How We Define Value

G VALUE
with you

Annual Report 2007
Toyota Tsusho Corporation

Contents

00 Profile

02 Financial Highlights

04 To Our Stakeholders

09 Interview with the President

16 Business Highlights

18 Segment Overview

30 CSR Activities

32 Corporate Governance Structure and Internal Control Systems

36 Management

38 Financial Section

84 Corporate Data

Profile

In April 2006, Toyota Tsusho Corporation and Tomen Corporation merged with the aim of further increasing corporate value by maximizing synergies between our respective strengths.

In addition to offering the basic trading house functions of providing customers with a broad range of products sourced in Japan and overseas, Toyota Tsusho will organically fuse four unique platforms reinforced through the merger—Resources and the Environment, Processing and Manufacturing Businesses, Logistics, and Product and Market Development—to generate new value, and provide value-added functions and services matched to customer needs.

G'VALUE with you

Our Group slogan, "G'VALUE with you," was created as a symbol of our new resolve. As our "flagship message," this slogan is the embodiment of both our guiding principles and commitment to stakeholders.

The letter "G" stands for three keywords that are important to the Toyota Tsusho Group:

Global Development of our activities on the global stage

Glowing Sustaining a healthy yet glowing morale and passion

Generating Constant generation of new businesses

The three Gs are essential to value creation at the Toyota Tsusho Group. Each and every employee will be encouraged to identify their own "G" themes and to work toward their own goals and themes. Their collective efforts will culminate in the overall "G'VALUE" delivered by the Toyota Tsusho Group. The "with you" in our slogan expresses our determination to work together with shareholders, customers, business partners and other stakeholders to create even more "G'VALUE" and return benefits to all stakeholders.

A Cautionary Note on Forward-Looking Statements:
This annual report contains "forward-looking statements" about Toyota Tsusho's future plans, strategies, beliefs and performance that are not historical facts. These forward-looking statements are presented to inform stakeholders of the views of Toyota Tsusho's management but should not be relied on exclusively in making investment and other decisions. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from the information presented here, which is based on assumptions and beliefs in light of information currently available to the management at the time of publication. Readers are cautioned not to place undue reliance on these forward-looking statements. The Company assumes no obligation if our forward-looking statements do not reflect actual results due to new information, future events or other developments.
Earnings forecasts and other projections in this annual report were formulated and announced as of May 2007.

2015

50:50

Business Strategies for the Automotive Field

Business Strategies for Non-automotive Fields

The Toyota Tsusho Group has formulated VISION 2015—LEAD THE NEXT to guide its efforts in achieving sustained growth well into the future. The highest priority is to generate an equal share of earnings from automotive and non-automotive fields by 2015. Initiatives are already under way to reach this goal.

In the automotive field, Toyota Tsusho aims to accelerate growth by continuing to allocate resources to reinforcing existing functions and creating new ones, in response to projected expansion in the global automobile business and production. At the same time, Toyota Tsusho plans to further accelerate growth by forming stronger ties with automakers outside the Toyota Group.

In non-automotive fields, Toyota Tsusho will focus on reinforcing and developing energy businesses such as electric power, gas and coal, based on its project planning, development and management expertise. In the fields of produce and foodstuffs, and consumer products, services and materials, the Company will focus resources on operations that demonstrate its capabilities and realize high added value.

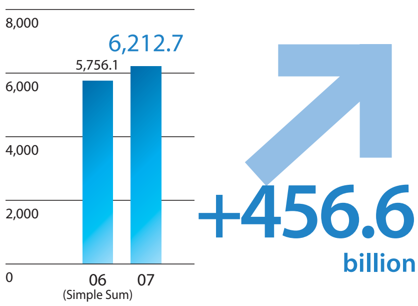
Financial Highlights

Years Ended March 31, 2007 and 2006

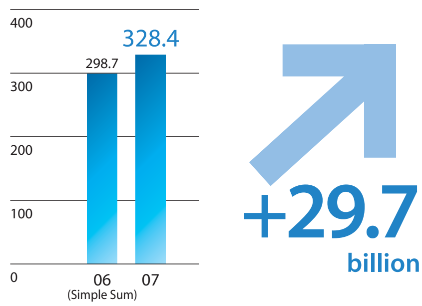
	TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries			Former TOMEN CORPORATION and its consolidated subsidiaries	Simple Sum
	Millions of Yen		Thousands of U.S. Dollars (Note 2)	Millions of Yen	Millions of Yen
	2007	2006 (Note 1)	2007	2006	2006
For the Year:					
Net Sales (Note 3)	**¥6,212,726**	¥3,945,319	**$52,627,920**	¥1,810,844	¥5,756,163
Gross Trading Profit	**328,459**	221,593	**2,782,372**	77,135	298,727
Operating Income	**110,003**	80,057	**931,834**	21,066	101,122
Net Income (Loss)	**77,212**	45,733	**654,062**	(48,317)	(2,585)
Free Cash Flow	**13,440**	(86,290)	**113,851**	48,303	(37,986)
At Year-end:					
Total Assets	**2,462,229**	1,602,702	**20,857,510**	698,322	2,301,024
Total Net Assets (Note 4)	**626,539**	314,319	**5,307,404**	13,986	328,305
Interest-bearing Liabilities	**804,453**	508,897	**6,814,511**	393,365	902,260
	Yen		U.S. Dollars (Note 2)	Yen	
Per Share:					
Net Income (Loss) Basic	**¥ 231.47**	¥ 161.88	**$ 1.96**	¥(60.03)	
Total Net Assets (Note 4)	**1,651.56**	1,125.12	**13.99**	(72.10)	
Cash Dividends	**26.00**	18.00	**0.22**	0.00	
	%			%	
Gross Trading Profit Ratio	**5.3**	5.6		4.3	
Return on Average Shareholders' Equity (ROE)	**15.7**	16.6		–	
Shareholders' Equity Ratio	**23.5**	19.6		2.0	
Return on Average Total Assets (ROA)	**3.2**	3.3		–	
Current Ratio	**127.8**	108.6		90.4	
	Times			Times	
Interest Coverage Ratio	**6.5**	11.6		2.3	
Debt Equity Ratio (Net)	**1.2**	1.4		22.1	

Notes:
1. TOYOTA TSUSHO CORPORATION merged with TOMEN CORPORATION on April 1, 2006. The figures for fiscal 2006 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 readers, at the rate of ¥118.05=U.S.$1, the approximate exchange rate on March 31, 2007, which was the final business day of financial institutions in fiscal 2007.
3. Commission Income was included in Net Sales from fiscal 2007, as a result of the reconsideration of the presentation of consolidated financial statements.
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" and its "Related Implementation Guidance." The details are described in the Notes to Consolidated Financial Statements.

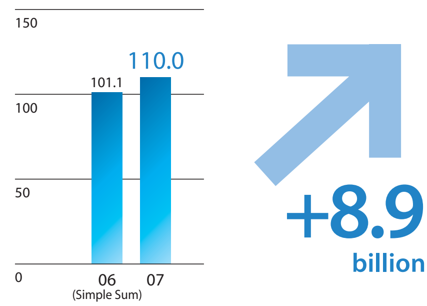
Net Sales
(¥ billion)



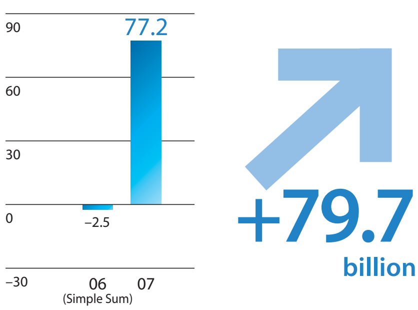
Gross Trading Profit
(¥ billion)



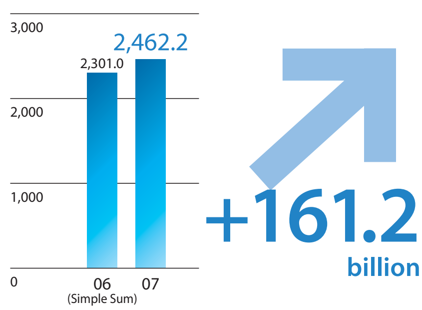
Operating Income
(¥ billion)



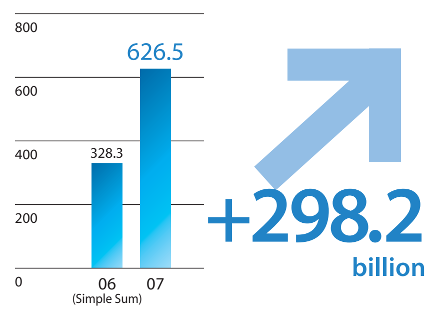
Net Income (Loss)
(¥ billion)



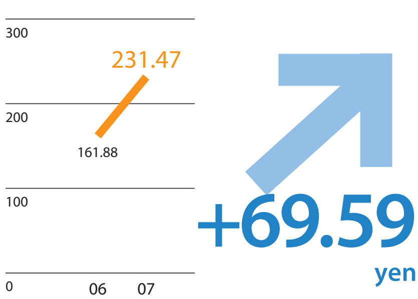
Total Assets
(¥ billion)



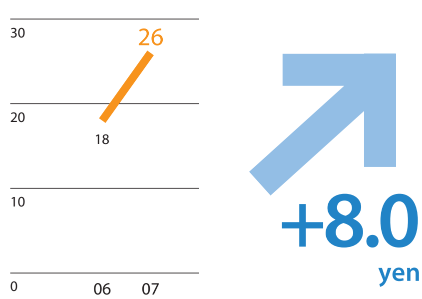
Total Net Assets
(¥ billion)



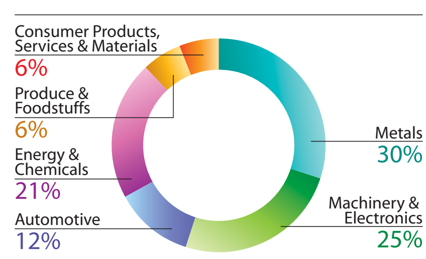
Net Income (Basic) per Share
(¥)



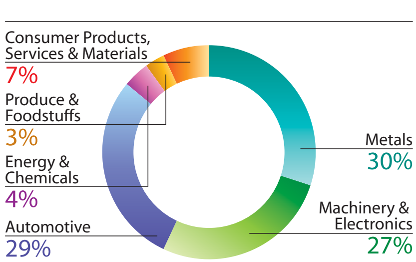
Cash Dividends
(¥)



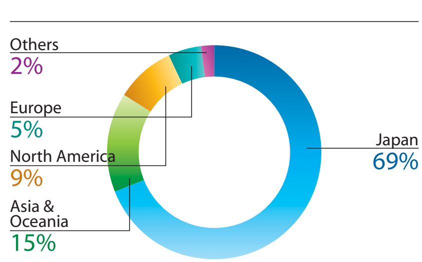
Segment Sales (2007/3)
(%)



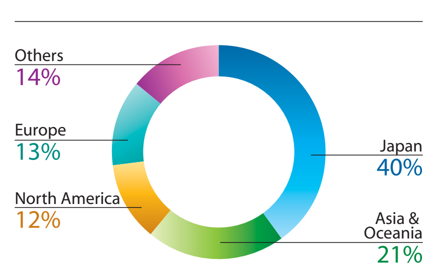
Segment Operating Income (2007/3)
(%)



Regional Sales (2007/3)
(%)



Regional Operating Income (2007/3)
(%)



To Our Stakeholders

JUNZO SHIMIZU
President

Under the new management vision and long-term business plan, Toyota Tsusho was more successful in fiscal 2007 than originally expected in achieving one of its most important goals: bringing its personnel—its greatest asset—together. I want to make fiscal 2008, the second post-merger year, a period for sowing the seeds of businesses that will drive future growth.

In April 2006, Toyota Tsusho Corporation and Tomen Corporation marked a new beginning by merging to form the new Toyota Tsusho. In the first year, we implemented various integration measures across the Company and in each Head Office business division, so as to maximize synergies from the merger. Through these measures, we have been more successful than originally expected in bringing personnel together. Employees have been forming bonds of trust based on mutual respect and the willingness to learn from one another. Underscoring this success is the strong recognition we have received from third-party organizations specializing in human resources.

Under our new Group slogan, "G'VALUE with you," all executives and employees of the Toyota Tsusho Group have been working to reinforce functions and build up expertise to create new forms of value. They are all strongly motivated and are pursuing ambitious goals. These and other efforts have helped us control costs and expand business synergies in line with our initial expectations.

First-year Post-merger Performance Eclipses Plan

In fiscal 2007, the year ended March 31, 2007, economic growth in Japan and the rest of the world was strong overall. Japan's economy continued to grow at a steady pace, mainly driven by expanding private-sector capital investment underpinned by strong corporate earnings and firm consumer spending reflecting an improving employment picture and increases in personal income. Japan's economy has continued to expand since February 2002.

Turning to the global economy, there were heightened concerns over a possible slowdown in the U.S. economy in the summer of 2006 against the backdrop of a downturn in housing investment. Despite this, the U.S. continued to experience economic growth, supported by lower crude oil prices and strong export growth. The European economy continued to expand at a gradual pace, mainly due to stronger internal demand, highlighted by higher capital expenditures in Germany in response to strong production and accelerated growth in the U.K., particularly in the services sector. China and other Asian economies continued to experience overall growth, mainly fueled by strong export demand and another year of double-digit economic expansion in China on the back of strong investment. These factors made up for weaker internal demand in some countries and regions due to persistently high crude oil prices at the beginning of fiscal 2007.

In the auto industry, one of our primary sources of earnings, automobile sales remained weak in Japan, where improving economic conditions did not translate into better sales. However, automobile demand expanded at a steady pace in Europe, including Russia and Eastern Europe, in China and elsewhere in Asia. Combined with a higher market share in North America, Japanese automakers achieved record global automobile sales in fiscal 2007 for the second year running. Notably, the Toyota Group, the Company's largest customer, posted steady growth, with both annual global automobile production and sales surpassing 9 million vehicles for the first time. This record performance was supported by strong sales overseas, particularly in North America and Europe.

In this operating climate, the Toyota Tsusho Group increased its handling of metals, synthetic resins, automotive interior materials, and components for the auto industry and other products. The Group also posted steady growth in automobile sales in various overseas countries and regions. Furthermore, we captured synergies with Tomen Corporation earlier than expected and benefited from surging crude oil prices and higher non-ferrous metals and other raw materials prices. Consequently, net income was a record ¥77.2 billion, exceeding both our initial forecast of ¥57.0 billion and our revised forecast of ¥72.0 billion announced during the interim period.

Future Growth Strategy: VISION 2015 and Long-term Business Plan

The Toyota Tsusho Group formulated VISION 2015—LEAD THE NEXT in conjunction with the 2006 merger to clearly articulate the Company's new goals and vision for the following 10 years. This vision will guide our efforts to enhance our earnings composition and maximize synergies between the merged companies. We will do this by further reinforcing and expanding our current core business in the automotive field, which accounts for 80% of earnings, while developing businesses in non-automotive fields into second and third earnings streams. We believe that realizing this vision is a precondition for overcoming various changes in our business environment that surely lie ahead. It is also vital to ensuring that stakeholders can continue to count on the Toyota Tsusho Group to deliver sustained growth well into the future—10 years and 20 years from now—and to satisfy their expectations.

Long-term Policy

Reinforce the development of our core business on a global basis.

Maintain our highest financial strength and profitability in our industry.

Long-term Business Plan

Toyota Tsusho has formulated a long-term business plan that is updated every year on a revolving basis to set forth milestones for achieving its management vision. This plan contains five-year numerical targets and specific management and business initiatives for the next two years. In more specific terms, the plan's current five-year numerical targets for fiscal 2012 are operating income of ¥230.0 billion and net income of ¥130.0 billion and to achieve a ratio of earnings from automotive and non-automotive fields of 64:36, respectively, compared with 80:20 in fiscal 2007. This will be our first milestone on our way to achieving our 50:50 target by 2015.

We will endeavor to achieve these numerical targets by taking the following four initiatives. First, we will develop and reinforce Toyota Tsusho's functions in automobile production and sales, which are growing at an increasingly rapid pace overseas. Second, we will focus on priority businesses in non-automotive fields. This will entail enhancing business planning and support systems and promoting investment aimed at creating new businesses in priority fields. Third, we will pursue merger synergies on a global scale. Finally, we will strengthen our hand in newly emerging markets especially in the BRIC countries, Central Asia and Central and South America. Each business segment will execute concrete business and investment plans formulated to reflect these four initiatives.

Fiscal 2008 Plan: Sowing the Seeds of Further Growth

Under this new management vision and long-term business plan, Toyota Tsusho was more successful in fiscal 2007 than originally expected in achieving one of its most important goals: bringing its personnel—its greatest asset—together. I want to make fiscal 2008, the second post-merger year, a period for sowing the seeds of businesses that will drive future growth. Efforts will focus in particular on sowing as many seeds as possible in the energy and chemicals, textiles and interior materials, and other areas that promise synergies with the automotive field. The produce and foodstuffs domain, which is becoming even more closely tied to the automotive field in areas such as plant-derived biofuels and bioplastics, is another prime target. However, I also intend to focus on more than just non-automotive fields. I want to carefully examine whether our current core business in the automotive field can truly grasp customer needs and requests, and take actions to maximize customer satisfaction. Creating enhanced added value by directly resolving any issues identified is another means of sowing the seeds of future growth.

There are several uncertainties in our operating climate in fiscal 2008, including persistently high crude oil and other energy and raw materials prices. Concerns over a possible slowdown in the U.S. economy triggered by the sub-prime loan issue are also emerging. However, the global economy is projected to grow steadily overall, supported by growth in Europe, where new governments in the U.K. and France have made a steady start; and continued economic expansion in China, Russia and other countries. In light of these and other factors, Toyota Tsusho is forecasting net sales of ¥6,800.0 billion, up 9.5% year-on-year. Likewise, operating income is projected to rise 20.0% to ¥132.0 billion. However, we expect net income to drop 15.8% to ¥65.0 billion from fiscal 2007 when there was a reduction in non-consolidated income taxes due to the merger.

Returning Profits to Shareholders

Toyota Tsusho is now executing a long-term business plan geared toward realizing its management vision. Investment plans and other aspects of this plan were formulated from scratch, after re-examining the new company's business portfolio. I want to stress to shareholders above anything else that this plan aims to enhance corporate value by driving much higher growth than the moderate levels we would achieve by continuing as we have in the past. We will therefore need to make substantial investments in our growth for some time.

On the other hand, we recognize the importance of returning earnings to shareholders every fiscal year. While ensuring we retained the necessary funds for investing in growth and building a stronger financial base, we increased the annual dividend applicable to fiscal 2007 by ¥8 per share to ¥26 per share.

CSR Activities

Toyota Tsusho sees CSR, not as a special undertaking, but as an integral part of all corporate activities. Guided by this thinking, the CSR Committee, which I chair, is playing a key role in overseeing compliance and environmental protection initiatives from management and business perspectives. Separately, improving safety and quality and giving consideration to the environment are becoming increasingly important issues in line with the growing sophistication and complexity of the processing, assembly, manufacturing and other functions that we offer. This is all the more significant when considering that Toyota Tsusho is a member of the Toyota Group, whose operations revolve around manufacturing. With this in mind, the Global Production *Kaizen* Department was established in 2006 to enhance safety and quality, particularly in fields involving production. This department is developing personnel specializing in improving safety and environmental factors and promoting related measures at their respective frontlines, in addition to providing onsite instruction at group companies in Japan and overseas.

Going forward, Toyota Tsusho intends to build unwavering bonds of trust with all stakeholders through the strong commitment to CSR of all senior executives, including me. Encouraging each and every employee to share knowledge and band together to harness teamwork will be just as important. By achieving our ambitions and enjoying successes together with all stakeholders, Toyota Tsusho will work to become an even more valued member of society.

In Closing

I would like to take this opportunity to express my gratitude to all stakeholders for their strong support for Toyota Tsusho and for offering their diverse views and comments on the Company's management and businesses. Your continued understanding and support is vital to achieving our goals.

June 2007

Junzo Shimizu

President

How We Define Value
Driven by Manufacturing Fundamentals

Question:

Toyota Tsusho aims to generate an equal share of earnings from the automotive and non-automotive fields by 2015. However, the Company's strong performance in the automotive field in fiscal 2007 seems to have again pushed up the ratio of earnings from the automotive field. What progress have you made in building a more balanced business portfolio? What issues lie ahead?

Answer:

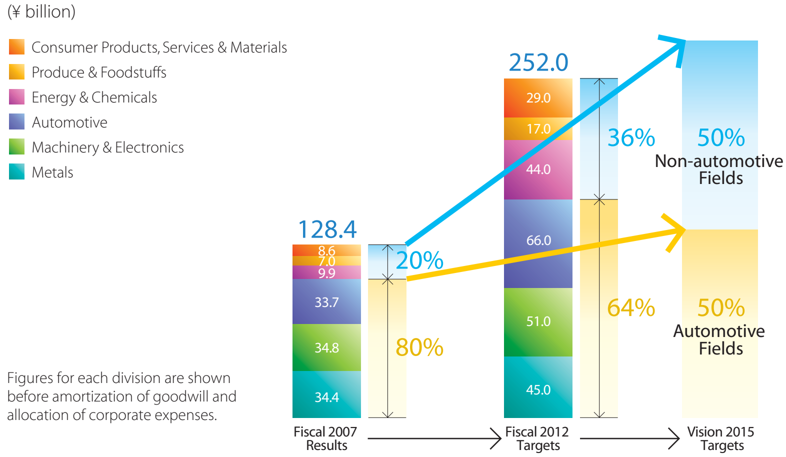
In conjunction with the merger, the new Toyota Tsusho reformulated its corporate philosophy, vision and other fundamental principles. During this process, one major goal we established is to create a more balanced earnings structure. Actually, the pre-merger Toyota Tsusho pursued the same goal of improving the balance between the automotive and non-automotive fields in its 5-Year Business Plan established in 2000. While it achieved the absolute earnings targets of this plan in each respective field in 2005, higher-than-targeted growth in the automotive field meant there was no improvement in the balance of earnings. Recently, whereas the automotive field has been growing at around 20% annually, other fields have experienced annual growth of only between 5% and 10%. Although this pace of growth would be satisfactory for each business, it meant that the gap in earnings between the two fields widened in fiscal 2007—from the pre-merger ratio of 65:35 based on a simple sum of the merged companies to 80:20.

It will be difficult to raise the share of earnings from non-automotive fields in the next one to two years. However, I've been saying internally that while the automotive field continues to deliver strong growth, we must not miss the opportunity to identify various investment projects in non-automotive fields. In essence, I want to sow many more seeds of new businesses. These seeds will not bear fruit immediately. Nevertheless, as we head toward 2015, I've been calling on everyone to search for "fertile soil" in which to plant them.

We've already identified potential investment projects worth around ¥100.0 billion in non-automotive fields from fiscal 2008 to fiscal 2009. This is quite significant for Toyota Tsusho, considering that investments in this field have typically been on the order of only ¥10.0 billion to ¥15.0 billion annually. I feel that this is the outcome of a change in the mindset of Toyota Tsusho staff. Employees realize that we cannot remain dependent on the automotive field. If investment projects continue to emerge at this pace, I believe that raising the ratio of earnings from non-automotive fields to 50% is distinctly possible. Before, we hadn't even identified the seeds to sow, Now, I feel we have good ideas of how to expand the business.

Growth Scenario to Achieve a Balanced Earnings Structure
(Operating Income Basis)

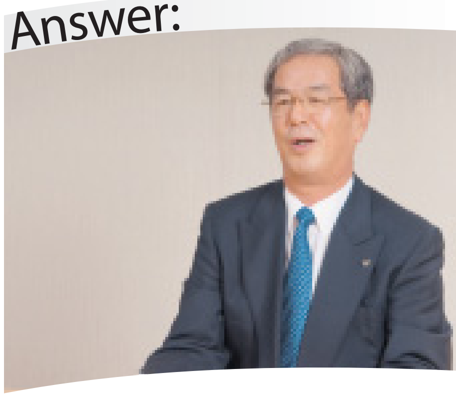
(¥ billion)



Figures for each division are shown before amortization of goodwill and allocation of corporate expenses.

Question: Could you please be more specific about those investment projects and post-integration synergies?

Answer:

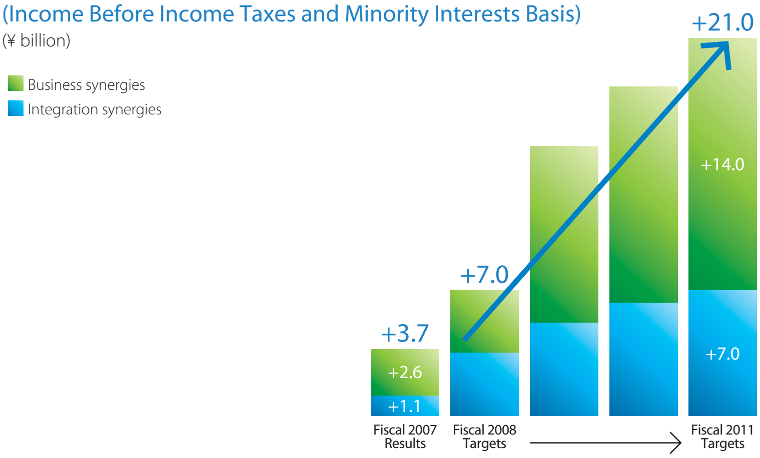


It is still early, but I feel we are making real progress with identifying investment projects. One promising domain is energy, especially natural gas. We're already discussing several projects and have established contacts with people at companies with experience in this domain. The task now is to work on the details of each of these projects. Separately, the textile departments have forged equity-based alliances with manufacturers with a first-rate track record in specific product domains and have begun building new value chains.

The textiles and the produce and foodstuffs domains have faced a challenging operating climate over the past five to six years, making it difficult for the Company to commit to new investments. But we need to change our mindset. That's why I've repeatedly stressed that management will no longer hesitate to commit resources to promising projects. I have also urged employees to propose projects of interest or vision in these domains. These efforts are now producing tangible results. From the outset of the merger, we have wanted to grow the textiles and produce and foodstuffs domains, especially as the former Tomen Corporation's strengths lie in these domains. In this sense, I feel once again that the merger was an ideal pairing for both companies.

In planning new investments, we must look beyond the traditional trading company business model. In the past, business models in the textiles and the produce and foodstuffs domains were based on sourcing products and materials from overseas regions, where prices are relatively low, for sale in Japan. However, with Japan's population declining due to an aging society with fewer births, we can no longer count on growth from this traditional business model. We have been able to rapidly grow in the automotive field not only because of expansion in overseas production by the Toyota Group, but also due to the fact that we have conducted businesses closely tied to overseas markets and have built relationships with customers in each respective region. We need to emulate this success in non-automotive fields by actively moving into overseas markets to develop businesses. Simply sourcing products and materials abroad is no longer enough.

Quantitative Benefits of Merger Synergies
(Income Before Income Taxes and Minority Interests Basis)
(¥ billion)



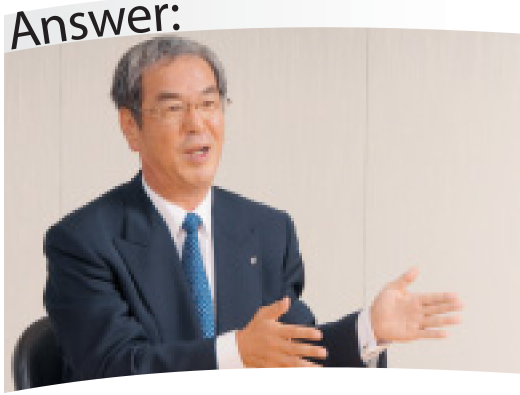
Merger synergies have also produced strong results. I would have been satisfied if synergies in the first post-merger year had offset merger costs. However, merger synergies boosted earnings by ¥3.7 billion at the income before income taxes and minority interests level. There were numerous successes in many fields. Take for example cross-selling initiatives, where the pre-merger companies introduce their respective business partners and products to each other's customers. Here Vestech Japan Corporation, an investee of the pre-merger Toyota Tsusho, delivered generator equipment to one of Japan's largest wind farm projects in Shimane Prefecture. This project is being developed under contract by Euros Energy Holdings

Corporation, an investee of the former Tomen. Vice versa, the former Tomen supplied pharmaceuticals via a French subsidiary to Cambodia and Honduras as part of a pharmaceuticals-related economic cooperation project won by the pre-merger Toyota Tsusho. In cross-pollination initiatives, where the pre-merger companies take advantage of each other's business contacts that have been developed over the years, the former Toyota Tsusho began exporting Toyota vehicles to Central Asia, including Georgia, taking advantage of ties developed by Tomen. Logistics systems, where the pre-merger Toyota Tsusho was strong, were delivered to the customers of the former Tomen's textile departments. In these and other ways, the pre-merger companies are capturing synergies that harness their respective strengths across both automotive and non-automotive fields.

Question:

Toyota Tsusho has been establishing a global business model in step with Toyota's pursuit of optimal production worldwide. What is your outlook for the automotive field?

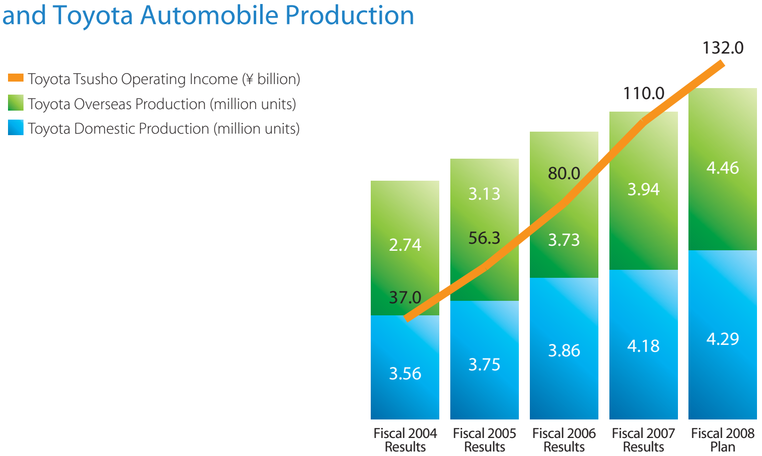
Answer:



The annual demand for new vehicles in industrialized countries corresponds to roughly 5% of each country's population. So Japan's population of around 120 million people supports an auto market with demand for around 5 to 6 million vehicles annually. Likewise, the U.S. population of roughly 300 million people gives rise to an auto market with demand for just over 15 million vehicles per year. By this line of thinking, the world's auto market has yet to reach even half of its potential relative to the world's current population. With a population of roughly 1.2 to 1.3 billion people, China alone could ultimately develop into a market for 60 million vehicles, nearly double the size of the current global auto market. There are challenges to tackle, such as environmental and energy issues, but the auto market has enormous growth potential.

Many more business opportunities therefore lie ahead. As overseas auto production grows, the presence of local partners to supply materials and components has become just as important overseas as in Japan. Toyota Tsusho has not only been offering materials procurement, processing and recycling functions, but has also been providing administrative support and other services that enable components makers that have moved into overseas markets to concentrate on manufacturing. In this sense, rather than being a mere trading company, Toyota Tsusho has grown into an indispensable partner for automakers seeking to develop business overseas. This role is underscored by our rapid growth in the automotive field over the past five years or so. Going forward, I expect the automotive field to remain at the heart of our operations.

Toyota Tsusho Operating Income and Toyota Automobile Production



Question: Why then must you rush to reinforce non-automotive fields, when growth in the automotive field is bound to continue for some time?

