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Toyota Tsusho Corporation Reports Earnings for the Three Months Ended June 30, 2013

Nagoya, Japan; July 31, 2013 — Toyota Tsusho Corporation (TSE: 8015) reported consolidated net sales of 1,896.469 billion yen and net income of 21.779 billion yen, or 62.07 yen per share, for the three months ended June 30, 2013.

Consolidated Results of Operations

In the first three months of the fiscal year (April 1, 2013 – June 30, 2013), the global economy on the whole continued on a gradual recovery track in response to worldwide monetary easing. The U.S. economy maintained its recovery trend on the back of improved employment and strong consumption, as the European economy, while still in a recessionary phase, showed some signs of bottoming out. On the other hand, emerging economies led by China and India witnessed a pronounced slowdown in growth. Against such a backdrop, the Japanese economy saw improved business sentiment in the corporate and household sectors as the yen depreciated and the stock market rallied thanks to the impact of various economic measures initiated under Prime Minister Shinzo Abe's economic policies, known as Abenomics.

Amid such an environment, the Toyota Tsusho Group's consolidated net sales increased 256.3 billion yen (15.6%) year on year to 1,896.4 billion yen in the three-month period (April-June) due to the impact of a newly consolidated subsidiary and the depreciation of the yen. Consolidated operating income totaled 40.915 billion yen, an increase of 14.572 billion yen (55.3%) compared with the same period of the previous fiscal year (26.343 billion), largely by virtue of gross profit growth. Consolidated ordinary income amounted to 46.069 billion yen, up 11.118 billion yen (31.8%) from the same period of the previous fiscal year (34.951 billion yen), while consolidated net income after taxes decreased 0.892 billion yen (3.9%) to 21.779 billion yen from 22.671 billion yen in the same period of the previous fiscal year due to the impact of gain on phased acquisition and other factors.

Segment Information

The Group carried out a reorganization of some of its businesses from April 1, 2013 in response to the changes in the surrounding environment and the name of the Consumer Products, Services & Materials Division was changed to the Consumer Products & Services Division.

Metals

Net sales increased 6.7 billion yen (1.5%) year on year to 456.4 billion yen as a result of yen depreciation, and despite a slowdown in automobile production in Japan and China.

In the steel business, the Group worked on expanding its capacity to cater to increased overseas automobile production. The nonferrous metals business continued to focus on rare earth production. In the steel raw materials business, the Group

integrated the Steel Raw Materials Department with the Environmental and Recycling Business Development Department with the aim of improving customer service.

Global Production Parts & Logistics

Net sales rose 8.0 billion yen (3.7%) year on year to 220.2 billion yen due to the depreciation of the yen, despite a decline in auto production in China. The Group invested in PT Astra Otoparts Tbk, the largest auto-component manufacturer in Indonesia, to further expand and strengthen the automobile-related business in the country.

Automotive

Net sales increased 101.4 billion yen (49.9%) year on year to 304.6 billion yen as a result of growth in sales of overseas auto sales and the impact of a newly-consolidated subsidiary.

In the automotive business, the Group established a Strategic Alliance Department to further strengthen the cooperation with CFAO S.A., in which it has invested. In Kenya, the Group started local assembly of trucks for Hino Motors, Ltd., and also launched sales and service through a newly-established base.

Machinery, Energy & Projects

Net sales increased 57.9 billion yen (17.1%) year on year to 396.1 billion yen, largely by virtue of growth in petroleum product trading volumes.

In the machinery business, the Group consolidated its Electronic Machinery & Solution Department into the Unit Machinery Department to improve the efficiency of the business. In the energy and plant project business, the Group focused on further developing its wind and solar power generation businesses in Japan.

Chemicals & Electronics

Net sales rose 72.8 billion yen (22.9%) year on year to 390.5 billion yen primarily reflecting the impact of a new consolidated subsidiary.

