TOYOTA TSUSHO CORPORATION

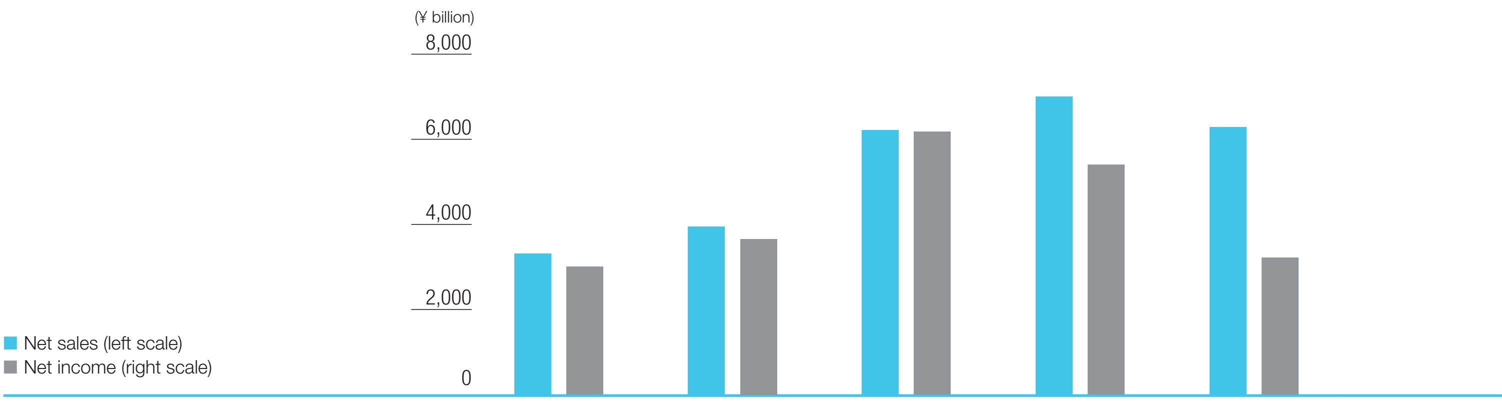
FINANCIAL SECTION 2015

Fiscal year ended March 31, 2015

CONTENTS

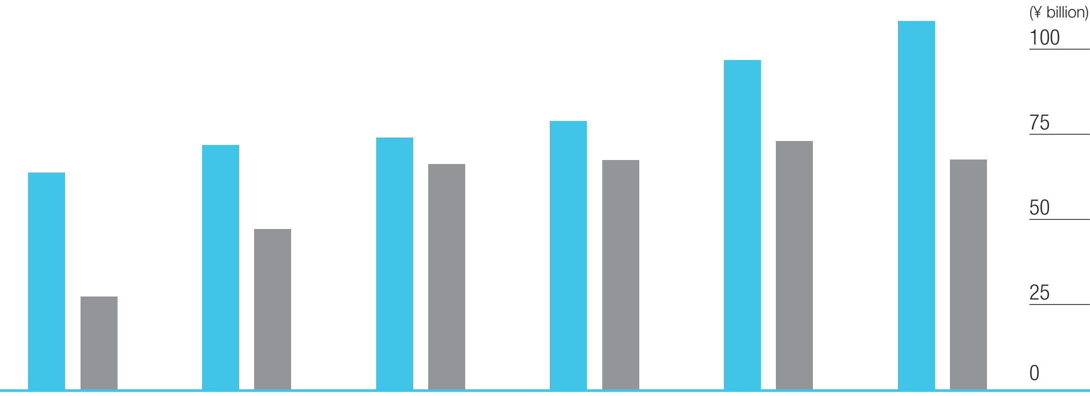
ELEVEN-YEAR FINANCIAL SUMMARY

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31



	2005/3	2006/3 (Note 1)	2007/3	2008/3	2009/3
Results of Operations:					
Net Sales (Note 3)	¥3,315,831	¥3,945,319	¥6,212,726	¥7,000,353	¥6,286,996
Gross Profit	175,683	221,593	328,459	369,524	326,679
SG&A Expenses	119,368	141,536	218,456	237,853	235,661
Operating Income	56,315	80,057	110,003	131,671	91,017
Share of Profit of Entities Accounted for Using Equity Method	2,602	1,180	7,342	11,065	6,610
Net Income	37,522	45,733	77,212	67,506	40,224
Financial Position at Year-End:					
Total Assets	¥1,198,394	¥1,602,702	¥2,462,229	¥2,603,207	¥2,130,089
Total Net Assets (Note 4)	237,132	314,319	626,539	639,731	586,996
Net Interest-Bearing Debt	319,785	431,844	677,580	600,250	573,920
Cash Flows:					
Net Cash Provided by Operating Activities	¥ 17,836	¥ 33,089	¥ 44,599	¥ 104,728	¥ 123,760
Net Cash Used in Investing Activities	(29,410)	(119,379)	(31,159)	(36,717)	(54,827)
Net Cash Provided by (Used in) Financing Activities	12,027	90,453	(46,555)	(23,058)	4,614
Cash and Cash Equivalents at End of Period	69,548	75,032	125,603	174,197	242,530
Per Share:					
Net Income:					
Basic	¥132.98	¥161.88	¥231.47	¥192.44	¥114.73
Diluted (Note 5)	132.11	160.75	230.30	192.08	114.72
Cash Dividends for the Year	12.00	18.00	26.00	30.00	26.00
Dividend Payout Ratio	9.0%	11.1%	11.2%	15.6%	22.7%
Financial Measures:					
ROE	17.6%	16.6%	15.7%	11.6%	7.2%
Shareholders' Equity Ratio	19.8%	19.6%	23.5%	22.5%	24.9%
Net Debt Equity Ratio (times)	1.35	1.37	1.17	1.02	1.08
Common Stock:					
Number of Shares Outstanding at Year-End	282,867	282,867	354,056	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 ¥120.17 = U.S.$1, the approximate exchange rate prevailing on March 31, 2015, which was the final business day of financial institutions in the fiscal year ended March 31, 2015.
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.



	2010/3	2011/3	2012/3	2013/3	2014/3	Millions of Yen 2015/3	Thousands of U.S. Dollars (Note 2) 2015/3
	¥5,102,261	¥5,743,649	¥5,916,759	¥6,304,354	¥7,743,237	¥8,663,460	$72,093,367
	280,790	330,730	343,999	403,888	582,498	634,572	5,280,619
	225,199	245,432	251,596	288,013	421,177	465,115	3,870,475
	55,591	85,297	92,403	115,875	161,321	169,456	1,410,135
	7,364	13,636	15,396	17,646	13,783	4,060	33,785
	27,339	47,169	66,205	67,432	73,034	67,571	562,295
	¥2,274,547	¥2,436,248	¥2,837,428	¥3,592,368	¥4,072,728	¥4,533,693	$37,727,327
	650,215	667,378	751,747	920,043	1,156,080	1,304,483	10,855,313
	563,066	581,366	672,137	998,626	1,088,974	1,233,559	10,265,116
	¥ 100,217	¥ 79,884	¥ 63,782	¥ 124,156	¥ 133,937	¥169,100	$1,407,173
	(73,090)	(74,046)	(58,771)	(323,389)	(135,587)	(199,512)	(1,660,247)
	(107,623)	77,751	97,358	223,374	5,356	108,247	900,782
	170,714	252,747	354,755	391,352	412,032	499,157	4,153,757
						Yen	U.S. Dollars (Note 2)
	¥78.08	¥134.78	¥189.34	¥192.58	¥208.01	¥192.23	$1.60
	—	—	—	192.42	207.82	192.10	1.60
	16.00	28.00	42.00	44.00	50.00	56.00	0.47
	20.5%	20.8%	22.2%	22.8%	24.0%	29.1%	—
	4.9%	8.0%	10.7%	9.6%	8.4%	6.4%	—
	25.7%	24.4%	22.6%	21.2%	23.9%	24.8%	—
	0.96	0.98	1.04	1.31	1.12	1.10	—
						Thousands of Shares	
	354,056	354,056	354,056	354,056	354,056	354,056	—

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

General Operating Environment

In the fiscal year ended March 31, 2015, the global economy as a whole continued to grow gradually, with developed economies performing solidly amid a slowdown in emerging market economies. The U.S. economy benefited from robust personal consumption fueled by recovery in employment and lower crude oil prices. The European economy showed signs of stabilizing in response to the European Central Bank's quantitative easing program, but Europe's economic outlook remained murky, clouded by economic challenges in Greece and elsewhere. Among emerging market economies, growth picked up in major Asian countries other than China, where growth slowed. Meanwhile, some resource-producing countries saw their economies weaken in the wake of a decline in crude oil prices.

Against such a backdrop, the Japanese economy slowed in the first half of the fiscal year in the aftermath of last April's consumption tax hike, which was compounded by import cost inflation stemming from the yen's depreciation. In the fiscal second half, however, the Japanese economy embarked on what appears to be a self-sustaining recovery driven by an improvement in capital investment and reduction in imported energy costs.

Business Performance of Toyota Tsusho Corporation

The Toyota Tsusho Group's net sales in the fiscal year ended March 31, 2015 increased ¥920.2 billion (11.9%) year on year to ¥8,663.4 billion, largely by virtue of growth in petroleum product sales coupled with the yen's depreciation. Operating income grew to ¥169.4 billion from ¥161.3 billion in the previous fiscal year, an ¥8.1 billion (5.0%) increase attributable mainly to growth in gross profit. Net income after taxes, however, was down ¥5.4 billion (7.5%) to ¥67.5 billion from the previous fiscal year's ¥73.0 billion due to a decrease in equity in earnings of unconsolidated subsidiaries and affiliates.

Future Issues to Address

Looking at economic trends worldwide, the global economy continued to grow modestly overall, on the back of a solid performance by developed economies. Notably, the U.S. economy benefited from a recovery in employment and lower crude oil prices. In Europe, the European Central Bank's quantitative easing program had a positive effect on the economy. However, emerging market economies saw slower growth mainly due to a slowdown in China and weakening economies in certain resource-producing countries that were impacted by the steep decline in crude oil prices.

The Japanese economy slowed in the first half of the fiscal year following last April's consumption tax hike and higher import costs reflecting the weaker yen. In the second half, the Japanese economy showed signs of a self-sustaining recovery driven by improved capital investment and lower costs for importing energy.

In the automobile business, the foundation of the Toyota Tsusho Group, market expansion had continued primarily in emerging markets in Africa and Asia. However, considering the impact of a steep decline in crude oil prices on emerging market economies, we expect the operating environment to remain under pressure going forward.

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

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 both within and 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.

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

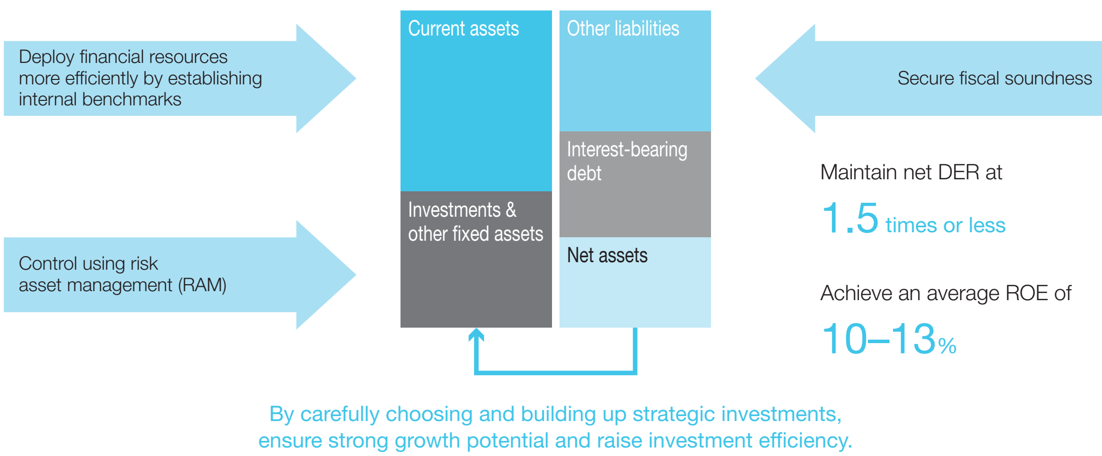
In this manner, we are working to accomplish the goals of the Global 2020 Vision by carefully identifying business areas that will demonstrate the Company's strengths in the three domains of Mobility, Life and Community, and Earth and Resources, and by developing businesses and capturing synergies that will support the future of the Toyota Tsusho Group in each of these three domains.