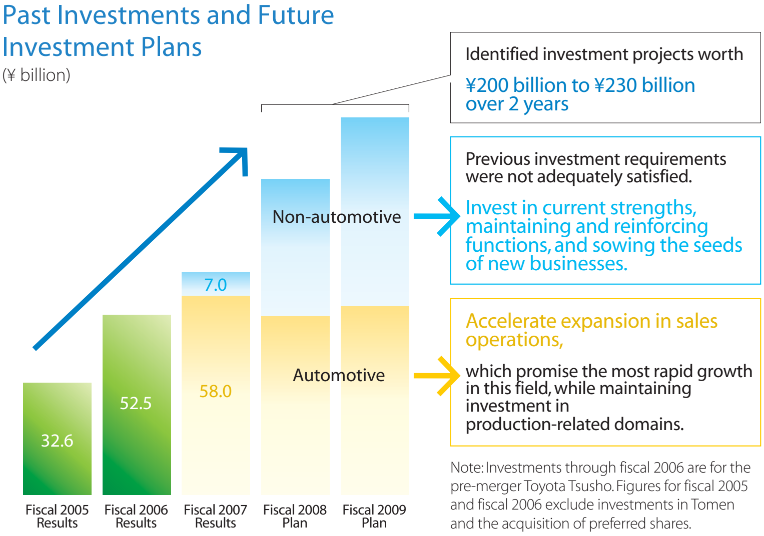
Answer:

There is no guarantee that our strong performance in the automotive field will continue indefinitely. The global auto market is certainly growing steadily. And Toyota, our largest customer, currently accounts for roughly half of that growth. However, I believe that maintaining the current pace of growth, considering personnel and management constraints, will be an extremely difficult feat even for Toyota. On the other hand, from a long-term perspective, I believe that enhancing business in non-automotive fields is indispensable to making the automotive field even stronger. For example, automobiles currently run on gasoline and other fossil fuels and use devices that require a diverse array of rare earth elements and other scarce materials. Take away either and automobiles will not function. We must therefore ask: what can replace gasoline and where will these resources and fuels come from? I believe that while automakers develop new engines and cars, our role as a trading company is to think about these sorts of things and procure these resources.

In this sense, we must invest in new domains in anticipation of the future while the automotive field is still healthy.

Past Investments and Future Investment Plans

(¥ billion)



Note: Investments through fiscal 2006 are for the pre-merger Toyota Tsusho. Figures for fiscal 2005 and fiscal 2006 exclude investments in Tomen and the acquisition of preferred shares.

Question: Could you please elaborate on the priority domains that will drive growth going forward?

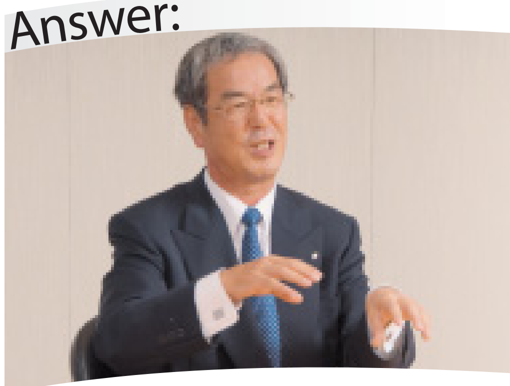
Answer:

Our priority non-automotive domains are energy, textiles, and produce and foodstuffs. In the energy domain, we are already conducting business mainly in Southeast Asia. We intend to concentrate on the IPP (independent power producer) business, which has become a source of stable earnings for us. Much is expected of the IPP business, not only as a business, but also for the contribution it will make to regional societies as social infrastructure. Next is the fuels domain, which is closely tied to the automotive field. Here we are focusing on coal and natural gas from the standpoint of ensuring reliable supplies and stable prices and diversifying risks to mitigate our dependence on oil. Because we expect to see synergies between fuels and the IPP business, we want to build a value chain including rights to natural resources. Furthermore, we expect new forms of environmentally friendly energy, such as dimethyl ether (DME), and gas to liquids (GTL) technology to spawn new markets in the future and open up new business opportunities. To make our presence felt in these areas, we are already taking part in a variety of projects. With regard to the textiles and the produce and foodstuffs domains, we want to do more than simply source products and materials overseas for sale in Japan. We now view the overseas countries from which we source these goods as markets in their own right. Our activities are thus geared to extending our value chain which was developed in Japan and which spans logistics, processing, manufacturing and sales, to each overseas country.

Meanwhile, in the automotive field, we will continue to expand and reinforce businesses related to auto production. Examples in the Metals Division include the steel sheet processing business, such as fine blanking processing; the molten metal business, where we deliver aluminum materials to customers' plants in a molten state rather than in the usual form of ingots; and the recycling business, where we collect, process and reuse metal scrap generated by customers' plants. We will also do the same in overseas automobile sales, which are equally important as a driver of growth.

Question: Which overseas regions will you prioritize in the future?

Answer:



In the near term, our priority regions will be the BRIC countries, whose automotive markets promise rapid growth. Of these countries, China has already seen the start of mass auto production in Tianjin and Guangzhou. Although Toyota Tsusho has been steadily reinforcing its production and sales functions year by year, I want to take these functions to an even higher level going forward. Meanwhile, in Brazil and India, where auto production began much earlier than in China, the scale of production is expected to increase significantly, mainly due to the launch of new models. Accordingly, we have already begun to beef up our functions and personnel in preparation for this growth. Likewise, we plan to strengthen our presence in South Africa, which shares much in common with the BRIC countries.

Question: Some investors believe that your objective is to make Toyota Tsusho a bona fide general trading company through the merger with Tomen. How do you respond to this?

Answer:

I'm often asked this sort of question in various situations by many different people, not just investors. But I've never said that our goal is to be a bona fide general trading company. My answer has always been that our goal is to be a trading company strongly grounded in manufacturing principles.

Make no mistake. Toyota Tsusho is a trading company that handles diverse products in various fields and proactively invests in businesses. But underlying these activities is the conviction that we must grow together with customers and suppliers by constantly honing our strengths as we work together with them. In this sense, our approach differs from an investment fund where decisions are based mostly on investment returns, rather than on the potential for developing their own strengths.

Question: What exactly do you mean by "a trading company strongly grounded in manufacturing principles?"

Answer:

For future trading company businesses, adding value in the course of doing business, rather than mere trading activities, will be crucial to success. Put simply, trading companies will need to conduct businesses where they can add value along their value chain from procurement to sales, whether by reducing inventories or enhancing processing. At Toyota Tsusho, the manufacturing principles we practice in the automotive field are brought to bear on everything we do. I strongly believe that this approach should be central to the business models we establish going forward.

Let me give you an example. Toyota Tsusho has a Production *Kaizen* team specializing in the Toyota Production System (TPS). This team has been consulting with and fielding requests from many customers, including the former Tomen's clientele of non-automotive manufacturers. Seeing that the former Tomen had established ties with the Toyota Group, they did not want to pass up this opportunity. We are already involved in several *Kaizen* projects that have had some success in reducing costs. Customers benefit from the lower costs; we benefit from the higher transaction volumes that result from the recognition we earn from each *Kaizen* project. We want to keep on forging these sorts of "win-win" relationships with customers in both the automotive and non-automotive fields.

Question: Could you please explain your financial strategies and approach to returning profits to shareholders?

Answer:

Under its current Long-term Business Plan, Toyota Tsusho envisions much higher growth by making substantial investments for some time to come. We plan to invest around ¥200 billion in the automotive and non-automotive fields combined over the next 2 years. But because a new growth phase involves dramatic change, we recognize that building a strong financial base that reassures all stakeholders is an urgent priority. For that reason, Toyota Tsusho increased capital by ¥76.3 billion through the issuance of new shares in November 2006, including shares allotted to a third party. As a result, our net debt-equity ratio and shareholders' equity ratio have improved to 1.2% and 23.5%, respectively, both on a par with Japan's leading trading companies.

We also recognize the importance of returning earnings to shareholders. Based on this recognition, we increased the annual dividend applicable to fiscal 2007 by ¥8 per share to ¥26 per share. In fiscal 2008, although we expect net income to drop from fiscal 2007, when there was a reduction in non-consolidated income taxes due to the merger, we plan to maintain an annual dividend of ¥26 per share in line with our basic policy of paying stable dividends, while working to gradually raise the consolidated dividend payout ratio.

Business Highlights

Metals Division

Segment Sales: 30%

	Net Sales (¥ billion)	Operating Income (¥ billion)
03/3	949.3	11.8
04/3	1,049.2	12.2
05/3	1,320.9	18.1
06/3	1,565.6	24.4
07/3	1,845.5	34.4

Machinery & Electronics Division

Segment Sales: 25%

	Net Sales (¥ billion)	Operating Income (¥ billion)
03/3	550.5	9.4
04/3	660.7	12.6
05/3	849.8	17.5
06/3	1,072.9	24.0
07/3	1,535.1	30.6

Automotive Division

Segment Sales: 12%

	Net Sales (¥ billion)	Operating Income (¥ billion)
03/3	480.4	7.2
04/3	499.7	11.1
05/3	538.3	13.6
06/3	639.2	20.0
07/3	751.7	33.2

Energy & Chemicals Division

Segment Sales: 21%

	Net Sales (¥ billion)	Operating Income (¥ billion)
03/3	327.8	3.5
04/3	351.7	1.1
05/3	316.8	4.5
06/3	297.8	7.3
07/3	1,269.2	4.5

Produce & Foodstuffs Division

Segment Sales: 6%

	Net Sales (¥ billion)	Operating Income (¥ billion)
03/3		
04/3		
05/3		
06/3		
07/3	349.6	3.7

Consumer Products, Services & Materials Division

Segment Sales: 6%

	Net Sales (¥ billion)	Operating Income (¥ billion)
03/3	265.8	2.4
04/3	222.0	3.0
05/3	280.8	5.4
06/3	316.5	6.2
07/3	382.7	7.8

Notes: * Effective from fiscal 2007, the year ended March 31, 2007, commissions are included in net sales.
* Effective from fiscal 2007, the Produce & Foodstuffs Division became a business segment.

Fiscal 2007 Results*

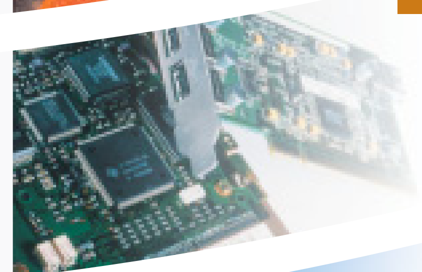
Main Products and Services

Net sales and operating income increased 18% and 41% year on year, respectively. This growth mainly reflected increasing worldwide automobile demand and rising prices for commodities such as steel raw materials and nonferrous metals.

- Ordinary and special steel products
- Unwrought nonferrous and precious metals
- Rolled light metal products, copper, and copper alloy products
- Scrap iron and scrap nonferrous metals
- Ferro-alloy products
- End-of-life vehicle (ELV) recycling and disposable catalysts
- Manufacturing, processing, disposal, and sales of the above products

Net sales and operating income both increased 11% year on year, the result of strong demand for machinery, facilities and auto production parts in overseas markets, as well as a higher handling volume of electronics components.

- Machine tools, industrial machinery and textile machinery
- Testing and measuring instruments
- Environmental equipment
- Information and telecommunication equipment
- Electronic devices and parts
- PCs, PC peripheral products and various software
- Automotive parts
- Forklifts
- Intelligent Transport System (ITS) equipment
- Sales and services for the above products



This Division posted higher earnings on lower sales. Despite market expansion due to economic growth in BRIC and resource-rich countries, and other positive developments, net sales decreased 1% year on year due to lower auto exports to China. However, operating income climbed 58% over the previous fiscal year.

- Automobiles
- Trucks and buses
- Sales and services for the above products

Despite solid growth in demand for synthetic resin for use in automobiles and home electric appliances and a higher handling volume of petroleum products, this Division reported lower earnings but higher sales. Net sales rose 2% year on year, but operating income was down 6%, mainly due to a decrease in the Company's mining interests in the coal business.

- Petroleum products and LPG (liquefied petroleum gas)
- Coal
- Petrochemical products
- Fat and oil products, synthetic resin, and chemical additives
- Natural and synthetic rubber
- Processing, manufacturing, sales and services for the above products

This Division recorded lower sales and earnings mainly as a result of the withdrawal from the low-margin meat trading business and a valuation loss on some agricultural products. Net sales and operating income decreased 4% and 20%, respectively.

- Livestock feed
- Grains
- Processed foods
- Food ingredients
- Agriculture and livestock products
- Alcoholic beverages

During the past fiscal year, this Division withdrew from the low-margin textile business but reported steady growth in sales of automotive interior materials and condominium units in Japan. As a result, while net sales were down 1% year on year, operating income climbed 30%.

- Condominiums and commercial buildings
- Construction materials, housing materials and furniture
- Textile products, textile materials and jewelry
- Automotive interior parts and materials
- Packaging materials
- Paper and pulp
- Life and health insurance and property and casualty insurance
- Sales and services for the above products

* Comparisons are between business results before amortization of goodwill for Toyota Tsusho in fiscal 2007, the year ended March 31, 2007, and the simple sum of the business results of the merged companies in fiscal 2006.

Segment Overview

Metals Division

The Division will continue to augment each specialized operating base by strengthening measures related to business fundamentals such as personnel development, quality and safety.

Overview of Division and Strengths

The Metals Division considers steel and nonferrous metals not just as simple materials, but also as products possessing unique characteristics and functions, and strives to offer products optimally suited to the requirements of each user and supplier. Moreover, we actively collaborate with our business partners in developing new materials and processing technologies, as we endeavor to promote innovative businesses that enable win-win relationships with steel manufacturers and users.

In our steel sheet, bars and tubes business, Toyota Tsusho deploys its domestic and overseas processing bases as the nucleus of an ordering system that utilizes cutting-edge IT and an efficient logistics structure for delivery control that ensures the most timely delivery of optimal sizes and weights matched to specific applications. Additionally, we undertake a steel blanking business worldwide for processing and delivering irregular-shaped steel sheets tailored to user needs.

We engage in the nonferrous metals business and have built a global trading structure centered mainly in London and Singapore that plays a central role in reducing the risk of price fluctuations for nonferrous metals. In addition, we undertake a molten aluminum business that contributes to lowering costs and reducing environmental loads. In this manner, we have established an optimal supply structure for nonferrous metals that is constantly attuned to conditions in each local region and that supports highly efficient production.

Our steel raw materials businesses give top consideration to the Earth's environment and include a scrap iron recovery and recycling business within plants as well as an end-of-life vehicle (ELV) recycling business. We are redoubling efforts to broaden the scope of these business activities to new spheres beyond metals.

Changes in Business Environment and Company Initiatives

Global auto production has been rapidly expanding in the automotive field, the Metals Division's core business area, fueling even fiercer competition among various countries' auto and component manufacturers not only in mature markets such as the U.S.A. and Europe, but also in emerging markets like China and Russia. In this business environment, there is a growing range of emerging needs on the part of auto and component manufacturers. Besides securing reliable supplies of materials in each country where production is based, automakers are looking to outsource certain internal production processes previously performed in-house so that they can focus resources on high-value fields such as planning and design, and the development of safety and environmental technologies. Having identified these needs at an early stage, the Metals Division has established operating bases in various countries and overseas regions in step with moves by Japanese automakers to expand their operations abroad. These include high-precision, high-quality steel sheet and aluminum processing and logistics bases and molten aluminum supply centers, and facilities to collect and recycle scrap metal generated in manufacturers' production processes. In these and other ways, Toyota Tsusho is driving

Onsite Recycling Business at Plants Worldwide

In April 2000, Toyota Tsusho established an onsite recycling system that performs integrated management of metal scrap collection and recycling on the premises of a customer's plant in Georgetown, U.S.A. Ever since, the Company has been actively developing a recycling business based on this system that helps create environmentally friendly plants and lower processing costs around the world.

In 2005, recycling systems were brought onstream at plants in Kolin, the Czech Republic; Tianjin, China; Takefu City, Japan; Durban, South Africa, and elsewhere. This was followed in 2006 by the start of recycling operations at a plant in Gateway City, Thailand. Currently, this recycling business is active in 14 countries.

steady growth in its business by casting itself as an indispensable business partner in global production.

Basic Strategies and Long-term Policies

The Metals Division's basic strategy is to generate steady earnings that are not readily susceptible to changes in commodity prices by adding more value to its products through the creation and enhancement of unique functions in value chains. Five years have already elapsed since the Metals Division was completely integrated with the metals operations of the former Tomen Corporation in preparation for the merger with this company in April 2006. During this period, the Metals Division has not only expanded its product categories and handling volumes, but has also strengthened its procurement capabilities and responsiveness to customer needs by enlarging its overseas network. Leveraging these capabilities, the Metals Division has steadily expanded operations in both the automotive and non-automotive fields.

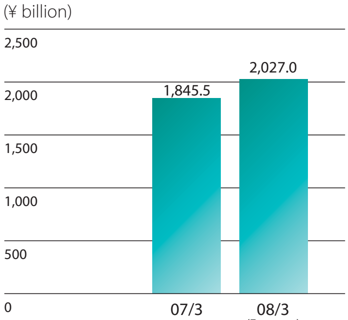
Today, the Metals Division has a network of 37 operating bases worldwide specializing in functions such as steel sheet and aluminum processing and logistics, as well as the supply of molten aluminum and recycling of scrap metal. The Division will continue to augment each specialized operating base by strengthening measures related to business fundamentals such as personnel development, and quality and safety. Ensuring stable supplies and procurement of resources has become a major issue against the backdrop of rapid economic growth in China and other factors. In addressing this and other trends, we will work to establish stronger ties with resource-rich countries by enhancing our overseas network.

Outlook for Fiscal 2008

Demand for metals from the automotive and various other industries is projected to increase further, based on expectations for continued high economic growth in China and the rest of Asia, as well as firm economic expansion in Europe, including Russia. However, this outlook is tempered by several factors that could hinder sustained economic growth, such as surging international prices for crude oil, nonferrous metals and other commodities. In this operating climate, for fiscal 2008 the Metals Division is forecasting net sales of ¥2,027.0 billion, up 10% year on year, and operating income of ¥37.0 billion, an annual increase of 8%, mainly on projections of higher worldwide auto production.

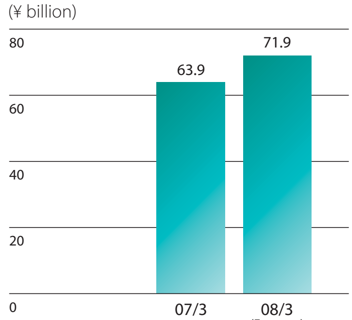
Net Sales

(¥ billion)



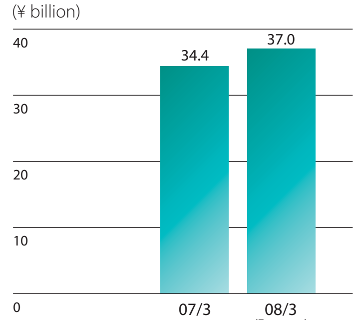
Gross Trading Profit

(¥ billion)

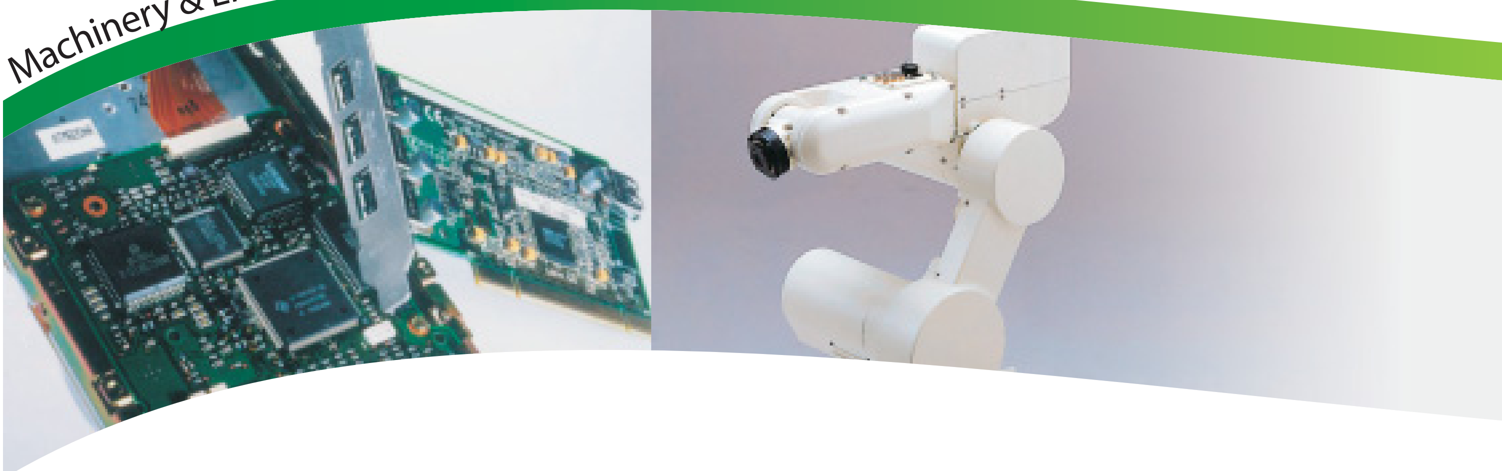


Operating Income

(¥ billion)



Machinery & Electronics Division



With significant expansion in its worldwide business network following the merger, the Division has been capturing synergies mostly through cross-selling initiatives in both the automotive and non-automotive fields.

Overview of Division and Strengths

The Machinery & Electronics Division not only procures goods in Japan and overseas, but also provides total support services in such fields as machinery, facilities, information and electronics, and parts for production. These services cover planning and recommendations as well as technological development, quality control, and efficient logistics, and make important contributions to the building of local production structures.

In the machinery business, the Division enables the optimal procurement of machinery, facilities and parts by leveraging its global product information gathering expertise and logistics technologies. We also offer expertise in specialized fields, information, technologies and skills tailored to each project. The Division works closely with Group companies responsible for engineering service functions to provide services that carefully reflect customer needs, ranging from planning and design to production guidance, optimal coordination of the machinery and facilities of multiple manufacturers, and software development related to machinery and facilities. In this manner, we offer a total integrated service encompassing installation, start up, adjustment and maintenance of equipment.

In the electronics field, the Division satisfies diverse customer needs by harnessing functions such as design-in capabilities, involving participation from the product design phase, and extensive technical support. As an agent for major overseas semiconductor manufacturers, the Division assures clients of reliable product procurement and quality control.

In our business for supplying parts for overseas automotive production, we have established logistics bases in various countries, and provide a global supply chain management (SCM) system leveraging varied logistics expertise and IT, ranging from batch collection of parts based on a "milk-run" procedure (involving making rounds to collect parts from parts manufacturers) to sorting and packaging at warehouses and cross-docking (relay base) capabilities. Offered in 13 countries around the world, including Asia and South America, this SCM system realizes highly efficient, high-quality logistics services.

Changes in Business Environment and Company Initiatives

Against the backdrop of rapid economic growth in China and other Asian countries, and steady expansion in the U.S. and European economies, there has been solid growth in capital expenditures in the steel, chemicals, automotive and other manufacturing industries in various countries around the world. Notably, Japanese automakers, the Company's main customers, have been growing sales worldwide on the back of market expansion driven by global economic growth, and stronger demand for vehicles offering greater fuel efficiency and quality amid surging fuel prices. In response, these automakers have been making investments to increase production capacity on a global scale. And as globalization continues and economies become increasingly borderless, Japanese automakers are stepping up initiatives to build globally optimal production and supply systems, including promoting the development and production of global strategic models premised on production and sales in multiple overseas regions. In this business environment, the Division is working to enhance its ability to

Business Activities at Toyota Motor Thailand Ban Pho Plant

In the run-up to the start of production at the Ban Pho Plant in 2007, Toyota Motor Thailand Co., Ltd.'s third plant in Thailand, the Division harnessed its collective capabilities in machinery, electronics, global production and other fields to assist in the start up of this plant and provide production support. As a cutting-edge facility for Toyota Motor Corporation, the Ban Pho Plant boasts state-of-the-art equipment, particularly in regards to environmental technology. It is positioned as a model environmentally friendly Toyota plant in Asia.

procure and to provide engineering services in order to help automakers and auto-related makers smoothly establish production bases using its four base areas in Japan, Asia, the U.S.A. and Europe. In logistics services involving parts for overseas automobile production, the Division is supporting global auto production in close collaboration with Toyota Tsusho's logistics services departments and automakers. Specifically, the Division has established logistics bases in each auto producing country that are planned and designed to accommodate global logistics between multiple countries in terms of both facilities and services.

Basic Strategies and Long-term Policy

The Machinery & Electronics Division plans to make strategic investments in reinforcing various functions in logistics, IT and engineering services, and in expanding its business domains. Japanese automakers and auto-related makers have been rapidly building new plants and boosting production capacity, mainly in North America, China and Europe in the past few years. The outlook is for this trend to continue, mainly in the BRIC countries. Against this backdrop, the Division will further reinforce its ability to assist in the smooth start-up of local production and strengthen support capabilities to help ensure that production runs smoothly thereafter.

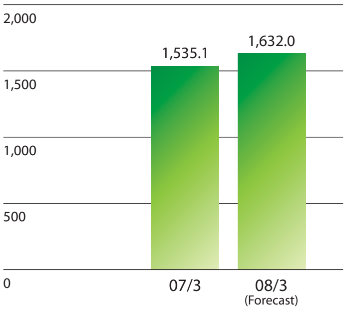
Furthermore, with significant expansion in its worldwide business network of machinery, electronics, semiconductor and other manufacturers following the merger between Toyota Tsusho and Tomen in April 2006, the Division has been capturing synergies mostly through cross-selling initiatives in both the automotive and non-automotive fields. This includes growth in sales of automotive electronic components, as well as the sale of heavy machinery to customers in China and generator equipment for a large-scale wind farm project in Japan.

Outlook for Fiscal 2008

As in the previous fiscal year, overseas auto production is projected to grow steadily, particularly in China and other Asian regions. In addition, the Division forecasts growth in handling volumes of machinery and parts for overseas automobile production machinery based on scheduled model changes for mainstay models in China and North America. The Division also projects higher sales of electronic components underpinned by increased demand for hybrid and other vehicles. For fiscal 2008, the Division forecasts net sales of ¥1,632.0 billion, up 6% year on year, and operating income of ¥35.8 billion, an increase of 17%.

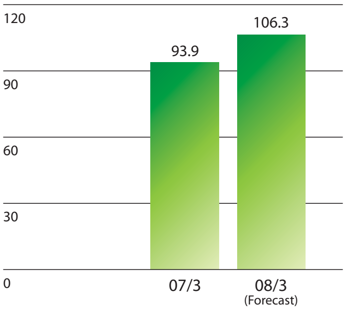
Net Sales

(¥ billion)



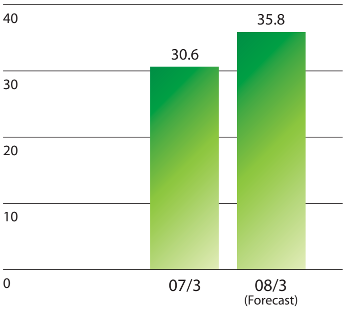
Gross Trading Profit

(¥ billion)



Operating Income

(¥ billion)



Automotive Division

We are trying to share a common corporate culture and action guidelines at our Automotive Retailers while respecting the policies of distributors in each country.

In this manner, we are developing customer-oriented, No. 1 Automotive Retailers that become “Models of Success” for other retailers in every country and region.

Overview and Strengths of the Automotive Division

The Automotive Division sells automobiles and automobile parts manufactured by Toyota Group and non-Toyota Group companies in about 150 countries worldwide.

Through our consolidated retail network of more than 100 Sales Outlets in over 40 countries, we successfully operate the Retailer Business and have been able to directly provide end users with sales of vehicles, spare parts and service.

Regarding the distribution of automotive related products and services, we have also invested in national distributors in approximately 20 countries and proactively manage Marketing Activities relating to Pricing, Model line-ups, Supply & Demand, Sales Promotion, etc.

We have established several Regional Headquarters whose proximity to the local markets facilitate the collection and analysis of market data that allows us to react to customer needs in a more prompt and direct manner. This “Antenna Function” also provides vital information which can be utilized by Headquarters such as Risk Management as well as manufacturers for the development of future products and improvements to existing ones.

In line with the expansion of overseas production by automobile manufacturers, we further utilize these Regional Headquarters in order to re-export automobiles and parts produced overseas to third countries.

We also strive to maximize sales and efficiency, together with automobile manufacturers by providing “Logistic Center” functions in each region.

Change in Business Environment and our Business Plan

Overseas automobile sales continue to grow steadily as a result of rapid economic development in BRICs countries and economic growth due to the sharp rise in material prices in resource-rich nations in the Middle East, Asia, South America, Africa, etc. Furthermore, automobile manufacturers have been changing the product development and manufacturing framework centered in Japan to overseas locations.

Under such business circumstances, the Automotive Division has been working to actively expand business in fast-growing countries, while strengthening our global network via our Regional Headquarters.

In the Distributor Business, we are trying to increase both the volume and profitability of units sold by pursuing efficiency and strategically planning our specific marketing activities by region.

In the Retailer Business, we are trying to share a common corporate culture and action guidelines at our Automotive Retailers while respecting the policies of the distributors in each country. In this manner, we are developing customer-oriented, No. 1 Automotive Retailers that become “Models of Success” for other retailers in every country and region.

Basic Strategies and Long-term Business Policies

Following the merger with Tomen Corporation in April 2006, the Automotive Division now handles a broader range of brands such as Subaru and Suzuki in addition to those in the Toyota Group, and has

Expanding Overseas Retail Networks

As overseas automobile markets continue to grow, the Automotive Division will open an additional 21 new Automotive Retailers in FY 2007, concentrated in China and Europe.

The Automotive Division is working on developing systems that will enable affiliated Automotive Retailers in various regions to share information and best practices with each other, so that they can create synergies.

Guided by the policy of "Providing satisfaction and the best purchasing and ownership experience in the automotive industry", we will continue to rapidly develop the global Retailer Business.

newly expanded our sales regions in some countries of North Africa and the Middle East.

As a result of the merger's synergetic effects, we were also able to successfully begin selling automobiles in the Central Asian market as well. These synergies will allow us to continue strengthening our positioning in our two primary overseas sales functions, namely our Distributor and Retailer business.

The former is responsible for operations ranging from conducting market surveys to formulating and executing sales strategies in each country. The latter is responsible for selling automobile related products and services for customers via Sales Outlets.

Our basic policy is to focus on developing these functions mainly in BRICs and other resource-rich countries whose markets promise substantial future growth.

Meanwhile, we aggressively intend to invest in Retailer Related Businesses, such as "Quick Service" and Used Car operations with the aim of creating new growth opportunities.

FY 2008 Financial Result Estimates

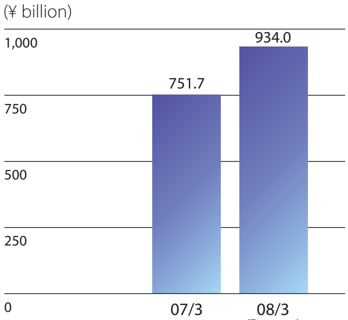
There are several concerns such as the uncertainties regarding the continuity of high economic growth in resource rich countries caused by the increases in price of crude oil and/or other natural resources, the decline of consumption power due to gasoline price increases, and the further appreciation of the Yen.

However, there are also positive expectations relating to the continued economic growth in Russia, Central Asia, China and other regions. As of next fiscal year, the Automotive Division will include a subsidiary company in Italy in its consolidated reports.

For FY2008, the Automotive Division is forecasting net sales of ¥934.0 billion which is a 24% increase. Operating income will reach ¥38.9 billion which represents a year on year increase of 17%.

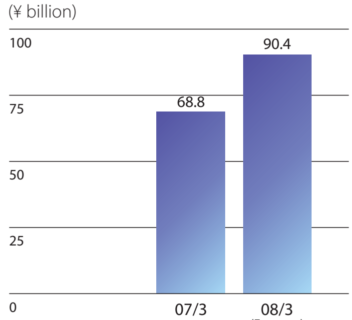
Net Sales

(¥ billion)



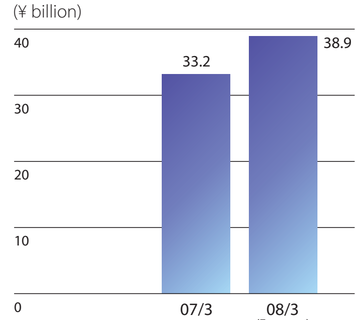
Gross Trading Profit

(¥ billion)



Operating Income

(¥ billion)



Energy & Chemicals Division

The Division's basic policy is to further strengthen core businesses like petroleum, coal, electric power and synthetic resins, while creating new core businesses in fields such as biogas, resin materials and fine chemicals.

Overview of Division and Strengths

The Energy & Chemicals Division procures chemicals, synthetic resins and other raw and elemental materials as well as such basic energy resources as coal and crude from optimal sources worldwide. Linking upstream supply sources and downstream consumption centers in a single value chain, the Division supplies these products in accordance with the needs of customers.

