, and providing services. The Group's operations are segmented based on product and service categories into seven segments, namely Metals, Global Production Parts & Logistics, Automotive, Machinery, Energy & Project, Chemicals & Electronics, Food & Agribusiness, and Consumer Products & Services. These segments correspond to the Group's seven business divisions. The business of each segment is conducted by the Company's business divisions and affiliates directly supervised by each business division.

The businesses of each division are listed below.

#### *Metals Division*

The Metals Division mainly handles ordinary and special steel products, steel construction materials, unwrought nonferrous and precious metals, rolled light-metal products, copper and copper alloy products, scrap iron and scrap nonferrous metals, ferroalloy products, wrought iron, end-of-life vehicle (ELV) recycling and disposable catalyst reclamation, rare earth and new metals. The Division manufactures, processes, sells and disposes of the products listed above.

#### *Global Production Parts & Logistics Division*

The Global Production Parts & Logistics Division mainly manufactures, sells and provides services for automotive parts, as well as running a logistics business and a tire assembly business.

#### *Automotive Division*

The Automotive Division mainly handles passenger vehicles, commercial vehicles, light vehicles, two-wheeled vehicles, trucks and buses, and automotive parts. The Division sells and provides services for the products listed above.

#### *Machinery, Energy & Project Division*

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

#### *Chemicals & Electronics Division*

The Chemicals & Electronics Division sells and provides services for communications devices, electronic devices, semiconductors, automotive embedded software development, electronic equipment, network integration and support, PCs, PC peripherals and software, component parts for automobile production and ITS (Intelligent Transport Systems) equipment. The Division also handles organic chemicals, fine and inorganic chemicals, functional chemicals, fat and oil products, synthetic resins, chemical additives, batteries, electronic materials, pharmaceuticals products and pharmaceutical ingredients. The Division processes, manufactures, sells and provides services relevant to the products listed above.



### Food & Agribusiness Division

The Food & Agribusiness Division mainly handles livestock feed, grains, processed foods, food ingredients, agricultural, marine and livestock products, and alcoholic beverages. The Division manufactures, processes, sells, and provides services relevant to the products listed above.

### Consumer Products & Services Division

The Consumer Products and Services Division mainly handles condominiums and commercial buildings, construction materials, housing materials and furniture, textile raw materials, apparel, interior goods, sleepwear products, textile products, textile materials, life and health insurance, property and casualty insurance, photocatalysts, seniors-related business products, and securities brokerage services. The Division sells and provides services relevant to the products listed above.

## Reportable segment information

The accounting policies of each reportable segment are consistent with those disclosures in "Note 2. Summary of Significant Accounting Policies."

	Millions of Yen											
	Reportable segment							Total	Other	Total	Adjustments	Consolidation
2014	Metals	Global Production Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Agribusiness	Consumer Products & Services					
Net sales:												
External customers	¥1,828,281	¥891,606	¥1,298,042	¥1,526,737	¥1,706,508	¥319,878	¥169,535	¥7,740,590	¥ 2,647	¥7,743,237	¥ —	¥7,743,237
Inter-segment	714	3,173	51	401	5,483	106	785	10,715	462	11,178	(11,178)	—
Total	1,828,995	894,780	1,298,094	1,527,138	1,711,992	319,985	170,320	7,751,306	3,109	7,754,415	(11,178)	7,743,237
Segment income (loss)	¥ 43,668	¥ 22,991	¥ 39,643	¥ 23,826	¥ 27,363	¥ 5,542	¥ 7,507	¥ 170,544	¥ (9,307)	¥ 161,236	¥ 84	¥ 161,321
Segment assets	¥ 765,858	¥317,104	¥ 713,526	¥ 607,467	¥ 777,040	¥186,042	¥113,462	¥3,480,501	¥730,900	¥4,211,402	¥(138,673)	¥4,072,728
Other items												
Depreciation	¥ 9,388	¥ 5,703	¥ 17,460	¥ 15,191	¥ 6,244	¥ 3,551	¥ 1,745	¥ 59,286	¥ 5,607	¥ 64,893	¥ —	¥ 64,893
Amortization of goodwill	92	157	11,630	4,939	11,332	5,377	1,291	34,821	357	35,179	—	35,179
Impairment losses	—	—	—	6,222	158	—	—	6,381	300	6,681	—	6,681
Goodwill	63	274	110,852	13,716	48,121	27,429	1,482	201,940	918	202,858	—	202,858
Investment in affiliates accounted for using equity method	14,033	18,521	23,289	56,947	58,075	11,591	5,274	187,734	13,340	201,074	—	201,074
Increase in property, plant and equipment and intangible assets	8,380	5,060	22,348	40,594	5,036	6,629	1,447	89,497	9,141	98,638	—	98,638