Overseas, we see strong potential for our capital participation in CFAO S.A. In addition to expanding the automotive sector in Africa through CFAO, 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.

In order to achieve further global growth, we aim to further utilize the diversity of our human resources to create value, as they are one of our most important assets. We therefore see promoting "global diversity and inclusion" 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 overseas.

In our investing activities, we are building management systems to ensure that we effectively allocate resources, and generate steady investment returns. 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.

Financial Risk Management



Assets, Liabilities, and Equity as of March 31, 2015

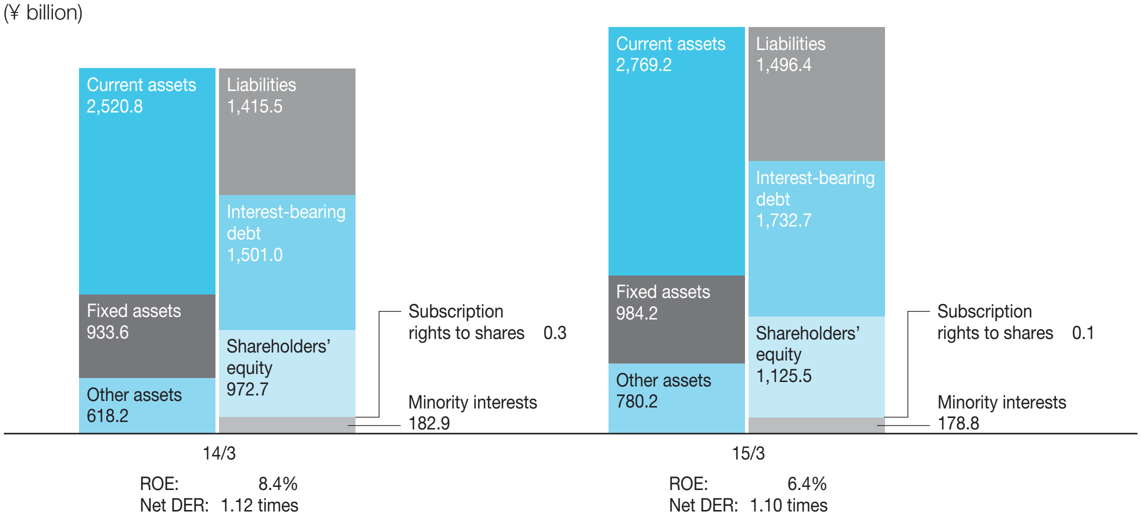
As of March 31, 2015 total assets amounted to ¥4,533.6 billion, an increase of ¥460.9 billion from March 31, 2014. The increase was chiefly attributable to an ¥87.1 billion increase in cash and deposits, a ¥78.1 billion increase in notes and accounts receivable–trade, a ¥54.6 billion increase in inventories, and a ¥106.9 billion increase in investment securities and investments in capital.

Total liabilities on March 31, 2015, stood at ¥3,229.2 billion, an increase of ¥312.5 billion from March 31, 2014. The increase was mainly attributable to an increase of ¥231.6 billion in interest-bearing debt and ¥18.2 billion in notes and accounts payable–trade.

As of March 31, 2015, total net assets were ¥1,304.4 billion, up ¥148.4 billion from March 31, 2014. The increase was mostly attributable to retained earnings accretion of ¥43.8 billion derived mainly from net income, a ¥59.4 billion increase in valuation difference on available-for-sale securities, and a ¥52.9 billion improvement in foreign currency translation adjustment.

Balance Sheet Trends

(¥ billion)

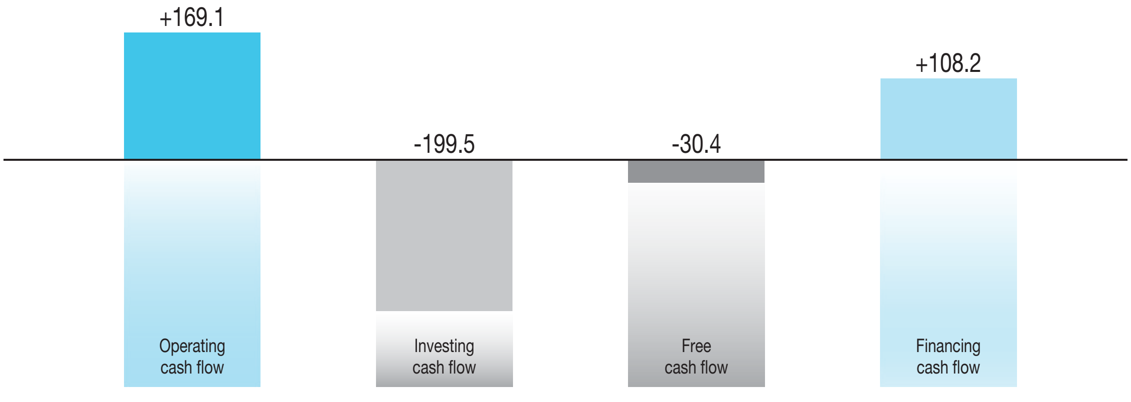


Cash Flows in the Fiscal Year Ended March 31, 2014

Cash and cash equivalents totaled ¥499.1 billion as of March 31, 2015, up ¥87.1 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 Flow Breakdown

(¥ billion)



Net Cash Provided by Operating Activities

Net cash provided by operating activities amounted to ¥169.1 billion, an increase of ¥35.1 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 ¥199.5 billion, which was ¥63.9 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 ¥108.2 billion, representing a ¥102.8 billion increase from the fiscal year ended March 31, 2014. Increases in debt were the main source of cash.

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, 2015, the current ratio was 134% 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 mainly through cash and deposits and the aforementioned credit facility.

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 717 subsidiaries, and 256 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, 2015, the Company's sales to the Toyota Group* accounted for 11.3% of net sales, with sales to Toyota Motor Corporation representing 5.7% 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.

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.

Significant Accounting Policies and Estimates

The consolidated financial statements of the Group have been prepared in accordance with generally accepted ac-counting 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, 2015.

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, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2015	2014	2015
Current Assets:			
Cash and deposits (Notes 3 and 14)	¥ 499,190	¥ 412,089	$ 4,154,031
Notes and accounts receivable—trade (Notes 3 and 14)	1,346,461	1,268,331	11,204,635
Inventories (Notes 3 and 4)	683,392	628,758	5,686,876
Deferred tax assets (Note 8)	15,739	15,311	130,972
Other (Note 3)	253,594	217,617	2,110,293
Allowance for doubtful accounts	(29,169)	(21,222)	(242,731)
Total current assets	2,769,209	2,520,885	23,044,095
Property, Plant and Equipment (Note 19):			
Land (Note 3)	97,932	94,045	814,945
Buildings and structures (Note 3)	337,434	315,629	2,807,972
Machinery, equipment and vehicles (Note 3)	429,538	372,817	3,574,419
Leased assets	28,232	24,388	234,933
Construction in progress	66,199	28,966	550,877
Other (Note 3)	40,623	35,903	338,046
Accumulated depreciation (Note 2 (6))	(416,141)	(367,645)	(3,462,935)
Total property, plant and equipment	583,819	504,104	4,858,275
Intangible Assets:			
Goodwill	170,647	202,858	1,420,046
Leased assets	27	107	224
Other	229,717	226,534	1,911,600
Total intangible assets	400,392	429,500	3,331,879
Investments and Other Assets:			
Investment securities (Notes 3, 14 and 15):			
Investments in unconsolidated subsidiaries and affiliates	257,938	231,160	2,146,442
Investments in third parties	375,058	294,888	3,121,061
Long-term loans receivable (Note 14)	30,342	17,251	252,492
Net defined benefit asset (Note 17)	17,223	12,407	143,321
Deferred tax assets (Note 8)	19,533	15,705	162,544
Other	100,268	62,695	834,384
Allowance for doubtful accounts	(20,091)	(15,870)	(167,188)
Total investments and other assets	780,272	618,238	6,493,068
Total assets	¥4,533,693	¥4,072,728	$37,727,327

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

LIABILITIES AND NET ASSETS	Millions of Yen 2015	2014	Thousands of U.S. Dollars (Note 1) 2015
Current Liabilities:			
Notes and accounts payable—trade (Notes 3 and 14)	¥ 969,099	¥ 950,852	$ 8,064,400
Short-term loans payable (Notes 3, 6 and 14)	608,661	520,337	5,064,999
Commercial papers (Notes 6 and 14)	135,000	155,000	1,123,408
Current portion of bonds (Notes 6 and 14)	10,000	—	83,215
Lease obligations (Note 6)	4,750	4,977	39,527
Income taxes payable	26,806	33,099	223,067
Deferred tax liabilities (Note 8)	6,591	5,675	54,847
Other (Notes 2 (10) and (15))	300,818	265,389	2,503,270
Total current liabilities	2,061,727	1,935,332	17,156,752
Non-current Liabilities:			
Bonds payable (Notes 6 and 14)	116,161	95,000	966,638
Long-term loans payable (Notes 3, 6 and 14)	854,927	720,813	7,114,313
Lease obligations (Note 6)	3,249	4,935	27,036
Deferred tax liabilities (Note 8)	101,102	80,604	841,324
Provision for loss on allowance for liquidation of affiliated companies	3,104	2,285	25,830
Provision for contract loss	1,941	2,087	16,152
Net defined benefit liability	32,355	30,915	269,243
Other (Notes 2 (11), (12) and (15))	54,640	44,673	454,689
Total non-current liabilities	1,167,482	981,315	9,715,253
Total liabilities	3,229,210	2,916,648	26,872,014
Net Assets:			
Shareholders' equity (Notes 7 and 26)			
Capital stock:			
Authorized: 1,000,000,000 shares			
Issued: 354,056,516 shares in 2015 and 2014 (Note 25)	64,936	64,936	540,367
Capital surplus	155,021	154,781	1,290,014
Retained earnings	628,399	584,591	5,229,250
Treasury shares—2,366,124 shares in 2015 and 2,759,031 shares in 2014 (Note 25)	(3,858)	(4,508)	(32,104)
Total shareholders' equity	844,499	799,801	7,027,535
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	137,976	78,553	1,148,173
Deferred gains or losses on hedges	(15,797)	(6,515)	(131,455)
Foreign currency translation adjustment	154,903	101,926	1,289,032
Remeasurements of defined benefit plans	3,930	(1,025)	32,703
Total accumulated other comprehensive income	281,012	172,938	2,338,453
Subscription rights to shares	127	371	1,056
Minority interests	178,844	182,968	1,488,258
Total net assets	1,304,483	1,156,080	10,855,313
Total liabilities and net assets	¥4,533,693	¥4,072,728	$37,727,327

CONSOLIDATED STATEMENTS OF INCOME

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Net Sales	¥8,663,460	¥7,743,237	$72,093,367
Cost of Sales (Note 4)	8,028,888	7,160,738	66,812,748
Gross profit	634,572	582,498	5,280,619
Selling, General and Administrative Expenses (Note 9):			
Commission fee	37,247	32,077	309,952
Traveling and transportation expenses	20,532	18,425	170,857
Communication expenses	5,027	4,721	41,832
Provision of allowance for doubtful accounts	8,128	1,608	67,637
Salaries and allowances	179,497	163,977	1,493,692
Retirement benefit expenses	5,807	5,650	48,323
Welfare expenses	31,452	28,477	261,729
Rent expenses	26,785	24,753	222,892
Depreciation	39,013	34,618	324,648
Taxes and dues	7,044	6,261	58,616
Amortization of goodwill	36,055	35,179	300,033
Other	68,522	65,426	570,208
Total selling, general and administrative expenses	465,115	421,177	3,870,475
Operating income	169,456	161,321	1,410,135
Other Income (Expenses):			
Interest income	5,969	4,230	49,671
Interest expenses	(26,842)	(25,499)	(223,366)
Dividend income	16,912	14,823	140,733
Share of profit of entities accounted for using equity method	4,060	13,783	33,785
Foreign exchange loss	(19,910)	(13,623)	(165,681)
Other, net (Notes 10 and 12)	5,848	795	48,664
Total	(13,962)	(5,489)	(116,185)
Income before Income Taxes and Minority Interests	155,494	155,832	1,293,950
Income Taxes (Note 8):			
Current	61,087	62,138	508,338
Deferred	(1,031)	(5,044)	(8,579)
Total income taxes	60,055	57,094	499,750
Income before Minority Interests	95,438	98,738	794,191
Minority Interests in Income	27,866	25,703	231,888
Net Income	¥ 67,571	¥ 73,034	$ 562,295

