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Toyota Tsusho Corporation Reports Earnings for the Three Months Ended June 30, 2014

Nagoya, Japan; July 31, 2014 — Toyota Tsusho Corporation (TSE: 8015) reported consolidated net sales of 2,084.089 billion yen and net income of 21.302 billion yen, or 60.63 yen per share, for the three months ended June 30, 2014.

Consolidated Results of Operations

In the first three months of the fiscal year (April 1, 2014 – June 30, 2014), the global economy as a whole continued to gradually recover, led by developed economies. The U.S. economy recovered briskly, bolstered by steady personal consumption. The European economy continued to recover albeit slowly. On the other hand, among emerging market economies, the Chinese economy continued to decelerate, economic growth in India and Brazil slowed down as a result of monetary tightening aimed at controlling inflation, and the Russian economy declined due to Ukraine crisis.

Against such a backdrop, the Japanese economy was bolstered by the improved investment environment and employment situation buoyed by better corporate earnings, despite concerns over sluggish growth in exports and the impact of political unrest in Thailand.

Amid such an environment, the Toyota Tsusho Group's consolidated net sales increased 187.6 billion yen (9.9%) year on year to 2,084.0 billion yen in the three-month period (April-June) partly due to the impact of the unification of accounting period of some consolidated subsidiaries. Consolidated operating income totaled 34.343 billion yen, a decline of 6.572 billion yen (16.1%) compared with the same period of the previous fiscal year (40.915 billion), as sales, general and administrative costs increased. Consolidated ordinary income amounted to 44.952 billion yen, down 1.117 billion yen (2.4%) from the same period of the previous fiscal year (46.069 billion yen), while consolidated net income after taxes decreased 0.477 billion yen (2.2%) to 21.302 billion yen from 21.779 billion yen in the same period of the previous fiscal year.

Segment Information

The Group carried out a reorganization of some of its businesses from April 1, 2014 and the name of the Global Production Parts & Logistics Division was changed to the Global Parts & Logistics Division.

Metals

Net sales increased 42.5 billion yen (9.3%) year on year to 498.9 billion yen as a result of the impact of unification of accounting periods and increased automobile production in North America.

In the steel business, the Group worked on expanding its capacity to cater to increased overseas automobile production. In the nonferrous metals business the Group decided to study establishment of a manufacturing and sales company for aluminum sheets for automobile panels in the U.S. together with Kobe Steel Ltd. In

the steel raw materials business, the Group made a capital investment in Scholz Holding GmbH, a German company with the world's second biggest metal scrapping volume, in a bid to expand its recycle business worldwide.

Global Parts & Logistics

Net sales rose 24.2 billion yen (11.0%) year on year to 244.4 billion yen due to the impact of unification of accounting periods.

The Group signed a Memorandum of Understanding regarding business alliance with Texas Pneumatic Systems, Inc. and Turbine Fuel Systems, Inc. of the U.S. for entering the aviation after-sales service market to strengthen businesses other than automobiles. Furthermore, the Group gifted energy-saving, ultra large ceiling fans to Spa Resort Hawaiians, operated by Joban Kosan., Ltd. and started the collaborative demonstration project to cultivate a new energy-saving market.

Automotive

Net sales increased 44.1 billion yen (14.5%) year on year to 348.7 billion yen due to the impact of unification of accounting periods.

In the automotive business, the Group in Cambodia agreed with Kong Nuon Group Co. Ltd., a local partner and an import and sale agent of Toyota vehicles in which Toyota Tsusho has a stake, to establish a sales finance company in a joint venture. The Group acquired a license for operating a lease business in the country. Further, in Kazakhstan, a local assembly plant of Toyota vehicles started operation, in which the Group has been involved from the planning stage.

Machinery, Energy & Projects

Net sales decreased 1.8 billion yen (0.4%) year on year to 394.3 billion yen, as the sales volume of automotive equipment declined, etc.

In Egypt, where there has been increasing demand for power, the machinery business, the Group together with Mitsubishi Heavy Industries, Ltd. won an order for steam turbine generators, to be used at the South Helwan Supercritical Power Plant, from Upper Egypt Electricity Production Company.