In the chemicals field, we are extending our value chain from raw materials production facilities to delivery of products to users by securing competitive supply sources while harnessing logistics functions such as storage tank operations. Notably, our iodine operations, which supply the iodine used as a contrast medium for X-ray imagery, polarized film and other applications, boast world-class handling volume with production facilities in the U.S.A. and Japan. In addition, Toyota Tsusho handles more than 30% of Japan's imports of white phosphorous, which is in strong demand for uses such as semiconductor etching and cleaning. In resin compounds, the Division is expanding its production and processing network to bases in China, Southeast Asia and Central Europe by leveraging synergies between products for automobiles and home electric appliances.

In energy and plant businesses, the Division has strong operating bases in both the Middle East, a major energy supplying region, and Asia, a major consumption center. Furthermore, by harnessing its product development functions, the Division is developing operations in downstream sectors such as the electric power wholesale field, besides midstream sectors such as refining and transportation. For example, the Division has developed power plant projects in excess of one million megawatts in Thailand and Pakistan, and is thereby contributing to the stable supply of electricity. Moreover, the Division is actively involved in a project in Thailand to recover methane gas and use it to generate electricity, and an emission rights development business in China and other countries. We are also engaged in eco-friendly energy businesses involving the development of Gas to Liquid (GTL) technology, dimethyl ether and more.

Changes in Business Environment and Company Initiatives

Global demand for chemicals and energy is expanding by the year, with particularly high growth continuing in Asia, particularly in China. There is also growing overseas demand in the chemicals field mainly for resin materials and materials for electronic and optical applications, supported by expanding overseas auto production and flat panel TV markets, among other factors. There has also been increased uptake of eco-friendly products such as bioplastics. Meanwhile, in the energy and plant fields, high oil prices have led to rapidly increasing demand for alternative energy sources such as natural gas and bioethanol from the standpoints of energy security and reducing environmental impact. Strong growth in demand for electricity is also evident in the Asian region, where various manufacturers mostly in the automotive industry continue to make inroads.

In this business environment, the Division has worked to globally expand its compound business for automobiles and home electric

Biogas Business Leveraging Clean Development Mechanism (CDM)

Reducing greenhouse gases and other priorities has become imperative in the energy business in the quest for realizing a sustainable society. Against this backdrop, Toyota Tsusho participates in a biogas power generation and associated CDM project to recover methane gas from organic wastewater at a starch production plant in Thailand. In addition, the Company acquired U.N. approval for a CDM project in April 2007 that involves collection of a gas rich in methane from a landfill in Wuxi, China and power generation business. In these and other ways, Toyota Tsusho is actively engaged in developing eco-friendly biogas businesses.

appliances in cooperation with chemicals manufacturers. At the same time, we have been developing structural components for hybrid vehicles and other products for use in battery cells and electronics materials together with user automakers and home electric appliance manufacturers. By leveraging our overseas networks, we have striven in the energy and plant fields to ensure reliable supplies of crude oil, coal and other resources. In addition, tapping our project development expertise and ability to reliably procure fuel, we have been among the first to develop power generation businesses in Asia and have been involved in wind power generation businesses, which are a promising source of clean energy.

Basic Strategies and Long-term Policies

Following the merger with Tomen Corporation in April 2006, the Energy & Chemicals Division has significantly expanded its product range, business partners and overseas networks, opening up many more new opportunities for further business expansion. As a result, the Division is not only capturing synergies within the fields of energy and chemicals, but is also generating synergies between these two fields. Synergies are also appearing between other Toyota Tsusho divisions, such as the overseas automobile parts logistics business.

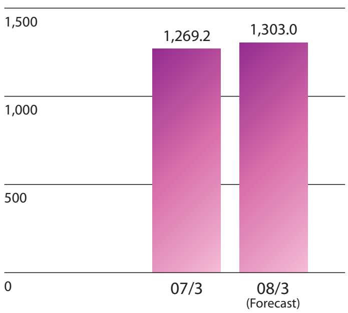
Against this backdrop, the Division's basic policy is to further strengthen core businesses like petroleum, coal, electric power and synthetic resins, while creating new core businesses in fields such as biogas, resin materials and fine chemicals. Efforts in the chemicals field will focus on augmenting local sales functions in BRIC countries and the rest of Asia in parallel with expanding the resin compound business globally. Securing scarce non-organic resources to boost profitability is also a priority. The Division plans in the energy field to reinforce procurement and logistics functions in coal and natural gas and win new projects in the electric power wholesale business.

Outlook for Fiscal 2008

By capturing synergies, the Division expects to increase handling volumes of petroleum products and synthetic resins for use in auto production, which is projected to undergo strong growth mainly overseas. For fiscal 2008, the Division is forecasting net sales of ¥1,303.0 billion, an increase of 3% year on year. Operating income is projected to decrease 7% to ¥4.2 billion, mainly due to investments in and development of new projects.

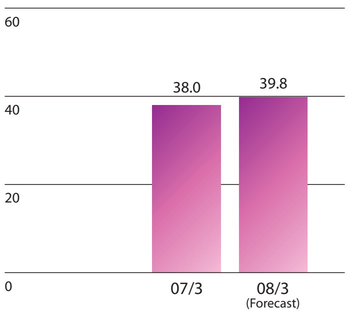
Net Sales

(¥ billion)



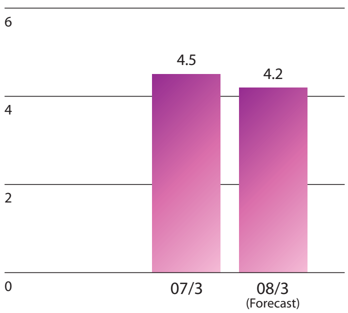
Gross Trading Profit

(¥ billion)



Operating Income

(¥ billion)



Produce & Foodstuffs Division

The Division has been developing traceability functions to provide product history information from various processes such as cultivation, production, processing, distribution and sales, including data on buyers and sellers, as well as cultivation, production and processing procedures.

Overview of Division and Strengths

The Produce & Foodstuffs Division conducts various businesses in three fields: the livestock feed field, which includes corn; the feed grain field, which includes raw sugars; and the foodstuffs field, which involves food materials, prepared frozen foods and other general foodstuffs.

The main strength of our feed grain business is our feed processing complexes, centered on four grain silos in Japan. We supply these grains via a dedicated pipeline, which extends from silos with piers that enable transversal docking of large ships to formula feed makers situated further inland. In terms of volume, we are a top-ranked handler of feed grain in Japan.

In wheat and flour, the Division has established a comprehensive value chain over several decades by leveraging its procurement capabilities in the U.S.A., Canada and elsewhere and its sales network for flour in China and Southeast Asia. The Division handles some of the leading volumes of wheat and flour among Japan's trading companies.

Regarding foodstuffs, the Division sources safe and high-quality foodstuff materials from around the world and has high shares of Japan's markets for sesame, whole buckwheat and nuts in terms of handling volumes. We also are developing various food processing and production businesses using our worldwide network of processing bases in order to add value to our products. Efforts are focused on strengthening our food safety management functions and systems, including traceability, and as part of these efforts, we have established a Food Safety Promotion Team within the Produce & Foodstuffs Division.

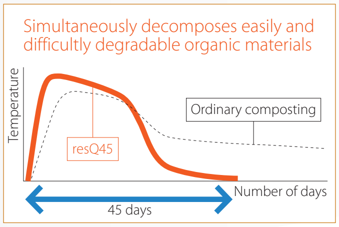
Changes in Business Environment and Company Initiatives

Japan relies on imports for most of its supplies of grains such as wheat, corn and soybeans, as well as oil-producing plant seeds. Meanwhile, countries and regions like the U.S.A. and South America are increasingly dominating the supply of these food materials. With stronger demand for food materials from China and Southeast Asian countries in step with their economic expansion, competition between nations for scarce food materials has become a distinct possibility. Meanwhile, continued reliance in Japan on mere mass imports of food materials as in past years is becoming increasingly unacceptable with higher standards of food expected in terms of reliability and safety down to the level of ingredients.

In light of these changes in the business environment, the Division has been making the most of the networks it has built worldwide over many years, while putting in place a system for gathering and analyzing information from production countries and regions such as the U.S.A., Australia, and South America by stationing people in these key places. These efforts are being made to ensure reliable supplies of food materials from the right place and at the right time. In response to stronger calls for food reliability and safety, the Division has been developing traceability functions to provide product history information from various processes such as cultivation, production, processing, distribution and sales, including data on buyers and sellers, as well as cultivation, production and processing procedures. For example, the Division carries out a strict "IP Handling Procedure" unique to Toyota Tsusho to prevent as far as possible genetically modified (GM) corn being mixed with non-GM corn supplies. Careful controls have also been established in cultivation, production and processing processes,

Advanced Manure Composting System for Reducing Odors and Greenhouse Gases

Toyota Motor Corporation and Menicon Co., Ltd. have jointly developed resQ45, an environmentally friendly advanced manure composting system for livestock farmers. Toyota Tsusho began selling this system through its own livestock feed sales channels in July 2006. The new system significantly reduces ammonia odors from manure. At the same time, the system more than halves the usual period required to complete composting. Through the action of thermophilic bacteria, the system also dramatically lowers emissions of nitrous oxide, a greenhouse gas, and nitrate nitrogen, a cause of groundwater pollution. In these and other ways, this advanced composting system helps to properly dispose of and effectively use livestock manure and alleviate its environmental impact.



ranging from the screening of seeds to post-harvest sample inspections. In distribution and sales processes, the Division has reduced the number of food material collections to minimize the risk of GM foods being mixed in with other supplies. As part of these efforts, the Division uses grain silos owned by Toyota Tsusho, which ensures a clearer understanding of how collection sites are controlled, and directly loads grains onto barges and ships. Meanwhile, we are also developing a quality assurance system where inspection certificates are issued for each process.

Basic Strategies and Policies

The merger with Tomen Corporation in April 2006 has significantly expanded the business domains of the Produce & Foodstuffs Division. Of these domains, Toyota Tsusho is particularly strong in the grain silo business, which revolves around four grain silo sites the Company owns across Japan.

Meanwhile, amid global market conditions characterized by growing and diversifying demand for agricultural resources, the Division will continue to focus on ensuring stable supplies of grains as it aims to expand and reinforce the capabilities of its grain silo business.

In the feed grain field, as the Chinese and other Asian markets come to the fore, the Division aims to reinforce its comprehensive value chain extending from traditional procurement of materials to sales. At the same time, the Division aims to actively enter overseas markets with growth potential.

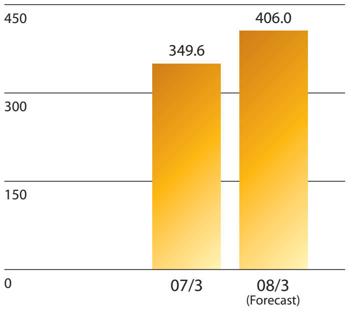
The Division will pour more energy into reinforcing overseas food processing and manufacturing functions in the foodstuffs field, as it strives to strategically expand businesses targeting not only the Japanese market but also overseas markets. Meanwhile, Toyota Tsusho has transferred some foodstuffs businesses from the parent company to a subsidiary it has re-established as Toyota Tsusho Foods Corporation. This move will enhance the agility and specialization of our operations as we strive to drive overall growth in the foodstuffs business.

Outlook for Fiscal 2008

Toyota Tsusho expects increases in grain prices due to rapidly expanding demand for ethanol for use as an automobile fuel, as well as growing handling volumes of foodstuffs and feed grains in the U.S.A. and Japan. For fiscal 2008, the Division is forecasting net sales of ¥406.0 billion, an increase of 16% year on year. The Division expects higher profitability from improved efficiency in the foodstuffs sector through reorganization. Consequently, operating income is projected to increase 49% year on year to ¥5.5 billion.

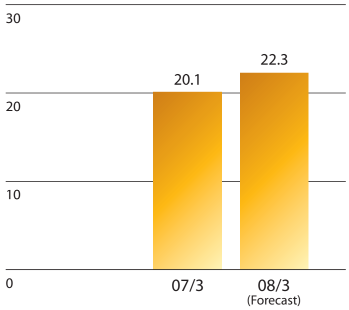
Net Sales

(¥ billion)



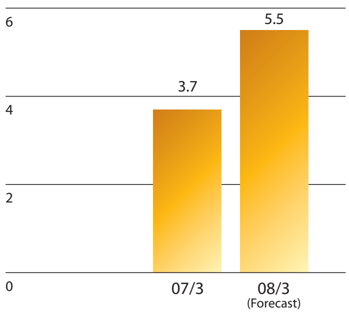
Gross Trading Profit

(¥ billion)



Operating Income

(¥ billion)



Consumer Products, Services & Materials Division

The main pillars of the Division's strategy are to narrow down operations so as to develop businesses with even higher profitability and to make business investments that seize opportunities for creating new earnings streams.

Overview of Division and Strengths

In the textiles product field, the Division develops and sells various functional materials in the apparel business. These include products based on the Division's GELANOTS brand, which features highly waterproof and breathable fabric functions, and an anti-odor and antibacterial textile material called "V-CAT," which utilizes a photocatalyst that can respond to room light. The Division is also engaged in the development and expansion of fashion brands such as O'Neill, Woolrich and Everest.

In the housing field, we develop and provide various housing materials and conduct a luxury condominium business to create more comfortable lifestyles. We are also planning and developing commercial facilities using real estate securitization schemes.

In automotive interior materials such as seat belts, airbags, carpets and supplies, we bring to bear our functions as a comprehensive supplier, having established an integrated value chain from planning to materials procurement and textiles production backed by our worldwide network of textiles plants.

Furthermore, in the insurance business, the Division boasts a top track record in Japan as an insurance agency offering various products, including automobile insurance and group insurance for our business partner companies. We are leveraging expertise in these areas to extend our insurance brokerage and agency businesses overseas. Our operations go beyond mere insurance sales to include comprehensive consulting services on auto safety, which involve establishing call centers and offering educational programs on safe driving.

In the nursing care business, we sell and rent nursing care equipment such as wheelchairs and beds in various regions in Japan. We have also begun taking new initiatives that make full use of our unique planning capabilities and product strengths. One example is offering new lifestyle proposals for seniors through our Web-based mail-order business.

Changes in Business Environment and Company Initiatives

In the automotive interior materials field, the Division has been working to augment its functions as a comprehensive supplier. In the airbag business, where demand is expanding on the back of efforts to further improve auto safety, we have reinforced our business in China for producing airbag materials. The Division has also established a joint venture operating company in China to manufacture and sell high-quality carpet for use in luxury vehicles. In the housing field, efforts are under way to develop residential housing and commercial facilities using the Company's own real estate investment fund, in response to ongoing expansion in the real estate securitization market. As liberalization and deregulation continue apace in the insurance industry, we are developing a diverse array of new insurance products. Overseas, we are building an insurance network through such means as establishing and acquiring insurance agencies and brokerages,

First in Japan to Develop Condominium Units in a General Hospital

Toyota Tsusho launched a new business in December 2006 in conjunction with the development of a condominium project integrated with a general hospital. As part of the rebuilding of a hospital by the Jinwakai Foundation, Toyota Tsusho and Jinwakai adopted a method for minimizing costs called an "equivalent exchange arrangement." Under this scheme, Toyota Tsusho provided a newly built hospital with a total floor space equivalent to the former hospital in return for being able to integrate condominium units into the facility. This was the first project of this kind in Japan that combines both the rebuilding of a hospital and development of high value-added condominium units.

while strengthening functions by establishing a captive insurance company with the aim of tightening risk controls. In the nursing care business, the Division has been increasing the number of its operating bases in Japan in step with growth in demand for the rental of nursing care equipment.

Basic Strategies and Long-term Policies

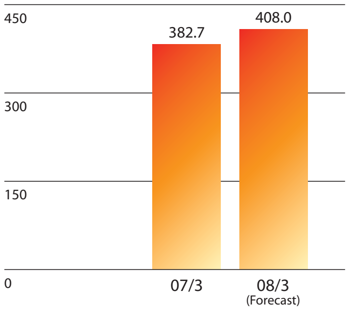
The main pillars of the Consumer Products, Services & Materials Division's strategy are to narrow down operations so as to develop businesses with even higher profitability and to make business investments that seize opportunities for creating new earnings streams. Illustrating this approach is the fact that, while the textiles business expanded significantly following the April 2006 merger with Tomen, in textiles we are focusing on materials for industrial use centered on automobiles. Meanwhile, in apparel products, we will work to develop brand-name apparel and collaborate with companies with top-class product strengths in the industry. In April 2007, Toyota Tsusho forged an equity-based business alliances with Biscaye Holdings, Co., Ltd., which is tied up advancing brand initiatives, and in May with Fukuske Corporation, a long-established undergarment and leg wear manufacturer. As an initiative to create new earnings opportunities, the Division has created a strategic business unit responsible for business planning spanning the Division's various product lineups and businesses, targeting senior citizens and particularly the baby boomer generation.

Outlook for Fiscal 2008

The Division expects higher handling volumes of automotive interior materials due to projected growth in auto production worldwide. Condominium sales in Nagoya and Tokyo are also projected to increase. Accordingly, for fiscal 2008 the Division is forecasting net sales of ¥408.0 billion, up 7% year on year. In addition to this increase in sales, the consolidation of an overseas insurance-related Group company is projected to lift operating income by 19% from the previous fiscal year to ¥9.3 billion.

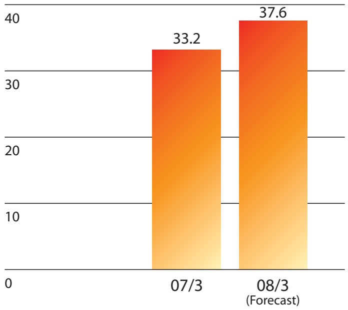
Net Sales

(¥ billion)



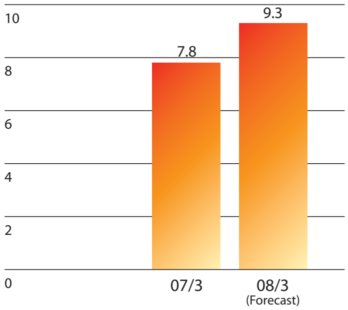
Gross Trading Profit

(¥ billion)



Operating Income

(¥ billion)



CSR Activities

Basic Approach to CSR

For the Toyota Tsusho Group, CSR, rather than a special undertaking, is seen as being inseparable from managing all corporate activities. The Toyota Tsusho Group is developing operations in a wide range of fields, including Metals, Machinery & Electronics, Automotive, Energy & Chemicals, Produce & Foodstuffs, and Consumer Products, Services & Materials. Through our business activities, we are closely connected to the lives of people around the world. We believe that, in order to achieve our aim of being a "value-generating corporation that contributes to the creation of a prosperous society," it is essential to not only consider the economic perspective—what results are achieved in each of our fields of business—but also to rigorously question how those results are achieved.

CSR Structure

The activities of the Corporate Ethics Committee, which was established in 1997, were focused on compliance. In January 2005, to enhance the handling of CSR-related matters, we reorganized the committee and renamed it the CSR Committee, which is chaired by the president. The CSR Committee takes the central role in promoting CSR for the Toyota Tsusho Group and organizes committee meetings twice a year. In these meetings, from a companywide perspective, general managers of product division planning departments and of corporate and operational departments report to participating directors on a range of issues, including results of business activities, issues, and future measures, and in turn, receive guidance on future directions and measures to be implemented. Since fiscal 2007, the committee has implemented initiatives with a special emphasis on two areas—occupational safety and compliance.

Compliance Initiatives

Promoting a Thorough Understanding of Guidelines

To offer specific standards of conduct for our employees and provide a basis for making decisions in instances where employees are unsure of what to do, we have developed and distributed the Code of Ethics Guidelines, which incorporate various cases that could actually occur and indicate responses. In addition, we promote a thorough understanding with a handy, easy-to-carry publication called Our Roadmap, and we have also begun to prepare Code of Ethics Guidelines in multiple languages for distribution to overseas Group companies.

Compliance Training/Education

To thoroughly prevent misconduct, we analyze psychological mechanisms that lead to misconduct and develop countermeasures, such as training that utilizes animations to present concrete, memorable images, thereby fostering deeper understanding. Through such means as new employee training and tier-specific training, we conduct educational activities regarding the Company's basic approach to compliance and regulations. We promote a shared understanding among all employees by verifying understanding of compliance as a requirement for promotions.

Monitoring Structure

With a slogan of "Bad News First," we are working to establish a corporate culture that will not tolerate the concealment of misconduct. Moreover, as a framework to supplement those activities, we have created a system that can quickly identify and respond to problems and risks by establishing internal and external consultation services that are separate from the normal reporting channels.

Environmental Efforts

The Toyota Tsusho Group carries out its business in countries and regions around the world, and the Group considers the conduct of business in harmony with society and the environment and the creation of new businesses that contribute to the global environment to be vital management issues. Accordingly, the Toyota Tsusho Group is actively addressing issues based on a range of environmental themes in automotive and non-automotive fields as well as in manufacturing and non-manufacturing-related areas.

Investment and Marketing Activities

Regarding the impact of our business activities on the environment, we conduct separate checks of eight categories, including legal, regional, construction, and product factors, on an individual-project basis. In addition, we implement prior examinations before constructing plants and distribution facilities in accordance with the approach of the Toyota Production System, to build better plants that are safe and highly productive.

Daily Business and Production Activities

Based on the understanding that all business activities include elements that affect the environment, we are promoting environmental management programs tailored to each individual business and organization within the Group. In recognition that the Toyota Tsusho Group is a single entity, we are working to obtain ISO 14001 on a global scale. In fiscal 2007, 26 Group companies in Japan and overseas, including overseas automotive sales companies, were newly included in a single global certification. All members of the Group act with environmental awareness and put this awareness into practice in areas ranging from sorting and reducing trash from offices to creating environmental businesses through energy and resource conservation.

Environmental Training

In addition to basic education for new employees, the Toyota Tsusho Group regularly holds study meetings at individual internal organizations and on a group-wide basis. The themes of these meetings include ways to help protect the environment from the perspectives of our business activities, products and services, relevant environmental laws and regulations, and new environmental businesses.

Approach to Safety

The Toyota Tsusho Group believes that, as a trading company closely involved in manufacturing, safety is fundamental to its continued existence. In accordance with this belief, we have steadily cultivated expertise in safety management. Safety is our top priority in all areas of our operations, including safety management in construction work done by business partners and in delivery of materials and parts as well as safety assurance in ordinary business activities. Prior preparation and communication are key factors in the prevention of accidents and disasters. Accordingly, we emphasize an on-site approach to ensure that safety management is not implemented from behind a desk, and Group companies in Japan and overseas are periodically inspected. In these ways, we implement safety measures and conduct education and training as close to work sites as possible.

Establishing “Zero Accident” Teams

In consideration of the expansion in the functions and operations of the Toyota Tsusho Group, which are diversifying each year together with growth in global production, we established “Zero Accident” Teams in 2006 in each product division. These full-time teams, which we believe are *unprecedented* in the industry, provide implementation guidance and try to improve safety education and assurance for all sales divisions and Group companies. In this way, we are working to further increase the level of safety assurance and to further reinforce work site safety as an integral part of the corporate culture of the Toyota Tsusho Group.

Safety Training

Keeping in mind that “safety assurance starts with people,” we cultivate the capabilities of in-house, full-time safety trainers. Periodic safety training is conducted by in-house instructors for all employees in the Toyota Tsusho Group. To prevent occupational accidents at Group-related work sites as well as at related companies, we formed the Toyota Tsusho Safety and Health Cooperation Council. The council handles training activities for cooperating companies, such as regularly scheduled safety conventions and training sessions in each local region.

Social Contribution Activities

The Toyota Tsusho Group adheres to the guiding principle of contributing to society as a respected corporate citizen. Accordingly, we interact directly with local communities while providing support not only for disaster relief and regional environmental conservation, but also international exchange and welfare, sports and cultural activities, and regional environmental clean-up programs. In these ways, we are actively participating in an array of activities to find solutions to issues facing society and promoting initiatives aimed at ensuring people’s happiness and well-being. Moreover, by providing employees with information about volunteer activities, we are working to foster the volunteer spirit among all employees. In addition, we provide various types of support so that employees can independently contribute to local communities.

Corporate Governance Structure and Internal Control Systems

Corporate Governance Structure

Basic Approach to Corporate Governance

The Toyota Tsusho Group has established the following corporate philosophy: "Living and prospering together with people, society, and the globe, we aim to be a value-generating corporation that contributes to the creation of a prosperous society." We have formulated Behavioral Guidelines as a basic code of conduct for the purpose of implementing this philosophy in a legal and reasonable manner as a good corporate citizen.

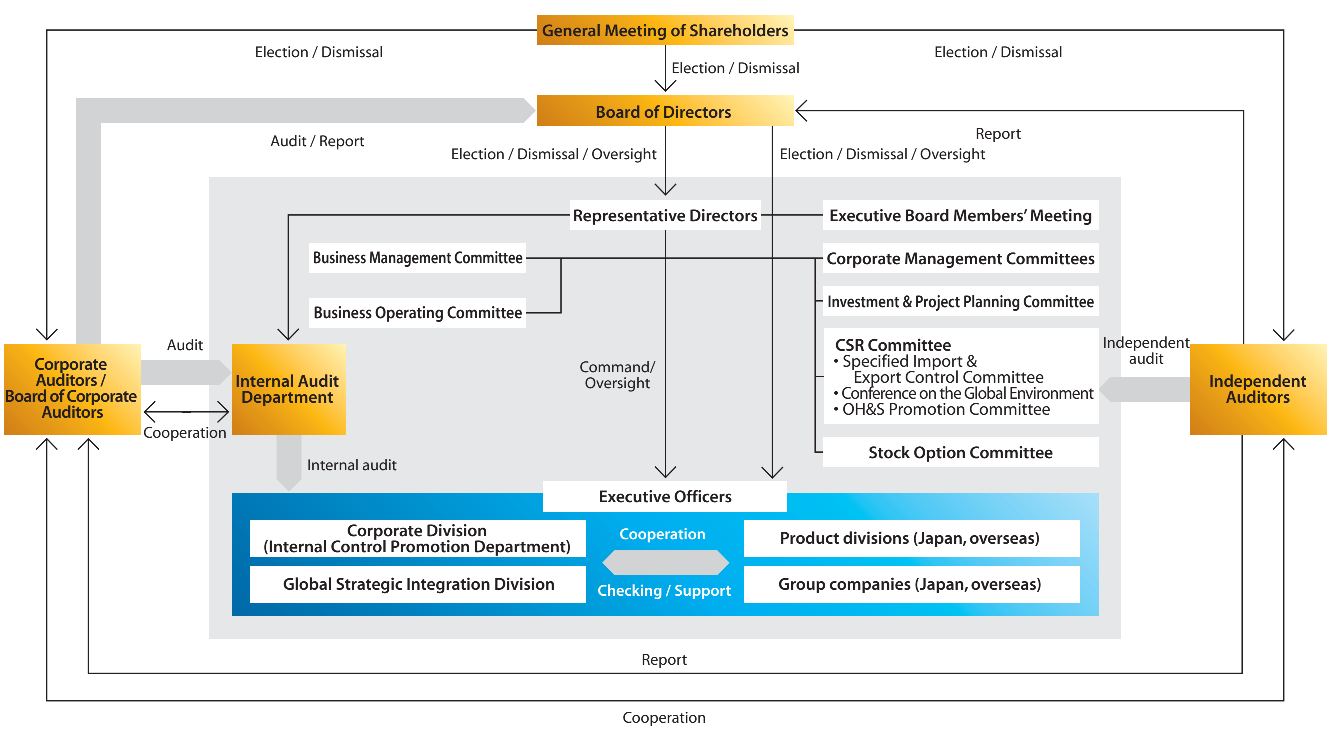
In addition, by establishing systems for ensuring appropriate Group-wide operations in accordance with this fundamental philosophy, we are striving to maintain and enhance the "New Toyota Tsusho Way," which underpins our unique values, beliefs, and day-to-day behavioral principles; to create value from the customer's perspective; and to fulfill the social mission of the Toyota Tsusho Group. With those objectives, we formulated the "Basic Policies on Establishing Internal Control Systems," and we are actively pressing ahead with efforts to raise management efficiency, increase transparency, thoroughly enforce compliance, and further reinforce the soundness of our financial position.

Corporate Governance Structure

Toyota Tsusho's corporate governance structure is based on the corporate auditor system. The Company's five corporate auditors, who are appointed at shareholders' meetings, audit the performance of duties by directors. Three of the five corporate auditors are outside corporate auditors who are current or former officers of companies that are major Toyota Tsusho shareholders as well as important business partners. We believe that this system enables appropriate auditing and checking of the performance of duties by directors while incorporating diverse opinions about the Company's operations and the perspective of shareholders. All three of the outside corporate auditors, who are active as members of such groups as METI advisory councils and study committees, are widely recognized as experts by the public.

Corporate Governance Structure

(As of June 2007)



Toyota Tsusho conducts Group-wide management based on the divisional system. Currently, the Company has eight divisions: six product divisions, the Corporate Division and the Global Strategic Integration Division. Each division is led by a director appointed as Chief Division Officer. The duties of these directors encompass management at both the corporate and divisional levels. They promptly disseminate and share information through such forums as the Business Management Committee and the Business Operating Committee.

In April 2006, Toyota Tsusho introduced an executive officer system with the aims of raising management efficiency and reinforcing internal control. This move has expedited decision-making and enhanced management efficiency by streamlining the Board of Directors so that directors and executive officers can focus on corporate and divisional management, respectively, with the latter serving as Deputy Chief Division Officers. By separating corporate management and executive functions in this manner, Toyota Tsusho has clarified authority and responsibility and strengthened the supervisory capabilities of the Board of Directors over directors and executive officers, thereby reinforcing internal controls.

Additionally, Toyota Tsusho has established the Corporate Management Committee to enable directors and executive officers to discuss measures to resolve management issues from a Company-wide perspective. The committee consults the Board of Directors as necessary.

The Company gave extensive consideration to the selection of a corporate governance system based on committees. However, the system described above functions well, with corporate auditors overseeing the performance of the directors and directors providing mutual oversight of the performance of other members of the board. As a result, we believe that is reliable and appropriate the system of management checks and balances.

Transactions with Listed Subsidiaries

The Company conducts many business transactions with listed subsidiaries, but these are handled as ordinary transactions, with prices and other transaction terms negotiated separately. There are no reciprocal relationships or transactions in which the independence of the parties is limited.

Current Audit System

Cooperation between Corporate Auditors and Independent Auditors

In addition to monitoring the fairness of the methods and results of the audits performed by the independent auditors, the corporate auditors meet with the independent auditors in a timely manner and exchange information and ideas on the key points of these audits. Through cooperation between the corporate auditors and the independent auditors, the quality and efficiency of their respective audits is improved, efficiency is increased, and corporate governance is enhanced and strengthened.

On July 25, 2006, PricewaterhouseCoopers Aarata was appointed as the Company's independent auditor.

Cooperation between the Corporate Auditors and Internal Audit Department

For internal auditing, the Company has established the Internal Audit Department, which reports directly to the president. In conformance with the Company's internal auditing standards, the department conducts audits of Toyota Tsusho and Group member companies based on auditing policies and plans approved by the president. The Internal Audit Department holds monthly meetings with the corporate auditors, provides information about audit results and exchanges information, and works to increase audit quality and efficiency.

Other Principal Activities of Outside Corporate Auditors

All corporate auditors generally attend meetings of the Board of Directors, which are held at least once per month to determine fundamental management policies and other important matters. To provide checks and balances on incentives for directors, outside corporate auditors attend meetings of the Stock Option Committee.

The outside corporate auditors attend meetings of the Board of Corporate Auditors, which are held monthly. They obtain information needed for auditing by exchanging information about operational execution in product divisions.

Support System for Outside Corporate Auditors

Full-time staff members have been appointed to assist the corporate auditors, including the outside corporate auditors, with their work.

The Board of Corporate Auditors receives explanations of divisional management issues from division officers, and the Company is working to enhance the provision of information to outside corporate auditors. Also, visits by the outside corporate auditors to Toyota Tsusho departments or to Group companies are handled by the appropriate departments. In addition, outside corporate auditors meet with senior executives of the Company about twice per year to exchange opinions.