	Yen		U.S. Dollars (Note 1)
Amounts per Share (Notes 2 (21), 24 and 26):			
Net income:			
Basic	¥192.23	¥208.01	$1.60
Diluted	192.10	207.82	1.60
Cash dividends	56.00	50.00	0.47

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Income before Minority Interests	¥ 95,438	¥ 98,738	$ 794,191
Other Comprehensive Income (Note 20):			
Valuation difference on available-for-sale securities	57,688	32,949	480,053
Deferred gains or losses on hedges	(10,754)	3,694	(89,489)
Foreign currency translation adjustment	50,377	116,273	419,214
Remeasurements of defined benefit plans	4,971	—	41,366
Share of other comprehensive income of entities accounted for using equity method	10,833	14,730	90,147
Total other comprehensive income	113,116	167,649	941,299
Comprehensive Income	¥208,555	¥266,387	$1,735,499
Comprehensive Income Attributable to:			
Comprehensive income attributable to owners of the parent	¥175,660	¥232,127	$1,461,762
Comprehensive income attributable to minority interests	32,894	34,260	273,728

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, 2015 and 2014

	Millions of Yen				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
As of March 31, 2013	¥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					
As of March 31, 2014	¥64,936	¥154,781	¥584,591	¥(4,508)	¥799,801
Cumulative effects of changes in accounting policies			(1,563)		(1,563)
Restated balance	¥64,936	¥154,781	¥583,028	¥(4,508)	¥798,238
Dividends of surplus (Note 26)			(19,341)		(19,341)
Net income			67,571		67,571
Purchase of treasury shares				(47)	(47)
Disposal of treasury shares		239		689	929
Net increase (decrease) of consolidated subsidiaries			352		352
Net increase (decrease) of entities accounted for using equity method			(3,347)		(3,347)
Other			134	7	142
Net changes of items other than shareholders' equity					
As of March 31, 2015	¥64,936	¥155,021	¥628,399	¥(3,858)	¥844,499

	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
As of March 31, 2013	¥ 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
As of March 31, 2014	¥ 78,553	¥ (6,515)	¥101,926	¥(1,025)	¥172,938	¥ 371	¥182,968	¥1,156,080
Cumulative effects of changes in accounting policies							152	(1,410)
Restated balance	¥ 78,553	¥ (6,515)	¥101,926	¥(1,025)	¥172,938	¥ 371	¥183,120	¥1,154,670
Dividends of surplus (Note 26)								(19,341)
Net income								67,571
Purchase of treasury shares								(47)
Disposal of treasury shares								929
Net increase (decrease) of consolidated subsidiaries								352
Net increase (decrease) of entities accounted for using equity method								(3,347)
Other								142
Net changes of items other than shareholders' equity	59,423	(9,282)	52,976	4,956	108,074	(244)	(4,276)	103,553
As of March 31, 2015	¥137,976	¥(15,797)	¥154,903	¥ 3,930	¥281,012	¥ 127	¥178,844	¥1,304,483

	Thousands of U.S. Dollars (Note 1)				
	Shareholders' Equity				
	Capital Stock	Capital Surplus	Retained Earnings	Treasury Shares	Total Shareholders' Equity
As of March 31, 2014	$540,367	$1,288,016	$4,864,700	$(37,513)	$6,655,579
Cumulative effects of changes in accounting policies			(13,006)		(13,006)
Restated balance	$540,367	$1,288,016	$4,851,693	$(37,513)	$6,642,573
Dividends of surplus (Note 26)			(160,946)		(160,946)
Net income			562,295		562,295
Purchase of treasury shares				(391)	(391)
Disposal of treasury shares		1,988		5,733	7,730
Net increase (decrease) of consolidated subsidiaries			2,929		2,929
Net increase (decrease) of entities accounted for using equity method			(27,852)		(27,852)
Other			1,115	58	1,181
Net changes of items other than shareholders' equity					
As of March 31, 2015	$540,367	$1,290,014	$5,229,250	$(32,104)	$7,027,535

	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
As of March 31, 2014	$ 653,682	$ (54,214)	$ 848,181	$ (8,529)	$1,439,111	$ 3,087	$1,522,576	$ 9,620,371
Cumulative effects of changes in accounting policies							1,264	(11,733)
Restated balance	$ 653,682	$ (54,214)	$ 848,181	$ (8,529)	$1,439,111	$ 3,087	$1,523,841	$ 9,608,637
Dividends of surplus (Note 26)								(160,946)
Net income								562,295
Purchase of treasury shares								(391)
Disposal of treasury shares								7,730
Net increase (decrease) of consolidated subsidiaries								2,929
Net increase (decrease) of entities accounted for using equity method								(27,852)
Other								1,181
Net changes of items other than shareholders' equity	494,491	(77,240)	440,842	41,241	899,342	(2,030)	(35,582)	861,720
As of March 31, 2015	$1,148,173	$(131,455)	$1,289,032	$32,703	$2,338,453	$ 1,056	$1,488,258	$10,855,313

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, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2015	2014	2015
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 155,494	¥ 155,832	$ 1,293,950
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation	73,354	64,893	610,418
Amortization of goodwill	36,055	35,179	300,033
Increase (decrease) in allowance for doubtful accounts	12,622	569	105,034
Interest and dividend income	(22,882)	(19,054)	(190,413)
Interest expenses	26,842	25,499	223,366
Share of (profit) loss of entities accounted for using equity method	(4,060)	(13,783)	(33,785)
Decrease (increase) in notes and accounts receivable—trade	2,349	(99,248)	19,547
Decrease (increase) in inventories	(7,152)	21,987	(59,515)
Increase (decrease) in notes and accounts payable—trade	(46,532)	24,094	(387,218)
Other, net	(8,725)	(16,993)	(72,605)
Subtotal	217,367	178,975	1,808,829
Interest and dividend income received	50,026	40,961	416,293
Interest expenses paid	(26,558)	(25,574)	(221,003)
Income taxes paid	(71,735)	(60,424)	(596,945)
Net cash provided by (used in) operating activities	169,100	133,937	1,407,173
Cash Flows from Investing Activities:			
Decrease (increase) in time deposits	24	(0)	199
Purchase of property, plant and equipment	(115,842)	(73,847)	(963,984)
Proceeds from sales of property, plant and equipment	11,508	8,176	95,764
Purchase of intangible assets	(22,307)	(24,555)	(185,628)
Proceeds from sales of intangible assets	460	698	3,827
Payment for purchase of investment securities and investments in capital	(51,313)	(46,064)	(427,003)
Proceeds from sales of investment securities and investments in capital	8,557	5,361	71,207
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(923)	—	(7,680)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	100	—	832
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(60)	(86)	(499)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,494	1,247	12,432
Payments of loans receivable	(27,712)	(14,948)	(230,606)
Collection of loans receivable	14,402	12,128	119,846
Payment for purchase of shares of subsidiaries from minority shareholders	(18,517)	(1,850)	(154,090)
Other, net	617	(1,848)	5,134
Net cash provided by (used in) investing activities	(199,512)	(135,587)	(1,660,247)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term loans payable	14,986	78,090	124,706
Proceeds from long-term loans payable	213,002	72,573	1,772,505
Repayments of long-term loans payable	(113,745)	(118,159)	(946,534)
Proceeds from issuance of bonds	31,998	30,000	266,272
Redemption of bonds	(1,144)	(20,000)	(9,519)
Purchase of treasury shares	(47)	(112)	(391)
Cash dividends paid	(19,341)	(15,804)	(160,946)
Cash dividends paid to minority shareholders	(15,524)	(15,193)	(129,183)
Proceeds from share issuance to minority shareholders	2,512	133	20,903
Other, net	(4,450)	(6,171)	(37,030)
Net cash provided by (used in) financing activities	108,247	5,356	900,782
Effect of exchange rate change on cash and cash equivalents	7,999	15,082	66,564
Net increase (decrease) in cash and cash equivalents	85,834	18,789	714,271
Cash and cash equivalents at beginning of period	412,032	391,352	3,428,742
Cash and cash equivalents from newly consolidated subsidiaries at the beginning of the year	1,290	1,889	10,734
Cash and cash equivalents at end of period	¥ 499,157	¥ 412,032	$ 4,153,757
Reconciliation Between Cash and Cash Equivalents and Cash and Deposits in the Consolidated Balance Sheets:			
Cash and deposits in the consolidated balance sheets	¥ 499,190	¥ 412,089	$ 4,154,031
Time deposits over 3 months	(32)	(57)	(266)
Cash and cash equivalents in the consolidated statements of cash flows	¥ 499,157	¥ 412,032	$ 4,153,757

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries

NOTE 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, 2015 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.17 = U.S.$1, the rate prevailing on March 31, 2015, which was the final business day of financial institutions in fiscal 2015. 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.

NOTE 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, 2015 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."

	2015
Consolidated subsidiaries	662
Unconsolidated subsidiaries and affiliates, accounted for using equity method	236
Unconsolidated subsidiaries and affiliates, stated at cost	75

For the year ended March 31, 2015, 39 subsidiaries were newly added to the scope of consolidation and 17 subsidiaries were excluded from the scope of consolidation. In addition, 29 unconsolidated subsidiaries and affiliates were newly added to the scope of consolidation under the equity method and 18 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 364 subsidiaries in 2015 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.

For consolidated subsidiaries whose fiscal years ended on December 31, the Company previously used the financial statements of these subsidiaries as of their respective fiscal year-ends with significant transactions occurring between the subsidiaries' fiscal year-ends and the Company's fiscal year-end adjusted upon consolidation. From the year ended March 31, 2015, the Company has changed the basis of consolidation for Business Car Co., Ltd., Toyota Tsusho (Shanghai) Co., Ltd. and four other consolidated subsidiaries by adopting preliminary financial statements prepared based on a provisional closing of their accounts as of the Company's fiscal year-end, in order to disclose financial information more appropriately. In line with this change, in the fiscal year ended March 31, 2015, the accounts of these subsidiaries have been consolidated for the 15-month period from January 1, 2014 to March 31, 2015 and adjusted in the consolidated statements of income accordingly.

As a result, for the fiscal year ended March 31, 2015, net sales increased by ¥119,330 million ($993,009 thousand), gross profit increased by ¥6,969 million ($57,992 thousand), operating income increased by ¥2,559 million ($21,294 thousand) and income before income taxes and minority interests increased by ¥2,243 million ($18,665 thousand).

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.

Held-to-maturity securities

Amortized cost method

Available-for-sale securities

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

Inventories held for sale in the ordinary course of business

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

Inventories held for trading

At fair value

(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
	2015	2014	2015
Buildings and structures	¥148,604	¥135,263	$1,236,614
Machinery, equipment and vehicles	225,574	194,559	1,877,124
Leased property	14,490	13,097	120,579
Other property, plant and equipment	27,471	24,724	228,601
Total accumulated depreciation	¥416,141	¥367,645	$3,462,935

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, 2015 and 2014 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Buildings and structures	¥ 2,674	¥ 2,877	$ 22,251
Machinery, equipment and vehicles	34,411	34,774	286,352
Total	¥37,085	¥37,651	$308,604

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, ¥748 million ($6,224 thousand) and ¥792 million were included in current liabilities—other on the accompanying consolidated balance sheets as of March 31, 2015 and 2014, 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, ¥528 million ($4,393 thousand) and ¥625 million were included in non-current liabilities—other on the accompanying consolidated balance sheets as of March 31, 2015 and 2014, 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, ¥756 million ($6,291 thousand) and ¥826 million were included in non-current liabilities—other on the accompanying consolidated balance sheets as of March 31, 2015 and 2014, 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, ¥1,007 million ($8,379 thousand) and ¥745 million were included in current liabilities—other and ¥727 million ($6,049 thousand) and ¥742 million were included in non-current liabilities—other on the accompanying consolidated balance sheets as of March 31, 2015 and 2014, respectively.