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Thousands of U.S. Dollars												
Reportable segment												
2014	Metals	Global Production Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Agribusiness	Consumer Products & Services	Total	Other	Total	Adjustments	Consolidation
Net sales:												
External customers	\$17,764,098	\$8,663,097	\$12,612,145	\$14,834,211	\$16,580,917	\$3,108,025	\$1,647,250	\$75,209,774	\$ 25,719	\$75,235,493	\$ —	\$75,235,493
Inter-segment	6,937	30,829	495	3,896	53,274	1,029	7,627	104,109	4,488	108,608	(108,608)	—
Total	17,771,035	8,693,937	12,612,650	14,838,107	16,634,201	3,109,065	1,654,877	75,313,894	30,207	75,344,102	(108,608)	75,235,493
Segment income (loss)	\$ 424,290	\$ 223,387	\$ 385,182	\$ 231,500	\$ 265,866	\$ 53,847	\$ 72,940	\$ 1,657,054	\$ (90,429)	\$ 1,566,614	\$ 816	\$ 1,567,440
Segment assets	\$ 7,441,294	\$3,081,072	\$ 6,932,821	\$ 5,902,322	\$ 7,549,941	\$1,807,636	\$1,102,429	\$33,817,537	\$7,101,632	\$40,919,179	\$(1,347,386)	\$39,571,783
Other items												
Depreciation	\$ 91,216	\$ 55,411	\$ 169,646	\$ 147,600	\$ 60,668	\$ 34,502	\$ 16,954	\$ 576,039	\$ 54,479	\$ 630,518	\$ —	\$ 630,518
Amortization of goodwill	893	1,525	113,000	47,988	110,104	52,244	12,543	338,330	3,468	341,809	—	341,809
Impairment losses	—	—	—	60,454	1,535	—	—	61,999	2,914	64,914	—	64,914
Goodwill	612	2,662	1,077,069	133,268	467,557	266,507	14,399	1,962,106	8,919	1,971,026	—	1,971,026
Investment in affiliates accounted for using equity method	136,348	179,955	226,282	553,313	564,273	112,621	51,243	1,824,076	129,615	1,953,692	—	1,953,692
Increase in property, plant and equipment and intangible assets	81,422	49,164	217,139	394,422	48,931	64,409	14,059	869,578	88,816	958,394	—	958,394

- Notes: 1. "Other" comprises businesses, such as a professional division that supports Groupwide operations, that are not included in reportable segments.  
2. Figures in "Adjustments" for the "Segment income (loss)" and the "Segment assets" rows represent the amounts of inter-segment transactions.  
3. "Segment income (loss)" are based on operating income reported on the consolidated statements of income for the corresponding period.