Operational Execution, Audit and Supervision, Nomination, Determination of Compensation and Other Matters

In addition to meetings of the Board of Directors, which are held at least once per month, the Company has established a number of committees that are involved in operational execution, auditing, and supervision. Meetings of the Business Management Committee and the Business Operating Committee are held once per month, while the CSR Committee and the Specified Import & Export Control Committee meet twice per year. In addition, there are three Company-wide committees that meet monthly. These meetings provide a framework that enables directors and executive officers to exchange reports and information about their respective operational execution and to hold discussions. In addition, these meetings facilitate mutual oversight and checking. The corporate auditors attend meetings of the Board of Directors, Business Management Committee, Business Operating Committee, CSR Committee, and Specified Import & Export Control Committee, and they attend certain Company-wide meetings based on the relevancy of the meeting agenda. At these meetings, the corporate auditors provide opinions as necessary.

Internal Control Systems

In May 2006, the Board of Directors approved the "Basic Policies on Establishing Internal Control Systems," which are based on the Toyota Tsusho Group's basic philosophy. We have clarified the duties of directors and established a system that enables us to confirm in a timely and appropriate manner the status of our systems for ensuring appropriate operations. We revise these basic policies in accordance with changes in the management environment and laws.

Compliance Structure

Toyota Tsusho is trying in many ways to ensure that directors and employees perform their duties in accordance with laws, regulations, and the Company's Articles of Incorporation. For example, the Company has distributed its Code of Ethics, including digests, to all directors and employees; formed the CSR Committee, which is chaired by the president; and established information sharing systems and checks and balances at the divisional level through the Business Management Committee, Business Operating Committee, and other forums. Regarding evaluation and monitoring, the execution of business processes is evaluated, managed, and checked; the Internal Control Department has been formed to create systems for ensuring the reliability of financial reporting; and an internal reporting system has been established. Moreover, the Internal Audit Department, which reports directly to the president, conducts internal audits.

Risk Management System

To manage the risk of future losses, Toyota Tsusho formulates management rules for various risks, conducts training programs, distributes manuals, and takes other actions. The Company appropriately recognizes and manages risks encountered in the course of its business activities by formulating guidelines and management rules for risks requiring particular caution, namely investment and financing, credit, market, OH&S, and environmental risks. In addition, appropriate risk management systems have been established by the relevant departments in charge of other areas, such as information security and crisis management. Furthermore, the Risk Management Committee identifies risks and issues on a Company-wide basis.

Information Management System

Toyota Tsusho has formulated regulations and standards for information storage and management and has clarified departmental responsibility and storage periods for each type of document.

Ensuring Appropriate Group Company Operations

To ensure appropriate operations throughout the Group, Toyota Tsusho holds meetings of Group-wide management committees to increase awareness of Group policies and share information. Toyota Tsusho strives to ascertain and manage important matters relating to subsidiaries' financial positions and operational issues without causing any unreasonable, adverse impact on the operations of those subsidiaries. In accordance with the systems of subsidiaries, directors and corporate auditors are dispatched to supervise and audit operations as necessary. Furthermore, internal audits are conducted by Toyota Tsusho's Internal Audit Department.

Management

(As of July 1, 2007)

Executive Board Members

Front row (from left):
Yoji Toyohara, Vice Chairman
Masaaki Furukawa, Chairman
Junzo Shimizu, President

Back row (from left):
Mahito Kageyama, Executive Vice President
Nobuhiko Sahara, Executive Vice President
Katsunori Takahashi, Executive Vice President

Board of Directors & Corporate Auditors

Post	Name	Title
Chairman	Masaaki Furukawa	
Vice Chairman	Yoji Toyohara	
President	Junzo Shimizu	
Executive Vice Presidents	Nobuhiko Sahara	
	Mahito Kageyama	
	Katsunori Takahashi	
Senior Managing Directors	Kiyoshi Furubayashi	Chief Division Officer of Automotive Division
	Shunya Fukutomi	Chief Division Officer of Produce & Foodstuffs Division
	Yoshimasa Kondo	Chief Division Officer of Energy & Chemicals Division
	Ryoji Shimizu	Chief Division Officer of Machinery & Electronics Division
	Koji Oshige	Chief Division Officer of Consumer Products, Services & Materials Division
	Yoichi Kihara	Chief Division Officer of Metals Division
Managing Directors	Kenji Takanashi	Chief Division Officer of Global Strategic Integration Division
	Mikio Asano	Chief Division Officer of Corporate Division
Standing Corporate Auditors	Shozo Hamana	
	Tatsuya Kugo	
Corporate Auditors	Tadashi Ishikawa	
	Kanji Kurioka	
	Yoshio Uesaka	

Executive Officers

Post	Name	Title
Managing Executive Officers	Makoto Hyodo	Deputy Chief Division Officer of Produce & Foodstuffs Division
	Masanori Yamase	Executive Vice President of Toyota Tsusho America, Inc.
	Masami Shimizu	Deputy Chief Division Officer of Corporate Division
	Toshinao Mikami	Deputy Chief Division Officer of Machinery & Electronics Division
	Hisashi Yamamoto	Deputy Chief Division Officer of Machinery & Electronics Division
	Seiichiro Adachi	Deputy Chief Division Officer of Automotive Division
Executive Officers	Hiroyuki Okabe	Deputy Chief Division Officer of Machinery & Electronics Division
	Haruhiko Murata	Deputy Chief Division Officer of Energy & Chemicals Division
	Makoto Ito	Deputy Chief Division Officer of Automotive Division
	Jun Karube	Deputy Chief Division Officer of Global Strategic Integration Division
	Hiroshi Takano	President of Toyota Tsusho (Thailand) Co., Ltd.
	Takumi Shirai	Deputy Chief Division Officer of Metals Division
	Hiroyuki Isono	Deputy Chief Division Officer of Machinery & Electronics Division
	Kuniaki Yamagiwa	Deputy Chief Division Officer of Energy & Chemicals Division
	Soichiro Matsudaira	Deputy Chief Division Officer of Machinery & Electronics Division
	Kimitaka Eto	Deputy Chief Representative of Tokyo Head Office
	Jun Nakayama	Deputy Chief Division Officer of Consumer Products, Services & Materials Division
	Hiroki Sawayama	President of Toyota Tsusho Europe S.A., Toyota Tsusho (UK) Ltd.
	Yuichi Oi	Deputy Chief Division Officer of Consumer Products, Services & Materials Division
	Hideki Yasuki	Deputy Chief Division Officer of Energy & Chemicals Division
	Takashi Hattori	Deputy Chief Division Officer of Automotive Division
	Akimasa Yokoi	Chief Representative for China
	Minoru Hayata	Deputy Chief Division Officer of Metals Division
	Nobuyuki Minowa	Deputy Chief Division Officer of Global Strategic Integration Division
	Minoru Murata	Deputy Chief Division Officer of Metals Division
	Takahiro Hasegawa	Deputy Chief Division Officer of Produce & Foodstuffs Division
	Yoshifumi Araki	Deputy Chief Division Officer of Corporate Division

Financial Section

Contents

39 Financial Review
Management's Discussion and Analysis of Financial Condition and Results of Operations

54 Six-year Financial Summary

55 Five-year Financial Summary
(Former TOMEN CORPORATION) (Unaudited)

56 Consolidated Balance Sheets

58 Consolidated Statements of Income

59 Consolidated Statements of Changes in Net Assets

60 Consolidated Statements of Cash Flows

61 Notes to Consolidated Financial Statements

83 Report of Independent Auditors

Financial Review

Management's Discussion and Analysis of Financial Condition and Results of Operations

Operating Environment

Overview

The Toyota Tsusho Group's principal business activity is the trading of a broad range of products in Japan and throughout the world. The Group's businesses also include manufacturing and processing, business investment and services. The Group's operations are classified into six operating divisions on the basis of products and services offered: Metals; Machinery & Electronics; Automotive; Energy & Chemicals; Produce & Foodstuffs; and Consumer Products, Services & Materials.

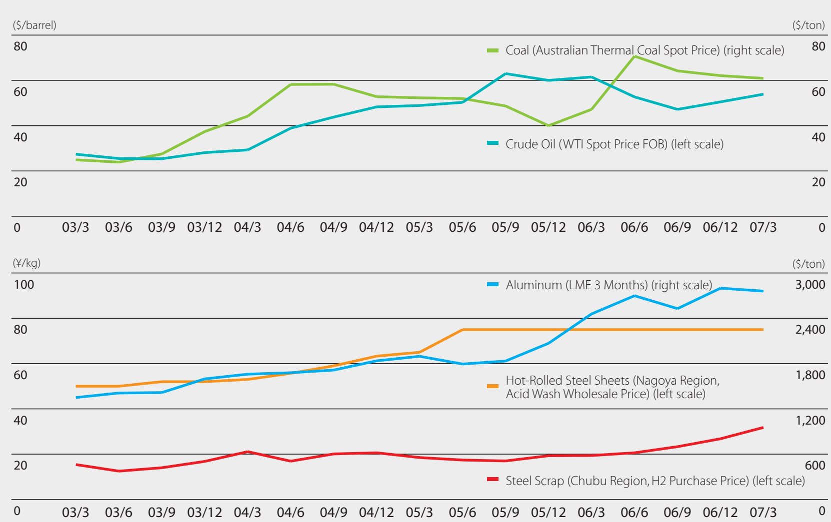
Each business is managed by head office divisions and the subsidiaries and affiliates overseen by each division. The Group has a diversified portfolio that covers products and services in an extensive range of industries and markets. The Group's operating results are therefore affected by economic trends in Japan and external factors, including global political, regulatory and economic trends, movements in coal, oil and other international commodity prices, and foreign exchange fluctuations. The Group's principal customers, including the Toyota Group, are involved in the automotive sector. Therefore, the Group's strategies and operating results in three principal business segments in particular—Metals, Machinery & Electronics, and Automotive—are affected by the operating environment and technology trends in the automobile industry in Japan and overseas.

Economic Environment

In fiscal 2007, there was widespread concern over a possible slowdown in the global economy due to rising prices of basic materials, such as steel and chemicals, driven by escalating coal, oil and other energy prices. However, an overall expansion in the economies of the BRIC countries, particularly China, India and Brazil, and various Asian countries continued mainly on the strength of exports. The U.S. and European economies also expanded at a steady pace. As a result, global economic growth remained strong overall.

By region, there were uncertainties in the U.S. economy stemming from surging crude oil prices, a possible slowdown in private-sector capital investment due to increases in interest rates, and a sharp downturn in housing investment due to the collapse of the housing bubble, by now a longstanding source of concern. However, the U.S. continued to enjoy high economic growth, supported by robust private-sector capital investment underpinned by healthy corporate profits and a steady expansion of consumer spending due to a favorable employment picture. The European economy saw clear signs of improving consumer spending against the backdrop of an upturn in employment conditions, which stimulated further economic growth. Clearly, the euro zone has come to the fore in economic stature and other respects, supported by a stronger euro. In Russia, included in Europe for reporting purposes, domestic demand expanded with rising oil prices, including improved consumer spending. This supported a sustained high economic growth rate. In Asia, China recorded extremely strong growth, led by expanding exports to industrialized countries and a high level of capital investment supported by massive capital inflows from abroad. China's high economic growth rate had a ripple effect, boosting economic growth in ASEAN, a region that is strengthening economic ties with China. As a result, economic growth was favorable throughout Asia. Meanwhile, there were concerns over intensifying conflict in the Middle East and other issues, but the region experienced sustained growth underpinned by high resource prices.

Crude Oil, Steel and Coal Prices



In Japan, there were concerns such as persistently high prices for resources and basic materials such as crude oil and steel, and a squeeze on corporate profits due to the resulting surge in materials prices. However, Japan's economy continued to expand, recording a period of sustained growth longer than the late-1960s *Izanagi* boom. This growth is being fueled by healthy expansion in private-sector capital investment in step with rising corporate earnings, mostly at export-oriented companies owing to a weaker yen. Consumer spending was supported by further improvement in employment conditions, despite concerns such as the end of fixed-rate across-the-board tax cuts and increases in pension premiums.

Trends in the Automotive Industry and Toyota Group

In the automobile industry, one of our primary sources of earnings, automobile production and sales were sluggish in two key markets: North America and Europe. However, global automobile sales continue to grow steadily, fueled by higher demand in the BRIC, ASEAN and African regions together with advances in motorization in conjunction with economic growth. Global automobile production in 2006 (calendar year) increased 4.0% to 69,127 thousand units. The Group's primary customers, namely Toyota Motor Corporation and other Japanese automobile manufacturers, significantly boosted sales, leveraging the superior quality of their fuel-efficient cars. They have been increasing overall overseas production at an average annual rate exceeding 9%, from 7,652 thousand units in 2002 to 10,972 thousand units in 2006. Combined with domestic production, their global output grew more than 5% at an annualized rate, rising from 17,909 thousand units in 2002 to 22,456 thousand units in 2006, topping the global automobile production growth rate.

In this environment, Japanese automobile manufacturers, especially the Toyota Group, are aggressively boosting overseas production. Overseas production by the Toyota Group, including Daihatsu Motor Co., Ltd. and Hino Motor Co., Ltd., increased 10.1% year on year in 2006 to 3,932 thousand units. This momentum is expected to persist, as the Toyota Group plans to continue to make substantial investments to realize its long-term vision of capturing a 15% share (on a unit sales basis) of the global automobile market.

Business Performance of Toyota Tsusho Corporation

Operating Results

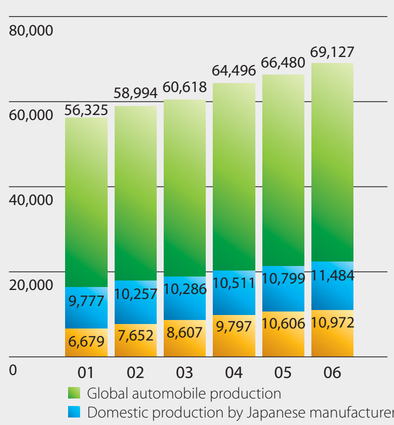
In fiscal 2007, the Metals business grew at a healthy pace, as the automotive sector, the primary source of our earnings, saw continued increases in automobile production, mostly overseas. In addition, overseas subsidiaries, particularly those in Asia, the U.S., and Europe, posted strong results, and the automobile sales business performed well in Russia, Africa, and other regions. Including sales growth from the merger with Tomen Corporation, consolidated net sales increased ¥2,240.1 billion, or 56.4% year on year to ¥6,212.7 billion, a record for the sixth straight year.

For similar reasons, consolidated operating income increased ¥29.9 billion, or 37.4%, to ¥110.0 billion.

For accounting purposes, Toyota Tsusho was not required to incur income taxes on a non-consolidated basis due to the application of the former Tomen Corporation's operating loss carryforwards in tandem with the merger. These and other factors significantly lifted net income by ¥31.5 billion, or 68.8%, to ¥77.2 billion.

Global Automobile Production

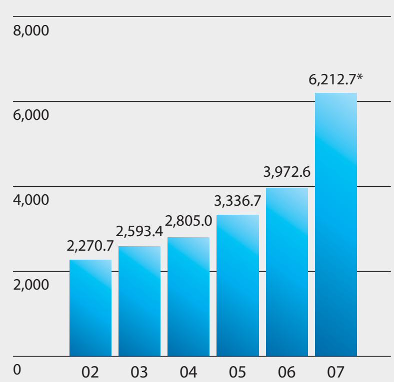
(Calendar year; Unit: 1,000 vehicles)



Source: Organisation Internationale des Constructeurs d' Automobiles
Production by Japanese automobile manufacturers:
Japan Automobile Manufacturers Association

Net Sales

(¥ billion)



* Commissions included.

Determination of Number of New Shares Issued Via Public Offering (General Public Offering), Third-party Allotment and Secondary Offering (Over-allotment)

1. On October 31, 2006, the Board of Directors of Toyota Tsusho Corporation resolved to issue new shares through a public offering (general public offering), third-party allotment, and secondary offering (offering through over-allotment). These procedures were completed as follows:

	Public Offering	Third-party Allotment (to Toyota Motor Corporation)	Over-allotment	Total
Number of shares issued (thousand shares)	19,500	5,390	1,603	26,493
Proceeds (¥ million)	55,719	16,056	4,581	76,357

2. Change in Total Number of Shares Issued

Total number of shares issued as of September 30, 2006	327,563,216
Increase in number of shares due to share issuances	26,493,300
Total number of shares issued after share issuances	354,056,516

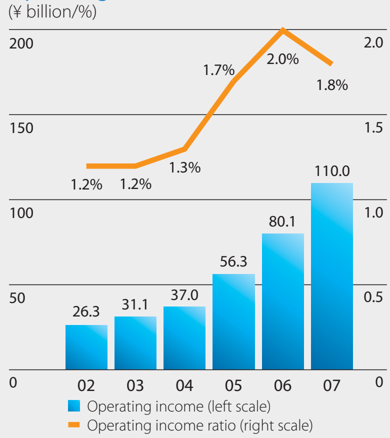
3. Use of Share Issuance Proceeds From Third Party Allotment, etc.
Toyota Tsusho will use the total proceeds of ¥76.3 billion from new shares issued via the public offering, third party allotment, and secondary offering primarily to extend loans to and invest in subsidiaries and other companies.

The automotive field is a source of stable earnings for Toyota Tsusho. Investments in this field will be made to reinforce and expand the Company's earnings base in response to an aggressive overseas business expansion drive by various Toyota Group companies. Specifically, Toyota Tsusho plans to earmark the proceeds for investments in businesses such as the fine blanking processing business in the Metals segment; the facility and equipment maintenance business in the Machinery & Electronics segment; and the dealership business in the Automotive segment.

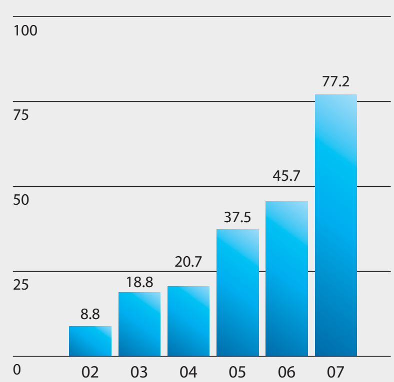
Furthermore, the Company will establish new earnings streams through investment in non-automotive fields aimed at expanding businesses with strong growth potential and profitability. Specifically, the Company plans to earmark the proceeds for investments in businesses such as coal, petroleum, gas and electric power producer businesses in the Energy & Chemicals segment; the silo business in the Produce & Foodstuffs segment, and the insurance business in the Consumer Products, Services & Materials segment.

The proceeds will also give the Company a stronger financial position and enable it to respond promptly to numerous investment opportunities, and will ensure greater flexibility in business strategies.

Operating Income and Operating Income Ratio
(¥ billion/%)



Net Income
(¥ billion)



Segment Information

Results of Operations by Operating Segment

Metals

In the steel sheet, bars and tubes field, the Metals Division saw an increase in volume as a result of measures to catalyze sales growth in response to steady demand from the auto industry. These measures included enhancing the steel processing productivity of Toyota Steel Center Co., Ltd.

In the steel raw materials field, efforts were focused on expanding recycling operations through such means as bringing a new plant on stream in Thailand in the onsite recycling business.

In non-ferrous metals, we continued to work on driving growth in the molten aluminum business as we established new aluminum processing and distribution companies in Thailand and China.

Against this backdrop, stronger market conditions and growth in worldwide automobile output lifted net sales ¥278.3 billion higher than the previous fiscal year to ¥1,845.5 billion.

Furthermore, operating income rose ¥10.0 billion to ¥34.4 billion in line with higher net sales.

Machinery & Electronics

In the machinery business, as corporate customers grew their operations overseas, the Machinery & Electronics Division achieved steady export growth by actively supplying these customers with machinery and other equipment. In the textiles machinery business, this Division also reported steady export growth of air jet weaving machines to China.

In the information and electronics fields, the Division took steps to increase volume in the car electronics domain in response to the growing uptake of and expanding markets for hybrid vehicles. Efforts also focused on car electronics technologies such as driver support and safety functions.

In the logistics & forklift field, there was growth in handling volume, the result of active steps to expand sales of forklifts.

In the field of overseas automotive production parts, there was an increase in overseas trading transactions as a result of efforts to build a global production parts supply system.

As a result, net sales increased ¥454.3 billion from the previous fiscal year to ¥1,535.1 billion, including volume growth attributable to the merger. Operating income after amortization of goodwill due to the merger rose ¥6.6 billion to ¥30.6 billion in line with higher sales.

Automotive

The Automotive Division delivered 19% year-on-year growth in terms of the volume of vehicles sold. This was due to market expansion accompanying economic growth in BRIC and resource-rich countries, which are key regional automotive markets for Toyota Tsusho. The increase also reflected the fact that Toyota Tsusho now conducts business in more countries following the merger with Tomen, as well as other factors.

Overseas, the Automotive Division worked on reinforcing its sales network by establishing 21 dealerships in priority countries and regions, including China and Europe. This brought the total number of overseas dealerships to 108 as of March 31, 2007.

As a result, also factoring in volume growth attributable to the merger, net sales rose ¥108.2 billion year on year to ¥751.7 billion. Operating income after amortization of goodwill due to the merger increased ¥13.2 billion year on year to ¥33.2 billion, in line with higher net sales at overseas automobile sales subsidiaries.

Energy & Chemicals

In the synthetic resin business, the Energy & Chemicals Division handled a steady volume of resins for automobiles and home appliances, urethane raw materials and other products. This came against the backdrop of signs of a rebound in synthetic resin production and sales mainly due to market expansion in China and a drop-off in surging naphtha prices. As a new initiative, this Division is developing a production business mainly involving chemical resin compounds in BRIC countries, Europe and North America.

In the energy and plant business, the Division took advantage of the merger to increase its suppliers of petrochemical products and expand sales areas and its customer base. Efforts focused on driving growth in sales and imports particularly in the Asian region. The Division also traded in greenhouse gas emissions credits in China and other countries, and launched a methane recovery and supply business in Thailand. As a result of these and other actions, net sales increased ¥969.4 billion to ¥1,269.2 billion, in part due to volume growth from the merger. In its

Australian coal project, Toyota Tsusho exchanged its interest in a coal mine due to close soon with an interest in another company's coal mine where mining operations are expected to be feasible over a longer term. Due to the impact of the resulting decrease in Toyota Tsusho's mining interests, operating income after amortization of goodwill due to the merger dropped ¥2.8 billion from the previous fiscal year to ¥4.5 billion.

Produce & Foodstuffs

In the feed grain business, the Produce & Foodstuffs Division handled a steadily higher volume of feed grain materials despite surging prices due to stronger demand for grain resources worldwide and abnormal weather. Furthermore, Toyota Tsusho joined forces with Toyota and Menicon Co., Ltd. to launch an advanced composting business that will help customers to effectively convert livestock manure into compost using specially developed composting enzymes and microorganisms and in the process contribute to an environmentally friendly, recycling-oriented livestock and agriculture industry. The Division took active steps to market the composting agents as part of this initiative.

In the foodstuffs business, the Division worked to increase sales to convenience stores and other retailers by reinforcing its OEM capabilities in processed foods.

Meanwhile, the Division withdrew from the low-margin meat trading business, as part of efforts to realign its business portfolio.

Overall, net sales increased ¥244.7 billion year on year to ¥349.6 billion, including volume growth from the merger. Operating income after amortization of goodwill increased ¥3.4 billion year on year to ¥3.7 billion, mainly reflecting the boost in net sales.

Consumer Products, Services & Materials

In housing, the Consumer Products, Services & Materials Division worked to develop condominiums with adjoining hospitals, and commercial and logistics facilities. In the insurance business, Toyotsu Hoken Customer Center Corporation began full-scale operations and worked to enhance customer service. In addition, the Division opened an insurance agency in the Philippines to augment its overseas insurance sales network.

Net Sales by Business Segment

(¥ billion)

	2006	2007
Metals	1,567.2	**1,845.5**
Machinery & Electronics	1,080.8	**1,535.1**
Automotive	643.5	**751.7**
Energy & Chemicals	299.8	**1,269.2**
Produce & Foodstuffs	104.9	**349.6**
Consumer Products, Services & Materials	219.6	**382.7**
Others	56.5	**78.6**

Operating Income by Business Segment

(¥ billion)

	2006	2007
Metals	24.4	**34.4**
Machinery & Electronics	24.0	**30.6**
Automotive	20.0	**33.2**
Energy & Chemicals	7.3	**4.5**
Produce & Foodstuffs	0.3	**3.7**
Consumer Products, Services & Materials	5.8	**7.8**
Others	(1.9)	**(4.4)**

In the nursing care field, the Division took steps to expand the rental and wholesaling of nursing care equipment. Specifically, it opened nursing care equipment rental offices in two new locations: the northern Kanto region and Kitakyushu. In automotive interior materials, assembling a stronger supply framework was a priority. Here we established a plant in China to manufacture needle punched carpet for use in automobiles in response to growing overseas automobile production.

Meanwhile, the Division withdrew from textiles and other markets with poor profitability as it continued to realign its business portfolio.

Overall, net sales increased ¥163.1 billion year on year to ¥382.7 billion, including volume growth attributable to the merger. Operating income after amortization of goodwill due to the merger increased ¥2.0 billion year on year to ¥7.8 billion, mainly reflecting higher sales of automotive interior materials.

Results of Operations by Geographic Segment

Japan

In fiscal 2007, net sales in Japan increased ¥1,533.4 billion year on year to ¥4,253.4 billion. This increase mainly reflected strong performances by the Metals and Machinery & Electronics divisions on a non-consolidated basis. Operating income after amortization of goodwill due to the merger rose ¥12.9 billion to ¥44.6 billion in line with higher net sales.

Asia & Oceania

In fiscal 2007, net sales in Asia & Oceania jumped ¥461.8 billion year on year to ¥949.7 billion. Sales growth was mainly driven by a strong showing by overseas subsidiaries in Thailand and other countries. Operating income rose ¥4.1 billion to ¥22.9 billion in line with higher net sales.

North America

In fiscal 2007, net sales in North America rose ¥124.1 billion year on year to ¥537.3 billion, mainly because U.S. subsidiaries performed well. Operating income edged up ¥0.4 billion to ¥12.9 billion in line with higher net sales.

Europe

In fiscal 2007, net sales in Europe were ¥340.9 billion, up ¥87.7 billion year on year. This increase was attributable to strong results at automobile sales subsidiaries and subsidiaries in Europe. Operating income rose ¥6.2 billion to ¥14.8 billion in line with higher net sales.

Others

In fiscal 2007, net sales in other regions increased ¥33.0 billion year on year to ¥131.2 billion, the result of strong performances by automobile sales subsidiaries in Africa. Operating income rose ¥7.4 billion to ¥15.7 billion in line with higher net sales.

Assets, Liabilities, and Equity

As of March 31, 2007, total assets were ¥2,462.2 billion, increasing ¥859.5 billion from a year earlier. Total liabilities at the fiscal year-end were ¥1,835.6 billion, ¥564.2 billion higher than a year ago. These increases were primarily attributable to the merger with Tomen Corporation.

Net assets as of March 31, 2007 were ¥626.5 billion, an increase of ¥295.3 billion compared with the sum of minority interests and total shareholders' equity a year ago. The equity component of net assets rose ¥264.6 billion from a year earlier. This increase primarily breaks down into ¥91.4 billion from the issuance of new shares in conjunction with the merger; a ¥76.3 billion increase in capital in the third quarter of fiscal 2007; a ¥68.8 billion increase in retained

Net Sales by Geographic Segment
(¥ billion)

	2006	**2007**
Japan	2,720.0	**4,253.4**
Asia & Oceania	487.9	**949.7**
North America	413.2	**537.3**
Europe	253.2	**340.9**
Others	98.2	**131.2**

earnings; and a ¥12.7 billion effect of a change in accounting standards. Consequently, the shareholders' equity ratio was 23.5% as of March 31, 2007.

Cash Flow

Operating activities provided net cash of ¥44.5 billion, mainly due to earnings growth. Investing activities used net cash of ¥31.1 billion, primarily for substantial investments in reinforcing various functions. Consequently, free cash flow was a positive ¥13.4 billion.

Financing activities used net cash of ¥46.5 billion. This mainly reflected the repayment of interest-bearing debt using funds freed up as a result of reducing idle money by making greater use of a Global Cash Management System (GCMS).

Accounting for Goodwill Resulting From Merger With Tomen

The merger with Tomen resulted in goodwill of ¥158.1 billion on a consolidated basis. This goodwill represents the acquisition price of the former Tomen Corporation, net of total shareholders' equity of ¥13.9 billion as of March 31, 2006 and a ¥4.1 billion impact of the continuing revaluation of inherited assets using the Purchase Method. The acquisition price of the former Tomen is ¥91.4 billion for the issue of new stock to former Tomen shareholders based on the 1-to-0.069 stock exchange ratio for the merger; ¥80.0 billion for the acquisition of preferred shares, and the outstanding balance of ¥4.7 billion in shares of the former Tomen held by the pre-merger Toyota Tsusho Corporation. Of the goodwill, ¥12.7 billion was recorded as investment securities on the balance sheet. This goodwill will be amortized by the straight-line method over a period of 10 years from the fiscal year ended March 31, 2007. The total annual amortization is ¥15.8 billion, of which ¥14.5 billion will be included in SG&A expenses and ¥1.2 billion in other expenses.

Financial Strategy and Capital Structure

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.

Efficient Use of Assets

In order to optimize the efficient use of assets, we endeavor to generate maximum profit with minimum funds. To this end, 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 intend to simultaneously enhance corporate value and improve our financial position by directing funds generated by the above measures to investments in businesses with high growth potential and the repayment of interest-bearing debt.

Fund Procurement Commensurate With 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. Given the nature of our business, we also have adopted a policy of funding the less liquid portion of working capital (minimal inventories needed to satisfy business requirements) with long-term

Breakdown of Goodwill

Item		Amount (¥ billion)	Remarks
Acquisition price	Issue of new stock	91.4	For capital increase consistent with the 1-to-0.069 stock exchange ratio
	Preferred shares and indirect shareholdings	84.7	Retired at the time of merger and reclassified as goodwill
Fair value	Tomen shareholders' equity	13.9	As shown on balance sheet as of March 31, 2006 (Tomen)
	Effect of the Purchase Method	4.1	Impact of continuing revaluation of inherited assets
Goodwill (Acquisition price – Fair value)		158.1 (including investment securities of 12.7)	To be amortized by the straight-line method over 10 years beginning the fiscal year ended March 2007 ¥15.8 billion per year (SG&A expenses: ¥14.5 billion; other expenses ¥1.2 billion)

debt. In addition, we have established a multi-currency revolving credit facility that allows us to respond to unexpected events and meet the funding requirements of overseas subsidiaries.

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.

One concrete initiative was the roll-out of a GCMS at domestic affiliated companies. Using this system, we are enhancing funding efficiency through such means as reducing idle money and thoroughly applying the Toyotsu Value Achievement (TVA) performance benchmark.

Outlook for the Newborn Toyota Tsusho Group

The economic outlook for Japan calls for continued economic expansion, mainly driven by a positive cycle brought about by steady growth in capital investments accompanying higher corporate profits; growing consumer spending due to better employment and personal income levels; and steady export growth, reflecting ongoing global economic expansion. Overseas, economic growth should remain strong overall, despite a slowdown in the U.S. due to corrections in housing prices. Economies in Asia, including China, are projected to continue to expand, and the European economy can look forward to continued export-led expansion. However, sustained global economic expansion could be derailed by concerns over high crude oil and other resource prices, and rising geopolitical risks in the Middle East region.

In this environment, the Company on April 1, 2006 merged with Tomen. The newborn Toyota Tsusho Group commenced operations under a new corporate philosophy and corporate vision. The Group has defined the automotive sector as the core source of earnings among six business segments: Metals; Machinery & Electronics; Automotive; Energy & Chemicals; Produce & Foodstuffs; and Consumer Products, Services & Materials. The Company is committed to thoroughly bolstering competitive strengths, while at same time creating new functions using the management resources acquired through the merger to ensure that it does not miss any business opportunities. We will also apply our functional capabilities and expertise in the automotive sector to non-automotive businesses to capture synergies with automotive businesses. And by actively channeling capital and human resources to these fields, we aim to create and incubate next-generation businesses that become second and third pillars of earnings.