(16) Employee retirement benefits

To calculate retirement benefit obligations, the benefit formula is used for attributing expected retirement benefits to periods through March 31, 2015.

Past service costs are mainly charged to expense as incurred.

The actuarial difference is mainly 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

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, 2015

(Adoption of Accounting Standard for Retirement Benefits)

Effective from the fiscal year ended March 31, 2015, the Company and its domestic consolidated subsidiaries have adopted main clause of Section 35 of the “Accounting Standard for Retirement Benefits” (the Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012, hereinafter, the “Standard”) and main clause of Paragraph 67 of the “Guidance on the Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015, hereinafter, the “Guidance”).

In accordance with this, calculation methods for retirement benefit obligations and service costs were reviewed, and the method for attributing expected pension benefits to periods of employee service was changed mainly from the straight-line attribution to the benefit formula. In addition, a new method of determining the discount rate was adopted where a single weighted average discount rate is applied in calculating the present value of obligations based on expected period of benefit payments and amount of payment for each period.

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 in calculation methods for retirement benefit obligations and service costs has been recognized in retained earnings in the beginning balance of the fiscal year ended March 31, 2015.

As a result, retained earnings decreased by ¥1,563 million ($13,006 thousand) yen in the beginning balance of the fiscal year ended March 31, 2015. The effects of this change on operating income and income before income taxes and minority interests for the year ended March 31, 2015 were immaterial.

The effect on net income per share, and diluted net income per share for the year ended March 31, 2015 was immaterial.

(23) Accounting standard issued but not yet adopted

For the year ended March 31, 2015

ASBJ issues Revised Accounting Standards for Business Combinations and related standards and implementation guidance on September 13, 2013.

- Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21)
- Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22)
- Revised Accounting Standard for Business Divestitures (ASBJ Statement No. 7)
- Revised Accounting Standard for Earnings Per Share (ASBJ Statement No. 2)
- Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10)
- Revised Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4)

1. Overview

These accounting standards and guidance have been revised mainly focusing on <1> treatment of changes in the parent company's equity in a subsidiary when the parent retains control over the subsidiary, <2> treatment of acquisition-related expenses, <3> presentation of net income and the change from "minority interests" to "non-controlling interests," and <4> treatment of provisional accounting.

2. Expected adoption date

The Company expects to adopt these revised accounting standards and guidance from the beginning of the fiscal year ending March 31, 2016.

The treatment of provisional accounting will be applied to business combinations that will take place starting on or after the beginning of the fiscal year ending March 31, 2016.

3. Effects of the adopting the revised accounting standards and guidance

The Revised Accounting Standard for Business Combinations and related standards and guidance will have no impact on the Company's consolidated financial statements.

NOTE 3 PLEDGED ASSETS

Pledged assets as collateral as of March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Cash and deposits	¥ 6,733	¥ 7,397	$ 56,028
Notes and accounts receivable—trade	5,655	5,034	47,058
Inventories	2,310	2,087	19,222
Current assets—other	17,814	17,218	148,239
Buildings and structures	15,984	11,180	133,011
Machinery, equipment and vehicles	71,653	52,095	596,263
Land	2,290	2,431	19,056
Property, plant and equipment—other	31,834	2,725	264,908
Investment securities	8,340	6,272	69,401
Total	¥162,618	¥106,444	$1,353,232

Collateral secured obligations as of March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Notes and accounts payable—trade	¥ 221	¥ 203	$ 1,839
Short-term loans payable	10,269	10,979	85,453
Long-term loans payable	108,983	56,122	906,906
Total	¥119,474	¥67,305	$994,208

NOTE 4 INVENTORIES

Inventories by major classification were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Merchandise and finished goods	¥643,461	¥598,915	$5,354,589
Work in process	8,524	4,635	70,932
Raw materials and supplies	31,407	25,206	261,354
Total	¥683,392	¥628,758	$5,686,876

The book value of inventories as of March 31, 2015 and 2014 is stated after the write-downs of inventories due to decrease in profitability of assets. The loss on write-downs of inventories of ¥806 million ($6,707 thousand) and ¥647 million was included in cost of sales for the years ended March 31, 2015 and 2014, respectively.

NOTE 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 ten financial institutions in order to obtain required funds should unexpected events arise.

As of March 31, 2015 and 2014, the unused line of credit of the multi-currency revolving facilities was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Maximum line of credit of the multi-currency revolving facilities	¥20,000	¥20,000	$166,430
Less: outstanding drawdown on revolving facilities	—	—	—
Balance	¥20,000	¥20,000	$166,430

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, 2015 and 2014 were as follows:

	Millions of Currency		Thousands of U.S. Dollars
	2015	2014	2015
Maximum line of credit of the commitment line contracts	¥10,000 and Euro 400	¥18,000 and Euro 400	$ 83,215 433,785
Less: outstanding drawdown on commitment line contracts	Euro 35	Euro 65	37,956
Balance	¥10,000 and Euro 365	¥18,000 and Euro 335	$ 83,215 395,829

NOTE 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, 2015 and 2014 were 1.86% and 2.20%, respectively.

Commercial papers

The average annual interest rates applicable to commercial papers outstanding at March 31, 2015 and 2014 were 0.10%.

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

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
1.09% straight bonds due 2015	¥ 10,000	¥ 10,000	$ 83,215
Floating rate straight bonds due 2016 (Note 1)	10,000	10,000	83,215
2.26% straight bonds due 2016	15,000	15,000	124,823
1.35% straight bonds due 2021	30,000	30,000	249,646
0.81% straight bonds due 2023	15,000	15,000	124,823
1.01% straight bonds due 2025	15,000	15,000	124,823
0.95% straight bonds due 2026	15,000	—	124,823
1.27% straight bonds due 2029	15,000	—	124,823
3.98% private placement bonds due 2016 (Note 2)	1,161	—	9,661
	(RMB59,974)		
Long-term loans payable, principally from commercial and trust banks and insurance companies, maturing serially through 2035 (Note 3)	965,032	814,694	8,030,556
Lease obligations maturing serially through 2021	8,000	9,912	66,572
Total	1,099,194	919,607	9,146,991
Less: current portion (Note 4)	(124,855)	(98,858)	(1,038,986)
	¥ 974,338	¥820,748	$ 8,107,997

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. Totoya Tsusyo (Shanghai) Co.,Ltd., overseas consolidated subsidiary, issued the bond offered through private placement in China.
3. The average annual interest rates applicable to long-term loans payable (current portion) outstanding at March 31, 2015 and 2014 were 1.45% (2.08%) and 1.34% (1.88%), respectively.
4. 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, 2015 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2015	2015
2016	¥ 124,855	$1,038,986
2017	138,972	1,156,461
2018	129,585	1,078,347
2019	114,935	956,436
2020	114,925	956,353
2021 and thereafter	475,920	3,960,389
Total	¥1,099,194	$9,146,991

NOTE 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.

NOTE 8 INCOME TAXES

As of March 31, 2015 and 2014, 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
	2015	2014	2015
Deferred tax assets:			
Unrealized profit	¥ 3,599	¥ 2,892	$ 29,949
Allowance for doubtful accounts	7,582	6,258	63,093
Net defined benefit liability	8,529	7,716	70,974
Directors' and corporate auditors' retirement benefits	238	319	1,980
Provision for employees' bonuses	5,766	5,774	47,982
Write-down of investment securities	7,163	8,617	59,607
Write-down of investment in subsidiaries and affiliates	5,098	21,558	42,423
Net operating loss carryforward	24,145	16,278	200,923
Others	33,781	28,663	281,110
Subtotal	95,905	98,078	798,077
Valuation allowance	(29,393)	(41,705)	(244,595)
Total deferred tax assets	66,512	56,372	553,482
Deferred tax liabilities:			
Valuation of assets and liabilities of consolidated subsidiaries on acquisition	(30,781)	(34,517)	(256,145)
Gain on valuation of investment securities	(4,487)	(5,143)	(37,338)
Valuation difference on available-for-sale securities	(60,872)	(39,307)	(506,549)
Depreciation of property, plant and equipment	(9,877)	(8,240)	(82,191)
Others	(32,915)	(24,426)	(273,903)
Total deferred tax liabilities	(138,933)	(111,636)	(1,156,137)
Net deferred tax liabilities	¥ (72,421)	¥ (55,263)	$ (602,654)

(Changes in presentation methods)

In order to increase the clarity of disclosure, "Valuation losses of inherited assets on the merger" and "Valuation profits of inherited assets on the merger," which were independently stated under "tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities" for "Deferred tax assets" and "Deferred tax liabilities" in the fiscal year ended March 31, 2014, are included in each relevant item starting from the fiscal year ended March 31, 2015. The above Note to the consolidated financial statement for the fiscal year ended March 31, 2014 was restated to reflect this change in reporting method.

As a result, ¥10,537 million presented in "Valuation losses of inherited assets on the merger" under "Deferred tax assets" in the fiscal year ended March 31, 2014 is now included in "Net defined benefit liability" of ¥7,716 million, "Write-down of investment securities" of ¥8,617 million, "Write-down of investments in subsidiaries and affiliates" of ¥21,558 million, "Others" of ¥28,663 million and "Valuation allowance" of ¥(41,705) million. In addition, ¥(5,685) million presented in "Valuation profits of inherited assets on the merger" under "Deferred tax liabilities" is now included in "Valuation of assets and liabilities of consolidated subsidiaries on acquisition" of ¥(34,517) million and "Gain on valuation of investment securities" of ¥(5,143) million.

Net deferred tax liabilities are included in the consolidated balance sheets as of March 31, 2015 and 2014 as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Current assets—deferred tax assets	¥ 15,739	¥ 15,462	$ 130,972
Investments and other assets—deferred tax assets	19,533	18,255	162,544
Current liabilities—deferred tax liabilities	(6,591)	(5,826)	(54,847)
Non-current liabilities—deferred tax liabilities	(101,102)	(83,154)	(841,324)

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, 2015 were as follows:

	Percentage of pretax income
	2015
Japanese statutory effective tax rate	35.3%
Increase (decrease) due to:	
Permanently nondeductible expenses	1.6
Permanently nontaxable income	(1.0)
Equity in earnings of unconsolidated subsidiaries and affiliates	0.6
Differences of tax rates for overseas consolidated subsidiaries	(5.3)
Valuation allowance	(1.3)
Amortization of goodwill	8.7
Others	0.0
Actual effective income tax rate	38.6%

(Revision of amounts of deferred tax assets and deferred tax liabilities due to change in corporate tax rate)

Following the promulgation of the law "Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and "Partial Amendment of Local Tax Act, etc." (Act No. 2 of 2015) in Japan on March 31, 2015, revised corporation tax rate will be imposed from the consolidated fiscal years beginning on or after April 1, 2015.

Accordingly, for temporary differences expected to be reversed in the current fiscal year, the effective tax rate applied to the calculation of deferred tax assets and liabilities in the current consolidated fiscal year, was lowered from 35.3% in the prior fiscal year to 32.8% in the current fiscal year. The rate was also changed to 32.1% for temporary differences expected to be utilized in the fiscal years beginning on or after April 1, 2016.

As a result, the amount of deferred tax assets (the amount remaining after deducting deferred tax liabilities) and deferred gains or losses on hedges decreased by ¥4,685 million yen ($38,986 thousand) and ¥531 million yen ($4,418 thousand), respectively, while income taxes-deferred recognized in costs and valuation difference on available-for-sale securities increased by ¥946 million yen ($7,872 thousand) and ¥6,189 million yen ($51,502 thousand), respectively, for the current consolidated fiscal year.

NOTE 9 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2015 and 2014 were ¥537 million ($4,468 thousand) and ¥487 million, respectively.