Millions of Yen												
Reportable segment												
2013	Metals	Global Production Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Agribusiness	Consumer Products & Services	Total	Other	Total	Adjustments	Consolidation
Net sales:												
External customers	¥1,694,116	¥790,824	¥781,902	¥1,253,422	¥1,324,842	¥290,225	¥165,807	¥6,301,141	¥ 3,212	¥6,304,354	¥ —	¥6,304,354
Inter-segment	143	5,901	35	1,586	5,810	117	2,918	16,513	477	16,990	(16,990)	—
Total	1,694,260	796,725	781,938	1,255,008	1,330,653	290,342	168,726	6,317,655	3,689	6,321,345	(16,990)	6,304,354
Segment income (loss)	¥ 36,289	¥ 19,755	¥ 31,215	¥ 10,459	¥ 10,435	¥ 2,546	¥ 8,907	¥ 119,609	¥ (3,730)	¥ 115,879	¥(4)	¥ 115,875
Segment assets	¥ 719,954	¥274,345	¥581,153	¥ 538,374	¥ 650,962	¥177,493	¥117,543	¥3,059,826	¥653,658	¥3,713,485	¥(121,117)	¥3,592,368
Other items												
Depreciation	¥ 7,839	¥ 4,281	¥ 4,679	¥ 12,693	¥3,307	¥ 1,460	¥ 1,652	¥ 35,913	¥ 5,440	¥ 41,354	¥ —	¥ 41,354
Amortization of goodwill	219	210	764	4,865	8,139	3,311	1,310	18,820	224	19,044	—	19,044
Impairment losses	287	—	—	2,605	16	—	—	2,909	228	3,137	—	3,137
Goodwill	154	408	135,666	18,544	62,913	35,330	2,755	255,773	1,183	256,957	—	256,957
Investment in affiliates accounted for using equity method	8,511	20,519	15,375	49,691	46,473	6,610	4,272	151,455	11,418	162,873	—	162,873
Increase in property, plant and equipment and intangible assets	16,357	4,816	11,979	40,874	2,747	1,212	1,408	79,395	11,448	90,844	—	90,844

- Notes: 1. "Other" comprises businesses, such as a professional division that supports Groupwide operations, that are not included in reportable segments.  
2. Figures in "Adjustments" for the "Segment income (loss)" and the "Segment assets" rows represent the amounts of inter-segment transactions.  
3. "Segment income (loss)" are based on operating income reported on the consolidated statements of income for the corresponding period.

### Change in reportable segment

Effective from the fiscal year ended March 31, 2014, the Group changed the classification of automotive interior, materials, parts and others which previously belonged to "Consumer Products, Services & Materials" to "Global Production Parts & Logistics."

In addition, the Group changed the segment name from "Consumer Products, Services & Materials" to "Consumer Products & Services." Accordingly, the figures for the year ended March 31, 2013 have been reclassified to conform to the new segment classification.

## Related information

### (Geographic information)

2014	Millions of Yen				Thousands of U.S. Dollars			
	Japan	China	Other	Total	Japan	China	Other	Total
Net sales	¥2,662,475	¥1,116,173	¥3,964,589	¥7,743,237	\$25,869,364	\$10,845,054	\$38,521,074	\$75,235,493

Net sales are based on the location of customers and categorized by country or region.

2013	Millions of Yen			
	Japan	China	Other	Total
Net sales	¥2,555,912	¥876,133	¥2,872,308	¥6,304,354

Net sales are based on the location of customers and categorized by country or region.

2014	Millions of Yen				Thousands of U.S. Dollars			
	Japan	U.S.A.	Other	Total	Japan	U.S.A.	Other	Total
Property, plant and equipment	¥207,013	¥58,548	¥238,541	¥504,104	\$2,011,397	\$568,869	\$2,317,732	\$4,898,017

2013	Millions of Yen			
	Japan	U.S.A.	Other	Total
Property, plant and equipment	¥198,089	¥51,142	¥196,139	¥445,370

## 22. RELATED PARTY TRANSACTIONS

During the years ended March 31, 2014 and 2013, the Company had operational transactions with Toyota Motor Corporation ("TMC"), a 22.1% and 22.2% shareholder of the Company as of March 31, 2014 and 2013, respectively.

A summary of the significant transactions with TMC for the years ended or as at March 31, 2014 and 2013 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
For the year:			
Sales of raw materials	¥211,912	¥202,612	\$2,058,997
Purchase of automobiles	258,564	192,966	2,512,281
At year-end:			
Notes and accounts receivable-trade	¥ 34,448	¥ 27,674	\$ 334,706
Notes and accounts payable-trade	16,143	14,184	156,849

Note: The terms and conditions applicable to the above transactions were determined by negotiations on an arms-length basis.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 23. STOCK-BASED COMPENSATION

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

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Selling, general and administrative expenses	¥—	¥65	\$—

#### (2) Stock option income recorded by forfeitures due to reversal of subscription rights

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	2014
Gain on reversal of subscription rights to shares	¥372	¥172	\$3,614