Chemicals & Electronics

Net sales rose 85.8 billion yen (22.0%) year on year to 476.3 billion yen primarily reflecting the impact of unification of accounting periods and a new consolidated subsidiary.

In the chemical and synthetic resin business, the Group, jointly with Nippon Pigment (Singapore) Pte. Ltd. and Motherson Sumi Systems Ltd., entered into the synthetic resin compound business in Chennai, India, in response to the trend of companies in the automobile and electrical industries foraying into India and expanding local production. In the electronics business, the Group proceeded with preparations to acquire Tomen Electronics Corporation as a wholly owned subsidiary through a tender offer in the aim of stepping up expansion into new businesses and enhancing customer satisfaction.

Food & Agribusiness

Net sales decreased 2.2 billion yen (2.4%) year on year to 85.3 billion yen due to the slowdown in the market.

In the grain business, the Group worked on expansion of Australian grain sales to Japan and Southeast Asian countries by leveraging the functions of the Australian grain accumulation and exporting affiliate. In the agriculture and aquaculture business, the Group agreed to make a capital investment in Koktem EA., an agricultural corporation, in order to enter into the agriculture business in Kazakhstan which boasts one of the world's best grain producing regions.

Consumer Products & Services

Net sales decreased 5.1 billion yen (12.6%) year on year to 35.2 billion yen due to the impact of a decline in trading volume of textile-related products.

In the living & healthcare business, the Group, regarding the general hospital jointly owned and operated with Secom Medical System Co., Ltd., and India's Kirloskar Group, agreed to the issue and subscription of preferred stocks through a third-party allocation by Japan Bank for International Cooperation in a bid to expand the medical business. Also, in order to pursue specialization and strengthening the business base, the Group reorganized two companies engaged in nursing care business and office and living environment business and established Toyota Tsusho All Life Corporation and Toyota Tsusho Facilities Corporation.

Consolidated Financial Condition

At June 30, 2014, consolidated assets totaled 4,094.0 billion yen, an increase of 21.3 billion yen from March 31, 2014. The increase was chiefly attributable to a 30.1 billion yen increase in investment securities and a 9.9 billion yen increase in inventories. Consolidated net assets decreased 3.9 billion yen to 1,152.1 billion yen, despite a 10.0 billion yen increase in retained earnings and a 6.9 billion yen increase in net unrealized gains on available-for-sales securities, as foreign currency translation adjustments fell by 20.0 billion yen.

Outlook for Fiscal Year Ending March 31, 2015

There is no change to the consolidated earnings forecast issued on April 25, 2014.

Other Information

(1) Changes affecting the status of material subsidiaries (scope of consolidation) during the period
Not applicable

(2) Accounting procedures specific to preparation of quarterly consolidated financial statements

The Group calculates tax liabilities by producing a reasonable estimate of the effective tax rate after applying tax-effect accounting to income before income taxes and minority interests for the fiscal year, which encompasses the three months ended June 30, 2014, and then multiplying income before income taxes and minority interests by this estimated effective tax rate.

(3) Changes in accounting principles, changes in accounting estimates and retrospective restatements

Changes in accounting principles

(Accounting Standard for Retirement Benefits)

Effective the first three months for the fiscal year ending March 31, 2015, the Company adopted the main clause of paragraph 35 of *Accounting Standard for Retirement Benefits* (ASBJ Statement No. 26, May 17, 2012, hereinafter, “*Accounting Standard*”) and the main clause of paragraph 67 of *Guidance on Accounting Standard for Retirement Benefits* (ASBJ Guidance No. 25, May 17, 2012, hereinafter “*Guidance on Retirement Benefits*”). In accordance with this, calculation method for retirement benefit obligations and service cost were reviewed, and the method for attributing expected pension benefits to periods of employee service was changed 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.