NOTE 10 OTHER INCOME (EXPENSES)

Details of Other, net, included in Other Income (Expenses) for the years ended March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gain on sales of non-current assets	¥ 2,917 (Note 1)	¥ 1,686 (Note 2)	$ 24,273
Loss on disposal of non-current assets	(1,659) (Note 3)	(1,200) (Note 4)	(13,805)
Impairment loss (Note 12)	(3,942)	(6,681)	(32,803)
Gain on sales of investment securities and investments in capital	6,257	3,630	52,067
Loss on sales of investment securities and investments in capital	(270)	(427)	(2,246)
Loss on valuation of investment securities and investments in capital	(3,723)	(3,491)	(30,981)
Loss on valuation of membership	(21)	(18)	(174)
Gain on liquidation of subsidiaries and associates	276	—	2,296
Loss on liquidation of subsidiaries and associates	(661)	(773)	(5,500)
Allowance for doubtful accounts	(4,486)	—	(37,330)
Gain on reversal of provision for loss on guarantees	12	—	99
Provision for loss on guarantees	(441)	(718)	(3,669)
Gain on reversal of allowance for liquidation of affiliated companies	30	215	249
Loss on provision for liquidation of affiliated companies	(3,010) (Note 5)	—	(25,047)
Gain on reversal of provision for loss on compensations	—	394	—
Gain on reversal of contract loss provisions	—	12	—
Provision for loss on litigation	(528)	(210)	(4,393)
Gain on bargain purchase	10,856 (Note 6)	—	90,338
Gain on reversal of subscription rights to shares	87	372	723
Loss on change in equity	(247)	—	(2,055)
Loss on revision of retirement benefit plan	—	(396)	—
Loss on cancellation of contract	(580)	—	(4,826)
Customs duties for prior periods	(1,635)	—	(13,605)
Other, net	6,621	8,400	55,096
Total	¥ 5,848	¥ 795	$ 48,664

Notes: 1. The Company and its consolidated subsidiaries recorded mainly gain on sales of land.
2. The Company and its consolidated subsidiaries recorded mainly gain on sales of buildings.
3. The Company and its consolidated subsidiaries recorded mainly loss on disposal of machinery and equipment.
4. The Company and its consolidated subsidiaries recorded mainly loss on sales of land and buildings.
5. The Company has primarily recorded the amount of losses it expects to incur in connection with the withdrawal of a subsidiary from a business in Oceania.
6. Represents the lump-sum amortization of a gain on bargain purchase arising from the conversion of a domestic subsidiary into a wholly owned subsidiary.

NOTE 11 CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2015 and 2014 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2015	2015
Discounted exports bills	¥26,091	$217,117
For guarantees of indebtedness to:		
Sales de Jujuy S.A.	¥25,627	$213,256
Kobe Aluminum Automotive Products, LLC	8,419	70,059
P.T. Astra Auto Finance	6,729	55,995
Greencol Taiwan Corporation	4,205	34,992
Chengdu Kobelco Construction Machinery Financial Leasing Ltd.	1,606	13,364
Other 62 companies	27,059	225,172
Subtotal	73,647	612,856
Provision for guarantees	(756)	(6,291)
Total	¥72,891	$606,565

	Millions of Yen
	2014
Discounted exports bills	¥10,672
For guarantees of indebtedness to:	
Sales de Jujuy S.A.	¥11,407
ATMD (Hong Kong) Limited	11,166
P.T. Astra Auto Finance	6,593
Toyota Tsusho Sugar Trading Limited	2,826
Chengdu Kobelco Construction Machinery Financial Leasing Ltd.	2,223
Other 74 companies	31,184
Subtotal	65,401
Provision for guarantees	(826)
Total	¥64,575

NOTE 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, 2015

During the year ended March 31, 2015, the Company and its consolidated subsidiaries recognized impairment loss amounting to ¥3,942 million ($32,803 thousand) as other expense in the consolidated statements of income by devaluating the book value of the business-use and idle 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, 2015 were as follows:

			Millions of Yen	Thousands of U.S. Dollars
Location	Use	Type of assets	2015	2015
Kanto area	16 Business-use assets and 1 Idle asset	Land and buildings, etc.	¥ 439	$ 3,653
Tokai area	6 Business-use assets and 1 Idle asset	Land and buildings, etc.	278	2,313
Australia	1 Business-use asset	Land and machinery & equipment, etc.	2,738	22,784
France	1 Business-use asset	Buildings, etc.	387	3,220
Other areas	10 Business-use assets and 1 Idle asset	Land and buildings, etc.	98	815
Total			¥3,942	$32,803

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, 2014

During the year ended March 31, 2014, the Company and its consolidated subsidiaries recognized impairment loss amounting to ¥6,681 million 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:

			Millions of Yen
Location	Use	Type of assets	2014
Kanto area	1 Business-use asset	Machinery & equipment, etc.	¥ 817
Kyushu area	1 Idle asset	Land	137
Australia	1 Business-use asset	Land, buildings and machinery & equipment, etc.	5,341
France	1 Other asset	Goodwill	300
Other areas	3 Business-use assets	Goodwill, buildings and machinery & equipment, etc.	84
Total			¥6,681

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.

NOTE 13 LEASE TRANSACTIONS

Noncancelable Operating Leases

Lease payments for noncancelable operating lease transactions as of March 31, 2015 and 2014 were as follows:

Lessee

	Millions of Yen		Thousands of U.S. Dollars
Future minimum lease payments	2015	2014	2015
Within one year	¥12,363	¥11,254	$102,879
More than one year	33,255	33,329	276,732
Total	¥45,618	¥44,583	$379,612

Lessor

	Millions of Yen		Thousands of U.S. Dollars
Future minimum lease payments to be received	2015	2014	2015
Within one year	¥ 789	¥15	$ 6,565
More than one year	1,731	—	14,404
Total	¥2,521	¥15	$20,978

NOTE 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 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, 2015 and 2014 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		
	2015			2015		
	Carrying amount	Fair value	Unrealized gain (loss)	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and deposits	¥ 499,190	¥ 499,190	¥ —	$ 4,154,031	$ 4,154,031	$ —
(2) Notes and accounts receivable—trade	1,346,461			11,204,635		
Less: allowance for doubtful accounts (Note 1)	(29,169)			(242,731)		
	1,317,292	1,317,292	—	10,961,903	10,961,903	—
(3) Investment securities	350,721	347,845	(2,875)	2,918,540	2,894,607	(23,924)
(4) Long-term loans receivable	30,342			252,492		
Less: allowance for doubtful accounts (Note 1)	(4,853)			(40,384)		
	25,488	25,627	139	212,099	213,256	1,156
Total Assets	¥2,192,692	¥2,189,956	¥(2,736)	$18,246,584	$18,223,816	$(22,767)
(1) Notes and accounts payable—trade	¥ 969,099	¥ 969,099	¥ —	$ 8,064,400	$ 8,064,400	$ —
(2) Short-term loans payable	608,661	608,661	—	5,064,999	5,064,999	—
(3) Commercial papers	135,000	135,000	—	1,123,408	1,123,408	—
(4) Current portion of bonds	10,000	10,000	—	83,215	83,215	—
(5) Bonds payable	116,161	120,471	4,310	966,638	1,002,504	35,865
(6) Long-term loans payable	854,927	860,373	5,445	7,114,313	7,159,632	45,310
Total Liabilities	¥2,693,849	¥2,703,605	¥ 9,755	$22,416,984	$22,498,169	$ 81,176
Derivative Instruments (Note 2)	¥ 38,907	¥ 38,907	¥ —	$ 323,766	$ 323,766	$ —

	Millions of Yen		
	2014		
	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and deposits	¥ 412,089	¥ 412,089	¥ —
(2) Notes and accounts receivable—trade	1,268,331		
Less: allowance for doubtful accounts (Note 1)	(21,222)		
	1,247,109	1,247,109	—
(3) Investment securities	272,955	261,017	(11,937)
(4) Long-term loans receivable	17,251		
Less: allowance for doubtful accounts (Note 1)	(396)		
	16,855	16,961	106
Total Assets	¥1,949,009	¥1,937,177	¥(11,831)
(1) Notes and accounts payable—trade	¥ 950,852	¥ 950,852	¥ —
(2) Short-term loans payable	520,337	520,337	—
(3) Commercial papers	155,000	155,000	—
(4) Current portion of bonds	—	—	—
(5) Bonds payable	95,000	97,797	2,797
(6) Long-term loans payable	720,813	727,849	7,036
Total Liabilities	¥2,442,003	¥2,451,837	¥ 9,833
Derivative Instruments (Note 2)	¥ 13,814	¥ 13,814	¥ —

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) 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, 2015 and 2014, 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, 2015 and 2014, respectively.

Effective from the year ended March 31, 2015, the accounting method for interest rate swaps subject to hedge accounting has been changed mainly from exceptional accounting to deferral hedge accounting. However, given that this change had only a negligible impact, it has not been retrospectively applied to the previous fiscal year.

Derivative instruments

Please refer to “16. Derivative Instruments.”

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

	Millions of Yen		Thousands of U.S. Dollars
Carrying amount	2015	2014	2015
Unlisted securities and others	¥222,205	¥198,863	$1,849,088

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

(c) The term of redemption for money, debt and securities with maturity after March 31, 2015

	Millions of Yen				Thousands of U.S. Dollars			
	2015				2015			
	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	¥ 499,190	¥ —	¥ —	¥ —	$ 4,154,031	$ —	$ —	$ —
Notes and accounts receivable—trade	1,346,461	—	—	—	11,204,635	—	—	—
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	8	—	—	16
Long-term loans receivable	—	14,280	7,971	8,090	—	118,831	66,331	67,321
Total	¥1,845,654	¥14,280	¥7,971	¥8,092	$15,358,691	$118,831	$66,331	$67,337

	Millions of Yen			
	2014			
	Within one year	Between one and five years	Between five and ten years	After ten years
Cash and deposits	¥ 412,089	¥ —	¥ —	¥ —
Notes and accounts receivable—trade	1,268,331	—	—	—
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
Long-term loans receivable	—	7,005	3,692	6,552
Total	¥1,680,421	¥7,007	¥3,692	¥6,554

(d) Amount of repayment scheduled for bonds payable and long-term loans payable after March 31, 2015

	Millions of Yen						Thousands of U.S. Dollars					
	2015						2015					
	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	¥ 26,161	¥ –	¥ –	¥ –	¥ 90,000	$83,215	$ 217,699	$ –	$ –	$ –	$ 748,939
Long-term loans payable	–	111,055	128,788	114,600	114,757	385,724	–	924,149	1,071,715	953,648	954,955	3,209,819
Total	¥10,000	¥137,216	¥128,788	¥114,600	¥114,757	¥475,724	$83,215	$1,141,849	$1,071,715	$953,648	$954,955	$3,958,758

	Millions of Yen					
	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
Bonds payable	¥–	¥ 10,000	¥ 25,000	¥ –	¥ –	¥ 60,000
Long-term loans payable	–	105,832	95,147	104,116	87,677	328,038
Total	¥–	¥115,832	¥120,147	¥104,116	¥87,677	¥388,038

NOTE 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, 2015 and 2014 were as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2015			2015		
	Carrying amount	Original cost	Valuation difference	Carrying amount	Original cost	Valuation difference
Fair value in excess of original cost amount:						
Equity securities	¥297,058	¥102,558	¥194,499	$2,471,981	$853,440	$1,618,532
Fair value less than original cost amount:						
Equity securities	9,478	11,254	(1,775)	78,871	93,650	(14,770)
Total	¥306,537	¥113,812	¥192,724	$2,550,861	$947,091	$1,603,761

	Millions of Yen		
	2014		
	Carrying amount	Original cost	Valuation difference
Fair value in excess of original cost amount:			
Equity securities	¥211,734	¥ 93,518	¥118,215
Fair value less than original cost amount:			
Equity securities	16,868	18,296	(1,428)
Total	¥228,602	¥111,815	¥116,787

Note: Impairment losses of ¥3,451 million ($28,717 thousand) and ¥3,336 million were recognized in the consolidated statements of income for available-for-sale securities with market price for the years ended March 31, 2015 and 2014, respectively.