In the chemical and synthetic resin business, the Group acquired an equity stake in Metro Wealth Polymer Sdn Bhd, a Malaysian recycled resin compound company, in a bid to further enhance its initiatives related to environmentally-friendly resin materials along with bio resins, on which it is currently working. In the electronics business, the Group newly established an HEV Business Promotion Department to further strengthen the HEV business.

Food & Agribusiness

Net sales increased 11.1 billion yen (14.4%) year on year to 87.5 billion yen due to the impact of a new consolidated subsidiary and the growing market.

In the grain business, the Group worked on sales expansion of Australian grains to Japan and Southeast Asia by leveraging the functions of the Australian grain accumulation and exporting company. In the food business, Vegi Dream Kurihara Corporation embarked on a demonstration experiment of paprika production that efficiently utilizes waste heat from power generators at an adjacent plant. The Group also reached an agreement to establish a company that produces high value-added vegetable oils and fats jointly with J-OIL MILLS, Inc. and Ruchi Soya Industries Limited of India.

Consumer Products & Services

Net sales declined 1.1 billion yen (2.6%) year on year to 40.3 billion yen as a result of selection and concentration in the lifestyle business.

The Group transferred the automotive supplies and materials business and industrial material business to Global Production Parts & Logistics with the aim of achieving synergy with existing operations. In the insurance business, the Group merged Toyotsu Hoken Customer Center Corporation and Toyotsu Family Life Co., Ltd. to newly form Toyota Tsusho Insurance Partners Corporation, making it one of the top insurance agencies in Japan, with the aim of improving customer services.

Consolidated Financial Condition

At June 30, 2013, consolidated assets totaled 3,689.3 billion yen, an increase of 97.0 billion yen from March 31, 2013. The increase was chiefly attributable to a 67.8 billion yen increase in trade accounts receivable coupled with a 38.0 billion yen increase in investment securities. Consolidated net assets increased 73.1 billion yen to 993.1 billion yen. The increase was largely the result of an 11.4 billion yen increase in retained earnings, mainly from net income and a 36.2 billion yen improvement in foreign currency translation adjustments.

Outlook for Fiscal Year Ending March 31, 2014

There is no change to the consolidated earnings forecast issued on April 26, 2013.

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, 2013, and then multiplying income before income taxes and minority interests by this estimated effective tax rate.

Financial Statements
(1) Consolidated Balance Sheets

	As of March 31, 2013 Amount	Millions of yen As of June 30, 2013 Amount
Assets		
Current assets:		
Cash and cash equivalents	391,409	337,842
Trade notes and accounts receivable	1,106,604	1,174,443
Inventories	593,155	592,417
Other current assets	220,902	230,179
Less: allowance for doubtful receivables	(17,920)	(18,696)
Total current assets	2,294,151	2,316,186
Fixed assets:		
Property and equipment	445,370	463,321
Intangible assets:		
Goodwill	256,957	257,650
Other	107,771	113,725
Total intangible assets	364,729	371,375
Investments and other assets:		
Investment securities	386,026	424,070
Other	119,131	131,716
Less: allowance for doubtful receivables	(17,040)	(17,288)
Total investments and other assets	488,117	538,499
Total fixed assets	1,298,216	1,373,196
Total assets	3,592,368	3,689,383