The *Accounting Standard* and the *Guidance on Retirement Benefits* are applied with transitional treatments stipulated in paragraph 37 of the *Accounting Standard*. As of the beginning of the first three months of the fiscal year ending March 31, 2015 (April 1, 2014), impact of the change in calculation method was reflected in retained earnings.

As a result, retained earnings as of the beginning of the first three months of the fiscal year ending March 31, 2015 (April 1, 2014) was 1,563 million yen lower. The impact of this change on operating income, ordinary income, and income before income taxes and minority interests was minor.

(4) Additional information

The fiscal year-end date for some of the Company’s consolidated subsidiaries, including Business Car and Toyota Tsusho (Shanghai) Co., Ltd., is December 31, which is different from the consolidated year-end date. With respect to those subsidiaries, financial statements as of their year-end date were previously used for preparation of consolidated financial statements after necessary adjustments for consolidation were performed on important transactions that took place between the last year-end date of those companies and the consolidated year-end date. Effective the first three months of the fiscal year ending March 31, 2015, however, in order to further increase the quality of financial reporting, preparation method for consolidated financial statements were changed to a new method under which the financial statements of Business Car, Toyota Tsusho (Shanghai) Co., Ltd., and other four consolidated subsidiaries are provisionally closed at the consolidated fiscal year-end date for consolidation. In line with this change, the consolidated financial statements for the three months ended June 30, 2014 include financial statements of these companies for six months (January 1 through June 30, 2014) with adjustments made through consolidated income statements.

As a result, for the first three months for the fiscal year ending March 31, 2015, net sales was 119,330 million yen higher, gross profit was 6,969 million yen higher, operating income was 2,559 million yen higher, ordinary income was 2,223 million yen higher, income before income taxes and minority interests was 2,243 million yen higher.

Financial Statements
(1) Consolidated Balance Sheets

	As of March 31, 2014 Amount	Millions of yen As of June 30, 2014 Amount
Assets		
Current assets:		
Cash and cash equivalents	412,089	407,077
Trade notes and accounts receivable	1,268,331	1,262,304
Inventories	628,758	638,648
Other current assets	232,928	244,727
Less: allowance for doubtful receivables	(21,222)	(22,755)
Total current assets	2,520,885	2,530,002
Fixed assets:		
Property and equipment	504,104	504,076
Intangible assets:		
Goodwill	202,858	191,673
Other	226,641	221,147
Total intangible assets	429,500	412,821
Investments and other assets:		
Investment securities	471,818	501,933
Other	162,290	161,024
Less: allowance for doubtful receivables	(15,870)	(15,809)
Total investments and other assets	618,238	647,148
Total fixed assets	1,551,843	1,564,046
Total assets	4,072,728	4,094,048

	As of March 31, 2014 Amount	Millions of yen As of June 30, 2014 Amount
Liabilities		
Current liabilities:		
Trade notes and accounts payable	950,852	885,012
Short-term debt	520,337	574,166
Income taxes payable	33,099	26,645
Allowances	1,538	1,286
Other current liabilities	429,504	457,560
Total current liabilities	1,935,332	1,944,670
Long-term liabilities:		
Bonds payable, less current portion	95,000	86,954
Long-term debt	720,813	747,249
Allowances	6,567	6,117
Net defined benefit liability	30,915	31,582
Other long-term liabilities	128,019	125,286
Total long-term liabilities	981,315	997,189
Total liabilities	2,916,648	2,941,860
Net assets		
Shareholders' equity:		
Common stock	64,936	64,936
Capital surplus	154,781	154,866
Retained earnings	584,591	594,575
Treasury stock	(4,508)	(4,331)
Total shareholders' equity	799,801	810,046
Accumulated other comprehensive income:		
Net unrealized gains on available-for-sales securities, net of taxes	78,553	85,468
Deferred gain (loss) on futures hedge	(6,515)	(9,150)
Foreign currency translation adjustments	101,926	81,915
Remeasurements of defined benefit plans	(1,025)	(946)
Total accumulated other comprehensive income	172,938	157,286
Stock warrants	371	333
Minority interests	182,968	184,521
Total net assets	1,156,080	1,152,188
Total liabilities and net assets	4,072,728	4,094,048