(b) Securities without market price

Book value of securities not measured at fair value at March 31, 2015 and 2014 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Available-for-sale securities:			
Unlisted securities	¥50,320	¥50,789	$418,740

(c) Sale of available-for-sale securities

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Total amount of sold	¥8,450	¥2,877	$70,317
Gain on sales of investment securities	4,903	1,837	40,800
Loss on sales of investment securities	(105)	(61)	(873)

NOTE 16 DERIVATIVE INSTRUMENTS

1. For the year ended March 31, 2015

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

	Millions of Yen				Thousands of U.S. Dollars			
	2015				2015			
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)	¥ 55,502	¥ 93	¥ 2,606	¥ 2,606	$ 461,862	$ 773	$ 21,685	$ 21,685
(Buy)	67,228	3,708	(1,560)	(1,560)	559,440	30,856	(12,981)	(12,981)
Produce & Foodstuffs								
(Sell)	59,902	—	10,377	10,377	498,477	—	86,352	86,352
(Buy)	52,878	—	(6,839)	(6,839)	440,026	—	(56,911)	(56,911)
Natural Rubber								
(Sell)	271	—	7	7	2,255	—	58	58
(Buy)	482	—	(15)	(15)	4,010	—	(124)	(124)
Raw Cotton								
(Sell)	4,049	—	51	51	33,693	—	424	424
(Buy)	2,888	—	15	15	24,032	—	124	124
Petroleum Products								
(Sell)	95	—	(0)	(0)	790	—	(0)	(0)
Exchange-traded								
Commodity option contracts:								
Produce & Foodstuffs								
(Buy)								
Put	¥ 2	¥ —	¥ 1	¥ 1	$ 16	$ —	$ 8	$ 8
Raw Cotton								
(Sell)								
Call	1,427	—	(110)	(110)	11,874	—	(915)	(915)
(Buy)								
Put	668	—	(73)	(73)	5,558	—	(607)	(607)
Over-the-counter								
Forward contracts:								
Nonferrous Metal								
(Sell)	¥147,099	¥3,820	¥ (4,770)	¥ (4,770)	$1,224,090	$31,788	$(39,693)	$(39,693)
(Buy)	97,401	—	4,379	4,379	810,526	—	36,440	36,440
Raw Cotton								
(Sell)	3,090	67	(74)	(74)	25,713	557	(615)	(615)
(Buy)	5,811	811	(24)	(24)	48,356	6,748	(199)	(199)
Over-the-counter								
Commodity swap contracts:								
Petroleum Products								
Receipt—variable/Payment—fixed	¥ 5,827	¥ —	¥ 531	¥ 531	$ 48,489	$ —	$ 4,418	$ 4,418
Receipt—fixed/Payment—variable	7,587	—	(742)	(742)	63,135	—	(6,174)	(6,174)
Total				¥ 3,756				$ 31,255

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.

Currency Related:	Millions of Yen 2015 Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)	Thousands of U.S. Dollars 2015 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	¥179,638	¥293	¥(5,020)	¥(5,020)	$1,494,865	$2,438	$(41,774)	$(41,774)
Other currencies	29,962	—	(330)	(330)	249,330	—	(2,746)	(2,746)
Buying:								
U.S. Dollars	96,115	—	2,924	2,924	799,825	—	24,332	24,332
Other currencies	53,323	—	(1,001)	(1,001)	443,729	—	(8,329)	(8,329)
Over-the-counter								
Currency option contracts:								
Selling:								
Put	¥ 796	¥ —	¥ (2)	¥ (2)	$ 6,623	$ —	$ (16)	$ (16)
Buying:								
Call	5,500	—	11	11	45,768	—	91	91
Over-the-counter								
Currency swap contracts:								
Receipt—Euro/Payment—U.S. Dollars	¥ 583	¥ —	¥ (21)	¥ (21)	$ 4,851	$ —	$ (174)	$ (174)
Receipt—Pounds/Payment—Euro	69	—	0	0	574	—	0	0
Total				¥(3,440)				$(28,626)

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.

Interest Rate Related:	Millions of Yen 2015 Contract or notional	Contract or notional over one year	Estimated fair value	Valuation gain (loss)	Thousands of U.S. Dollars 2015 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	¥308	¥92	¥216	¥216	$2,563	$765	$1,797	$1,797
Total				¥216				$1,797

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

Commodity Related:	Millions of Yen 2015 Contract or notional	Contract or notional over one year	Estimated fair value	Thousands of U.S. Dollars 2015 Contract or notional	Contract or notional over one year	Estimated fair value
(Deferred hedge accounting method)						
Future contracts:						
Produce & Foodstuffs						
(Sell)	¥ 9,188	¥—	¥ 306	$ 76,458	$—	$ 2,546
(Buy)	35,831	—	(1,032)	298,169	—	(8,587)
Petroleum Products						
(Sell)	57	—	0	474	—	0
(Buy)	147	—	(2)	1,223	—	(16)
Forward contracts:						
Nonferrous Metal						
(Sell)	¥ 5,787	¥—	¥ 362	$ 48,156	$—	$ 3,012
(Buy)	0	—	1	0	—	8
Commodity swap contracts:						
Petroleum Products						
Receipt—variable/Payment—fixed	¥ 42	¥—	¥ 45	$ 349	$—	$ 374
Total			¥ (319)			$(2,654)

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.

Currency Related:	Millions of Yen 2015 Contract or notional	Contract or notional over one year	Estimated fair value	Thousands of U.S. Dollars 2015 Contract or notional	Contract or notional over one year	Estimated fair value
(Deferred hedge accounting method)						
Forward exchange contracts:						
Selling:						
U.S. Dollars	¥67,654	¥ 355	¥(1,640)	$562,985	$ 2,954	$(13,647)
Other currencies	18,094	2,807	(187)	150,570	23,358	(1,556)
Buying:						
U.S. Dollars	83,847	337	1,973	697,736	2,804	16,418
Other currencies	9,588	1,469	28	79,786	12,224	233
Currency swap contracts:						
Receipt—U.S. Dollars/Payment—Canadian Dollars	¥23,843	¥23,843	¥ 4,595	$198,410	$198,410	$ 38,237
Receipt—Japanese Yen/Payment—Canadian Dollars	445	445	16	3,703	3,703	133
Receipt—Japanese Yen/Payment—Australian Dollars	4,224	4,224	127	35,150	35,150	1,056
(Replacement equivalent method for forward exchange contracts)						
Forward exchange contracts:						
Selling:						
U.S. Dollars	¥ 8,371	¥ —	¥ (69)	$ 69,659	$ —	$ (574)
Buying:						
U.S. Dollars	2,024	—	431	16,842	—	3,586
Other currencies	1,375	—	(57)	11,442	—	(474)
Total			¥ 5,217			$ 43,413

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 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.

Interest Rate Related:	Millions of Yen 2015 Contract or notional	Millions of Yen 2015 Contract or notional over one year	Millions of Yen 2015 Estimated fair value	Thousands of U.S. Dollars 2015 Contract or notional	Thousands of U.S. Dollars 2015 Contract or notional over one year	Thousands of U.S. Dollars 2015 Estimated fair value
(Deferred hedge accounting method)						
Interest rate swap contracts:						
Receipt—variable/Payment—fixed	¥223,734	¥187,852	¥(7,460)	$1,861,812	$1,563,218	$(62,078)
Total			¥(7,460)			$(62,078)

Notes: 1. The estimated fair value amounts of interest rate swap contracts were determined using quotes obtained from financial institutions.
2. Effective from the year ended March 31, 2015, the accounting method for interest rate swaps subject to hedge accounting has been changed mainly from exceptional accounting to deferral hedge accounting. However, given that this change had only a negligible impact, it has not been retrospectively applied to the previous fiscal year.
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.

Interest Rate and Currency Related:	Millions of Yen 2015 Contract or notional	Millions of Yen 2015 Contract or notional over one year	Millions of Yen 2015 Estimated fair value	Thousands of U.S. Dollars 2015 Contract or notional	Thousands of U.S. Dollars 2015 Contract or notional over one year	Thousands of U.S. Dollars 2015 Estimated fair value
(Deferred hedge accounting method)						
Interest rate and currency swap contracts:						
Receipt—U.S. Dollars variable/Payment—Japanese Yen fixed	¥218,475	¥218,475	¥39,071	$1,818,049	$1,818,049	$325,131
Receipt—U.S. Dollars variable/Payment—Australian Dollars fixed	14,471	14,471	1,865	120,421	120,421	15,519
Total			¥40,937			$340,659

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.

2. For the year ended March 31, 2014

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

	Millions of Yen			
	2014			
Commodity Related:	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
(Buy)	67,980	2,758	(1,744)	(1,744)
Produce & Foodstuffs				
(Sell)	973	—	(68)	(68)
(Buy)	372	—	25	25
Natural Rubber				
(Sell)	423	—	(17)	(17)
(Buy)	187	—	8	8
Raw Cotton				
(Sell)	11,584	—	(695)	(695)
(Buy)	2,408	—	97	97
Exchange-traded				
Commodity option contracts:				
Raw Cotton				
(Sell)				
Put	¥ 383	¥ —	¥ (29)	¥ (29)
Call	2,047	—	(293)	(293)
Over-the-counter				
Forward contracts:				
Nonferrous Metal				
(Sell)	¥123,392	¥3,307	¥(6,031)	¥(6,031)
(Buy)	91,287	1,191	3,844	3,844
Natural Rubber				
(Sell)	3,879	—	(129)	(129)
(Buy)	1	—	0	0
Raw Cotton				
(Sell)	5,152	111	(39)	(39)
(Buy)	9,854	497	1,082	1,082
Over-the-counter				
Commodity swap contracts:				
Petroleum Products				
Receipt—variable/Payment—fixed	¥ 23,052	¥ —	¥(2,176)	¥(2,176)
Receipt—fixed/Payment—variable	24,988	—	2,538	2,538
Total				¥(1,167)

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			
	2014			
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	¥148,268	¥—	¥ (571)	¥ (571)
Other currencies	21,364	27	(347)	(347)
Buying:				
U.S. Dollars	92,745	—	(894)	(894)
Other currencies	63,774	—	(1,532)	(1,532)
Over-the-counter				
Currency option contracts:				
Selling:				
Put	¥ 4,891	¥—	¥ (3)	¥ (3)
Buying:				
Call	4,891	—	14	14
Over-the-counter				
Currency swap contracts:				
Receipt—Euro/Payment—U.S. Dollars	¥ 75	¥—	¥ 1	¥ 1
Receipt—Pounds/Payment—Euro	64	—	0	0
Total				¥(3,331)

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			
	2014			
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	¥331	¥—	¥220	¥220
Total				¥220

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

Commodity Related:	Millions of Yen 2014 Contract or notional	Contract or notional over one year	Estimated fair value
(Deferred hedge accounting method)			
Future contracts:			
Produce & Foodstuffs			
(Sell)	¥8,081	¥ —	¥(406)
(Buy)	9,293	—	695
Petroleum Products			
(Sell)	207	—	(3)
(Buy)	233	—	1
Forward contracts:			
Nonferrous Metal			
(Sell)	¥5,870	¥ —	¥(147)
Commodity swap contracts:			
Petroleum Products			
Receipt—variable/Payment—fixed	¥3,303	¥42	¥ 849
Total			¥ 987

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.

Currency Related:	Millions of Yen 2014 Contract or notional	 Contract or notional over one year	 Estimated fair value
(Deferred hedge accounting method)			
Forward exchange contracts:			
Selling:			
U.S. Dollars	¥30,372	¥ —	¥ (234)
Other currencies	7,981	—	(157)
Buying:			
U.S. Dollars	54,337	14	680
Other currencies	8,027	126	70
Currency option contracts:			
Selling:			
Put	¥ 2,171	¥ —	¥ (17)
Buying:			
Call	2,171	—	14
Currency swap contracts:			
Receipt—U.S. Dollars/Payment—Canadian Dollars	¥20,420	¥ —	¥1,372
(Replacement equivalent method for forward exchange contracts)			
Forward exchange contracts:			
Selling:			
U.S. Dollars	¥ 7,707	¥ —	¥ (18)
Buying:			
U.S. Dollars	7,036	1,434	220
Other currencies	11,289	1,656	971
Total			¥2,901

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.

Interest Rate Related:	Millions of Yen 2014 Contract or notional	 Contract or notional over one year	 Estimated fair value
(Deferred hedge accounting method)			
Interest rate swap contracts:			
Receipt—variable/Payment—fixed	¥ 35,112	¥ 32,005	¥583
(Exceptional accounting for interest rate swaps)			
Interest rate swap contracts:			
Receipt—variable/Payment—fixed	¥149,240	¥147,184	¥ —
Total			¥583

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.

Interest Rate and Currency Related:	Millions of Yen 2014 Contract or notional	Contract or notional over one year	Estimated fair value
(Deferred hedge accounting method)			
Interest rate and currency swap contracts:			
Receipt—U.S. Dollars variable/Payment—Japanese Yen fixed	¥162,613	¥162,613	¥13,619
Total			¥13,619

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.