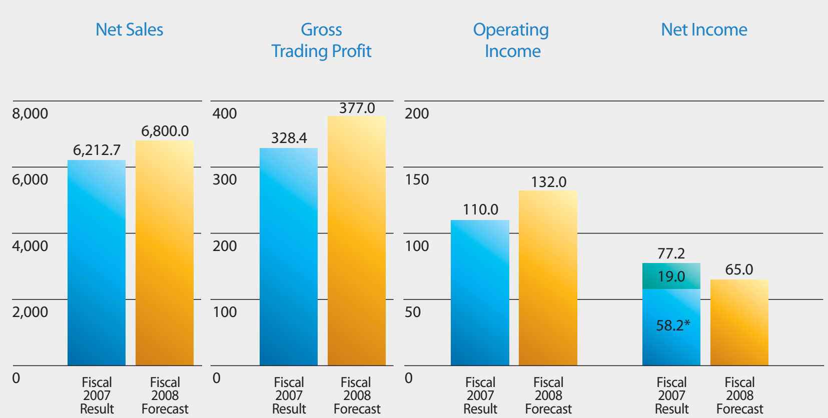
Fiscal 2008, the second fiscal year since the merger, is positioned as a period for Toyota Tsusho to sow the seeds of new growth and will thus see the Company redouble efforts to develop new businesses.

Outlook for the Current Fiscal Year

Toyota Tsusho projects consolidated net sales of ¥6,800.0 billion for fiscal 2008, the year ending March 31, 2008, on expectations of strong performances in the Metals, Machinery & Electronics, and Automotive segments premised mainly on higher overseas automobile production and sales volume. On the earnings front, the Company is forecasting operating income of ¥132.0 billion, and net income of ¥65.0 billion. Although the net income forecast is lower than the ¥77.2 billion reported in fiscal 2007, this is because Toyota Tsusho recorded almost no income taxes in fiscal 2007 on a non-consolidated basis, as it took over Tomen's loss carryforwards as a result of the merger. Net income in fiscal 2007 would have been ¥58.2 billion in the absence of this reduction in income tax expenses on a non-consolidated basis. Accordingly, net income is projected to effectively increase in fiscal 2008 taking into account this situation.

Fiscal 2007 Results and Fiscal 2008 Forecasts

(¥ billion)



* Net income in the absence of the non-consolidated income tax reduction due to the merger

Net Sales Forecasts by Product Segment

In fiscal 2008, the Metals Division is forecasting an increase in net sales on expectations of higher automobile output worldwide.

The Machinery & Electronics Division also anticipates higher net sales considering projected growth in overseas automobile output and handling volume of machinery equipment and electronic parts.

The Automotive Division is projecting an increase in net sales on volume growth at overseas automobile sales subsidiaries.

The Energy & Chemicals Division is forecasting higher net sales as it expects to handle a greater volume of mainly petroleum products.

The Produce & Foodstuffs Division expects an increase in net sales on projections of higher volume at U.S. subsidiaries and in food markets.

The Consumer Products, Services & Materials Division expects a higher volume of automotive interior materials and other products, and growth in condominium sales, to lift net sales.

Operating Income Forecasts by Product Segment

The Metals and Machinery & Electronics divisions anticipate higher operating income in line with projected growth in net sales.

The Automotive Division is also forecasting growth in operating income due to projected growth in net sales at overseas automobile sales subsidiaries.

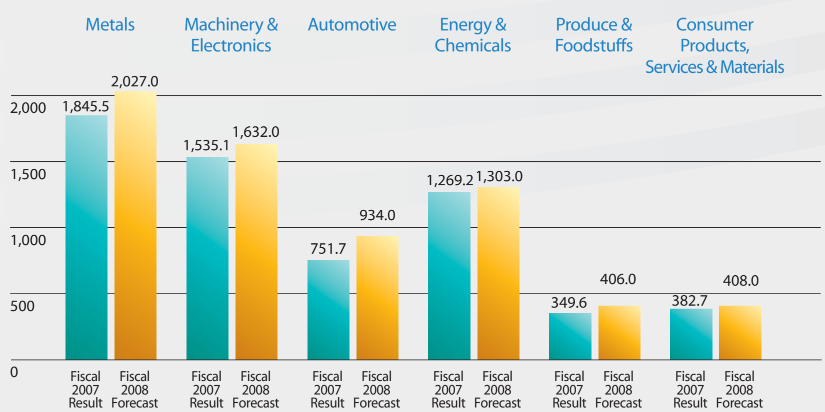
Meanwhile, the Energy & Chemicals Division is forecasting a drop in operating income because of upfront investments accompanying expansion in the energy and plant business.

The Produce & Foodstuffs Division anticipates higher operating income in line with projected growth in net sales in food markets.

The Consumer Products, Services & Materials Division foresees growth in operating income in line with a projected increase in net sales.

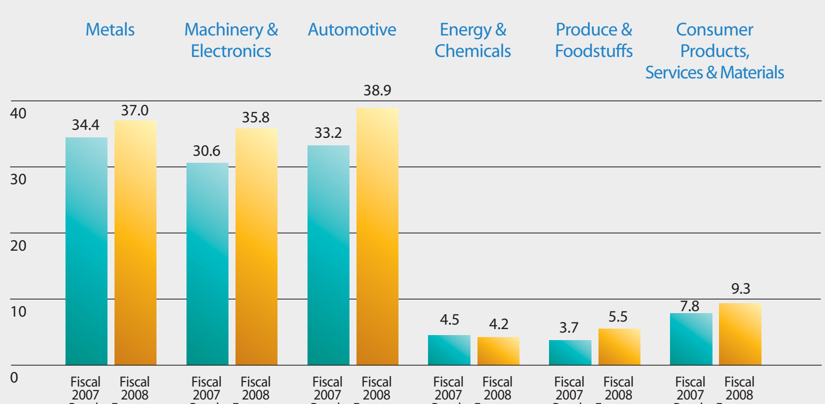
Net Sales Results and Forecasts by Product Segment

(¥ billion)



Operating Income Results and Forecasts by Product Segment

(¥ billion)



Reference Figures

On April 1, 2006, Toyota Tsusho merged with the former Tomen. Accordingly, there have been changes to various financial indicators due to this merger. This section provides figures for fiscal 2007 and sums of the merged companies' results for fiscal 2006 for the purpose of facilitating effective year-on-year comparisons.

Overview of Consolidated Operating Results

For fiscal 2007, net sales, operating income and net income rose year on year even after the amortization of goodwill.

Net Sales/Operating Income by Product Segment

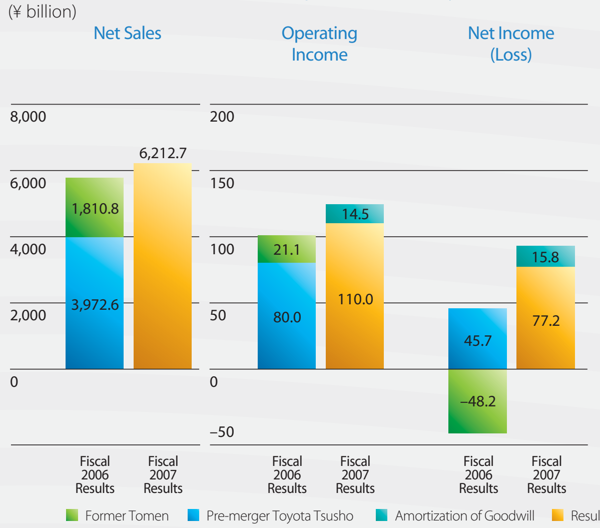
- In fiscal 2007, the Metals Division posted net sales of ¥1,845.5 billion, up ¥278.3 billion from the previous fiscal year. This increase was mainly attributable to strong market conditions and growth in worldwide automobile output. Operating income rose ¥10.0 billion to ¥34.4 billion in line with higher net sales. The main earnings contributors to the higher earnings were ¥4.5 billion from overseas subsidiaries in the U.S., Thailand and other countries, and a boost of ¥1.0 billion in earnings from subsidiaries in line with rising prices of precious metals.

- In fiscal 2007, the Machinery & Electronics Division saw net sales increase ¥149.1 billion from the previous fiscal year to ¥1,535.1 billion. Growth was primarily driven by higher overseas automobile output and a growing volume of electronic parts, which outweighed falling machinery and equipment volume. Furthermore, operating income rose ¥3.4 billion to ¥34.8 billion in line with higher net sales. Incidentally, the main components of this growth in operating income were ¥1.5 billion from the machinery and equipment business and ¥1.8 billion from higher overseas automobile output.

Consolidated Operating Results (Before Amortization of Goodwill)

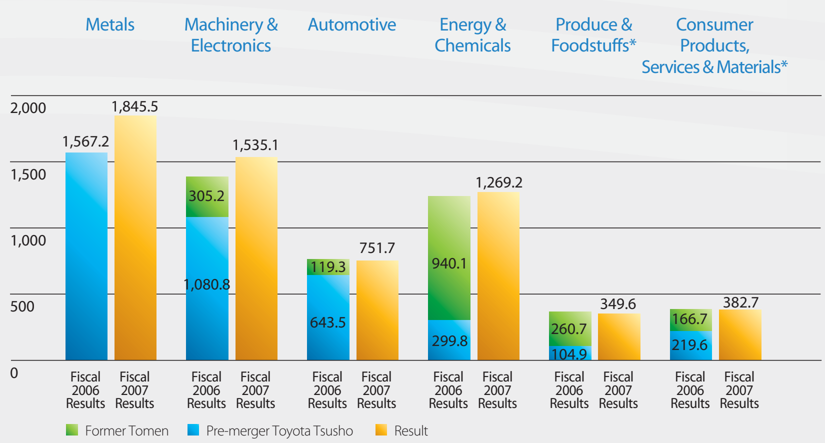
(Fiscal 2006 Financial Indicators Reflecting Simple Sums of Toyota Tsusho and Former Tomen)

(¥ billion)



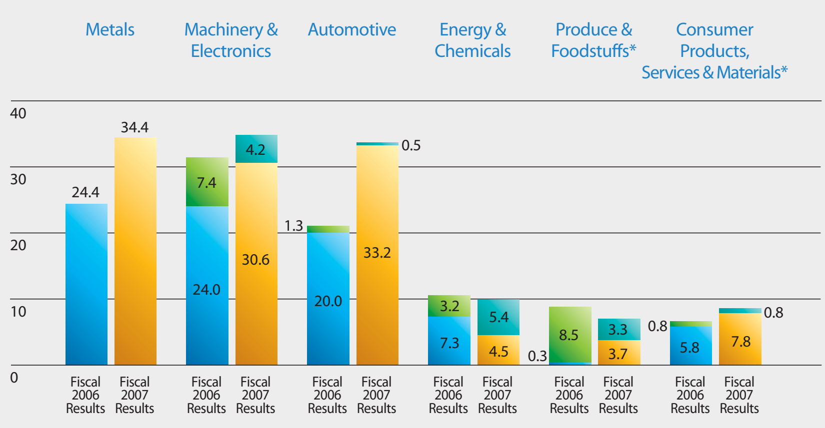
Net Sales by Product Segment

(¥ billion)



Operating Income by Product Segment

(¥ billion)



* Effective from the fiscal year ended March 31, 2007, Produce & Foodstuffs is shown as a separate segment to reflect the expanded scale of these operations following the merger with Tomen Corporation. Previously, the Produce & Foodstuffs business was included in the Consumer Products, Services & Materials segment. This reclassification has also been applied to results for the fiscal year ended March 31, 2006.

- The Automotive Division reported net sales of ¥751.7 billion in fiscal 2007, down ¥11.1 billion from the previous fiscal year. Although strong performances by overseas automobile sales subsidiaries contributed ¥85.0 billion to sales growth, this was outweighed by a drop of approximately ¥90.0 billion in sales as a result of the transfer to Toyota Motor Corporation of the parent company's rights to export automobiles to China. Operating income increased ¥12.4 billion year on year to ¥33.7 billion, in line with higher net sales at overseas automobile sales subsidiaries.

- The Energy & Chemicals Division reported net sales of ¥1,269.2 billion, increasing ¥29.3 billion year on year, mainly reflecting steady volume growth for chemical products and resins in step with higher worldwide automobile output. Meanwhile, in its Australian coal project, Toyota Tsusho exchanged its interest in a coal mine due to close soon with an interest in another company's coal mine where mining operations are expected to be feasible over a longer term. Due to the impact of the resulting decrease in Toyota Tsusho's mining interests, operating income decreased ¥0.6 billion year on year to ¥9.9 billion.

- In fiscal 2007, the Produce & Foodstuffs Division posted net sales of ¥349.6 billion, down ¥16.0 billion on the previous fiscal year, mainly due to a lower handling volume of the low-margin meat trading business. The drop in sales reduced operating income by ¥1.8 billion from the previous fiscal year to ¥7.0 billion.

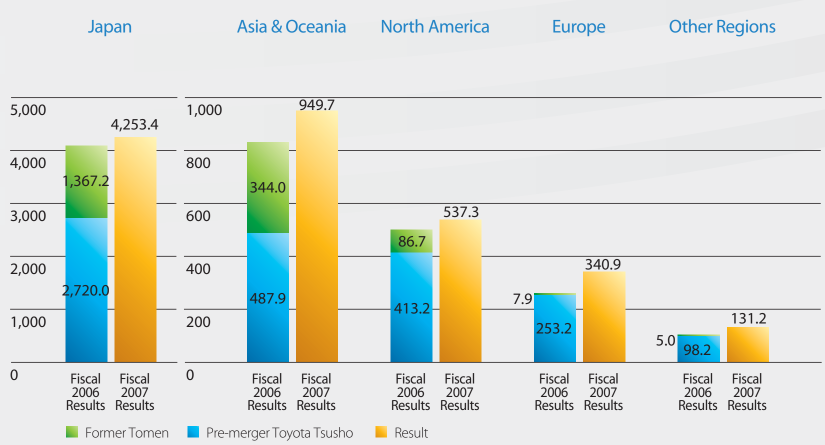
- The Consumer Products, Services & Materials Division posted net sales of ¥382.7 billion, a decrease of ¥3.6 billion year on year. This mainly reflected this Division's withdrawal from textiles and other markets with poor profitability, even as the Division handled a growing volume of automotive interior materials and other products. Operating income increased ¥2.0 billion year on year to ¥8.6 billion, mainly reflecting higher sales of automotive interior materials.

Net Sales/Operating Income by Geographic Segment

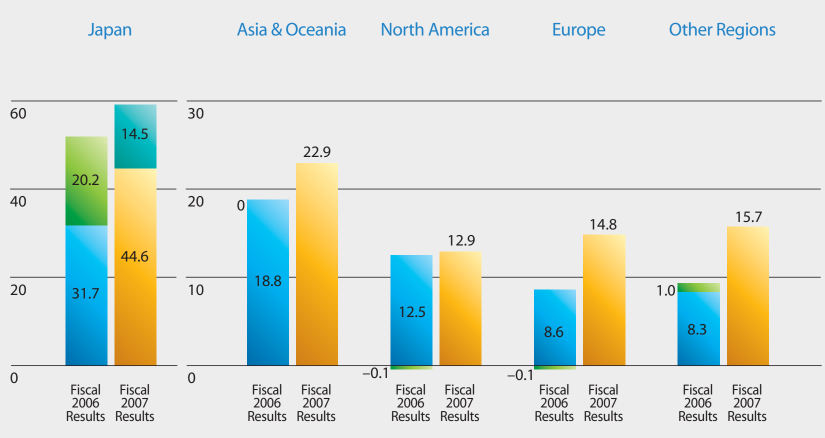
In fiscal 2007, net sales in Japan increased ¥166.2 billion year on year to ¥4,253.4 billion. This increase mainly reflected strong performances by the Metals and Machinery & Electronics divisions on a non-consolidated basis. Operating income rose ¥7.2 billion to ¥59.1 billion in line with higher net sales.

In fiscal 2007, net sales in Asia & Oceania jumped ¥117.8 billion year on year to ¥949.7 billion. Sales growth was mainly driven by a strong showing by overseas subsidiaries in Thailand and other countries. Operating income rose ¥4.1 billion to ¥22.9 billion in line with higher earnings accompanying sales growth.

Net Sales by Geographic Segment
(¥ billion)



Operating Income (Loss) by Geographic Segment
(¥ billion)



In fiscal 2007, net sales in North America rose ¥37.4 billion year on year to ¥537.3 billion, mainly because U.S. subsidiaries performed well. Operating income edged up ¥0.5 billion to ¥12.9 billion in line with higher net sales.

In fiscal 2007, net sales in Europe were ¥340.9 billion, up ¥79.8 billion year on year. This increase was attributable to strong results at automobile sales subsidiaries and subsidiaries in Europe. Operating income rose ¥6.3 billion to ¥14.8 billion in line with higher net sales.

In fiscal 2007, net sales in other regions increased ¥28.0 billion year on year to ¥131.2 billion, the result of strong performances by automobile sales subsidiaries in Africa. Operating income rose ¥6.4 billion to ¥15.7 billion in line with higher net sales.

Business Risks and Uncertainties

The following risks and uncertainties may affect our financial position and business performance. Forward-looking statements contained in this report are based on the judgment of the Company and its consolidated subsidiaries (the "Group") as of the date of publication.

1. Risk Associated With Operating Activities

Dependence on specific customers

The Group consists of the Company, its 338 subsidiaries, and 174 affiliates. The main business line of the Group is the sale of automotive-related and other products in the domestic and overseas markets. Sales of the Company in fiscal 2007 to the Toyota Group* accounted for 16.2% of net sales, with sales to Toyota Motor Corporation representing 7.9% of net sales. Therefore, trends in the automobile output of Toyota Motor Corporation may affect operating results of the Company.

* Toyota Motor Corporation, Toyota Industries Corporation, Aichi Steel Corporation, JTEKT Corporation, Toyota Auto Body Co., Ltd., Aisin Seiki Co., Ltd., Denso Corporation, Toyota Boshoku Corporation, Kanto Autoworks, Ltd., Toyoda Gosei Co., Ltd., Hino Motors, Ltd., Daihatsu Motors Co., Ltd.

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, 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.

Risk Associated With Commodities

Commodities the Group deals with in its businesses, such as non-ferrous metals, crude oil, 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.

Risk Associated With Business Investment

In the expansion of business operations, the Group intends to grow existing businesses, improve operational efficiencies and take on new business through 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.

Risk Associated With Fluctuations in Interest Rates

Certain 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, we cannot hedge a certain portion of interest-bearing debt from 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.

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.

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 our 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.

Competition in Export and International Trade

Major export and other international trade of the Group is 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.

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, or other factors. These and other factors may affect the Group's business performance.

2. 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 and earthquakes. 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 earthquake in the Tokai region or similar 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 accounting principles and practices in Japan. In producing these consolidated financial statements, the Company recognizes the following critical accounting policies can significantly affect important judgments and estimates the Company has employed to produce the consolidated financial statements of the Group.

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.

Inventories

The Group records as write-offs an estimated obsolescence 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.

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 the uncollectible amount of book value beyond that reflected in present estimates arise due to a reduction in land prices, the impairment of assets or other causes.

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. In addition, 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.

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.

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, 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 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 unrecognized 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.

Six-year Financial Summary

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years Ended March 31, 2007, 2006, 2005, 2004, 2003 and 2002

	New TOYOTA TSUSHO CORPORATION (Note 1)		Former TOYOTA TSUSHO CORPORATION				
	Millions of Yen	Thousands of U.S. Dollars (Note 2)	Millions of Yen				
	2007	2007	2006	2005	2004	2003	2002
Results of Operations:							
Net Sales (Note 3)	**¥6,212,726**	**$52,627,920**	¥3,945,319	¥3,315,831	¥2,787,794	¥2,576,453	¥2,255,698
Cost of Sales	**5,884,267**	**49,845,548**	3,751,042	3,161,069	2,658,589	2,462,173	2,153,454
Commission Income (Note 3)	**–**	**–**	27,316	20,921	17,223	17,039	15,048
Gross Trading Profit	**328,459**	**2,782,372**	221,593	175,683	146,428	131,319	117,292
SG&A Expenses	**218,456**	**1,850,538**	141,536	119,368	109,407	100,252	91,040
Operating Income	**110,003**	**931,834**	80,057	56,315	37,021	31,067	26,252
Net Income	**77,212**	**654,062**	45,733	37,522	20,663	18,829	8,781
Financial Position at Year-End:							
Current Assets	**¥1,659,437**	**$14,057,069**	¥1,106,984	¥ 862,477	¥ 742,328	¥ 706,440	¥ 670,309
Total Assets	**2,462,229**	**20,857,510**	1,602,702	1,198,394	1,032,602	960,399	922,054
Current Liabilities	**1,298,916**	**11,003,100**	1,019,217	749,252	671,155	640,222	620,171
Total Net Assets (Note 4)	**626,539**	**5,307,404**	314,319	237,132	188,785	159,492	150,680
Cash Flows:							
Net Cash Provided by Operating Activities	**¥ 44,599**	**$ 377,798**	¥ 33,089	¥ 17,836	¥ 62,660	¥ 19,092	¥ 47,461
Net Cash Used in Investing Activities	**(31,159)**	**(263,947)**	(119,379)	(29,410)	(38,220)	(20,095)	(11,745)
Net Cash Provided by (Used in) Financing Activities	**(46,555)**	**(394,367)**	90,453	12,027	(18,111)	5,874	(21,615)
Cash and Cash Equivalents at End of Year	**125,603**	**1,063,981**	75,032	69,548	67,704	61,666	56,674
	Yen	U.S. Dollars (Note 2)	Yen				
Per Share:							
Net Income:							
Basic	**¥231.47**	**$1.96**	¥161.88	¥132.98	¥72.75	¥66.06	¥31.31
Diluted	**230.30**	**1.95**	160.75	132.11	72.35	66.01	–
Cash Dividends	**26.00**	**0.22**	18.00	12.00	8.00	7.75	7.50
	Thousands of shares						
Common Stock:							
Number of Shares Outstanding at Year-End	**354,057**		282,867	282,867	282,867	282,867	282,867

Notes: 1. On April 1, 2006, TOYOTA TSUSHO CORPORATION and TOMEN CORPORATION marked a new beginning by merging to form the New TOYOTA TSUSHO CORPORATION, with the aim of further improving corporate value.
2. The U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of the reader outside Japan, at the rate of ¥118.05=U.S.$1, the approximate exchange rate on March 31, 2007, which was the final business day of financial institutions in fiscal 2007.
3. Commission Income was included in Net Sales from fiscal 2007, as a result of the reconsideration of the presentation of consolidated financial statements.
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." The details are described in the Notes to Consolidated Financial Statements.

Five-year Financial Summary
(Former TOMEN CORPORATION) (Unaudited)

TOMEN CORPORATION and its consolidated subsidiaries
Years Ended March 31, 2006, 2005, 2004, 2003 and 2002

					Millions of Yen
	2006	2005	2004	2003	2002
Results of Operations:					
Net Sales	¥1,810,844	¥1,577,304	¥1,604,084	¥2,082,898	¥2,384,848
Cost of Sales	1,733,709	1,494,888	1,508,057	1,969,775	2,267,255
Gross Trading Profit	77,135	82,415	96,027	113,122	117,593
SG&A Expenses	56,069	55,846	67,847	87,460	92,394
Operating Income	21,066	26,569	28,179	25,661	25,198
Net Income (Loss)	(48,317)	9,628	3,754	(66,970)	4,711
Financial Position at Year-End:					
Current Assets	¥ 438,671	¥ 441,635	¥ 443,146	¥ 548,851	¥ 826,075
Total Assets	698,322	733,794	769,075	971,713	1,448,261
Current Liabilities	485,220	363,077	629,837	785,308	1,138,082
Total Shareholders' Equity	13,986	41,350	28,982	13,862	4,663
Cash Flows:					
Net Cash Provided by Operating Activities	¥ 20,286	¥ 18,208	¥ 44,635	¥ 81,301	¥ 71,671
Net Cash Provided by Investing Activities	28,017	24,438	41,194	82,240	26,389
Net Cash Provided by Financing Activities	45,690	43,339	98,310	202,739	86,178
Cash and Cash Equivalents at End of Year	83,145	78,620	79,400	93,928	140,290
					Yen
Per Share:					
Net Income (Loss)	¥(60.03)	¥11.92	¥5.16	¥(105.58)	¥7.39
Cash Dividends for the Year	0.00	0.00	0.00	0.00	0.00

Consolidated Balance Sheets

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
March 31, 2007 and 2006

ASSETS	Millions of Yen 2007	Millions of Yen 2006 (Note 1)	Thousands of U.S. Dollars (Note 1) 2007
Current Assets:			
Cash and deposits (Note 4)	¥ 126,872	¥ 77,052	$ 1,074,731
Trade notes and accounts receivable (Notes 4 and 19)	1,031,640	683,995	8,739,009
Inventories (Note 4)	381,135	276,346	3,228,590
Deferred tax assets – current (Note 8)	24,407	13,840	206,751
Other current assets (Note 4)	105,950	64,156	897,501
Less: allowance for doubtful accounts	(10,567)	(8,405)	(89,513)
Total current assets	1,659,437	1,106,984	14,057,069
Property and Equipment, at Cost:			
Land (Note 4)	50,962	35,427	431,698
Buildings and structures (Note 4)	131,625	80,996	1,114,994
Machinery, equipment and vehicles (Note 4)	173,421	82,772	1,469,047
Construction in progress	6,811	10,007	57,696
Other property and equipment (Note 4)	13,082	11,554	110,818
Less: accumulated depreciation (Note 3(6))	(171,325)	(93,999)	(1,451,292)
Net property and equipment	204,576	126,757	1,732,961
Intangible Assets:			
Goodwill (Note 2)	132,882	2,237	1,125,642
Other intangible assets	12,776	12,418	108,225
Total intangible assets	145,658	14,655	1,233,867
Investments and Other Assets:			
Investment securities (Notes 4 and 13):			
Investment in unconsolidated subsidiaries and affiliates	142,140	138,602	1,204,066
Investment in third parties	265,270	185,690	2,247,099
Long-term loans (Note 4):			
Loans to unconsolidated subsidiaries and affiliates	1,562	412	13,232
Loans to third parties	27,792	2,159	235,426
Deferred tax assets – non-current (Note 8)	7,746	1,896	65,616
Others (Note 4)	49,577	31,198	419,966
Less: allowance for doubtful accounts	(41,529)	(5,651)	(351,792)
Total investments and other assets	452,558	354,306	3,833,613
Total Assets	¥2,462,229	¥1,602,702	$20,857,510

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS (LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY) (Note 3(22))	Millions of Yen 2007	Millions of Yen 2006 (Note 1)	Thousands of U.S. Dollars (Note 1) 2007
Current Liabilities:			
Trade notes and accounts payable (Note 19)	¥ 791,771	¥ 536,029	$ 6,707,082
Short-term loans payable and current portion of long-term debt (Note 6)	232,941	207,613	1,973,240
Commercial paper	55,000	96,000	465,904
Bonds due within one year (Note 6)	20,000	5,000	169,420
Income taxes payable	13,031	22,262	110,385
Deferred tax liabilities – current (Note 8)	1,890	839	16,010
Other current liabilities	184,283	151,474	1,561,059
Total current liabilities	1,298,916	1,019,217	11,003,100
Long-term Liabilities:			
Bonds (Note 6)	80,400	55,000	681,068
Long-term debt, less current portion (Note 6)	416,112	145,284	3,524,879
Employee retirement benefits liability (Note 15)	12,965	1,839	109,826
Deferred tax liabilities – non-current (Note 8)	4,943	30,387	41,872
Provision for guarantees	87	283	737
Provision for liquidation of affiliated companies	11,687	–	99,001
Other long-term liabilities	10,580	19,396	89,623
Total long-term liabilities	536,774	252,189	4,547,006
Total Liabilities	1,835,690	1,271,406	15,550,106
Commitments and Contingent Liabilities (Notes 11 and 12)			
Minority Interests in Consolidated Subsidiaries	–	16,977	–
Shareholders' Equity (Notes 7, 18 and 23)**:**			
Common stock, no par value:			
Authorized: 997,525,000 shares			
Issued: 282,867,304 shares (Note 21)	–	26,749	–
Capital surplus	–	24,705	–
Retained earnings	–	206,680	–
Net unrealized gains on available-for-sale securities, net of taxes	–	60,531	–
Foreign currency translation adjustments	–	(165)	–
Less: treasury stock, at cost – 4,072,186 shares (Note 21)	–	(4,181)	–
Total shareholders' equity	–	314,319	–
Total Liabilities, Minority Interests and Shareholders' Equity	¥ –	¥1,602,702	$ –
Net Assets (Note 18)**:**			
Shareholders' equity (Notes 7 and 23)			
Common stock, no par value (Note 22):			
Authorized: 1,000,000,000 shares			
Issued: 354,056,516 shares (Note 21)	64,936	–	550,072
Capital surplus (Note 22)	154,367	–	1,307,641
Retained earnings	275,466	–	2,333,469
Less: treasury stock, at cost – 3,527,442 shares (Note 21)	(4,631)	–	(39,229)
Total shareholders' equity	490,138	–	4,151,953
Difference of appreciation and conversion:			
Net unrealized gains on available-for-sale securities, net of taxes	70,714	–	599,017
Net deferred profits on hedges, net of taxes (Note 3(22))	12,758	–	108,073
Foreign currency translation adjustments	5,310	–	44,981
Total difference of appreciation and conversion	88,782	–	752,071
Stock acquisition rights (Note 3(22))	144	–	1,220
Minority interests in consolidated subsidiaries (Note 3(22))	47,475	–	402,160
Total net assets	626,539	–	5,307,404
Total Liabilities and Net Assets	¥2,462,229	¥ –	$20,857,510

See accompanying notes to consolidated financial statements.

Consolidated Statements of Income

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006 (Note 1)	2007
Net Sales (Notes 3(23) and 16)	¥6,212,726	¥3,945,319	$52,627,920
Cost of Sales (Note 16)	5,884,267	3,751,042	49,845,548
	328,459	194,277	2,782,372
Commission Income (Notes 3(23) and 16)	–	27,316	–
Gross Trading Profit	328,459	221,593	2,782,372
Selling, General and Administrative Expenses (Notes 9 and 16)**:**			
Charges and fees	12,808	11,157	108,496
Traffic and traveling expenses	12,494	8,408	105,837
Communication expenses	3,052	2,015	25,853
Allowance for doubtful accounts	3,512	3,512	29,750
Salaries and wages	90,695	60,574	768,276
Retirement benefit expenses	3,793	2,945	32,131
Welfare expenses	11,785	7,559	99,831
Rental expenses	14,669	9,606	124,261
Depreciation and amortization except goodwill	10,243	8,446	86,768
Taxes other than income taxes	3,587	2,857	30,385
Amortization of goodwill	15,278	760	129,420
Others	36,540	23,697	309,530
	218,456	141,536	1,850,538
Operating Income (Note 16)	110,003	80,057	931,834
Other Income (Expenses):			
Interest income	6,010	1,931	50,911
Interest expenses	(19,318)	(7,591)	(163,643)
Dividend income	8,717	5,811	73,842
Share in net earnings in equity method	7,342	1,180	62,194
Other, net (Note 10)	781	3,278	6,616
	3,532	4,609	29,920
Income before Income Taxes and Minority Interests	113,535	84,666	961,754
Income Tax Expenses:			
Current	29,448	40,848	249,454
Deferred	(1,049)	(6,330)	(8,886)
	28,399	34,518	240,568
Minority Interests in Earnings of Consolidated Subsidiaries	7,924	4,415	67,124
Net Income	¥ 77,212	¥ 45,733	$ 654,062

	Yen		U.S. Dollars (Note 1)
Amounts per Share (Notes 20 and 23)**:**			
Net income:			
Basic	¥231.47	¥161.88	$1.96
Diluted	230.30	160.75	1.95
Cash dividends	26.00	18.00	0.22

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	**2007**
Shareholders' Equity:			
Common Stock:			
Beginning Balance	**¥ 26,749**	¥ 26,749	**$ 226,590**
Stock Issuance (Note 22)	**38,187**	–	**323,482**
Ending Balance	**¥ 64,936**	¥ 26,749	**$ 550,072**
Capital Surplus:			
Beginning Balance	**¥ 24,705**	¥ 24,705	**$ 209,276**
Stock Issuance (Note 22)	**129,662**	–	**1,098,365**
Ending Balance	**¥154,367**	¥ 24,705	**$1,307,641**
Retained Earnings:			
Beginning Balance	**¥206,680**	¥165,020	**$1,750,783**
Net income	**77,212**	45,733	**654,062**
Cash dividends paid (Note 23)	**(6,398)**	(4,455)	**(54,197)**
Bonuses to directors and corporate auditors	**(696)**	(565)	**(5,896)**
Loss on the disposition of treasury stock	**(66)**	(299)	**(559)**
Net decrease of consolidated subsidiaries	**(769)**	(166)	**(6,514)**
Net increase (decrease) of companies accounted for by the equity method	**(442)**	993	**(3,744)**
Increase due to change of fiscal year-end in overseas consolidated subsidiaries	**–**	2,478	**–**
Decrease due to adoption of new accounting standards in overseas consolidated subsidiaries (Note 3 (24))	**–**	(2,059)	**–**
Others, net	**(55)**	–	**(466)**
Ending Balance	**¥275,466**	¥206,680	**$2,333,469**
Treasury Stock, at Cost:			
Beginning Balance	**¥ (4,181)**	¥ (3,418)	**$ (35,417)**
Purchase of treasury stock	**(1,580)**	(1,918)	**(13,384)**
Disposal of treasury stock	**1,364**	1,155	**11,554**
Others, net	**(234)**	–	**(1,982)**
Ending Balance	**¥ (4,631)**	¥ (4,181)	**$ (39,229)**
Total Shareholders' Equity	**¥490,138**	¥253,953	**$4,151,953**
Difference of Appreciation and Conversion:			
Net Unrealized Gains on Available-for-Sale Securities, Net of Taxes:			
Beginning Balance	**¥ 60,531**	¥ 33,753	**$ 512,757**
Change in unrealized gains	**10,183**	26,778	**86,260**
Ending Balance	**¥ 70,714**	¥ 60,531	**$ 599,017**
Net Deferred Profits on Hedges, Net of Taxes (Note 3 (22))**:**			
Beginning Balance	**¥ –**	¥ –	**$ –**
Change in deferred profits on hedges	**12,758**	–	**108,073**
Ending Balance	**¥ 12,758**	¥ –	**$ 108,073**
Foreign Currency Translation Adjustments:			
Beginning Balance	**¥ (165)**	¥ (9,677)	**$ (1,398)**
Change in foreign currency translation adjustments	**5,475**	9,512	**46,379**
Ending Balance	**¥ 5,310**	¥ (165)	**$ 44,981**
Total Difference of Appreciation and Conversion	**¥ 88,782**	¥ 60,366	**$ 752,071**
Stock Acquisition Rights (Note 3 (22))**:**			
Beginning Balance	**¥ –**	¥ –	**$ –**
Change in stock acquisition rights	**144**	–	**1,220**
Ending Balance	**¥ 144**	¥ –	**$ 1,220**
Minority Interests in Consolidated Subsidiaries (Note 3 (22))**:**			
Beginning Balance	**¥ 16,977**	¥ 12,358	**$ 143,812**
Change in minority interests	**30,498**	4,619	**258,348**
Ending Balance	**¥ 47,475**	¥ 16,977	**$ 402,160**
Total Net Assets	**¥626,539**	¥331,296	**$5,307,404**

Notes: 1. See accompanying notes to consolidated financial statements.
2. The Company reclassified the consolidated statements of shareholders' equity for the year ended March 31, 2006, for purpose of comparison.