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

	Millions of yen	
	Three Months ended June 30, 2013	Three Months ended June 30, 2014
	Amount	Amount
Net sales	1,896,469	2,084,089
Cost of sales	1,755,372	1,935,675
Gross profit	141,096	148,413
Selling, general and administrative expenses	100,180	114,069
Operating income	40,915	34,343
Other income:		
Interest income	976	1,341
Dividend income	8,011	9,384
Equity in the earnings of unconsolidated subsidiaries and affiliates	5,637	5,226
Other income	3,471	2,794
Total other income	18,096	18,748
Other expenses:		
Interest expense	6,172	6,806
Foreign exchange loss	5,532	—
Other expenses	1,237	1,333
Total other expenses	12,942	8,139
Ordinary income	46,069	44,952
Extraordinary income:		
Gain on sale of fixed assets	238	208
Gain on trading of securities and investments	549	3,000
Other extraordinary income	3	2
Total extraordinary income	790	3,210
Extraordinary losses:		
Loss on disposal of fixed assets	145	147
Loss on trading of securities and investments	24	0
Loss on valuation of securities and investments	197	308
Other extraordinary losses	29	3
Total extraordinary losses	396	459
Income before income taxes and minority interests	46,464	47,704
Income tax expenses	17,409	19,324
Income before minority interests	29,054	28,379
Minority interests in earnings of consolidated subsidiaries and affiliates	7,274	7,077
Net income	21,779	21,302

Consolidated Statements of Comprehensive Income

	Three Months ended June 30, 2013	Millions of yen Three Months ended June 30, 2014
	Amount	Amount
Income before minority interests	29,054	28,379
Other comprehensive income		
Net unrealized gains on available-for-sales securities, net of taxes	18,191	6,604
Deferred gain (loss) on futures hedge	271	(2,912)
Foreign currency translation adjustments	34,017	(21,434)
Remeasurements of defined benefit plans	—	56
Share of other comprehensive income of unconsolidated subsidiaries and affiliates	5,597	(147)
Total other comprehensive income	58,077	(17,833)
Comprehensive income	87,132	10,546
Components:		
Comprehensive income attributable to owners of the parent	77,324	5,628
Comprehensive income attributable to minority interests	9,807	4,917

(3) Notes on Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Segment and Other Information)
Segment information

1. Sales and income/loss by reportable segment

Three Months ended June 30, 2013 (April 1, 2013 to June 30, 2013)

Millions of yen

	Reportable segment							Total
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Agribusiness	Consumer Products & Services	
Net sales								
Outside customers	456,403	220,211	304,691	396,109	390,579	87,509	40,325	1,895,831
Inter-segment revenue or transfers	110	826	36	36	1,281	23	159	2,473
Total	456,513	221,038	304,727	396,145	391,861	87,533	40,485	1,898,304
Segment income (loss)	11,828	7,598	9,662	5,160	5,995	1,548	1,475	43,268

	Other *1	Total	Adjustments *2	Amounts on the quarterly consolidated statements of income *3
Net sales				
Outside customers	638	1,896,469	-	1,896,469
Inter-segment revenue or transfers	156	2,630	(2,630)	-
Total	795	1,899,099	(2,630)	1,896,469
Segment income (loss)	(2,228)	41,039	(123)	40,915

Three Months ended June 30, 2014 (April 1, 2014 to June 30, 2014)

Millions of yen

	Reportable segment							Total
	Metals	Global Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Agribusiness	Consumer Products & Services	
Net sales								
Outside customers	498,964	244,400	348,779	394,338	476,340	85,376	35,247	2,083,448
Inter-segment revenue or transfers	272	825	2	34	1,419	32	148	2,736
Total	499,237	245,226	348,782	394,373	477,760	85,409	35,396	2,086,185
Segment income (loss)	10,193	4,777	8,217	4,432	7,058	1,394	581	36,656