NOTE 17 EMPLOYEE RETIREMENT BENEFITS

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

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."

Certain domestic consolidated subsidiaries adopted the simplified method (which assumes benefit obligation to be equal to benefits payable assuming the voluntary retirement of all employees at fiscal year-end) in calculating of net defined benefit asset and net retirement benefit expenses.

a. Defined benefit plan not applied the simplified method

(1) Adjustment table for the balances of retirement benefit obligations during March 31, 2015 and 2014 was as follows:

	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars 2015
Balance as of March 31, 2014	¥88,386	¥74,609	$735,508
Cumulative effects of changes in accounting policies	2,350	—	19,555
Restated balance	90,737	74,609	755,071
Service expenses	3,975	3,560	33,078
Interest expenses	2,136	1,387	17,774
Actuarial difference incurred	1,867	5,613	15,536
Retirement benefits paid	(3,528)	(3,032)	(29,358)
Foreign currency translation difference	635	3,397	5,284
Other	317	2,850	2,637
Balance as of March 31, 2015	¥96,140	¥88,386	$800,033

(2) Adjustment table for the balances of pension plan assets during March 31, 2015 and 2014 was as follows:

	Millions of Yen 2015	Millions of Yen 2014	Thousands of U.S. Dollars 2015
Balance as of March 31, 2014	¥73,647	¥61,042	$612,856
Expected return on pension plan assets	2,303	1,566	19,164
Actuarial differences incurred	8,925	5,836	74,269
Employer's contribution	2,325	3,020	19,347
Retirement benefits paid	(2,153)	(2,418)	(17,916)
Foreign currency translation difference	258	4,410	2,146
Other	(196)	188	(1,631)
Balance as of March 31, 2015	¥85,110	¥73,647	$708,246

(3) Adjustment table for the balances of retirement benefit obligations and pension plan assets 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
	2015	2014	2015
Retirement benefit obligations (funded)	¥ 66,960	¥ 61,633	$ 557,210
Pension plan assets	(85,110)	(73,647)	(708,246)
	(18,150)	(12,013)	(151,036)
Retirement benefit obligations (unfunded)	29,180	26,752	242,822
Net balance of liabilities and assets recorded on the consolidated balance sheets	¥ 11,030	¥ 14,739	$ 91,786
Net defined benefit liability	¥ 28,239	¥ 27,127	$ 234,992
Net defined benefit asset	(17,209)	(12,388)	(143,205)
Net balance of liabilities and assets recorded on the consolidated balance sheets	¥ 11,030	¥ 14,739	$ 91,786

(4) The components of net retirement benefit expenses for the year ended March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Service expenses	¥ 3,975	¥ 3,560	$ 33,078
Interest expenses	2,136	1,387	17,774
Expected return on pension plan assets	(2,303)	(1,566)	(19,164)
Recognized actuarial loss	593	1,184	4,934
Amortization of past service costs	20	20	166
Amortization of transition obligation	(5)	(11)	(41)
Net periodic benefit costs for defined benefit plan	4,415	4,573	36,739
Other	(389)	(6)	(3,237)
Total	¥ 4,026	¥ 4,567	$ 33,502

(5) The components of remeasurements of defined benefit plans in other comprehensive income (before applicable tax effects) for the year ended March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Amortization of past service costs	¥ (67)	¥—	$ (557)
Recognized actuarial difference	7,514	—	62,528
Amortization of transition obligation	(132)	—	(1,098)
Total	¥7,314	¥—	$60,863

(6) The components of remeasurements of defined benefit plans in accumulated other comprehensive income (before applicable tax effects) for the year ended March 31, 2015 and 2014 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Unrecognized amortization of past service costs	¥ (299)	¥ (231)	$ (2,488)
Unrecognized actuarial difference	6,294	(1,219)	52,375
Amortization of transition obligation	(120)	11	(998)
Total	¥5,875	¥(1,439)	$48,889

(7) Pension plan assets

(i) Components of pension plan assets as of March 31, 2015 and 2014 were as follows:

	2015	2014
Equity securities (Japan)	32%	34%
Equity securities (Overseas)	9	13
Debt securities (Japan)	28	21
Debt securities (Overseas)	6	7
Cash and deposits	1	1
Life insurance general accounts	17	16
Other	7	8
Total	100%	100%

Note: 25% (20% in 2014) of total pension plan assets was comprised of the retirement benefits trust for the corporate pension fund plan.

(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.

(8) Assumptions used in determining the retirement benefit obligations for the year ended March 31, 2015 and 2014 were as follows:

	2015	2014
Discount rate	mainly 0.8%	mainly 1.3%
Expected long-term rate of return on pension plan assets	mainly 2.0%	mainly 3.0%

b. Defined benefit plan applied the simplified method

(1) Adjustment table for the balances of net defined benefit liability during March 31, 2015 and 2014 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Balance as of March 31, 2014	¥5,214	¥5,239	$43,388
Retirement benefit expenses	817	828	6,798
Retirement benefits paid	(416)	(540)	(3,461)
Other	41	(312)	341
Balance as of March 31, 2015	¥5,656	¥5,214	$47,066

(2) Adjustment table for the balances of retirement benefit obligations and pension plan assets 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
	2015	2014	2015
Retirement benefit obligations (funded)	¥ 1,332	¥ 1,217	$ 11,084
Pension plan assets	(1,554)	(1,446)	(12,931)
	(221)	(228)	(1,839)
Retirement benefit obligations (unfunded)	4,323	3,996	35,974
Net balance of liabilities and assets recorded on the consolidated balance sheets	¥ 4,101	¥ 3,768	$ 34,126
Net defined benefit liability	¥ 4,115	¥ 3,787	$ 34,243
Net defined benefit asset	(14)	(19)	(116)
Net balance of liabilities and assets recorded on the consolidated balance sheets	¥ 4,101	¥ 3,768	$ 34,126

(3) Retirement benefit expenses calculated through the simplified method for the year ended March 31,2015 and 2014 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Retirement benefit expenses	¥876	¥902	$7,289

c. Defined contribution plan

The Company and its consolidated subsidiaries were required to contribute ¥1,359 million ($11,308 thousand) and ¥955 million to the defined contribution plan for the year ended March 31, 2015 and 2014, respectively.

NOTE 18 BUSINESS COMBINATION

(Transactions under common control)
Acquisition of additional shares of subsidiary

1. Overview of transaction

(1) Name and business activities of the acquired company

Name of the acquired company
Tomen Electronics Corporation
(the Company's consolidated subsidiary)
Business activities
Primarily the sale of the information and telecommunications equipment handled by the Company.

(2) Date of business combination

December 30, 2014

(3) Legal form of business combination

Acquisition of shares from minority shareholders

(4) Name of the company after the acquisition

No change

(5) Other matters concerning the outline of the transaction

From July 10, 2014 to August 21, 2014, the Company conducted a tender offer for the shares of its consolidated subsidiary Tomen Electronics Corporation (hereinafter the "Target Company"). As a result, the Company's shareholding in the Target Company stood at 62.97% as of August 28, 2014.

Thereafter, in accordance with resolutions of an extraordinary general meeting of shareholders and a class-shareholders' meeting by common shareholders held on November 28, 2014, the Target Company redeemed all of its common shares subject to a provision that allows the Target Company to call on all Target Company Common shares (hereinafter "the Wholly Call"). As consideration for the redeemed shares, the Company issued a separate class of shares in exchange for the redeemed shares at an exchange ratio of 6,000,000 class shares for every 1 common share subject to the Wholly Call. Shareholders other than members of the Toyota Tsusho Group were issued fractional class shares. Pursuant to legal procedures, they have received cash consideration in the amount obtainable from selling Target Company shares equivalent in number to the sum total of the fractional shares.

Consequently, the Toyota Tsusho Group has converted the Target Company into a wholly owned subsidiary by acquiring all of the Target Company's voting rights.

2. Overview of accounting treatment applied

In accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008), the Company has treated this transaction as a transaction with minority interests among transactions under common control.

3. Matters concerning the acquisition of additional shares of subsidiary

(1) Acquisition cost and components

Consideration for acquisition	¥15,967 million	($132,870 thousand)
Direct acquisition expenses	190 million	(1,581 thousand)
Acquisition cost	¥16,158 million	($134,459 thousand)

(2) Amount of and reason for negative goodwill

a. Amount of negative goodwill ¥10,856 million ($90,338 thousand)
b. Reason for negative goodwill
The acquisition cost for the acquisition of additional shares of the subsidiary was lower than the reduction in minority interests due to the acquisition of the additional shares.

NOTE 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 ¥1,818 million ($15,128 thousand) and ¥1,742 million for the fiscal years ended March 31, 2015 and 2014, 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
2015	April 1, 2014	Increase/ Decrease	March 31, 2015	March 31, 2015	April 1, 2014	Increase/ Decrease	March 31, 2015	March 31, 2015
Investment property	¥46,413	¥(3,440)	¥42,973	¥40,283	$386,227	$(28,626)	$357,601	$335,216

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, 2015 primarily represents the sales of real estate, which was ¥3,519 million ($29,283 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).

2014	Millions of Yen Carrying amount April 1, 2013	 Increase/ Decrease	 March 31, 2014	 Fair value March 31, 2014
Investment property	¥43,030	¥3,382	¥46,413	¥43,011

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 .
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).

NOTE 20 OTHER COMPREHENSIVE INCOME

Reclassification adjustments and tax effects for each component of other comprehensive income for the years ended March 31, 2015 and 2014 are as follows:

	Millions of Yen 2015	 2014	Thousands of U.S. Dollars 2015
Net valuation difference on available-for-sale securities, net of taxes:			
Gains (losses) arising during the year	¥ 80,311	¥ 51,229	$ 668,311
Reclassification adjustments	(1,319)	(1,203)	(10,976)
Before income tax effects	78,991	50,025	657,327
Income tax effects	21,303	17,077	177,273
Net valuation difference on available-for-sale securities, net of taxes	57,688	32,949	480,053
Net deferred gains or losses on hedges, net of taxes:			
Gains (losses) arising during the year	(13,965)	(595)	(116,210)
Reclassification adjustments	(1,142)	5,688	(9,503)
Before income tax effects	(15,108)	5,093	(125,721)
Income tax effects	(4,353)	1,398	(36,223)
Net deferred gains or losses on hedges, net of taxes	(10,754)	3,694	(89,489)
Foreign currency translation adjustment:			
Adjustments arising during the year	49,536	116,407	412,216
Reclassification adjustments	840	(133)	6,990
Foreign currency translation adjustment	50,377	116,273	419,214
Remeasurements of defined benefit plans:			
Gains (losses) arising during the year	6,706	—	55,804
Reclassification adjustments	608	—	5,059
Before income tax effects	7,314	—	60,863
Income tax effects	2,342	—	19,489
Remeasurements of defined benefit plans	4,971	—	41,366
Share of other comprehensive income of entities accounted for using equity method:			
Gains (losses) arising during the year	11,124	15,165	92,568
Reclassification adjustments	(290)	(434)	(2,413)
Share of other comprehensive income of entities accounted for using equity method	10,833	14,730	90,147
Total other comprehensive income	¥113,116	¥167,649	$ 941,299

NOTE 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 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 Parts & Logistics Division

The Global 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											
2015	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Agribusiness	Consumer Products & Services	Total	Other	Total	Adjustments	Consolidation
Net sales:												
External customers	¥1,961,003	¥927,515	¥1,306,528	¥1,948,123	¥1,947,515	¥410,409	¥160,144	¥8,661,240	¥ 2,220	¥8,663,460	¥ –	¥8,663,460
Inter-segment	943	3,308	169	1,304	5,845	130	739	12,441	507	12,949	(12,949)	–
Total	1,961,947	930,824	1,306,697	1,949,427	1,953,360	410,540	160,883	8,673,681	2,728	8,676,409	(12,949)	8,663,460
Segment income (loss)	¥ 54,332	¥ 22,876	¥ 36,451	¥ 22,321	¥ 33,074	¥ 5,411	¥ 6,490	¥ 180,958	¥ (11,132)	¥ 169,825	¥ (369)	¥ 169,456
Segment assets	¥ 862,651	¥328,027	¥ 730,225	¥ 697,826	¥ 827,764	¥221,433	¥105,179	¥3,773,107	¥900,227	¥4,673,334	¥(139,640)	¥4,533,693
Other items												
Depreciation	¥ 11,116	¥ 6,241	¥ 20,450	¥ 16,421	¥ 7,155	¥ 3,953	¥ 1,864	¥ 67,203	¥ 6,150	¥ 73,354	¥ –	¥ 73,354
Amortization of goodwill	35	–	12,582	4,918	11,785	5,549	747	35,618	437	36,055	–	36,055
Impairment losses	87	387	–	2,878	366	51	46	3,818	124	3,942	–	3,942
Goodwill	30	320	100,803	8,644	37,380	21,990	768	169,939	708	170,647	–	170,647
Investment in affiliates accounted for using equity method	27,935	23,628	27,159	58,788	57,471	16,290	7,526	218,800	13,978	232,778	–	232,778
Increase in property, plant and equipment and intangible assets	11,381	7,924	22,428	76,393	6,966	5,762	1,133	131,990	9,432	141,422	–	141,422