	As of March 31, 2013	Millions of yen As of June 30, 2013
	Amount	Amount
Liabilities		
Current liabilities:		
Trade notes and accounts payable	876,595	889,221
Short-term debt	420,602	415,420
Income taxes payable	30,153	24,040
Allowances	1,134	1,036
Other current liabilities	436,587	432,152
Total current liabilities	1,765,072	1,761,871
Long-term liabilities:		
Bonds payable, less current portion	65,000	65,000
Long-term debt	727,244	742,956
Allowances	28,302	28,735
Other long-term liabilities	86,704	97,706
Total long-term liabilities	907,251	934,399
Total liabilities	2,672,324	2,696,271
Net assets		
Shareholders' equity:		
Common stock	64,936	64,936
Capital surplus	154,539	154,637
Retained earnings	531,049	542,434
Treasury stock	(5,345)	(5,008)
Total shareholders' equity	745,179	757,000
Accumulated other comprehensive income:		
Net unrealized gains on available-for-sales securities, net of taxes	44,637	63,476
Deferred gain (loss) on futures hedge	(9,710)	(9,305)
Foreign currency translation adjustments	(19,931)	16,310
Total accumulated other comprehensive income	14,996	70,481
Stock warrants	951	865
Minority interests	158,916	164,765
Total net assets	920,043	993,111
Total liabilities and net assets	3,592,368	3,689,383

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

	Millions of yen	
	Three Months ended June 30, 2012	Three Months ended June 30, 2013
	Amount	Amount
Net sales	1,640,132	1,896,469
Cost of sales	1,544,043	1,755,372
Gross profit	96,089	141,096
Selling, general and administrative expenses	69,745	100,180
Operating income	26,343	40,915
Other income:		
Interest income	963	976
Dividend income	5,294	8,011
Equity in the earnings of unconsolidated subsidiaries and affiliates	4,810	5,637
Other income	3,287	3,471
Total other income	14,355	18,096
Other expenses:		
Interest expense	4,477	6,172
Foreign exchange loss	-	5,532
Other expenses	1,269	1,237
Total other expenses	5,747	12,942
Ordinary income	34,951	46,069
Extraordinary income:		
Gain on sale of fixed assets	148	238
Gain on trading of securities and investments	758	549
Gain on reversal of provision for loss on withdrawal from business	418	-
Gain on reversal of provision for compensation losses	1,024	-
Gain on phased acquisition	2,330	-
Insurance income	154	-
Other income	80	3
Total extraordinary income	4,916	790
Extraordinary losses:		
Loss on disposal of fixed assets	279	145
Loss on trading of securities and investments	115	24
Loss on valuation of securities and investments	554	197
Other losses	7	29
Total extraordinary losses	956	396
Income before income taxes and minority interests	38,911	46,464
Income tax expenses	11,924	17,409
Income before minority interests	26,986	29,054
Minority interests in earnings of consolidated subsidiaries and affiliates	4,314	7,274
Net income	22,671	21,779

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three Months ended June 30, 2012	Three Months ended June 30, 2013
	Amount	Amount
Income before minority interests	26,986	29,054
Other comprehensive income		
Net unrealized gains on available-for-sales securities, net of taxes	(5,903)	18,191
Deferred gain (loss) on futures hedge	1,312	271
Foreign currency translation adjustments	(3,070)	34,017
Share of other comprehensive income of unconsolidated subsidiaries and affiliates	741	5,597
Total other comprehensive income	(6,919)	58,077
Comprehensive income	20,066	87,132
Components:		
Comprehensive income attributable to owners of the parent	15,721	77,324
Comprehensive income attributable to minority interests	4,345	9,807

(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, 2012 (April 1, 2012 to June 30, 2012)

Millions of yen

	Reportable segment							
	Metals	Global Production Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Agribusiness	Consumer Products & Services	Total
Net sales								
Outside customers	449,705	212,266	203,280	338,233	317,771	76,475	41,412	1,639,146
Inter-segment revenue or transfers	33	1,297	(0)	234	1,435	37	527	3,564
Total	449,739	213,564	203,279	338,467	319,207	76,512	41,940	1,642,710
Segment income (loss)	8,259	5,798	8,239	(1,128)	3,910	(67)	2,122	27,133

	Other *1	Total	Adjustments *2	Amounts on the quarterly consolidated statements of income *3
Net sales				
Outside customers	986	1,640,132	-	1,640,132
Inter-segment revenue or transfers	139	3,704	(3,704)	-
Total	1,125	1,643,836	(3,704)	1,640,132
Segment income (loss)	(794)	26,339	3	26,343

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

Millions of yen

	Reportable segment							
	Metals	Global Production Parts & Logistics	Automotive	Machinery, Energy & Project	Chemicals & Electronics	Food & Agribusiness	Consumer Products & Services	Total
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

- 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 reported on the consolidated statements of income for the corresponding period.