	Other *1	Total	Adjustments *2	Amounts on the quarterly consolidated statements of income *3
Net sales				
Outside customers	640	2,084,089	-	2,084,089
Inter-segment revenue or transfers	134	2,870	(2,870)	-
Total	774	2,086,960	(2,870)	2,084,089
Segment income (loss)	(2,345)	34,310	33	34,343

- Notes:
1. "Other" comprises businesses that are not included in reportable segments, such as functional services which provide operation support to the whole Group.
 2. Figures in "Adjustments" for the "Segment income (loss)" row represent the amounts of inter-segment transactions.
 3. Segment income (loss) is adjusted based on operating income on the consolidated financial statements.
 4. Effective the first three months for the fiscal year ending March 31, 2015, the Global Production Parts & Logistics segment has changed its name to the Global Parts & Logistics.

Outline of Consolidated Results for the Three Months Ended June 30, 2014
(April 1, 2014 to June 30, 2014)

1. Operating Results

Billions of yen

	Consolidated			
	Three Months ended June 30, 2014	Three Months ended June 30, 2013	Year-on-year change	
			Amount	%
Net sales	2,084.0	1,896.4	187.6	9.9
Gross profit	148.4	141.0	7.4	5.2
SG & A expenses	114.0	100.1	13.9	-
Operating income	34.3	40.9	(6.6)	(16.1)
Interest income and expense	(5.4)	(5.1)	(0.3)	-
Dividend income	9.3	8.0	1.3	-
Equity in the earnings (losses) of unconsolidated subsidiaries and affiliates	5.2	5.6	(0.4)	-
Other income (expenses)	1.4	(3.2)	4.6	-
Ordinary income	44.9	46.0	(1.1)	(2.4)
Extraordinary income (losses)	2.7	0.3	2.4	-
Income before income taxes and minority interests	47.7	46.4	1.3	2.7
Income tax expenses	19.3	17.4	1.9	-
Minority interests in earnings of consolidated subsidiaries and affiliates	7.0	7.2	(0.2)	-
Net income	21.3	21.7	(0.4)	(2.2)

Main factors behind year-on-year changes

- Net sales +187.6 billion yen:
 - Increase mainly in the Chemicals & Electronics division due to effect of unification of accounting period for certain consolidated subsidiaries
- Operating income -6.6 billion yen:
 - Decrease due to effect of offsetting foreign exchange gains/losses as well as increase in SG & A expenses
- Dividend income +1.3 billion yen:
 - Increase mainly in Toyota Tsusho Corporation
- Other income/expenses +4.6 billion yen:
 - Increase due mainly to improvement in foreign exchange gains/losses
- Extraordinary income (losses) +2.4 billion yen:
 - Increase due mainly to increase in gain on trading of securities and investment

2. Financial Position

Billions of yen

	Consolidated			
	As of June 30, 2014	As of March 31, 2014	Change versus March 31, 2014	
			Amount	%
Total assets	4,094.0	4,072.7	21.3	0.5
Current assets	2,530.0	2,520.8	9.2	0.4
Investment securities & other investments	554.8	526.0	28.8	5.5
Other fixed assets	1,009.1	1,025.7	(16.6)	(1.6)
Net assets	1,152.1	1,156.0	(3.9)	(0.3)
Net interest-bearing debt	1,190.3	1,088.9	101.4	9.3
Debt-equity ratio (times)	1.2	1.1	0.1	

Main factors behind year-on-year changes

- Current assets +9.2 billion yen:
 - Inventories increased 9.9 billion yen
- Investment securities & other investments +28.8 billion yen:
 - Increase due mainly to acquisition of affiliates' shares
- Other fixed assets -16.6 billion yen:
 - Intangible assets decreased 16.7 billion yen
- Net assets -3.9 billion yen:
 - Retained earnings increased 10.0 billion yen (net income for the three months ended June 30, 2014 of 21.3 billion yen less 9.4 billion yen dividends, etc.)
 - Net unrealized gains on available-for-sales securities, net of taxes increased 6.9 billion yen
 - Foreign currency translation adjustments decreased 20.0 billion yen

3. Consolidated Net Sales and Operating Income by Segment

*The top row for each segment indicates net sales; the bottom row indicates operating income.