	Thousands of U.S. Dollars											
	Reportable segment											
2015	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Agribusiness	Consumer Products & Services	Total	Other	Total	Adjustments	Consolidation
Net sales:												
External customers	$16,318,573	$7,718,357	$10,872,330	$16,211,392	$16,206,332	$3,415,236	$1,332,645	$72,074,893	$ 18,473	$72,093,367	$ –	$72,093,367
Inter-segment	7,847	27,527	1,406	10,851	48,639	1,081	6,149	103,528	4,219	107,755	(107,755)	–
Total	16,326,429	7,745,893	10,873,737	16,222,243	16,254,972	3,416,326	1,338,795	72,178,422	22,701	72,201,123	(107,755)	72,093,367
Segment income (loss)	$ 452,126	$ 190,363	$ 303,328	$ 185,745	$ 275,226	$ 45,027	$ 54,006	$ 1,505,850	$ (92,635)	$ 1,413,206	$ (3,070)	$ 1,410,135
Segment assets	$ 7,178,588	$2,729,691	$ 6,076,599	$ 5,806,990	$ 6,888,274	$1,842,664	$ 875,251	$31,398,077	$7,491,279	$38,889,356	$(1,162,020)	$37,727,327
Other items												
Depreciation	$ 92,502	$ 51,934	$ 170,175	$ 136,648	$ 59,540	$ 32,895	$ 15,511	$ 559,232	$ 51,177	$ 610,418	$ –	$ 610,418
Amortization of goodwill	291	–	104,701	40,925	98,069	46,176	6,216	296,396	3,636	300,033	–	300,033
Impairment losses	723	3,220	–	23,949	3,045	424	382	31,771	1,031	32,803	–	32,803
Goodwill	249	2,662	838,836	71,931	311,059	182,990	6,390	1,414,154	5,891	1,420,046	–	1,420,046
Investment in affiliates accounted for using equity method	232,462	196,621	226,004	489,206	478,247	135,557	62,627	1,820,753	116,318	1,937,072	–	1,937,072
Increase in property, plant and equipment and intangible assets	94,707	65,939	186,635	635,707	57,967	47,948	9,428	1,098,360	78,488	1,176,849	–	1,176,849

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.

2014	Millions of Yen											
	Reportable segment											
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Agribusiness	Consumer Products & Services	Total	Other	Total	Adjustments	Consolidation
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: 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, 2015, the Group changed the segment name from "Global Production Parts & Logistics" to "Global Parts & Logistics." In the segment information for the fiscal year ended March 31, 2014, the segment name has been changed to conform to the current period presentation.

Related information

(Geographic information)

2015	Millions of Yen				Thousands of U.S. Dollars			
	Japan	China	Other	Total	Japan	China	Other	Total
Net sales	¥2,660,758	¥1,158,013	¥4,844,689	¥8,663,460	$22,141,616	$9,636,456	$40,315,294	$72,093,367

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

2014	Millions of Yen			
	Japan	China	Other	Total
Net sales	¥2,662,475	¥1,116,173	¥3,964,589	¥7,743,237

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

2015	Millions of Yen				Thousands of U.S. Dollars			
	Japan	U.S.A.	Other	Total	Japan	U.S.A.	Other	Total
Property, plant and equipment	¥256,550	¥66,757	¥260,511	¥583,819	$2,134,892	$555,521	$2,167,853	$4,858,275

2014	Millions of Yen			
	Japan	U.S.A.	Other	Total
Property, plant and equipment	¥207,013	¥58,548	¥238,541	¥504,104

Information of gain on bargain purchase by reportable segment

In the year ended March 31, 2015, the Company recorded a gain on bargain purchase of ¥10,856 million ($90,338 thousand) in the Chemicals & Electronics segment. This was mainly because the acquisition cost for the acquisition of additional shares of a subsidiary was lower than the reduction in minority interests due to the acquisition of the additional shares.

NOTE 22 RELATED PARTY TRANSACTIONS

During the years ended March 31, 2015 and 2014, the Company had operational transactions with Toyota Motor Corporation (“TMC”), a 22.1% shareholder of the Company as of March 31, 2015 and 2014.

A summary of the significant transactions with TMC for the years ended or as at March 31, 2015 and 2014 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
For the year:			
Sales of raw materials	¥234,204	¥211,912	$1,948,939
Purchase of automobiles	221,634	258,564	1,844,337
At year-end:			
Notes and accounts receivable—trade	¥ 38,889	¥ 34,448	$ 323,616
Notes and accounts payable—trade	16,164	16,143	134,509

Note: The terms and conditions applicable to the above transactions were determined by negotiations on an arms-length basis.

NOTE 23 STOCK-BASED COMPENSATION

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

Not applicable.

(2) Stock option income recorded by forfeitures due to reversal of subscription rights

	Millions of Yen		Thousands of U.S. Dollars
	2015	2014	2015
Gain on reversal of subscription rights to shares	¥87	¥372	$723

(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
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
Class and number of shares (Note)	1,014,000 shares of common stock
Date of issue	August 7, 2008
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.
Service period	From August 7, 2008 to July 31, 2010
Exercise period	From August 1, 2010 to July 31, 2014

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
Non-exercisable stock options			
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	—	—	—
Exercisable stock options			
Stock options outstanding at the end of the previous fiscal year	262,100	253,000	462,500
Conversion from non-exercisable stock options	—	—	—
Stock options exercised	103,400	119,900	186,100
Forfeitures	2,000	2,000	276,400
Stock options outstanding at the end of the fiscal year	156,700	131,100	—

(ii) Price of options

	Exact Yen Amounts		
	2011	2010	2009
Exercise price	¥1,375	¥1,492	¥2,417
Average market price of the stock at the time of exercise	2,856	2,849	2,740
Fair value of options on grant date	402	487	308

(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.

NOTE 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
	2015	2014	2015
Net income per share basic:			
Net income	¥ 67,571	¥ 73,034	$562,295
Net income not attributable to common shareholders	—	—	—
Net income attributable to common shareholders	67,571	73,034	562,295
Weighted average shares (thousands of shares)	351,517	351,108	351,517
Net income per share basic (exact yen amounts)	¥ 192.23	¥ 208.01	$ 1.60
Net income per share diluted:			
Increase in weighted average shares for diluted computation (thousands of shares)	228	329	228
Net income per share diluted (exact yen amounts)	¥ 192.10	¥ 207.82	$ 1.60

NOTE 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, 2015 and 2014 are as follows:

	Shares
Balance as of March 31, 2013	354,056,516
Increase	—
Decrease	—
Balance as of March 31, 2014	354,056,516
Increase	—
Decrease	—
Balance as of March 31, 2015	354,056,516

2. Number of treasury stock

The changes in total number of treasury stock for the years ended March 31, 2015 and 2014 are as follows:

	Shares
Balance as of 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 as of March 31, 2014	2,759,031
Increase due to purchases of less-than-one-unit shares from shareholders	16,615
Increase of the quota of the Company's stocks owned by consolidated subsidiaries and affiliates accounted by the equity method	280
Decrease due to exercise of stock options	(409,400)
Decrease due to sales of less-than-one-unit shares to shareholders	(402)
Balance as of March 31, 2015	2,366,124

NOTE 26 CHANGE IN NET ASSETS

Matters related to dividends

(a) Dividend payment

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
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
2) Dividends per share: ¥23.00
3) Record date: September 30, 2013
4) Effective date: November 26, 2013

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 ($78,979 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

Approvals by the Board of Directors' meeting held on October 31, 2014 are as follows:

Dividend on Common Stock

1) Total amount of dividends: ¥9,850 million ($81,967 thousand)
2) Dividends per share: ¥28.00
3) Record date: September 30, 2014
4) Effective date: November 26, 2014

(b) Dividends whose record date is attributable to the accounting period ended March 31, 2015 but which are to be effective after the said accounting period

Approvals by the annual general shareholders' meeting held on June 23, 2015 are as follows:

Dividend on Common Stock

1) Total amount of dividends: ¥9,853 million ($81,992 thousand)
2) Funds for dividends: Retained earnings
3) Dividends per share: ¥28.00
4) Record date: March 31, 2015
5) Effective date: June 24, 2015

NOTE 27 SUBSEQUENT EVENTS

(Acquisition of a company through stock purchase)

On January 28, 2015, the Company concluded a stock transfer contract in which it agreed to acquire all outstanding shares of NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A. ("NovaAgri") and make it a wholly owned subsidiary. The share acquisition was subsequently completed on May 29, 2015. NovaAgri is expected to be deemed as a specified subsidiary of the Company, as its capital stock amounts to more than 10% of the Company's capital stock.

1. Purpose of the share acquisition

The grain business has long been a key field for the Company, which established its grain silo business in 1968. Currently, the Company operates four grain silos in Japan, counting long experience in the business and the expertise acquired from handling one of the top trading volumes in Japan among its strengths. The acquisition of all shares of NovaAgri as a subsidiary will enable the Company to strengthen customer service beginning with grain collection, and work on establishing a supply chain ranging in scope from upstream to downstream operations. This will be accomplished by leveraging NovaAgri's grain infrastructure business encompassing grain storage and railway reloading facilities to export terminals in Brazil, one of the largest grain producers in the world. Moving forward, the Company will strive to ensure the stable supply of grain and expand further in the business.

2. Name of the counterparties in the share acquisition

P2 Brasil Infraestrutura and others

3. Name, business description, and scale of the company subject to the share acquisition

(1) Name: NovaAgri Infra-Estrutura de Armazenagem e Escoamento Agrícola S.A.

(2) Business description: Businesses for the collection, storage, distribution, sales, and export-import of grain

(3) Capital stock: Brazilian real 202 million (¥7,522 million ($62,594 thousand)) (as of December 31, 2014)

(4) Consolidated financial position and consolidated operating results of NovaAgri for the most recent three past years:

	Millions of Brazilian Real			Thousands of U.S. Dollars		
December 31	2012	2013	2014	2012	2013	2014
Net assets	R$153	R$193	R$216	$53,998	$ 71,906	$ 80,494
Total assets	248	379	449	87,209	141,274	166,846
Sales	14	14	43	4,751	5,417	16,160

4. Share acquisition date:

May 29, 2015

5. Number and acquisition price of the shares acquired, and the ownership ratio after the acquisition

(1) Number of shares acquired: 173,980,021 shares

(2) Acquisition price: Approximately ¥27.5 billion ($228 million)

(3) Ownership ratio: 100%

NOTE 28 QUARTERLY FINANCIAL SUMMARY FOR THE FISCAL YEAR ENDED MARCH 31, 2015

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	¥2,084,089	¥4,354,801	¥6,584,093	¥8,663,460	$17,342,839	$36,238,670	$54,789,822	$72,093,367
Income before income taxes and minority interests	47,704	87,328	131,767	155,494	396,970	726,703	1,096,504	1,293,950
Net income	21,302	40,257	64,333	67,571	177,265	335,000	535,349	562,295
Net income per share basic (exact yen amounts)	¥ 60.63	¥ 114.55	¥ 183.03	¥ 192.23	$ 0.50	$ 0.95	$ 1.52	$ 1.60

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	¥60.63	¥53.92	¥68.48	¥9.21	$0.50	$0.45	$0.57	$0.08

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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 31,2015, 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 31,2015, 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 31,2015 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 3, 2015

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Printed in Japan