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

##### (a) Stock option details

	2011	2010
Position and number of grantees	Directors and executive officers of the Company: 42 Certain eligible employees of the Company: 264 Directors of affiliated companies of the Company: 29	Directors and executive officers of the Company: 42 Certain eligible employees of the Company: 254 Directors of affiliated companies of the Company: 37
Class and number of shares (Note)	1,030,000 shares of common stock	1,030,000 shares of common stock
Date of issue	August 6, 2010	August 7, 2009
Vesting conditions	The grantee must be employed as a director, executive officer or regular employee of the Company or affiliated companies of the Company at the time of exercise. However, the grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.	The grantee must be employed as a director, executive officer or regular employee of the Company or affiliated companies of the Company at the time of exercise. However, the grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.
Service period	From August 6, 2010 to July 31, 2012	From August 7, 2009 to July 31, 2011
Exercise period	From August 1, 2012 to July 31, 2016	From August 1, 2011 to July 31, 2015
	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	The grantee must be employed as a director, executive officer or regular employee of the Company or affiliated companies of the Company at the time of exercise. However, the grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.	The grantee must be employed as a director, executive officer or regular employee of the Company or affiliated companies of the Company at the time of exercise. However, the 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

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

	2011	2010	2009	2008
<b>Non-exercisable stock options</b>				
Stock options outstanding at the end of the previous fiscal year	—	—	—	—
Stock options granted	—	—	—	—
Forfeitures	—	—	—	—
Conversion to exercisable stock options	—	—	—	—
Stock options outstanding at the end of the fiscal year	—	—	—	—
<b>Exercisable stock options</b>				
Stock options outstanding at the end of the previous fiscal year	437,800	453,900	636,000	536,000
Conversion from non-exercisable stock options	—	—	—	—
Stock options exercised	167,700	198,900	139,500	—
Forfeitures	8,000	2,000	34,000	536,000
Stock options outstanding at the end of the fiscal year	262,100	253,000	462,500	—

### (ii) Price of options

	Exact Yen Amounts			
	2011	2010	2009	2008
Exercise price	¥1,375	¥1,492	¥2,417	¥3,148
Average market price of the stock at the time of exercise	2,559	2,559	2,559	—
Fair value of options on grant date	402	487	308	667

## (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.

## 24. 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
	2014	2013	2014
<b>Net income per share basic:</b>			
Net income	¥ 73,034	¥ 67,432	\$ 709,619
Net income not attributable to common shareholders	—	—	—
Net income attributable to common shareholders	73,034	67,432	709,619
Weighted average shares (thousands of shares)	351,108	350,159	3,411,465
Net income per share basic (exact yen amounts)	¥ 208.01	¥ 192.58	\$ 2.02
<b>Net income per share diluted:</b>			
Increase in weighted average shares for diluted computation (thousands of shares)	329	290	329
Net income per share diluted (exact yen amounts)	¥ 207.82	¥ 192.42	\$ 2.02

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.

The fiscal year ended March 31, 2013:

- 1) Stock options outstanding for 536,000 shares of common stock under the stock option program approved by the annual general shareholders' meeting held on June 26, 2007
- 2) Stock options outstanding for 636,000 shares of common stock under the stock option program approved by the annual general shareholders' meeting held on June 25, 2008

## 25. NUMBER OF ISSUED SHARES AND TREASURY STOCK

### 1. Number of issued shares

The changes in total number of issued shares for the years ended March 31, 2014 and 2013 are as follows:

	Shares
Balance at March 31, 2012	354,056,516
Increase	—
Decrease	—
Balance at March 31, 2013	354,056,516
Increase	—
Decrease	—
Balance at March 31, 2014	354,056,516

### 2. Number of treasury stock

The changes in total number of treasury stock for the years ended March 31, 2014 and 2013 are as follows:

	Shares
Balance at March 31, 2012	4,165,972
Increase due to purchases of less-than-one-unit shares from shareholders	10,770
Net increase (decrease) of the quota of the Company's stocks owned by consolidated subsidiaries and affiliates accounted using equity method	(629)
Decrease due to exercise of stock options	(907,300)
Decrease due to sales of less-than-one-unit shares to shareholders	(790)
Balance at March 31, 2013	3,268,023
Increase due to purchases of less-than-one-unit shares from shareholders	17,278
Net increase (decrease) of the quota of the Company's stocks owned by consolidated subsidiaries and affiliates accounted by the equity method	79
Decrease due to exercise of stock options	(506,100)
Decrease due to sales of less-than-one-unit shares to shareholders	(593)
Decrease due to stock exchange	(19,656)
Balance at March 31, 2014	2,759,031

## 26. CHANGE IN NET ASSETS

### Matters related to dividends

(a) Dividend payment

Approvals by the annual general shareholders' meeting held on June 21, 2012 are as follows:

Dividend on Common Stock	
1) Total amount of dividends:	¥9,103 million
2) Funds for dividends:	Retained earnings
3) Dividends per share:	¥26.00
4) Record date:	March 31, 2012
5) Effective date:	June 22, 2012

Approvals by the Board of Directors' meeting on held October 31, 2012 are as follows:

Dividend on Common Stock	
1) Total amount of dividends:	¥7,706 million
2) Dividends per share:	¥22.00
3) Record date:	September 30, 2012
4) Effective date:	November 26, 2012

Approvals by the annual general shareholders' meeting held on June 25, 2013 are as follows:

Dividend on Common Stock	
1) Total amount of dividends:	¥7,722 million (\$75,029 thousand)
2) Funds for dividends:	Retained earnings
3) Dividends per share:	¥22.00
4) Record date:	March 31, 2013
5) Effective date:	June 26, 2013

Approvals by the Board of Directors' meeting held on October 31, 2013 are as follows:

Dividend on Common Stock	
1) Total amount of dividends:	¥8,081 million (\$78,517 thousand)
2) Dividends per share:	¥23.00
3) Record date:	September 30, 2013
4) Effective date:	November 26, 2013

(b) Dividends whose record date is attributable to the accounting period ended March 31, 2014 but which are to be effective after the said accounting period

Approvals by the annual general shareholders' meeting held on June 20, 2014 are as follows:

Dividend on Common Stock	
1) Total amount of dividends:	¥9,491 million (\$92,217 thousand)
2) Funds for dividends:	Retained earnings
3) Dividends per share:	¥27.00
4) Record date:	March 31, 2014
5) Effective date:	June 23, 2014

## 27. QUARTERLY FINANCIAL SUMMARY FOR THE FISCAL YEAR ENDED MARCH 31, 2014

Accumulative

	Millions of Yen				Thousands of U.S. Dollars			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net sales	¥1,896,469	¥3,713,365	¥5,704,061	¥7,743,237	\$18,426,632	\$36,080,110	\$55,422,279	\$75,235,493
Income before income taxes and minority interests	46,464	87,519	123,533	155,832	451,457	850,359	1,200,281	1,514,108
Net income	21,779	41,862	57,580	73,034	211,610	406,743	559,463	709,619
Net income per share basic (exact yen amounts)	¥62.07	¥119.27	¥164.02	¥208.01	\$0.60	\$1.16	\$1.59	\$2.02

Fiscal period

	Yen				U.S. Dollars			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net income per share basic	¥62.07	¥57.20	¥44.75	¥44.00	\$0.60	\$0.56	\$0.43	\$0.43

# REPORT OF INDEPENDENT AUDITORS

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries



## Independent Auditor's Report

To the Board of Directors of TOYOTA TSUSHO CORPORATION

We have audited the accompanying consolidated financial statements of TOYOTA TSUSHO CORPORATION ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2014, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2014, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### *Convenience translation*

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2014 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*

July 7, 2014

PricewaterhouseCoopers Aarata

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# INVESTOR INFORMATION

[As of March 31, 2014]

Name	TOYOTA TSUSHO CORPORATION
Head Office	9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan
Established	July 1, 1948
Number of Employees	Parent company* 2,809 Consolidated 50,423
Paid-in Capital	¥64,936,432,888
Common Stock	Authorized 1,000,000,000 Issued 354,056,516
Number of Shareholders	54,572