2. Changes in Reportable Segment

Effective the three months ended June 30, 2013, the automotive interior parts and materials and other related business which had previously been included in the Consumer Products, Services & Materials segment was reclassified to the Global Production Parts & Logistics segment. At the same time, the Consumer Products, Services & Materials segment was renamed to the Consumer Products & Services segment. In line with these changes, segment amounts for the three months ended June 30, 2012 have been adjusted to reflect the current period presentation.

Outline of Consolidated Results for the Three Months Ended June 30, 2013
(April 1, 2013 to June 30, 2013)

1. Operating Results

Billions of yen

	Consolidated			
	Three Months ended June 30, 2013	Three Months ended June 30, 2012	Year-on-year change	
			Amount	%
Net sales	1,896.4	1,640.1	256.3	15.6
Gross profit	141.0	96.0	45.0	46.8
SG & A expenses	100.1	69.7	30.4	-
Operating income	40.9	26.3	14.6	55.3
Interest income and expense	(5.1)	(3.5)	(1.6)	-
Dividend income	8.0	5.2	2.8	-
Equity in the earnings (losses) of unconsolidated subsidiaries and affiliates	5.6	4.8	0.8	-
Other income (losses)	(3.2)	2.0	(5.2)	-
Ordinary income	46.0	34.9	11.1	31.8
Extraordinary income (losses)	0.3	3.9	(3.6)	-
Income before income taxes and minority interests	46.4	38.9	7.5	19.4
Income tax expenses	17.4	11.9	5.5	-
Minority interests in earnings of consolidated subsidiaries and affiliates	7.2	4.3	2.9	-
Net income	21.7	22.6	(0.9)	(3.9)

Main factors behind year-on-year changes

- Net sales +256.3 billion yen:
 - Increase mainly in the Automotive segment due to effect of newly consolidated subsidiaries as well as the yen depreciation
- Gross profit +45.0 billion yen:
 - Increase due to increase in net sales
- SG & A expenses +30.4 billion yen:
 - Increase due to effect of newly consolidated subsidiaries, etc.
- Dividend income +2.8 billion yen:
 - Increase due mainly to increase in dividends received by the Company
- Other income (losses) -5.2 billion yen:
 - Decrease due mainly to increase in foreign exchange losses
- Extraordinary income (losses) -3.6 billion yen:
 - Decrease due mainly to effect of gain on phased acquisition recorded in the three months ended June 30, 2012

2. Financial Position

Billions of yen

	Consolidated			
	As of June 30, 2013	As of March 31, 2013	Change versus March 31, 2013	
			Amount	%
Total assets	3,689.3	3,592.3	97.0	2.7
Current assets	2,316.1	2,294.1	22.0	1.0
Investment securities & other investments	472.0	428.9	43.1	10.0
Other fixed assets	901.1	869.2	31.9	3.7
Net assets	993.1	920.0	73.1	7.9
Net interest-bearing debt	1,066.7	998.6	68.1	6.8
Debt-equity ratio (times)	1.3	1.3	(0.0)	