Billions of yen

	Three Months ended June 30, 2014	Three Months ended June 30, 2013	Year-on-year change	Amounts affected by exchange rates	Year-on-year change excluding amount affected by exchange rates	
					Amount	%
Metals	498.9	456.4	42.5	4.5	38.0	8.3
	10.1	11.8	(1.7)	0.1	(1.8)	(14.8)
*Global Parts & Logistics	244.4	220.2	24.2	3.5	20.7	9.3
	4.7	7.5	(2.8)	0.0	(2.8)	(37.2)
Automotive	348.7	304.6	44.1	13.1	31.0	9.8
	8.2	9.6	(1.4)	0.1	(1.5)	(15.9)
Machinery, Energy & Project	394.3	396.1	(1.8)	3.8	(5.6)	(1.4)
	4.4	5.1	(0.7)	(0.2)	(0.5)	(11.1)
Chemicals & Electronics	476.3	390.5	85.8	8.7	77.1	19.3
	7.0	5.9	1.1	0.2	0.9	13.1
Food & Agribusiness	85.3	87.5	(2.2)	3.4	(5.6)	(6.1)
	1.3	1.5	(0.2)	0.2	(0.4)	(19.0)
Consumer Products & Services	35.2	40.3	(5.1)	0.2	(5.3)	(13.1)
	0.5	1.4	(0.9)	0.0	(0.9)	(60.6)
Total	2,084.0	1,896.4	187.6	37.2	150.4	7.8
	34.3	40.9	(6.6)	0.3	(6.9)	(16.7)

Main factors behind year-on-year changes

- Metals
 - Net sales:
 - Increased due to effect of unification of accounting period as well as increase in automobile production in North America
 - Operating income:
 - Decreased due to effect of offsetting foreign exchange losses included in non-operating category for the fiscal year ended March 31, 2014
- Global Parts & Logistics
 - Net sales:
 - Increased due to effect of unification of accounting period
 - Operating income:
 - Decreased due to effect of offsetting foreign exchange losses included in non-

operating category for the fiscal year ended March 31, 2014 as well as decrease in automobile production in Thailand

- Automotive
 - Net sales:
 - Increased due to effect of unification of accounting period
 - Operating income:
 - Decreased due to decrease in trading volume handled by auto dealership in Oceania
- Machinery, Energy & Project
 - Net sales and Operating income:
 - Both decreased due to decrease in trading volume of automotive equipment
- Chemicals & Electronics
 - Net sales and operating income:
 - Both increased due to effect of unification of accounting period and newly consolidated subsidiaries
- Food & Agribusiness
 - Net sales and operating income:
 - Both decreased due to decrease in trading volume of grain imported or handled overseas and slowdown in the market
- Consumer Products & Services
 - Net sales and operating income:
 - Both decreased due to decrease in trading volume of textile-related products

* Effective April 1, 2014, the Global Production Parts & Logistics Division has changed its name to the Global Parts & Logistics Division.

4. Consolidated Financial Results Forecasts for the Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

Billions of yen

	Year ending March 31, 2015 (forecast)	Year ended March 31, 2014 (results)	Year-on-year change	
			Amount	%
Net sales	8,600.0	7,743.2	856.8	11.1
Operating income	175.0	161.3	13.7	8.5
Ordinary income	177.0	163.4	13.6	8.3
Net income	80.0	73.0	7.0	9.5

5. Changes in Major Indexes

		Three Months ended June 30, 2014	Three Months ended June 30, 2013 (or as of March 31, 2014)
Exchange rate (yen / US dollar)	Average during the period	102	99
	End of period	101	(103)
Interest rate	Yen TIBOR 3M average	0.21%	0.23%
	US dollar LIBOR 3M average	0.23%	0.28%
Dubai oil (US dollars / bbl)		105	101
Australian thermal coal (US dollars / ton)		73	86
Corn futures (cents / bushel)		479	661