Consolidated Statements of Cash Flows

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006 (Note 1)	2007
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥ 113,535	¥ 84,666	$ 961,754
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization except goodwill	20,124	14,081	170,470
Amortization of goodwill	15,278	674	129,420
Net change in allowance for doubtful accounts-net	(529)	3,483	(4,481)
Interest and dividend income	(14,727)	(7,742)	(124,753)
Interest expense	19,318	7,591	163,643
Share in net earnings in equity method	(7,342)	(1,180)	(62,194)
Increase in receivables	(46,979)	(117,761)	(397,959)
Increase in inventories	(44,358)	(64,661)	(375,756)
Increase in payables	54,018	108,406	457,586
Others, net	(18,144)	34,054	(153,698)
Subtotal	90,194	61,611	764,032
Interest and dividend received	15,099	10,503	127,904
Interest paid	(17,026)	(7,048)	(144,227)
Income taxes paid	(43,668)	(31,977)	(369,911)
Net cash provided by operating activities	44,599	33,089	377,798
Cash Flows from Investing Activities:			
Net decrease (increase) in time deposits	1,452	(2,020)	12,300
Payments for purchase of property and equipment	(36,619)	(28,167)	(310,199)
Proceeds from sale of property and equipment	3,140	12,281	26,599
Payments for purchase of intangible assets	(4,513)	(6,930)	(38,230)
Payments for purchase of investment securities	(25,672)	(97,419)	(217,467)
Proceeds from sale of investment securities	32,777	5,793	277,654
Proceeds from sale of shares of subsidiaries excluded from the consolidation scope	2,607	–	22,084
Increase in loans	(9,923)	(5,571)	(84,058)
Collection of loans	10,407	5,385	88,158
Payment for purchase of shares of subsidiaries from minority shareholders	(3,202)	–	(27,124)
Others, net	(1,613)	(2,731)	(13,664)
Net cash used in investing activities	(31,159)	(119,379)	(263,947)
Cash Flows from Financing Activities:			
Change in short-term loans payable	(246,754)	66,488	(2,090,250)
Proceeds from long-term debt	142,609	55,453	1,208,039
Repayment of long-term debt	(49,762)	(9,872)	(421,533)
Proceeds from issuance of bonds	45,000	–	381,194
Payment for redemption of bonds	(5,040)	(15,000)	(42,694)
Proceeds from stock issuance (Note 22)	76,357	–	646,819
Payment for purchase of treasury stock	(1,580)	(1,918)	(13,384)
Dividends paid	(6,398)	(4,455)	(54,197)
Dividends paid to minority shareholders	(2,285)	(1,356)	(19,356)
Others, net	1,298	1,113	10,995
Net cash provided by (used in) financing activities	(46,555)	90,453	(394,367)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	19	1,902	161
Net Increase (Decrease) in Cash and Cash Equivalents	(33,096)	6,065	(280,355)
Cash and Cash Equivalents at Beginning of Year	75,032	69,548	635,595
Decrease in Cash and Cash Equivalents Due to Change of Fiscal Year-end of Overseas Consolidated Subsidiaries	–	(1,105)	–
Increase in Cash and Cash Equivalents Due to Merger with TOMEN CORPORATION (Note 2)	82,944	–	702,617
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	723	524	6,124
Cash and Cash Equivalents at End of Year	¥ 125,603	¥ 75,032	$ 1,063,981

Reconciliation Between Cash and Cash Equivalents and Cash and Deposits in the Consolidated Balance Sheets:

Cash and deposits in the consolidated balance sheets	¥ 126,872	¥ 77,052	$ 1,074,731
Time deposits over 3 months	(1,269)	(2,020)	(10,750)
Cash and cash equivalents in the consolidated statements of cash flows	¥ 125,603	¥ 75,032	$ 1,063,981

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries

1. Basis of Financial Statements

The accompanying consolidated financial statements of TOYOTA TSUSHO CORPORATION ("the Company") and its consolidated subsidiaries have been prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the original consolidated financial statements in Japanese prepared by the Company as required by the Securities 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 and net income.

In addition, from this fiscal year, to enhance the items mentioned in consolidated financial statements and relating notes further more, the Company expanded the content of the description and changed the presentation method. To avoid the lack of the comparison possibility, consolidated financial statements and relating notes having been audited by the independent auditors last year were reclassified to conform to the current year's items mentioned.

Moreover, although the Company changed its independent auditor from this fiscal year as described in Note 24, the new independent auditor has not enforced the audit concerning the reclassification of last year's consolidated financial statements and relating notes, and the independent auditor's report of last year has not been attached, because it is an opinion for the former consolidated financial statements and relating notes, which have not been reclassified to conform to the current year's items mentioned.

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translations of Japanese yen amounts into U.S. dollar amounts with respect to the year ended March 31, 2007 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥118.05 = U.S.$1, the rate prevailing on March 30, 2007, which was final business day of financial institutions in fiscal 2007. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

2. Merger with TOMEN CORPORATION

On April 1, 2006, the Company merged with TOMEN CORPORATION ("TOMEN"), one of general trading companies in Japan, for further expanding their respective business domains and creating new business opportunities, as well as enhancing corporate value.

Regarding the accounting treatment of this merger, the Company applied "Accounting Standard for Business Combinations" and "Implementation Guidance related to Business Combinations and Business Divestitures", which are new accounting standards effective starting in the year ended March 31, 2007, based on "Accounting Treatment for Corporate Separation".

The Company was the surviving company and inherited all of TOMEN's assets, liabilities, business rights and obligation. The details of assets and liabilities which were inherited from TOMEN are as follows:

Current assets	¥439,171 million	($3,720,212 thousand)
Non-current assets	¥282,574 million	($2,393,681 thousand)
Total assets	¥721,745 million	($6,113,893 thousand)
Current liabilities	¥468,813 million	($3,971,309 thousand)
Long-term liabilities	¥194,270 million	($1,645,659 thousand)
Total liabilities	¥663,083 million	($5,616,968 thousand)

On the merger, the Company issued 44,695,912 new shares, which were allotted to shareholders listed in TOMEN's final roster of shareholders (including the roster of beneficial shareholders) or registered shareholders as of the day prior to the merger date (i.e. March 31, 2006), at the rate of 0.069 shares of the Company's common stock for each share of TOMEN common stock held. And, due to this issuance of new shares, the Company's capital surplus increased by ¥91,492 million ($775,028 thousand).

At the merger day, the Company appropriated "Goodwill" of ¥145,406 million ($1,231,732 thousand) that is the difference between cost of investments, which are the issuance of the above new shares, TOMEN's common stock and preferred stock held by the Company as of the day prior to the merger date, and TOMEN's shareholders' equity at fair value. This "Goodwill" is amortized over periods of 10 years using the straight-line method, from the fiscal year ended March 31, 2007.

In the accompanying consolidated financial statements and notes, the figures in 2006 were based on the former situations of the Company, i.e. before the merger with TOMEN.

3. 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, 2007 and 2006 was as follows:

	2007	2006
Consolidated subsidiaries	**246**	151
Unconsolidated subsidiaries and affiliates, accounted by the equity method	**115**	60
Unconsolidated subsidiaries and affiliates, stated at cost	**151**	149

On April 1, 2006, 108 consolidated subsidiaries, 48 affiliates accounted by the equity method and 10 unconsolidated subsidiaries have been newly added to corporate group of the Company due to the merger with TOMEN. Except for the merger with TOMEN, for the year ended March 31, 2007, 18 subsidiaries were newly added to the scope of consolidation and 31 subsidiaries were excluded from the scope of consolidation, and 15 unconsolidated subsidiaries and affiliates were newly added to the scope of equity method and 8 unconsolidated subsidiaries and affiliates were excluded from the scope of equity method.

Investments in unconsolidated subsidiaries and affiliates not accounted for by 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 44 subsidiaries in 2007 and of 25 subsidiaries in 2006 are different from the Company's fiscal year-end. If the fiscal year-ends of these subsidiaries are three months or less prior to the Company's fiscal year-end, the Company uses the financial statements of the subsidiaries as of their fiscal year-ends and for the years then ended for consolidated accounting purposes and significant transactions occurring between subsidiaries' year-ends and the Company's year-end are adjusted upon consolidation. As for subsidiaries whose fiscal year-ends are three months or more prior to the Company's fiscal year-end, the Company uses the preliminary financial statements, with reasonable adjustments that would have been made to conform to financial statements as of the Company's fiscal year-end and for the year then ended, for consolidated accounting purposes.

Overseas consolidated subsidiaries adopt accounting principles generally accepted in their respective countries, and no material adjustments have been made to their financial statements in consolidation to conform with accounting principles generally accepted in Japan as allowed under accounting principles generally accepted in Japan.

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

(2) Cash equivalents

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

(3) Investments and marketable securities

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

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

(4) Derivatives

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

(5) Inventories

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

(6) Depreciation method for depreciable assets

Property and Equipment 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
	2007	2006	2007
Buildings and structures	¥ 58,445	¥34,923	$ 495,087
Machinery, equipment and vehicles	104,287	50,792	883,414
Other property and equipment	8,593	8,284	72,791
Total accumulated depreciation	¥171,325	¥93,999	$1,451,292

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

Japanese Corporate Tax Law permits companies to execute the advanced depreciation of fixed assets only when certain specific requirements are met. According to this standard, for the year ended March 31, 2007, the Company executed the advanced depreciation of ¥136 million ($1,152 thousand) for buildings and structures along with expropriating.

Intangible fixed assets are principally amortized by the straight-line method.

(7) Impairment on fixed assets

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 group of assets.

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

(8) Deferred charges

Bond Issue Costs	Charged to income as incurred
Stock Issue Costs	Charged to income as incurred

(9) Allowance for doubtful accounts

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

(10) Provision for bonuses to directors

To prepare for the payment of bonuses to directors and corporate auditors, the provision which should be attributable to this fiscal year of expectable payment amounts was recognized. At March 31, 2007, ¥721 million ($6,108 thousand) were included in other current liabilities on the accompanying consolidated balance sheets.

(11) Employee retirement benefits

To prepare for the payment of employee retirement benefits, projected accrued amounts recognized as having occurred during the fiscal years have been included in the accompanying consolidated financial statements based on the projected amounts for retirement benefit obligations and pension assets at the end of respective fiscal years. The employee retirement benefit liability for the Company or a part of the Company's retirement benefit plans and that for one of its consolidated subsidiaries were shown as debit balances as of March 31, 2007 and 2006, respectively. Accordingly, ¥2,177 million ($18,441 thousand) and ¥2,261 million were included in others of investments and other assets on the accompanying consolidated balance sheets as of March 31, 2007 and 2006, respectively.

Past service costs are charged to income as incurred except for some of its consolidated subsidiaries.

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

(12) Directors' and corporate auditors' retirement benefits

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

Accrued retirement benefits for directors, corporate auditors and executive officers of ¥2,261 million ($19,153 thousand) and ¥1,503 million at March 31, 2007 and 2006, respectively, were included in other long-term liabilities on the accompanying consolidated balance sheets.

At the annual general shareholders' meeting on June 26, 2007, the abolition of retirement benefits for directors was decided.

(13) Provision for guarantees

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

(14) Provision for buying back of real estate

To cover losses that will arise when the Company exercises its obligation to buy back the land from Organization for Promoting Urban Development, the Company records an estimated allowance for such losses. As of March 31, 2007, the Company has no provision because of the lapse of its future obligation.

(15) Provision for liquidation of affiliated companies

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

(16) Translation of foreign currency assets and liabilities

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

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

(17) Leases

Finance lease transactions, other than those where ownership of lease property is regarded as being transferred to the lessee, are principally accounted for in the same way as operating lease transactions.

(18) Accounting methods for hedges

1. Accounting method for hedges

Hedges are principally accounted for by the deferred hedge and replacement equivalent methods.

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 non-ferrous metal, crude oil, rubber, 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 Corporate Division.

4. Method of evaluating the effectiveness of hedges

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

5. Others

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

(19) Consumption tax

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

(20) Income taxes

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

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

(21) Per share data

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

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

(22) Changes in accounting policies and adoption of new accounting standards

1. Accounting standard for Directors' Bonus

Prior to the fiscal year ended March 31, 2006, bonuses to directors and corporate auditors were appropriated as disposal of retained earnings based on the resolution of annual general shareholders' meeting. Effective from the fiscal year ended March 31, 2007, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Directors' Bonus" issued by the Accounting Standards Boards of Japan ("ASBJ"). Under this new accounting standard, the Company and its domestic consolidated subsidiaries must accrue bonuses to directors and corporate auditors at the year end to which such bonuses are attributable. As a result of adoption of this accounting standard, operating income and income before income taxes and minority interests decreased by ¥721 million ($6,108 thousand).

In April 2006, the Company introduced an Executive Officer System. With regard to bonuses to executive officers, the Company used the method similar to bonuses to directors and corporate auditors, and the provision of ¥340 million ($2,880 thousand) was included in other current liabilities on the accompanying consolidated balance sheets.

2. Accounting Standard for Presentation of Net Assets in the Balance Sheet

Effective from the fiscal year ended March 31, 2007, the Company and its consolidated subsidiaries adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" and its "Related Implementation Guidance" issued by ASBJ, accompanying enforcement of the new Corporate Law.

Under this new accounting standard, the balance sheet comprises Assets, Liabilities and Net Assets sections. The Net Assets section comprises four subsections, which are Shareholders' equity, Difference of appreciation and conversion, Stock acquisition rights and Minority interests in consolidated subsidiaries, as applicable.

The Net Assets section includes items which were not included in the previously presented Shareholders' Equity section. Difference of appreciation and conversion section includes deferred profits or losses on hedges, net of taxes, which were previously included in assets or liabilities. And, Minority interests in consolidated subsidiaries were presented between non-current liabilities and the previously presented shareholders' equity.

The amount that corresponds to "Total Shareholders' Equity" of the previous year is ¥566,162 million ($4,795,951 thousand).

3. Accounting Standard for Stock Options

Effective from the fiscal year ended March 31, 2007, the Company and its consolidated subsidiaries adopted "Accounting Standard for Stock Options" and its "Related Implementation Guidance" issued by ASBJ.

This standard requires recognition of compensation expense for stock options based on the fair value at the date of grant and over vesting period as consideration for receiving goods or services. The Company recognized the compensation expense concerning stock options by selling, general and administrative expenses in consolidated statements of income. In addition, this standard requires stock options to be presented as Stock Acquisition Rights as a separate component of Net Assets in the balance sheets until exercised. As a result, operating income and income before income taxes and minority interests decreased by ¥144 million ($1,220 thousand), and the same amount was recognized as Stock Acquisition Rights in Net Assets.

4. Accounting Standard for Business Combinations

Effective from fiscal year ended March 31, 2007, the Company and its consolidated subsidiaries adopted "Accounting Standard for Business Combinations" issued by the Business Accounting Council and "Implementation Guidance related to Business Combinations and Business Divestitures" issued by ASBJ.

The Accounting Standard for Business Combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required.

(23) Change in presentation method of consolidated financial statements

From this fiscal year, the Company and its consolidated subsidiaries changed that commission income is included in net sales in consolidated statements of income, as a result of the reconsideration of the presentation method in financial statements with the merger with TOMEN.

Commission income of ¥36,375 million ($308,132 thousand) for the year ended March 31, 2007 was included in net sales in consolidated statements of income.

(24) Adoption of International Accounting Standards in Australia

Retained earnings decreased by ¥2,059 million due to first time adoption of Australian Equivalents to International Financial Reporting Standards by subsidiaries in Australia under the local regulation from the fiscal year ended March 31, 2006 under review.

4. Pledged Assets

Pledged assets as of March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Cash and deposits	**¥ 477**	¥ 783	**$ 4,041**
Trade notes and accounts receivable	**3,784**	51,787	**32,054**
Inventories	**3,848**	52,017	**32,596**
Other current assets	**465**	–	**3,939**
Buildings and structures	**9,726**	120	**82,389**
Machinery, equipment and vehicles	**8,765**	6,260	**74,248**
Land	**4,880**	367	**41,338**
Other property and equipment	**511**	–	**4,329**
Investment securities	**6,777**	5,897	**57,408**
Long-term loans	**462**	118	**3,914**
Others	**–**	5,282	**–**
Total	**¥39,695**	¥122,631	**$336,256**

5. Multi-currency Revolving Facilities and Commitment Lines

The Company and its consolidated subsidiaries, such as Toyota Tsusho America Inc., Toyota Tsusho U. K. Ltd., Toyota Tsusho Europe S.A. Neuss Branch, and Toyota Tsusho (Singapore) Pte. Ltd., maintain a line of credit in the form of multi-currency revolving facilities provided by 12 financial institutions in order to obtain required funds should unexpected events arise.

As of March 31, 2007 and 2006, the unused line of credit of the multi-currency revolving facilities was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Maximum line of credit of the multi-currency revolving facilities	**¥50,000**	¥30,000	**$423,549**
Less, outstanding drawdown on revolving facilities	**–**	–	**–**
Balance	**¥50,000**	¥30,000	**$423,549**

In addition, certain consolidated subsidiaries enter into commitment line contracts with financial institutions for the flexibility and safety of its funding activities. The unused balances of commitment lines at March 31, 2007 and 2006 were as follows:

	Millions of Currency		Thousands of U.S. Dollars
	2007	2006	**2007**
Maximum line of credit of the commitment line contracts	**¥19,200 and Baht 1,000**	–	**$193,732**
Less, outstanding drawdown on commitment line contracts	**17,400**	–	**147,395**
Balance	**¥ 1,800 and Baht 1,000**	–	**$ 46,337**

6. Short-term loans payable and Long-term Debt

Short-term loans payable

The average annual interest rates applicable to short-term loans, principally from banks, outstanding at March 31, 2007 and 2006 were 4.76% and 3.77%, respectively.

Summary of long-term debt

Long-term debt as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
0.60% straight bonds due 2006	**¥ –**	¥ 5,000	**$ –**
2.00% straight bonds due 2007	**15,000**	15,000	**127,065**
0.50% straight bonds due 2008	**5,000**	5,000	**42,355**
0.59% straight bonds due 2008	**200**	–	**1,694**
0.64% straight bonds due 2009	**5,000**	5,000	**42,355**
0.90% straight bonds due 2009	**200**	–	**1,694**
1.65% straight bonds due 2011	**30,000**	–	**254,129**
1.55% straight bonds due 2012	**10,000**	10,000	**84,710**
1.09% straight bonds due 2015	**10,000**	10,000	**84,710**
2.26% straight bonds due 2016	**15,000**	–	**127,065**
Floating rate straight bonds due 2016	**10,000**	10,000	**84,710**
Long-term loans, principally from commercial and trust banks and insurance companies, maturing serially through 2018	**432,670**	169,023	**3,665,142**
Total	**533,070**	229,023	**4,515,629**
Less, current portion	**(36,558)**	(28,739)	**(309,682)**
	¥496,512	¥200,284	**$4,205,947**

The average of annual interest rates applicable to long-term loans outstanding at March 31, 2007 and 2006 were 2.11% and 2.20%, respectively.

The aggregate annual maturities of long-term debt at March 31, 2007 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31	**2007**	**2007**
2008	**¥ 36,558**	**$ 309,682**
2009	**51,743**	**438,314**
2010	**78,490**	**664,888**
2011	**48,326**	**409,369**
2012	**55,729**	**472,080**
2013 and thereafter	**262,224**	**2,221,296**
Total	**¥533,070**	**$4,515,629**

7. Shareholders' Equity

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

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

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

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

8. Income Taxes

As of March 31, 2007 and 2006, 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
	2007	2006	**2007**
Deferred tax assets:			
Unrealized profit	**¥ 1,056**	¥ 929	**$ 8,945**
Allowance for doubtful accounts	**5,848**	2,749	**49,538**
Employee retirement benefits	**5,015**	2,229	**42,482**
Write-down of investment securities	**5,453**	2,756	**46,192**
Write-down of investment in subsidiaries and affiliates	**7,495**	–	**63,490**
Deferred losses on hedges	**8,038**	–	**68,090**
Net operating loss carryforward	**76,170**	–	**645,235**
Valuation losses of inherited assets on the merger	**19,981**	–	**169,259**
Others	**13,430**	19,973	**113,766**
Subtotal	**142,486**	28,636	**1,206,997**
Valuation allowance	**(45,001)**	(143)	**(381,203)**
Total deferred tax assets	**97,485**	28,493	**825,794**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**49,138**	40,549	**416,247**
Valuation of assets and liabilities of consolidated subsidiaries on acquisition	**1,194**	357	**10,115**
Deferred profits on hedges	**8,480**	–	**71,834**
Valuation profits of inherited assets on the merger	**7,669**	–	**64,964**
Others	**5,684**	3,077	**48,149**
Total deferred tax liabilities	**72,165**	43,983	**611,309**
Net deferred tax assets (liabilities)	**¥ 25,320**	¥(15,490)	**$ 214,485**

Reconciliation items of differences between the Japanese statutory effective tax rate and actual effective income tax rate for the year ended March 31, 2007 were as follows:

	Percentage of pretax income
	2007
Japanese statutory effective tax rate	**40.3 %**
Increase (decrease) due to:	
Permanently nondeductible expenses	**1.1**
Equity in earnings of unconsolidated subsidiaries and affiliates	**(2.3)**
Differences of tax rates for overseas consolidated subsidiaries	**(7.2)**
Valuation allowance	**(12.2)**
Amortization of goodwill	**5.5**
Others	**(0.2)**
Actual effective income tax rate	**25.0 %**

* Reconciliation items of differences between the Japanese statutory effective tax rate and actual effective income tax rate for the year ended March 31, 2006 was not disclosed, as such difference was not material.

9. Research and Development Expenses

Research and development expenses included in selling, general and administrative expenses for the years ended March 31, 2007 and 2006 were ¥213 million ($1,804 thousand) and ¥276 million, respectively.

10. Other Income (Expenses)

Details of Others, net, included in Other Income (Expenses) for the years ended March 31, 2007 and 2006 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Gain on sales of fixed assets	¥ 981	¥ 1,986	$ 8,310
Loss on sales or disposal of fixed assets	(1,009)	(118)	(8,547)
Gain on sales of investment securities	2,148	1,784	18,196
Loss on sales of investment securities	(327)	(1,077)	(2,770)
Write-down of investment securities	(3,746)	(3,435)	(31,732)
Gain on reversal of allowance for doubtful accounts	3,545	–	30,030
Gain on collection of doubtful accounts	466	–	3,947
Loss on amortization of past service costs	(1,403)	–	(11,885)
Others, net	126	4,138	1,067
Total	¥ 781	¥ 3,278	$ 6,616

11. Contingent Liabilities

Contingent liabilities as of March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Discounted exports bills	¥32,530	¥20,697	$275,561
For guarantees of indebtedness to:			
Unconsolidated subsidiaries and affiliates	¥18,615	¥15,396	$157,687
Others	7,460	1,474	63,194
Subtotal	26,075	16,870	220,881
Provision for guarantees	(87)	(168)	(737)
Total	¥25,988	¥16,702	$220,144

12. Lease Transactions

Year ended March 31, 2007

Finance Leases

Finance lease transactions without transfer of ownership for the year ended March 31, 2007 were as follows:

Lessee

	Millions of Yen			Thousands of U.S. Dollars		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥15,604	¥ 4,141	¥11,463	$132,181	$35,078	$ 97,103
Others	11,232	6,226	5,006	95,146	52,740	42,406
Total	¥26,836	¥10,367	¥16,469	$227,327	$87,818	$139,509

Future minimum lease payments	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥ 3,437	$ 29,115
More than one year	13,175	111,605
Total	¥16,612	$140,720

	Millions of Yen	Thousands of U.S. Dollars
Annual lease payments	¥3,641	$30,843
Depreciation	3,641	30,843

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

Lessor

Future minimum lease receivable	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥ 71	$ 601
More than one year	72	610
Total	¥143	$1,211

Noncancelable Operating Leases

Lease payments for noncancelable operating lease transactions as of March 31, 2007 were as follows:

Lessee

Future minimum lease payments	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥ 3,239	$ 27,437
More than one year	11,231	95,138
Total	¥14,470	$122,575

Lessor

Future minimum lease payments to be received	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥ 315	$ 2,668
More than one year	1,220	10,335
Total	¥1,535	$13,003

Year ended March 31, 2006

Finance Leases

Finance lease transactions without transfer of ownership for the year ended March 31, 2006 were as follows:

Lessee

			Millions of Yen
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥3,015	¥2,541	¥ 474
Others	5,597	2,711	2,886
Total	¥8,612	¥5,252	¥3,360

Future minimum lease payments	Millions of Yen
Within one year	¥1,286
More than one year	2,074
Total	¥3,360

	Millions of Yen
Annual lease payments	¥1,435
Depreciation	1,435

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

Noncancelable Operating Leases

Lease payments for noncancelable operating lease transactions as of March 31, 2006 were as follows:

Lessee

Future minimum lease payments	Millions of Yen
Within one year	¥ 74
More than one year	110
Total	¥184

13. Information of Securities

(a) Securities with market price

Original cost, carrying amount and unrealized gain (loss) of available-for-sale securities with market price at March 31, 2007 and 2006 were as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2007			2006			2007		
	Original cost	Carrying amount	Unrealized gain (loss)	Original cost	Carrying amount	Unrealized gain (loss)	Original cost	Carrying amount	Unrealized gain (loss)
Market value in excess of original cost amount:									
Equity securities	**¥66,836**	**¥189,001**	**¥122,165**	¥63,250	¥165,959	¥102,709	**$566,167**	**$1,601,025**	**$1,034,858**
Market value less than original cost amount:									
Equity securities	**25,831**	**22,676**	**(3,155)**	8,645	6,482	(2,163)	**218,814**	**192,088**	**(26,726)**
Total	**¥92,667**	**¥211,677**	**¥119,010**	¥71,895	¥172,441	¥100,546	**$784,981**	**$1,793,113**	**$1,008,132**

Note: Impairment losses of ¥1,853 million ($15,697 thousand) and ¥175 million were recognized in the consolidated statements of income, for available-for-sale securities with market price for the years ended March 31, 2007 and 2006, respectively.

(b) Securities without market price

Book value of securities not measured at market value at March 31, 2007 and 2006 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Available-for sale securities:			
Unlisted securities	**¥36,916**	¥13,249	**$312,715**

(c) Sale of available-for-sale securities

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Total amount of sold	**¥12,104**	¥ 5,793	**$102,533**
Realized gains	**2,034**	2,173	**17,230**
Realized losses	**(77)**	(1,056)	**(652)**

14. Derivative Instruments

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

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

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

Estimated fair value and valuation gain (loss) on the contract or notional amount of derivative instruments at March 31, 2007 and 2006 were as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2007			2006			2007		
Commodity Related	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)
Exchange-traded									
Future contracts:									
Nonferrous Metal									
(Sell)	¥53,941	¥54,238	¥(297)	¥68,501	¥72,747	¥(4,246)	$456,934	$459,449	$(2,515)
(Buy)	44,168	44,198	30	62,806	66,976	4,170	374,147	374,401	254
Produce & Foodstuffs									
(Sell)	447	426	21	–	–	–	3,787	3,609	178
(Buy)	715	687	(28)	–	–	–	6,057	5,820	(237)
Natural Rubber									
(Sell)	81	83	(2)	–	–	–	686	703	(17)
(Buy)	66	83	17	–	–	–	559	703	144
Over-the-counter									
Forward contracts:									
Nonferrous Metal									
(Sell)	6,627	7,107	(480)	–	–	–	56,137	60,203	(4,066)
(Buy)	12,008	12,413	405	–	–	–	101,720	105,150	3,430
Total			¥(334)			¥ (76)			$(2,829)

Notes: 1. The estimated fair value amounts of future contracts were determined using market information on The Tokyo Commodity Exchange or The Tokyo Grain Exchange or other exchanges.
2. The estimated fair value amounts of forward contracts were determined using the value calculated by major transaction partners.
3. Exclude transactions for derivative financial instruments to which hedge accounting is applied.

	Millions of Yen						Thousands of U.S. Dollars		
	2007			2006			2007		
Currency Related:	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)
Over-the-counter									
Forward exchange contracts:									
Selling:									
U.S. Dollars	¥13,553	¥13,533	¥ 20	¥–	¥–	¥–	$114,807	$114,638	$ 169
Other currencies	63	62	1	–	–	–	534	525	9
Buying:									
U.S. Dollars	14,729	14,673	(56)	–	–	–	124,769	124,295	(474)
Other currencies	1,596	1,594	(2)	–	–	–	13,520	13,503	(17)
Total			¥(37)			¥–			$(313)

Notes: 1. The estimated fair value amounts of forward exchange contracts were determined using forward exchange rate at the end of fiscal year.
2. Exclude transactions for derivative financial instruments to which hedge accounting is applied.

	Millions of Yen						Thousands of U.S. Dollars		
	2007			2006			2007		
Interest Rate Related:	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)
Over-the-counter									
Interest rate swap contracts:									
Receipt-variable/ Payment-fixed	¥1,192	¥(15)	¥(15)	¥–	¥–	¥–	$10,097	$(127)	$(127)
Total			¥(15)			¥–			$(127)

Notes: 1. The estimated fair value amounts of interest rate swap contracts were determined using the quotes obtained from financial institutions.
2. Exclude transactions for derivative financial instruments to which hedge accounting is applied.