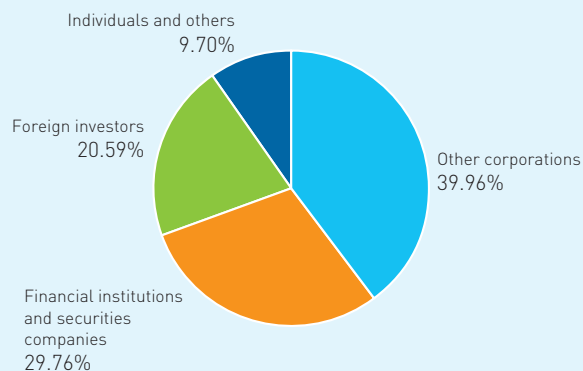
\* Number of employees is the number of full-time employees at the Company (Company employees dispatched to other companies are excluded, employees from other companies dispatched to the Company are included).

Stock Listings	Tokyo, Nagoya (Ticker code 8015)
Independent Auditors	PricewaterhouseCoopers Aarata
Transfer Agent for Shares Special Management of Accounts	Mitsubishi UFJ Trust and Banking Corporation
Address of Office	Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212
Mailing Address	Stock Transfer Agency Department Mitsubishi UFJ Trust and Banking Corporation 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081 Phone: 0120-232-711 (free dial within Japan)
Handling Offices	All branches nationwide of Mitsubishi UFJ Trust and Banking Corporation All branches nationwide of Nomura Securities Co., Ltd.
Phone (free dial within Japan)	0120-244-479 (Headquarters Stock Transfer Agency Department) 0120-684-479 (Osaka Stock Transfer Agency Department)
Website	<a href="http://www.tr.mufg.jp/daikou/">http://www.tr.mufg.jp/daikou/</a>

Major Shareholders		
Name	Number of shares (Thousands)	Shareholding (%)
Toyota Motor Corporation	76,368	21.57
Toyota Industries Corporation	39,365	11.12
The Master Trust Bank of Japan, Ltd.	19,374	5.47
Japan Trustee Services Bank, Ltd.	14,146	4.00
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,098	2.29
Mitsui Sumitomo Insurance Co., Ltd.	6,000	1.69
Sumitomo Mitsui Banking Corporation	4,249	1.20
Aioi Nissay Dowa Insurance Co., Ltd.	4,087	1.15
Tokio Marine & Nichido Fire Insurance Co., Ltd.	4,049	1.14
Nippon Life Insurance Company	3,789	1.07

## Breakdown of Issued Shares

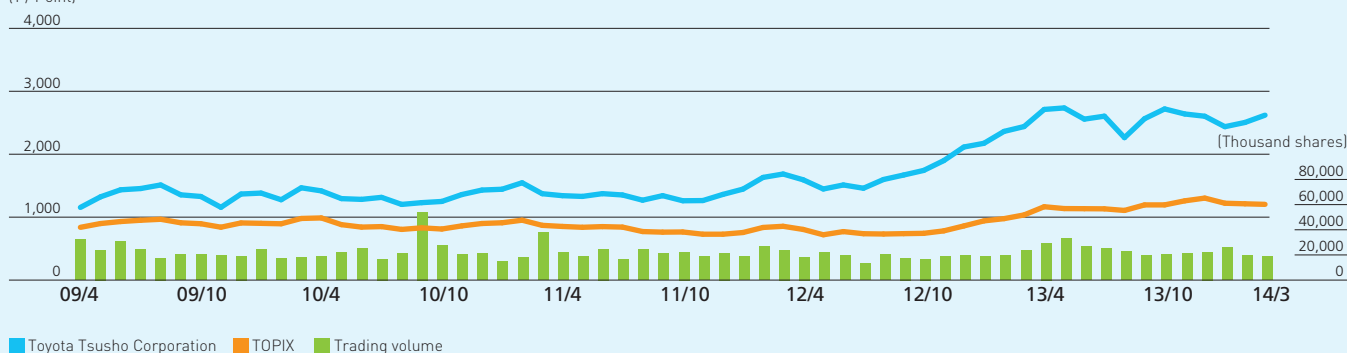
By type of shareholder



\* Individuals and others includes 25,320 share units of treasury stock held by the Company.

## Stock Price Range and Trading Volume

(¥ / Point)



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