Main factors behind year-on-year changes

- Current assets +22.0 billion yen:
 - Cash and cash equivalents decreased 53.6 billion yen
 - Trade notes and accounts receivable increased 67.8 billion yen
- Other fixed assets + 31.9 billion yen:
 - Property and equipment increased 18.0 billion yen
 - Intangible assets increased 6.6 billion yen
- Net assets +73.1 billion yen:
 - Retained earnings increased 11.4 billion yen (net income for the three months ended June 30, 2013 of 21.7billion yen less 7.7 billion yen dividends, etc.)
 - Net unrealized gains on available-for-sales securities, net of taxes increased 18.8 billion yen
 - Foreign currency translation adjustments increased 36.2 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, 2013	Three Months ended June 30, 2012	Year-on- year change	Amounts affected by exchange rates	Year-on-year change excluding amount affected by exchange rates	
					Amount	%
					Metals	456.4
	11.8	8.2	3.6	1.5	2.1	21.8
Global Production Parts & Logistics	220.2	212.2	8.0	39.6	(31.6)	(12.6)
	7.5	5.7	1.8	1.0	0.8	12.3
Automotive	304.6	203.2	101.4	26.3	75.1	32.7
	9.6	8.2	1.4	1.4	0.0	0.3
Machinery, Energy & Project	396.1	338.2	57.9	19.0	38.9	10.9
	5.1	(1.1)	6.2	0.1	6.1	-
Chemicals & Electronics	390.5	317.7	72.8	22.0	50.8	15.0
	5.9	3.9	2.0	0.5	1.5	35.4
Food & Agribusiness	87.5	76.4	11.1	6.4	4.7	5.6
	1.5	(0.0)	1.5	(0.0)	1.5	-
Consumer Products & Services	40.3	41.4	(1.1)	1.8	(2.9)	(6.7)
	1.4	2.1	(0.7)	0.0	(0.7)	(31.2)
Total	1,896.4	1,640.1	256.3	158.2	98.1	5.5
	40.9	26.3	14.6	4.3	10.3	33.6

Main factors behind year-on-year changes

- Metals
 - Net sales:
 - Decreased due to decrease in automobile production in Japan and China
 - Operating income:
 - Offsetting foreign exchange losses included in non-operating category
- Global Production Parts & Logistics
 - Net sales:
 - Decreased due to decrease in automobile production in China
 - Operating income:
 - Offsetting foreign exchange losses included in non-operating category
- Automotive
 - Net sales:
 - Increased due to effect of newly consolidated subsidiaries
 - Operating income:
 - Almost no change from the level for the three months ended June 30, 2012, due to increase in amortization of goodwill
- Machinery, Energy & Project
 - Net sales:
 - Increased due to increase in volume of petroleum products, etc. handled
 - Operating income:
 - Increased due to increase in income of wind power generation subsidiaries
- Chemicals & Electronics
 - Net sales and operating income:
 - Both increased due to effect of newly consolidated subsidiaries
- Food & Agribusiness
 - Net sales and operating income:
 - Both increased due to effect of newly consolidated subsidiaries and higher market prices
- Consumer Products & Services
 - Net sales and operating income:
 - Both decreased due to decrease in volume of textile-related products handled

* Effective April 1, 2013, some of the divisions were reorganized and the Consumer Products, Services & Materials division was renamed to the Consumer Products & Services division. In line with the changes, amounts for the three months ended June 30, 2012 have been adjusted to reflect the current period presentation.

**4. Consolidated Financial Results Forecasts for the Year Ending March 31, 2014
(April 1, 2013 to March 31, 2014)**

Billions of yen

	Year ending March 31, 2014 (forecast)	Year ended March 31, 2013 (results)	Year-on-year change	
			Amount	%
Net sales	7,500.0	6,304.3	1,195.7	19.0
Operating income	155.0	115.8	39.2	33.8
Ordinary income	162.0	124.8	37.2	29.8
Net income	71.0	67.4	3.6	5.3

5. Changes in major indexes

		Three Months ended June 30, 2012 (or as of March 31, 2013)	Three Months ended June 30, 2013
Exchange rate (yen / US dollar)	Average during the period	80	99
	End of period	(94)	99
Interest rate	Yen TIBOR 3M average	0.34%	0.23%
	US dollar LIBOR 3M average	0.47%	0.28%
Dubai oil (US dollars / bbl)		108	101
Australian thermal coal (US dollars / ton)		96	86
Corn futures (cents / bushel)		618	661