15. Employee Retirement Benefits

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

	Millions of Yen		Thousands of U.S. Dollars
Employee Retirement Benefits Liability	**2007**	2006	**2007**
Employee retirement benefits obligation	**¥(58,258)**	¥(39,384)	**$(493,503)**
Fair value of pension plan assets	**51,241**	40,202	**434,062**
Unfunded benefits obligation	**(7,017)**	818	**(59,441)**
Unrecognized actuarial difference	**(3,807)**	(396)	**(32,249)**
Unrecognized past service costs	**36**	–	**305**
Net amount recognized	**(10,788)**	422	**(91,385)**
Prepaid pension	**(2,177)**	(2,261)	**(18,441)**
Employee retirement benefit liability	**¥(12,965)**	¥ (1,839)	**$(109,826)**

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

	Millions of Yen		Thousands of U.S. Dollars
Retirement Benefit Expenses	**2007**	2006	**2007**
Service expenses	**¥2,915**	¥1,793	**$24,693**
Interest expenses	**1,124**	665	**9,521**
Expected return on pension plan assets	**(931)**	(538)	**(7,886)**
Amortization of actuarial difference	**364**	1,000	**3,083**
Retirement benefit expenses	**3,472**	2,920	**29,411**
Others	**533**	145	**4,515**
Total	**¥4,005**	¥3,065	**$33,926**

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

Basis of Calculation of Benefit Obligations	**2007**		2006	
Allocation of payments of expected retirement benefits	**Straight-line method**		Straight-line method	
Discount rate	**mainly**	**2.0%**	mainly	2.0%
Expected rate of return on pension plan assets	**mainly**	**3.0%**	mainly	3.0%
Amortization of past service costs	**mainly**	**1 year**		1 year
Amortization of actuarial difference	**mainly**	**12 years**	mainly	12 years

On October 1, 2006, the Company introduced a new employee retirement benefit plan in order to achieve a plan that can be managed during the future stably and continuously. As a result, in relation to the introduction of new plan, the Company recognized the decrease of employee retirement benefit liability amounting to ¥1,753 million ($14,850 thousand) and a loss on amortization of past service costs amounting to ¥1,403 million ($11,885 thousand).

16. Segment Information

Industry Segments

Millions of Yen

Year ended March 31, 2007	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Produce & Foodstuffs	Consumer Products, Services & Materials	Others	Total	Elimination	Consolidation
Net Sales:										
External customers	¥1,845,536	¥1,535,117	¥751,721	¥1,269,283	¥349,629	¥382,746	¥ 78,694	¥6,212,726	¥ –	¥6,212,726
Inter-segment	328	6,164	9	2,647	66	1,951	6,957	18,122	(18,122)	–
Total	1,845,864	1,541,281	751,730	1,271,930	349,695	384,697	85,651	6,230,848	(18,122)	6,212,726
Cost of sales and selling, general and administrative expenses	1,811,366	1,510,665	718,499	1,267,430	345,965	376,821	90,097	6,120,843	(18,120)	6,102,723
Operating income (loss)	¥ 34,498	¥ 30,616	¥ 33,231	¥ 4,500	¥ 3,730	¥ 7,876	¥ (4,446)	¥ 110,005	¥ (2)	¥ 110,003
Total assets	¥ 612,599	¥ 487,247	¥170,582	¥ 368,553	¥109,937	¥142,825	¥654,770	¥2,546,513	¥(84,284)	¥2,462,229
Depreciation	3,837	6,167	2,488	10,110	4,799	1,475	6,526	35,402	–	35,402
Capital expenditure for long-lived assets	9,947	3,812	7,212	3,983	952	1,386	13,749	41,041	–	41,041

Thousands of U.S. Dollars

Year ended March 31, 2007	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Produce & Foodstuffs	Consumer Products, Services & Materials	Others	Total	Elimination	Consolidation
Net Sales:										
External customers	$15,633,511	$13,003,956	$6,367,819	$10,752,079	$2,961,703	$3,242,236	$ 666,616	$52,627,920	$ –	$52,627,920
Inter-segment	2,778	52,215	76	22,423	559	16,527	58,933	153,511	(153,511)	–
Total	15,636,289	13,056,171	6,367,895	10,774,502	2,962,262	3,258,763	725,549	52,781,431	(153,511)	52,627,920
Cost of sales and selling, general and administrative expenses	15,344,057	12,796,823	6,086,396	10,736,383	2,930,665	3,192,045	763,211	51,849,580	(153,494)	51,696,086
Operating income (loss)	$ 292,232	$ 259,348	$ 281,499	$ 38,119	$ 31,597	$ 66,718	$ (37,662)	$ 931,851	$ (17)	$ 931,834
Total assets	$ 5,189,318	$ 4,127,463	$1,444,998	$ 3,122,008	$ 931,275	$1,209,869	$5,546,548	$21,571,479	$(713,969)	$20,857,510
Depreciation	32,503	52,240	21,076	85,642	40,652	12,495	55,282	299,890	–	299,890
Capital expenditure for long-lived assets	84,261	32,291	61,093	33,740	8,064	11,741	116,468	347,658	–	347,658

Note: Amortization of goodwill included in "Cost of sales and selling, general and administrative expenses" and "Depreciation", and goodwill included in "Total assets", in each industry segment by the merger of TOMEN, were as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Amortization of goodwill	Goodwill	Amortization of goodwill	Goodwill
Machinery & Electronics	¥ 4,192	¥ 37,727	$ 35,510	$ 319,585
Automotive	535	4,816	4,532	40,796
Energy & Chemicals	5,402	48,620	45,760	411,859
Produce & Foodstuffs	3,326	29,930	28,175	253,537
Consumer Products, Service & Materials	741	6,665	6,277	56,459
Others	345	3,108	2,923	26,328
Total	¥14,541	¥130,866	$123,177	$1,108,564

Millions of Yen

Year ended March 31, 2006	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Consumer Products, Services & Materials	Others	Total	Elimination	Consolidation
Net Sales:									
External customers	¥1,565,656	¥1,072,933	¥639,204	¥297,811	¥316,529	¥ 53,186	¥3,945,319	¥ –	¥3,945,319
Inter-segment	242	5,572	19	2,772	1,605	6,190	16,400	(16,400)	–
Total	1,565,898	1,078,505	639,223	300,583	318,134	59,376	3,961,719	(16,400)	3,945,319
Commissions	1,603	7,928	4,383	2,045	8,036	3,478	27,473	(157)	27,316
Cost of sales and selling, general and administrative expenses	1,543,084	1,062,412	623,549	295,326	319,926	64,851	3,909,148	(16,570)	3,892,578
Operating income (loss)	¥ 24,417	¥ 24,021	¥ 20,057	¥ 7,302	¥ 6,244	¥ (1,997)	¥ 80,044	¥ 13	¥ 80,057
Total assets	¥ 525,174	¥ 350,163	¥124,152	¥112,686	¥113,558	¥420,474	¥1,646,207	¥(43,505)	¥1,602,702
Depreciation	3,114	1,578	1,557	2,212	1,151	5,229	14,841	–	14,841
Capital expenditure for long-lived assets	9,652	2,831	4,701	1,905	1,450	12,032	32,571	–	32,571

From this fiscal year, the Company divided the "Produce & Foodstuffs" segment from the "Consumer Products, Services & Materials" segment because of the expansion of the business scale by the merger with TOMEN. And, in addition, as described in Note 3(23), the Company changed the presentation method so that "Commissions" are included in "Net Sales." The reclassified industry segments for the year ended March 31, 2006 were as follows:

Millions of Yen

Year ended March 31, 2006	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Produce & Foodstuffs	Consumer Products, Services & Materials	Others	Total	Elimination	Consolidation
Net Sales:										
External customers	¥1,567,259	¥1,080,861	¥643,587	¥299,856	¥104,930	¥219,634	¥ 56,508	¥3,972,635	¥ –	¥3,972,635
Inter-segment	242	5,572	19	2,772	67	1,568	6,346	16,586	(16,586)	–
Total	1,567,501	1,086,433	643,606	302,628	104,997	221,202	62,854	3,989,221	(16,586)	3,972,635
Cost of sales and selling, general and administrative expenses	1,543,084	1,062,412	623,549	295,326	104,600	215,355	64,851	3,909,177	(16,599)	3,892,578
Operating income (loss)	¥ 24,417	¥ 24,021	¥ 20,057	¥ 7,302	¥ 397	¥ 5,847	¥ (1,997)	¥ 80,044	¥ 13	¥ 80,057
Total assets	¥ 525,174	¥ 350,163	¥124,152	¥112,686	¥ 37,151	¥ 76,407	¥420,474	¥1,646,207	¥(43,505)	¥1,602,702
Depreciation	3,114	1,578	1,557	2,212	345	806	5,229	14,841	–	14,841
Capital expenditure for long-lived assets	9,652	2,831	4,701	1,905	251	1,199	12,032	32,571	–	32,571

Geographic Segments

Millions of Yen

Year ended March 31, 2007	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
Net Sales:								
External customers	¥4,253,452	¥ 949,756	¥537,304	¥340,987	¥131,227	¥6,212,726	¥ –	¥6,212,726
Inter-segment	484,673	73,557	65,585	17,136	3,103	644,054	(644,054)	–
Total	4,738,125	1,023,313	602,889	358,123	134,330	6,856,780	(644,054)	6,212,726
Cost of sales and selling, general and administrative expenses	4,693,506	1,000,317	589,963	343,224	118,586	6,745,596	(642,873)	6,102,723
Operating income	¥ 44,619	¥ 22,996	¥ 12,926	¥ 14,899	¥ 15,744	¥ 111,184	¥ (1,181)	¥ 110,003
Total assets	¥1,955,530	¥ 314,093	¥237,795	¥126,695	¥ 73,897	¥2,708,010	¥(245,781)	¥2,462,229

Thousands of U.S. Dollars

Year ended March 31, 2007	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
Net Sales:								
External customers	$36,030,936	$8,045,371	$4,551,495	$2,888,496	$1,111,622	$52,627,920	$ –	$52,627,920
Inter-segment	4,105,659	623,100	555,570	145,159	26,285	5,455,773	(5,455,773)	–
Total	40,136,595	8,668,471	5,107,065	3,033,655	1,137,907	58,083,693	(5,455,773)	52,627,920
Cost of sales and selling, general and administrative expenses	39,758,628	8,473,672	4,997,569	2,907,446	1,004,540	57,141,855	(5,445,769)	51,696,086
Operating income	$ 377,967	$ 194,799	$ 109,496	$ 126,209	$ 133,367	$ 941,838	$ (10,004)	$ 931,834
Total assets	$16,565,269	$2,660,678	$2,014,358	$1,073,232	$ 625,980	$22,939,517	$(2,082,007)	$20,857,510

Note: In "Japan" segment, by the merger with TOMEN, amortization of goodwill was included in "Cost of sales and selling, general and administrative expenses" amounting to ¥14,541 million ($123,177 thousand) and goodwill was included in "Total assets" amounting to ¥130,866 million ($1,108,564 thousand).

Millions of Yen

Year ended March 31, 2006	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
Net Sales:								
External customers	¥2,704,190	¥482,157	¥410,546	¥252,139	¥96,287	¥3,945,319	¥ –	¥3,945,319
Inter-segment	376,001	52,379	4,193	7,712	932	441,217	(441,217)	–
Total	3,080,191	534,536	414,739	259,851	97,219	4,386,536	(441,217)	3,945,319
Commissions	16,573	5,928	3,006	1,063	1,987	28,557	(1,241)	27,316
Cost of sales and selling, general and administrative expenses	3,064,995	521,581	405,158	252,310	90,860	4,334,904	(442,326)	3,892,578
Operating income	¥ 31,769	¥ 18,883	¥ 12,587	¥ 8,604	¥ 8,346	¥ 80,189	¥(132)	¥ 80,057
Total assets	¥1,253,272	¥183,187	¥174,256	¥ 94,085	¥49,402	¥1,754,202	¥(151,500)	¥1,602,702

As described in Note 3(23), the Company changed the presentation method so that "Commissions" are included in "Net Sales" from this fiscal year. The reclassified geographic segments for the year ended March 31, 2006 were as follows:

								Millions of Yen
Year ended March 31, 2006	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
Net Sales:								
External customers	¥2,720,026	¥487,909	¥413,224	¥253,202	¥98,274	¥3,972,635	¥ –	¥3,972,635
Inter-segment	376,738	52,555	4,521	7,712	932	442,458	(442,458)	–
Total	3,096,764	540,464	417,745	260,914	99,206	4,415,093	(442,458)	3,972,635
Cost of sales and selling, general and administrative expenses	3,064,995	521,581	405,158	252,310	90,860	4,334,904	(442,326)	3,892,578
Operating income	¥ 31,769	¥ 18,883	¥ 12,587	¥ 8,604	¥ 8,346	¥ 80,189	¥ (132)	¥ 80,057
Total assets	¥1,253,272	¥183,187	¥174,256	¥ 94,085	¥49,402	¥1,754,202	¥(151,500)	¥1,602,702

Overseas Trading Transactions

					Millions of Yen
Year ended March 31, 2007	Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	**¥1,839,182**	**¥482,375**	**¥390,559**	**¥385,107**	**¥3,097,223**
Consolidation					**6,212,726**
Share of consolidated net sales	**29.6%**	**7.8%**	**6.3%**	**6.2%**	**49.9%**

					Thousands of U.S. Dollars
Year ended March 31, 2007	Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	**$15,579,687**	**$4,086,192**	**$3,308,420**	**$3,262,236**	**$26,236,535**
Consolidation					**52,627,920**

					Millions of Yen
Year ended March 31, 2006	Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	¥1,099,418	¥440,498	¥264,709	¥257,461	¥2,062,086
Consolidation					3,945,319
Share of consolidated net sales	27.9%	11.2%	6.7%	6.5%	52.3%

As described in Note 3(23), the Company changed the presentation method so that "Commissions" are included in "Net Sales" from this fiscal year. The reclassified overseas trading transactions for the year ended March 31, 2006 were as follows:

					Millions of Yen
Year ended March 31, 2006	Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	¥1,105,170	¥443,177	¥265,772	¥259,447	¥2,073,566
Consolidation					3,972,635
Share of consolidated net sales	27.8%	11.2%	6.7%	6.5%	52.2%

17. Related Party Transactions

During the years ended March 31, 2007 and 2006, the Company had operational transactions with Toyota Motor Corporation ("TMC"), a 22.2% shareholder of the Company as of March 31, 2007. A summary of the significant transactions with TMC for the years ended or as at March 31, 2007 and 2006, is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
For the year :			
Sales of raw materials	**¥330,368**	¥300,759	**$2,798,543**
Purchase of automobiles	**253,985**	332,102	**2,151,504**
At year-end:			
Trade accounts receivable	**¥ 52,315**	¥ 43,636	**$ 443,160**
Trade accounts payable	**16,022**	20,596	**135,722**

18. Stock-based Compensation

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

	Millions of Yen	Thousands of U.S. Dollars
Selling, general and administrative expenses	¥144	$1,220

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

(a) Stock option details

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

	2005	2004
Position and number of grantees	Directors of the Company: 32 Certain eligible employees of the Company: 163 Directors of affiliated companies of the Company: 15	Directors of the Company: 29 Certain eligible employees of the Company: 153 Directors of affiliated companies of the Company: 17
Class and number of shares (Note)	1,750,000 shares of common stock	1,630,000 shares of common stock
Date of issue	August 4, 2004	August 1, 2003
Vesting conditions	Grantee must be employed as a director, regular employee of the Company or affiliated companies of the Company at the time of exercise. However, grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.	Grantee must be employed as a director, regular employee of the Company or affiliated companies of the Company at the time of exercise. However, grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.
Service period	From August 4, 2004 to July 31, 2006	From August 1, 2003 to July 31, 2005
Exercise period	From August 1, 2006 to July 31, 2008	From August 1, 2005 to July 31, 2007

	2003
Position and number of grantees	Directors of the Company: 29 Certain eligible employees of the Company: 145 Directors of affiliated companies of the Company: 22
Class and number of shares (Note)	1,605,000 shares of common stock
Date of issue	August 1, 2002
Vesting conditions	Grantee must be employed as a director, regular employee of the Company or affiliated companies of the Company at the time of exercise. However, grantee can exercise the stock options for 18 months after retirement or resignation from the Company or affiliated companies.
Service period	From August 1, 2002 to July 31, 2004
Exercise period	From August 1, 2004 to July 31, 2006

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

	2007	2006	2005	2004	2003
Non-exercisable stock options					
Stock options outstanding at the end of the previous fiscal year	–	970,000	1,750,000	–	–
Stock options granted	764,000	–	–	–	–
Forfeitures	10,000	3,000	70,000	–	–
Conversion to exercisable stock options	–	–	1,680,000	–	–
Stock options outstanding at the end of the fiscal year	754,000	967,000	–	–	–
Exercisable stock options					
Stock options outstanding at the end of the previous fiscal year	–	–	–	737,000	104,000
Conversion from non-exercisable stock options	–	–	1,680,000	–	–
Stock options exercised	–	–	776,000	380,000	84,000
Forfeitures	–	–	–	25,000	20,000
Stock options outstanding at the end of the fiscal year	–	–	904,000	332,000	–

(ii) Price of options

	Exact yen amounts				
	2007	2006	2005	2004	2003
Exercise price	¥2,805	¥1,915	¥1,170	¥ 780	¥ 527
Average market price of the stock at the time of exercise	–	–	3,112	3,052	2,749
Fair value of options on grant date	564	–	–	–	–

(3) Method for estimating fair value of stock options

The method for estimating fair value of stock options granted for fiscal 2007 is as follows:

a) Valuation method used: Black-Scholes model

b) Principal basic values and estimation methods

	2007
Share price fluctuations (Note 1)	29.72%
Projected remaining period (Note 2)	3 years
Projected dividend (Note 3)	¥18 per share
Non-risk interest rate (Note 4)	0.99%

Notes 1. Computed based on actual share prices during a three-year period (from June 2003 to July 2006).
2. Because of a lack of accumulated data and difficulty in making rational estimates, it is assumed the stock options are exercised at the midpoint of the exercise period.
3. Based on the year-end dividend for the fiscal year ended March 31, 2006.
4. Yields on government bonds for the period corresponding to the projected remaining period.

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

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

19. Accounting Treatment of Trade Notes

Trade notes, to which due dates come at the fiscal year-end, are entered in the book on the day of the exchange. Because this fiscal year-end was a holiday for financial institutions in Japan, the following trade notes receivable and trade notes payable were included in outstanding balances in the consolidated balance sheets:

	Millions of Yen	Thousands of U.S. Dollars
	2007	2007
Trade notes receivable	¥13,068	$110,699
Trade notes payable	9,175	77,721

20. Net Income per Share

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

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Net income per share basic:			
Net income	**¥77,212**	¥45,733	**$654,062**
Net income not attributable to common shareholders	**–**	643	**–**
Net income attributable to common shareholders	**77,212**	45,090	**654,062**
Weighted average shares (thousand)	**333,570**	278,540	
Net income per share basic (exact yen amounts)	**¥231.47**	¥161.88	**$ 1.96**
Net income per share diluted:			
Increase in weighted average shares for diluted computation (thousand)	**1,699**	1,964	
Net income per share diluted (exact yen amounts)	**¥230.30**	¥160.75	**$ 1.95**

The amount of net income not attributable to common shareholders in fiscal 2006 is for bonuses for directors and corporate auditors that were paid as disposal of retained earnings based on the resolution of annual general shareholders' meeting. As described in Note 3(22), in accordance with a new accounting standard effective from fiscal 2007, the provision for bonuses to directors and corporate auditors have been charged to income.

21. Number of Issued Shares and Treasury Stock

1. Number of Issued Shares

The changes in total number of issued share for the year ended March 31, 2007 were as follows:

Beginning Balance	282,867,304 shares
Increase due to merger with TOMEN CORPORATION (Notes 2 and 22)	44,695,912 shares
Increase by way of public offering (Note 22)	19,500,000 shares
Increase by way of third party allotment to Toyota Motor Corporation (Note 22)	5,390,000 shares
Increase by way of third party allotment to Nomura Securities Co., Ltd. (Note 22)	1,603,300 shares
Ending Balance	354,056,516 shares

2. Number of Treasury Stock

The changes in total number of treasury stock for the year ended March 31, 2007 were as follows:

Beginning Balance	4,072,186 shares
Increase due to purchases for stock options	379,000 shares
Increase due to purchases of less-than-one-unit shares from shareholders	121,629 shares
Decrease due to execution of rights of stock options	(1,240,000) shares
Decrease due to sales of less-than-one-unit shares to shareholders	(17,833) shares
Quota of the Company's stocks owned by affiliates accounted by the equity method	212,460 shares
Ending Balance	3,527,442 shares

22. Issuance of New Shares and Increase in Common Stock and Capital Surplus

1. Merger with TOMEN CORPORATION

As described in Note 2, the Company merged with TOMEN on April 1, 2006. On the merger, the Company issued 44,695,912 shares and allotted these shares to shareholders listed in TOMEN's final roster of shareholders (including the roster of beneficial shareholders) or registered shareholders as of the day prior to the merger date (i.e. March 31, 2006). Due to this issuance of new shares, the Company's capital surplus increased by ¥91,492 million ($775,028 thousand), but there was no increase in common stock of the Company.

2. Issuance of new shares by way of public offering and third party allotment

The Company issued new shares by way of public offering and third party allotment as described below, based on the resolution of its Board of Directors held on October 31, 2006.

a. Issuance of new shares by way of public offering

1)	Issue date:	November 21, 2006
2)	Number of shares issued:	19,500,000 shares
3)	Aggregate paid-in amount:	¥55,719 million ($471,995 thousand)
4)	Amount of increase in common stock:	¥27,865 million ($236,044 thousand)
	Amount of increase in capital surplus:	¥27,854 million ($235,951 thousand)

b. Issuance of new shares by way of third party allotment

1)	Issue date:	November 21, 2006
2)	Number of shares issued:	5,390,000 shares
3)	Aggregate paid-in amount:	¥16,057 million ($136,019 thousand)
4)	Amount of increase in common stock:	¥8,031 million ($68,031 thousand)
	Amount of increase in capital surplus:	¥8,026 million ($67,988 thousand)
5)	Party to receive allocation and number of shares to be allocated:	Toyota Motor Corporation 5,390,000 shares

c. Issuance of new shares by way of third party allotment to be made in connection with secondary offering by way of over-allotment

1)	Issue date:	December 19, 2006
2)	Number of shares issued:	1,603,300 shares
3)	Aggregate paid-in amount:	¥4,581 million ($38,805 thousand)
4)	Amount of increase in common stock:	¥2,291 million ($19,407 thousand)
	Amount of increase in capital surplus:	¥2,290 million ($19,398 thousand)
5)	Party to receive allocation and number of shares to be allocated:	Nomura Securities Co., Ltd. 1,603,300 shares

Note: The above mentioned "Secondary offering by way of over-allotment" will be made along with, and taking into consideration market demand for, the public offering of new shares set out in "a. Issuance of new shares by way of public offering," by Nomura Securities Co., Ltd. ("NOMURA"), the lead manager of the public offering, which it will borrow from shareholders of the Company. In connection with the secondary offering by way of over-allotment, at the Board of Directors held on October 31, 2006, the Company resolved to issue new shares to NOMURA by way of third party allotment, in order for NOMURA to return such borrowed shares to the relevant shareholders.

23. Change in Net Assets

Matters related to dividends

(a) Dividend payment

Approvals by an annual general shareholders' meeting held on June 27, 2006 are as follows:

Dividend on Common Stock

1) Total amount of dividends: ¥2,509 million ($21,254 thousand)
2) Dividends per share: ¥9.00
3) Record date: March 31, 2006
4) Effective date: June 27, 2006

Approvals by the Board of Directors meeting on October 31, 2006 are as follows:

Dividend on Common Stock

1) Total amount of dividends: ¥3,889 million ($32,943 thousand)
2) Dividends per share: ¥12.00
3) Record date: September 30, 2006
4) Effective date: November 27, 2006

(b) Dividends whose record date is attributable to the accounting period ended March 31, 2007 but to be effective after the said accounting period.

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

Dividend on Common Stock

1) Total amount of dividends: ¥4,910 million ($41,593 thousand)
2) Funds for dividends: Retained earnings
3) Dividends per share: ¥14.00
4) Record date: March 31, 2007
5) Effective date: June 27, 2007

24. Supplementary Information

Change of Independent Auditor

On May 10, 2006, the Financial Services Agency ordered Misuzu Audit Corporation (formerly ChuoAoyama PricewaterhouseCoopers) to suspend its operations for two months from July 1, 2006 to August 31, 2006. As a result, Misuzu Audit Corporation forfeited its auditors qualifications on July 1, 2006 and retired from independent auditor of the Company.

The Company selected PricewaterhouseCoopers Aarata as the temporary independent auditor with resolution of Board of Corporate Auditors on July 25, 2006, and PricewaterhouseCoopers Aarata accepted the Company's appointment.

According to the decision at an annual general shareholders' meeting of the Company on June 26, 2007, PricewaterhouseCoopers Aarata was inaugurated formally as the independent auditor of the Company.

Report of Independent Auditors

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers Aarata
JR Central Towers 33rd Floor
1-1-4 Meieki, Nakamura-ku
Nagoya-shi, Aichi 450-6033
Japan
Telephone : +81 (52) 588 3951
Facsimile : +81 (52) 588 3952
www.pwc.com/jp/aarata

Report of Independent Auditors

To the Board of Directors of
TOYOTA TSUSHO CORPORATION

We have audited the accompanying consolidated balance sheet of TOYOTA TSUSHO CORPORATION ("the Company") and its subsidiaries as of March 31, 2007, and the related consolidated statements of income, changes in net assets and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2007, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 3(22) to the consolidated financial statements, effective from the fiscal year ended March 31, 2007, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Directors' Bonus".

As described in Note 3(22) to the consolidated financial statements, effective from the fiscal year ended March 31, 2007, the Company and its consolidated subsidiaries adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" and its "Related Implementation Guidance".

As described in Note 3(22) to the consolidated financial statements, effective from the fiscal year ended March 31, 2007, the Company and its consolidated subsidiaries adopted "Accounting Standard for Stock Options" and its "Related Implementation Guidance".

As described in Note 3(22) to the consolidated financial statements, effective from the fiscal year ended March 31, 2007, the Company and its consolidated subsidiaries adopted "Accounting Standard for Business Combinations" and "Implementation Guidance related to Business Combinations and Business Divestitures"

As described in Note 16, from this fiscal year, the Company divided "Produce & Foodstuffs" segment from "Consumer Products, Services & Materials" segment.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 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

PricewaterhouseCoopers Aarata
August 10, 2007

Corporate Data

Corporate Information (As of March 31, 2007)

General Information

Name: TOYOTA TSUSHO CORPORATION

Head Office: 9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan

Established: July 1, 1948

Number of Employees:
Parent company 2,601
Consolidated 22,945

Paid-in Capital: ¥64,936,432,888

Common Stock:
Authorized 1,000,000,000
Issued 354,056,516

Number of Shareholders: 78,113

Major Shareholders:

	Number of shares (thousands)	Ownership ratio (%)
Toyota Motor Corporation	76,368	21.57
Toyota Industries Corporation	39,365	11.12
Japan Trustee Services Bank, Ltd.	19,754	5.58
The Master Trust Bank of Japan, Ltd.	13,881	3.92
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,328	3.48
Mitsui Sumitomo Insurance Co., Ltd.	10,903	3.08
Aioi Insurance Co., Ltd.	6,813	1.92
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6,746	1.91
Trust & Custody Services Bank, Ltd.	5,460	1.54
Nippon Life Insurance Company	5,386	1.52

Stock Listings: Tokyo, Nagoya (Ticker code 8015)

Independent Auditors: PricewaterhouseCoopers Aarata
(Date of Engagement: July 25, 2006)

Transfer Agent for Shares: Mitsubishi UFJ Trust and Banking Corporation

Address of Office
Stock Transfer Agency Department
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku, Tokyo 100-8212

Mailing Address
Stock Transfer Agency Department
Mitsubishi UFJ Trust and Banking Corporation
7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081
Phone: 0120-232-711 (free dial within Japan)

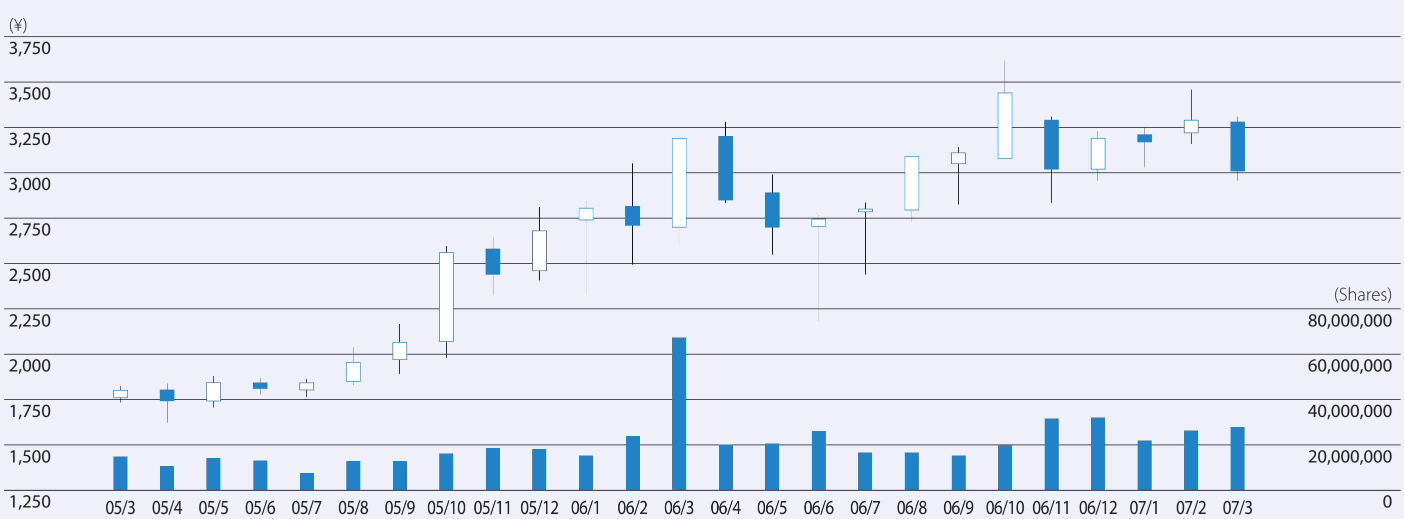
Handling Offices
All branches nationwide of Mitsubishi UFJ Trust and Banking Corporation
All branches nationwide of Nomura Securities Co., Ltd.

Phone (free dial within Japan):
0120-244-479 (Headquarters Stock Transfer Agency Department)
0120-684-479 (Osaka Stock Transfer Agency Department)

Contact:
Corporate Communications Office,
Toyota Tsusho Corporation
8-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8320, Japan
Phone: +81-3-5288-2081
Facsimile: +81-3-5288-9063

(Nagoya Office)
9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan
Phone: +81-52-584-5011
Facsimile: +81-52-584-5659
URL: http://www.toyota-tsusho.com/english/

Stock Price Range and Trading Volume:



History

Major Developments in History

1936	Toyoda Kinyu Kaisha was established to provide consumer financing for TOYOTA automobiles.
1942	Company name changed to Toyoda Sangyo Kaisha, Ltd., and subsequently extended the range of its activities to include trade.
1948	The trading division of Toyoda Sangyo Kaisha was established as a separate company (now Toyota Tsusho Corp.) under the name Nisshin Tsusho Kaisha, Ltd.
1956	Company name changed to Toyoda Tsusho Kaisha, Ltd.
1957	Established its first overseas joint ventures, Toyoda Thailand Co., Ltd.
1960	Established its first overseas subsidiary, Toyoda New York, Inc.
1961	Stock listed on the Second Section of the Nagoya Stock Exchange.
1964	Began exporting Toyota vehicles, starting with the Dominican Republic.
1975	Stock re-listed on the First Section of the Nagoya Stock Exchange.
1977	Stock listed on the First Section of the Tokyo Stock Exchange.
1985	Unsecured convertible bonds (amounting to ¥10 billion) issued for the first time.
1987	Warrant bonds ($70 million in guarantees) issued on the European market. Company name changed to Toyota Tsusho Corporation.
1999	Business tie-up with Kasho Company, Ltd.
2000	Capital investment and business tie-up with Tomen Corporation. Merger with Kasho Company, Ltd.
2003	Accepted third-party allotment of new shares to increase capital position in Tomen Corporation by ¥5.0 billion.
2006	Merger with Tomen Corporation.

Network (As of June 1, 2007)

Organization Chart

- General Meeting of Shareholders
  - Corporate Auditors
  - Board of Corporate Auditors
- Board of Directors
- Chairman / Vice Chairman / President / Executive Vice Presidents
  - Executive Board Members' Meeting
  - Corporate Management Committees
  - Investment & Project Planning Committee
  - Other Councils
  - Business Management Committee
  - Business Operating Committee
  - Internal Audit Dept.
  - Environment & Safety Management Dept.

- Corporate Division
  - Secretarial Dept.
  - Corporate Planning Dept.
  - Human Resources & General Affairs Dept.
  - Corporate Accounting Planning Dept.
  - Financial Planning Dept.
  - Risk Management Dept.
  - Affiliate Planning & Administration Dept.
  - Business Promotion & Portfolio Management Dept.
  - Internal Control Promotion Dept.
- Global Strategic Integration Division
  - Global Strategic Integration Planning Dept.
  - Global Logistics Operation Dept.
  - Global Strategic Logistics Dept.
  - Corporate IT Dept.
  - Business Development Dept.
  - Overseas Project Dept.
  - Global Production Kaizen Dept.

- Toyota Coordination Dept.
- Domestic Offices: 14
- Overseas Offices: 30
- Overseas Trading Subsidiaries: 26

- Metals Division
  - Metal Planning Dept.
  - Steel Sheet & Plate Sales Dept.
  - Steel Bar, Wire, Rod, Pipe & Construction Material Dept.
  - Non Ferrous Metals Dept.
  - Iron & Steel Raw Material Dept.
  - Steel Export Dept.
  - Tokyo Metals Dept.
  - Osaka Metals Dept.
  - Hamamatsu Metals Dept.
  - Kyushu Metals Dept.
- Machinery & Electronics Division
  - Machinery & Electronics Planning Dept.
  - Machinery Dept.
  - Toyota Machinery Dept.
  - Tokyo Machinery Dept.
  - Osaka Machinery Dept.
  - Hamamatsu Machinery Dept.
  - Kyushu Machinery Dept.
  - Textile Machinery & Solution Dept.
  - Material Handling Dept.
  - Electronics Dept.
  - Information System Dept.
  - Global Production Parts Dept. 1
  - Global Production Parts Dept. 2
- Automotive Division
  - Automotive Planning Dept.
  - Automotive Business Management Dept.
  - Automotive Business Dept. 1
  - Automotive Business Dept. 2
  - Automotive Sales & Marketing Dept. 1
  - Automotive Sales & Marketing Dept. 2
  - Automotive Sales & Marketing Dept. 3
  - Automotive Sales & Marketing Dept. 4
  - Automotive Sales & Marketing Dept. 5
  - Parts & Aftersales Marketing Dept.
  - Automobile Service Dept.
- Energy & Chemicals Division
  - Energy & Chemicals Planning Dept.
  - Organic Chemicals Dept.
  - Industrial Chemicals Dept.
  - Fine Chemicals Dept.
  - Plastics Dept.
  - Automotive Materials Dept.
  - Electronics & Performance Materials Dept.
  - Osaka Chemicals Dept.
  - Energy Dept.
  - Energy Projects Development Dept.
- Produce & Foodstuffs Division
  - Produce & Foodstuffs Planning Dept.
  - Feed & Oilseeds Dept.
  - Produce Dept.
  - Foodstuffs Dept.
  - Osaka Produce & Foodstuff Dept.
- Consumer Products, Services & Materials Division
  - Consumer Products, Services & Materials Planning Dept.
  - Estate Development Dept.
  - Living Materials & Products Dept.
  - Industrial Textile Dept.
  - Textile Products Dept.
  - Automotive Parts & Materials Dept.
  - Insurance Dept. 1
  - Insurance Dept. 2
  - Senior Business Dept.

Network

Japan

TOYOTA TSUSHO CORPORATION

Nagoya Head Office: 9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan

Tokyo Head Office: 8-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8320, Japan

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

North America

TOYOTA TSUSHO AMERICA, INC.

Head Office: 7300 Turfway Rd., Suite 500, Florence, KY 41042, U.S.A.

Ann Arbor, Arkansas, Atlanta, Battle Creek, Boston, Chicago, Columbus, Detroit, Fremont, Georgetown, Hollywood, Houston, Huntsville, Jackson, Lafayette, Los Angeles, Memphis, Miami, Missouri, New York, Ontario, Pittsburgh, Princeton, San Antonio, San Diego, San Francisco, Tennessee, West Virginia

Central & South America

TOYOTA TSUSHO CORPORATION

Bogota, Santiago, Lima

TOYOTA TSUSHO AMERICA, INC.

San Jose (Costa Rica)

TOYOTA TSUSHO DE VENEZUELA, C.A.

Edif. Parque Cristal, Torre Este, Piso 3, Oficina 3-12 Av. Francisco de Miranda, Los Palos Grandes, Caracas, Venezuela

S.C. TOYOTA TSUSHO do BRASIL LTDA.

Edificio Parque Cultural Paulista
Avenida Paulista 37-5 ander,
CEP 01311-902, Bairro, Paraiso, Sao Paulo, SP, Brazil

TOYOTA TSUSHO ARGENTINA S.A.

Ruta Panamericana Km.29.4 (B1618EZE), El Talar, Provincia de Buenos Aires, Argentina

Europe

TOYOTA TSUSHO EUROPE S.A.

Head Office: Belgicastraat 13, 1930 Zaventem, Belgium

Budapest, Liberec, Milan, Neuss, Paris, Prague, Rotterdam, Valenciennes, Walbrzych

TOYOTA TSUSHO U.K. LTD.

Head Office: 7th Floor, 140 London Wall, London, EC2Y 5DN, England

Derby

Russia & the CIS

TOYOTA TSUSHO CORPORATION

Almaty, Moscow, Tashkent

Africa

TOYOTA TSUSHO CORPORATION

Alexandria, Alger, Cairo, Tunis

TOYOTA TSUSHO AFRICA PTY. LTD.

Head Office: 5th Floor, 138 West St., Sandton, South Africa

Durban, Nairobi

Middle East

TOYOTA TSUSHO CORPORATION

Amman, Dubai, Jeddah, Sharjah

TOYOTA TSUSHO EUROPE S.A.

Gebze Kocaeli

TOMEN IRAN LIMITED LIABILITY COMPANY

No. 27 Shahid Naghdi St., Ostad Motahari Avenue, Tehran, 1576643535, Iran

Asia

TOYOTA TSUSHO CORPORATION

Makati, Beijing, Guangzhou, Hanoi, Ho Chi Minh, Vientiane, Jakarta, Yangon, Dhaka, Colombo, Islamabad, Lahore, Karachi

TOYOTA TSUSHO KOREA CORPORATION

Rm. No. 1809, Kukudong Bldg., 60-1, 3 Ka, Chungmuro, Chung-gu, Seoul, Korea

TOYOTA TSUSHO PHILIPPINES CORPORATION

Block 4, Lot 2, Main Road 3, Calamba Premiere International Park, Calamba Laguna, Philippines

TOYOTA TSUSHO (CHINA) CO., LTD.

Rm. No. 220 Beijing Fortune Bldg. No. 5, Dong San Huan Bei Lu Chaoyang District, Beijing, China

TOYOTA TSUSHO (DALIAN) CO., LTD.

7F Senmao Bldg., 147 Zhongshan Rd., Dalian, China

Harbin, Shengyang

TOYOTA TSUSHO (TIANJIN) CO., LTD.

Rm. No. 1710, Tianjin Guoji Daxia 75 Nanjing Lu, Heping Qu, Tianjin, China

Beijin, Changchun

TOYOTA TSUSHO (SHANGHAI) CO., LTD.

12th Floor, K.WAH CENTER, 1010 Huaihai Zhong Rd., Shanghai, China

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

TOYOTA TSUSHO (GUANGZHOU) CO., LTD.

Rm. No. 5503, Citic Plaza, 233 Tian He North Rd., Guangzhou, China

TOYOTA TSUSHO (H.K.) CORPORATION LTD.

Rm. No. 2702, Block 1, 27th Floor, Admiralty Centre, 18 Harcourt Rd., Hong Kong, China

Xiamen

CHEN TAI FONG CO., LTD.

5F., No. 101 Songren Rd., Sinyi District, Taipei City, Taiwan

TOYOTA TSUSHO (THAILAND) CO., LTD.

607 Asoke-Dindaeng Rd., Kwaeng Dindaeng, Khet Dindaeng, Bangkok 10400, Thailand

KASHO INTERNATIONAL (THAILAND) CO., LTD.

607 Asoke-Dindaeng Rd., Kwaeng Dindaeng, Khet Dindaeng, Bangkok 10400, Thailand

TOYOTA TSUSHO (MALAYSIA) SDN. BHD.

Rm. No. 1404, Wisma Lim Foo Yong, No. 86 Jalan Raja Chulan, 50718 Kuala Lumpur, Malaysia

TOYOTA TSUSHO (SINGAPORE) PTE. LTD.

600 North Bridge Rd. No.19-01 Parkview Square, Singapore 188778

P.T. TOYOTA TSUSHO INDONESIA

Head Office: Mid Plaza 2 Bldg. 10th Floor, Jl. Jend. Sudirman kav. 10-11 Jakarta 10220, Indonesia

Bandung, Cibitung, Surabaya

MYANMAR TOYOTA TSUSHO CO., LTD.

Sedona Business Suite No. 03-12 No. 1, Kaba Aye Pagoda Rd., Yankin Township, Yangon, Myanmar

TOYOTA TSUSHO INDIA PVT. LTD.

Bldg. No. 4, Plot No. 20, Toyota Techno Park, Bidadi Ind. Area, Ramanagar Taluk, Bangalore (Rural) District, 562 109 India

Bangalore, Mumbai, New Delhi

Oceania

TOYOTA TSUSHO (AUSTRALASIA) PTY. LTD.

231-233 Boundary Rd, Laverton North, Vic 3026, Australia

Sydney

TOYOTA TSUSHO (N.Z.) LTD.

Level 16, Westpac Tower, 120 Albert St., Auckland 1, New Zealand

Principal Subsidiaries and Affiliates (As of March 31, 2007)

Main Regional Subsidiaries

Company Name	Country	Shareholding	Main Business
Toyota Tsusho (China) Co., Ltd.	China	100.00	Trading and investment
Toyota Tsusho (Dairen) Co., Ltd.	China	100.00	Trading
Toyota Tsusho (Tianjin) Co., Ltd.	China	100.00	Trading
Toyota Tsusho (Shanghai) Co., Ltd.	China	100.00	Trading
Toyota Tsusho (Guangzhou) Co., Ltd.	China	100.00	Trading
Toyota Tsusho (H.K.) Corporation Limited	China	100.00	Trading and investment
Toyota Tsusho Korea Corporation	Korea	100.00	Trading
Chen Tai Fong Co., Ltd.	Taiwan	74.77	Trading and investment
Toyota Tsusho Philippines Corporation	Philippines	100.00	Trading
Toyota Tsusho (Thailand) Co., Ltd.	Thailand	49.00	Trading and investment
Kasho International (Thailand) Co., Ltd.	Thailand	69.83	Trading
Myanmar Toyota Tsusho Co., Ltd.	Myanmar	100.00	Trading
Toyota Tsusho (Malaysia) Sdn. Bhd.	Malaysia	51.00	Trading and investment
Toyota Tsusho (Singapore) Pte. Ltd.	Singapore	100.00	Trading
P.T. Toyota Tsusho Indonesia	Indonesia	100.00	Trading and investment
Toyota Tsusho (Australasia) Pty. Ltd.	Australia	100.00	Trading and investment
Toyota Tsusho (N.Z.) Ltd.	New Zealand	100.00	Trading
Tomen Iran Ltd.	Iran	100.00	Trading and investment
Toyota Tsusho Europe S.A.	Belgium	100.00	Trading and investment
Toyota Tsusho U.K. Ltd.	U.K.	100.00	Trading and investment
Toyota Tsusho Africa Pty. Ltd.	South Africa	100.00	Trading and investment
Toyota Tsusho America, Inc.	U.S.A.	100.00	Trading and investment
Toyota Tsusho de Venezuela C.A.	Venezuela	100.00	Trading
S.C. Toyota Tsusho do Brasil Ltda.	Brazil	100.00	Trading and investment
Toyota Tsusho Argentina S.A.	Argentina	100.00	Trading and investment

Metals Division

Company Name	Country	Shareholding	Main Business
Toyota Steel Center Co., Ltd.	Japan	90.00	Processing and warehousing of steel sheets
Toyotsu Tekkou Hambai Co., Ltd.	Japan	99.00	Sales and processing of steel sheets
Aichi Kokan Kogyo Co., Ltd.	Japan	100.00	Processing and sales of steel pipes
Kanto Coil Center Co., Ltd.	Japan	100.00	Processing and sales of steel sheets
Oriental Steel Co., Ltd.	Japan	100.00	Processing and sales of steel sheets
Pro Steel Co., Ltd.	Japan	61.30	Processing and sales of special steel sheets
Toyotsu Hitetsu Center Corporation	Japan	65.00	Processing and sales of aluminum and sheets
Toyotsu Material Corporation	Japan	100.00	Sales of metal products and collection of metal scrap
Toyotsu Recycle Corporation	Japan	97.02	Collection and sales of non-ferrous metals and used automotive parts
Toyota Metal Co., Ltd.	Japan	50.00	Collection, processing and sales of metal scrap; Disposal and recycling of industrial waste
Ecoline Corporation	Japan	100.00	Development and sales of software and hardware and communication services
Hanshin Kogyo. Co., Ltd.	Japan	25.00	Manufacture and sales of steel pipes
Tianjin Fengtian Steel Process Co., Ltd.	China	70.00	Processing and sales of steel sheets
Toyota Tsusho Metals Ltd.	U.K.	100.00	Metal dealer and broker
Toyota Tsusho India Private Ltd.	India	95.40	Processing of steel sheets, warehousing and logistics services
Toyota Tsusho Technopark (M) Sdn. Bhd.	Malaysia	95.10	Management of industrial park

Company Name	Country	Shareholding	Main Business
Poland Smelting Technologies “POLST” Sp.zo.o.	Poland	85.10	Supplying of molten aluminum
Siam Hi-Tech Steel Center Co., Ltd.	Thailand	47.84	Processing and sales of steel sheets
Top Tube Manufacturing Co., Ltd.	Thailand	18.98	Manufacture and sales of high precision small dimension steel tube
P.T. Steel Center Indonesia	Indonesia	50.00	Processing and sales of steel sheets
Alpha Industries Bhd.	Malaysia	29.92	Manufacture and sales of copper products, wires and wire products
O.Y.L. Steel Center Sdn. Bhd.	Malaysia	20.10	Processing and sales of steel sheets
Nanjing Yunhai Magnesium Co., Ltd.	China	20.00	Manufacture and sales of magnesium alloy
Tovecan Corporation Ltd.	Vietnam	26.36	Manufacture and sales of tin-cans, marketing of printed tinplate sheets
CFT Vina Copper Co., Ltd.	Vietnam	31.00	Manufacture and sales of copper wire rod

Machinery & Electronics Division

Company Name	Country	Shareholding	Main Business
Toyotsu Engineering & Manufacturing Co., Ltd.	Japan	100.00	Manufacture, sales, mediation and maintenance of machinery and equipment
Toyotsu S.K. Co., Ltd.	Japan	100.00	Sales of textiles, and precision machinery and equipment
Tomen Techno Solutions Inc.	Japan	100.00	Export, import and wholesale of machinery and equipment
Vestech Japan Co., Ltd.	Japan	92.00	Import and engineering support of wind power generators
Wind Tech Corporation	Japan	100.00	Research and planning of wind power generation
Wind Tech Minami-Towada Corporation	Japan	90.00	Wind power generation
Wind Tech Yokohama Corporation	Japan	95.00	Wind power generation
Wind Tech Bounotsu Corporation	Japan	100.00	Wind power generation
Ene Vision Corporation	Japan	60.87	Design, construction and maintenance of co-generation facilities
Toyotsu Syscom Corporation	Japan	100.00	Mobile communications services and handsets, other communication services and equipment
Toyotsu Electronics Corporation	Japan	100.00	Development and sales of semiconductors and electronic components
Tomen Electronics Corporation	Japan	40.16	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Devices Corporation	Japan	36.07	Sales of semiconductors, memories and other electronic components
Tomuki Corporation	Japan	100.00	Marketing and sales of such electronic components as passive components and electronic components for semiconductors
PPL Corporation	Japan	40.16	Agency of central procurement for semiconductors and electronic components
Toyota Tsusho Corporation de Mexico S.A. de C.V.	Mexico	100.00	Dealer of Toyota industrial equipment and genuine parts
Toyota Tsusho Material Handling U.K. Ltd.	U.K.	100.00	Dealer of Toyota industrial equipment and genuine parts
Toyota Tsusho (Austria) G.m.b.H.	Austria	100.00	Dealer of Toyota industrial equipment and genuine parts
Industrial Tech Services, Inc.	U.S.A.	51.00	Manufacture and installation of machinery, and engineering services
Tomen (Singapore) Electronics Pte. Ltd.	Singapore	40.16	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Electronics (Hong Kong) Limited	China	40.16	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Electronics America, Inc.	U.S.A.	40.16	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Electronics Taiwan Corp.	Taiwan	40.16	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Electronics (Shanghai) Co., Ltd.	China	40.16	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Electronics (Thailand) Co., Ltd.	Thailand	40.16	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Devices (Shanghai) Co., Ltd.	China	36.07	Sales of semiconductor memories and other electronic components

Company Name	Country	Shareholding	Main Business
TT Network Integration Asia Pte. Ltd.	Singapore	72.80	Telecommunications network connection construction, monitoring and support of communications network systems and system integration
TD Scan (U.S.A.) Inc.	U.S.A.	73.08	Import, sales and services for Denso Wave-made automatic data capture equipment
Tomuki (Hong Kong) Limited	China	100.00	Marketing and sales of such electronic components as passive components and electronic components for semiconductors
Shanghai Hong Ri International Electronics Co., Ltd.	China	25.66	Marketing and sales of semiconductors, integrated circuits and electronic components

Automotive Division

Company Name	Country	Shareholding	Main Business
Toyotsu Auto Service, Inc.	Japan	100.00	Sales and repair of automotive parts and machinery
Toyota TC Hanoi Car Service Corporation	Vietnam	50.00	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho Saigon Motor Service Corporation	Vietnam	62.36	Retail and services of Toyota vehicles and genuine parts
T.T.H.K. Co., Ltd.	Cambodia	75.50	Retail and services of Toyota vehicles and genuine parts
T.T.A.S. Co., Ltd.	Myanmar	75.00	Retail and services of Toyota vehicles and genuine parts
Toyota Lanka (PVT) Ltd.	Sri Lanka	100.00	Import, retail and services of Toyota vehicles and genuine parts
Toyota Lakozy Auto Private Ltd.	India	93.16	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho South Pacific Holdings Pty. Ltd.	Australia	100.00	Holding company
TTAF Management Ltd.	U.K.	100.00	Management services
Establishment Florden S.A.	British West Indies	100.00	Holding company
Toyota Tsusho Auto Valenciennes S.A.R.L.	France	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho Automobiles Bordeaux S.A.R.L.	France	100.00	Retail and services of Toyota vehicles and genuine parts
LMI Holdings B.V.	Netherlands	100.00	Holding company
Toyota Tsusho Praha spol.s.r.o.	Czech	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho Euroleasing Hungary KFT	Hungary	51.00	Retail and services of Toyota vehicles and genuine parts
Toyota Adria, podjetje za izvoz in promet z vozili, d.o.o.	Slovenia	100.00	Wholesale of Toyota vehicles and genuine parts
JV Business Car	Russia	92.00	Wholesale, retail and services of Toyota vehicles, forklifts, and genuine parts
Toyota Tsusho Vostok Auto Co., Ltd.	Russia	100.00	Retail and services of Toyota vehicles and genuine parts
Too Toyota Tsusho Kazakhstan Auto	Kazakhstan	51.00	Retail and services of Toyota vehicles, forklifts and genuine parts
Toyota de Angola, S.A.R.L.	Angola	100.00	Import and distribution of Toyota vehicles and genuine parts
Toyota Zambia Ltd.	Zambia	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota East Africa Ltd.	Kenya	100.00	Import and distribution of Toyota vehicles and genuine parts
Toyota Malawi Ltd.	Malawi	100.00	Import and distribution of Toyota vehicles and genuine parts
Toyota Zimbabwe (Private) Ltd.	Zimbabwe	100.00	Retail and services of Toyota vehicles and genuine parts
LMI Ltd.	Zimbabwe	100.00	Holding company
Comercio de Veiculos Toyota Tsusho Ltda.	Brazil	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota Trinidad & Tobago Ltd.	Trinidad & Tobago	100.00	Retail and services of Toyota vehicles and genuine parts
TTC Auto Argentina S.A.	Argentina	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota Jamaica Ltd.	Jamaica	80.00	Retail and services of Toyota vehicles and genuine parts
D&T Motors Corporation	Korea	46.55	Retail and services of Toyota vehicles and genuine parts
Jiangmen Huatong Toyota Motor Sales & Service Co., Ltd.	China	50.00	After sales-services of Toyota vehicles
Harbin Huatong Toyota Motor Service Co., Ltd.	China	50.00	Retail and services of Toyota vehicles and genuine parts
Shenyang Huatong Toyota Motor Sales & Service Co., Ltd.	China	50.00	Retail and services of Toyota vehicles and genuine parts
Xian Huatong Toyota Motor Sales & Service Co., Ltd.	China	50.00	Retail and services of Toyota vehicles and genuine parts
Ulumuqi Huatong Toyota Motor Sales & Service Co., Ltd.	China	40.00	Retail and services of Toyota vehicles and genuine parts

Company Name	Country	Shareholding	Main Business
Guangzhou Huatong Toyota Motor Sales & Service Co., Ltd.	China	50.00	Retail and services of Toyota vehicles and genuine parts
Hinopak Motors Ltd.	Pakistan	29.67	Manufacture and sales of trucks, buses and automotive parts
Toyota Tsusho Automobile London Holdings Ltd.	U.K.	100.00	Holding company
Toyota Motor Hungary KFT	Hungary	50.00	Distribution of Toyota products
Toyotoshi S.A.	Paraguay	23.00	Retail and services of Toyota vehicles and genuine parts

Energy & Chemicals Division

Company Name	Country	Shareholding	Main Business
Toyotsu Plachem Co., Ltd.	Japan	100.00	Sales of resin and chemical products
Daiichi Sekken Co., Ltd.	Japan	100.00	Manufacture and sales of synthetic detergents and soaps
Daitoh Kasei Co., Ltd.	Japan	100.00	Plastic molding
Tomen Chemical Co., Ltd.	Japan	100.00	Export, import and wholesale of various chemicals
Tomen Plastics Corporation	Japan	100.00	Export, import and wholesale of synthetic resins and synthetic rubber, and products
Sanyo Chemical Industries, Ltd.	Japan	19.58	Manufacture and sales of chemicals, primarily surface active agents for textile and industrial use
Togo Jyushi Co., Ltd.	Japan	39.71	Processing of synthetic resin
Nihon Mistron Co., Ltd.	Japan	34.00	Processing of non-metallic mineral products
Nihon Tennen Gas Co., Ltd.	Japan	40.98	Production and sales of natural gas, iodine, industrial chemicals and pharmaceuticals
Nihon Detergent Mfg. Co., Ltd.	Japan	35.63	Manufacture and sales of household and industrial detergent
Toyota Chemical Engineering Co., Ltd.	Japan	100.00	Disposal of industrial waste; manufacture and sales of recycled dust fuel
Toyotsu Sekiyu Hambai Co., Ltd.	Japan	65.30	Sales of petroleum products and operation of gas stations
Toyotsu Energy Corporation	Japan	100.00	Sales and warehousing of LPG and petroleum products
Tomen Power Samukawa Corporation	Japan	70.00	Electricity wholesale trade
Eurus Energy Holdings Corporation	Japan	40.00	Operation and management of wind power generation projects worldwide
Deepwater Chemicals, Inc.	U.S.A.	100.00	Manufacture and sales of iodides
Dewey Chemical Inc.	U.S.A.	100.00	Manufacture and sales of iodine
Eastern Chemical Co., Ltd.	Thailand	87.20	Manufacture of ethyl alcohol by fermentation of molasses
Thai Chemical Terminal Co., Ltd.	Thailand	83.64	Distribution of solvents
Korea Fine Chemical Co., Ltd.	Korea	23.22	Manufacture and sales of isocyanate and amino acids
Korea Polyol Co., Ltd.	Korea	23.22	Manufacture and sales of polypropylene products
P.T. Kaltim Pasifik Amoniak	Indonesia	25.00	Manufacture and sales of ammonia
Wuxi Advanced Kayaku Chemical Co., Ltd.	China	20.00	Manufacture and sales of dyes
Philippine Prosperity Chemicals Inc.	Philippines	40.00	Distribution of solvents
Toyoda Gosei U.K. Ltd.	U.K.	20.00	Manufacture and sales of resin and rubber products
Toyota Tsusho Mining (Australia) Pty. Ltd.	Australia	100.00	Investment and management for Camberwell coal project
Toyota Tsusho Investment (Australia) Pty. Ltd.	Australia	100.00	Financing for Camberwell coal project
Tomen Toyota Tsusho Petroleum (S) Pte. Ltd.	Singapore	100.00	Export and offshore trading of crude oil, petroleum products and bunker oil
Tomen Power (Singapore) Pte. Ltd.	Singapore	100.00	Operation and management of wind power generation projects
Tomen Panama Asset Management S.A.	Panama	100.00	Financing for coal project
Kwarta Ocean S.A.	Panama	100.00	Marine shipping business
Kwarta Maritime S.A.	Panama	100.00	Marine shipping business
Kwarta Shipping S.A.	Panama	100.00	Marine shipping business

Company Name	Country	Shareholding	Main Business
Centragas-Transportadora de Gas de la Region Central de AP Gasoductos Administracion & CIA., S.C.A.	Colombia	25.00	Transport of natural gas
Tomen Telecom (Thailand) Limited	Thailand	84.36	Sales of IT communications equipment, etc.

Produce & Foodstuffs Division

Company Name	Country	Shareholding	Main Business
Sunfeed Co., Ltd.	Japan	100.00	Import and sales of feed products
Chubu Syokuryo Kaisha, Ltd.	Japan	100.00	Sales of rice and special rice grain, wholesale marketing of frozen foods and other food products
Tomen Foods Co., Ltd.	Japan	100.00	Import and distribution of foodstuffs, marine products and liquors
Kanto Grain Terminals Co., Ltd.	Japan	59.82	Management of storage silos for feed grain, harbor transport, customs clearance functions
Tohoku Grain Terminals Co., Ltd.	Japan	88.78	Management of storage silos for feed grain, harbor transport, customs clearance functions
Toyo Grain Terminals Co., Ltd.	Japan	99.00	Management of storage silos for feed grain, harbor transport, customs clearance functions
Higashi-Nada Tomen Silo Co., Ltd.	Japan	97.51	Management of storage silos for feed grain, harbor transport, customs clearance functions
Tohoku Godo Warehouse Co., Ltd.	Japan	63.75	Warehousing and transport of animal feed
Grand Place Corporation	Japan	97.50	Production and sales of chocolate
Yamakichi Co., Ltd.	Japan	94.06	Wholesale of commercial foodstuffs
Cradle Foods Co., Ltd.	Japan	45.23	Production and sales of canned products of processed farm produce
Banshuu Choumiryou Co., Ltd.	Japan	50.00	Production and sales of amino acid seasoning
Oleos "MENU" Industria e Comercio Ltda.	Brazil	100.00	Manufacture and sales of cottonseed oil products
Tianjin Commercial River Cereals, Oils & Foodstuffs Co., Ltd.	China	100.00	Sorting and processing of green mung beans
Quingdao Jiaodong Foodstuffs Development Co., Ltd.	China	40.00	Sales of frozen vegetables
Quingdao Jingxi Food Co., Ltd.	China	30.00	Processing and sales of frozen vegetables
Langfang Itokin Food Co., Ltd.	China	44.50	Rice milling and production of rice flour mix
K&T Foods Co., Ltd.	China	50.00	Manufacture and sales of frozen foods and operation of take-out lunch outlets
Yantai Sun Glory Foods Co., Ltd.	China	45.00	Sorting and processing of nuts

Consumer Products, Services & Materials Division

Company Name	Country	Shareholding	Main Business
Toyomac, Ltd.	Japan	100.00	Sales of office and home equipment and home nursing care goods
Towa Sewing Co., Ltd.	Japan	80.00	Manufacture of textile goods
Tomen Hotline Co., Ltd.	Japan	100.00	Design, manufacture and sales of apparel
Toyo Tateami Kaisha, Ltd.	Japan	100.00	Manufacture and sales of knit fabrics
Toyo Cotton (Japan) Co.	Japan	100.00	Import, export and sales of raw cotton
Renown Uniforms Corporation	Japan	80.00	Planning and marketing of uniforms and related products
O'Neill Far East Corporation	Japan	100.00	Planning sales and licensing of O'Neill brand products
Shinatomo Co., Ltd.	Japan	20.00	Domestic sales, import and export of various textile materials and products
Toyotsu Family Life Corporation	Japan	100.00	Insurance agency
Toyotsu Insurance Management Corporation	Japan	100.00	Insurance broker
Care Port Japan Corporation	Japan	75.00	Purchase of nursing care benefit claims

Company Name	Country	Shareholding	Main Business
Toyotsu New Pack Co., Ltd.	Japan	75.00	Manufacture and sales of packing supplies
Tatsumura Textile AI Co., Ltd.	Japan	70.02	Development, manufacture, processing and sales of fabric for automotive industries
Ogawatec Corporation	Japan	100.00	Planning and construction of membrane structures such as domes for stadiums
Toyotsu Lumber Corporation	Japan	100.00	Import, processing and sales of wood products for trucks and houses
P.T. Tomenbo Indonesia	Indonesia	100.00	Manufacture of synthetic yarn spinning
Toyo Cotton Co.	U.S.A.	100.00	Import, export and sales of raw cotton
Shanghai Ever Green Textile Co., Ltd.	China	22.30	Sizing, weaving, dyeing, finishing and sales of acetate lining fabrics
Yuen Long Textile Co., Ltd.	China	35.00	Dyeing and sales of acetate, polyester and rayon lining fabrics
Fujian Daguan Stone Co., Ltd.	China	20.00	Manufacture and sales of stone products
Ningbo Araco Co., Ltd.	China	20.00	Manufacture, processing and sales of fabric for automotive industries

Corporate Staff Divisions

Company Name	Country	Shareholding	Main Business
Toyotsu Logistics Service Co., Ltd.	Japan	100.00	Warehousing and logistics services
Sanko Corporation	Japan	100.00	Port and freight transport
Hot-Line International Transport Ltd.	Japan	100.00	Non-vessel operating common carrier and returnable container business
Toyotsu Business Service Corporation	Japan	100.00	Accounting services and factoring
Toyotsu Office Services Corporation	Japan	100.00	Shared service provider
Toyotsu Human Resources Corporation	Japan	100.00	General temporary staffing, special outsourcing, fee-based recruiting and consulting services
P.T. Toyota Tsusho Logistic Center	Indonesia	97.91	Warehousing and logistics services
Hot-Line International Transport (H.K.) Limited	China	100.00	Non-vessel operating common carrier and returnable container business
Hot-Line International Transport (China) Limited	China	100.00	Non-vessel operating common carrier and returnable container business
Tianjin Fengtian International Logistics Co., Ltd.	China	36.19	Warehousing and logistics services
Fong Yu Investment Co., Ltd.	Taiwan	100.00	Investment

Additional copies of this annual report and other information may be obtained by contacting:
Corporate Communications Office, Toyota Tsusho Corporation 8-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-8320, Japan
Phone: +81-3-5288-2081 Facsimile: +81-3-5288-9063 E-mail: ttc_ir@pp.toyota-tsusho.com URL: http://www.toyota-tsusho.com/english/ir/

TOYOTA TSUSHO CORPORATION
9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan

This report is printed using bagasse paper, a non-wood paper made from sugarcane fiber, as well as eco-friendly soy ink and a waterless printing method that does not generate harmful waste liquid.
Printed in Japan