TOYOTA TSUSHO CORPORATION

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ANNUAL REPORT 2001

Annual Report 2001

Metals
METALS

Machinery
MACHINERY

Vehicles
VEHICLES

Industrial Materials
INDUSTRIAL MATERIALS

Life Products & Service
LIFE PRODUCTS & SERVICE

Since Toyota Tsusho Corporation exported spinning machines to India and subcompact cars to Egypt in its first year of operations following its establishment in 1948, the Company has accumulated more than 50 years of trading experience. Today, through wide-ranging international cooperation, the Company is developing businesses that contribute to the economic growth of countries around the world through its global network of 124 offices.

Toyota Tsusho derives its corporate strength as a member of the Toyota Group, which employs the flexible and rationalized production system known as the Kanban Method, or just-in-time delivery. In addition, efficient management and a strong financial position based on solid business strategies are special features of the Company.

In March 2000, Toyota Tsusho agreed to form a capital and business alliance with Tomen Corporation and, in April of the same year, followed with a merger with Kasho Company, Ltd. Through these steps, the Company plans to develop new customer bases and strengthen its operations in non-automobile-related fields, such as foodstuffs. Toyota Tsusho is moving steadily forward, aiming to create new value for all its stakeholders.

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FINANCIAL HIGHLIGHTS (CONSOLIDATED)

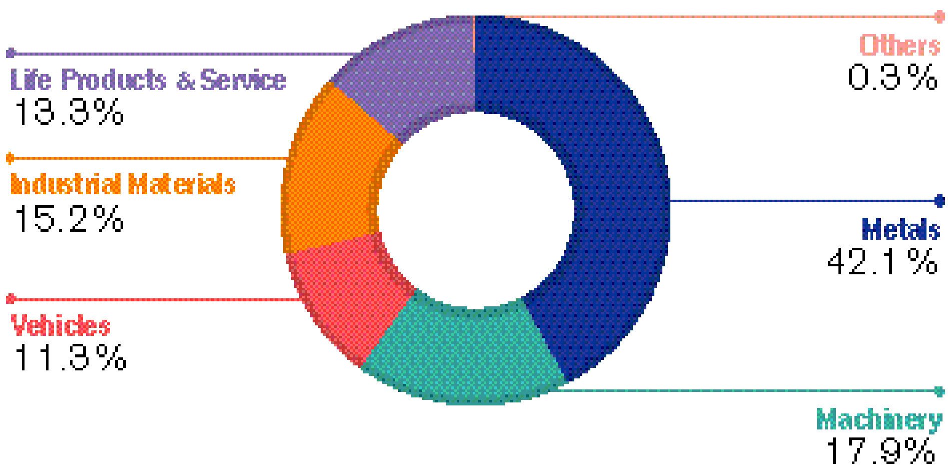
TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years Ended March 31, 2001 and 2000

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Net Sales	¥2,157,240	¥1,694,577	$17,397,093
Net Income (Loss)	8,169	(7,379)	65,876
Total Assets	923,863	751,709	7,450,508
Total Shareholders' Equity	147,905	129,812	1,192,784

	Yen		U.S. Dollars
Per Share:			
Net income (loss):			
Basic	¥28.73	¥(29.14)	$0.23
Cash dividends	7.50	7.50	0.06

Notes: 1. The dollar amounts have been translated from yen, solely for the convenience of the readers, at the rate of ¥124=US$1, the approximate exchange rate on March 31, 2001.
2. Cash dividends include interim cash dividends.

Sales Composition by Industry Segment



Sales Composition by Type of Transaction

From left, Masaaki Furukawa, President; Eizo Takeyama, Chairman; and Hiroshi Chiwa, Vice Chairman

PERFORMANCE

During fiscal 2001, ended March 31, 2001, the Company took several decisive steps to a new beginning in its drive toward major reform. In April 2000, we merged with Kasho Company, Ltd. The following September, we formed a capital alliance with Tomen Corporation and integrated its steel operations with our own in November 2000.

Reflecting the year's reform efforts, consolidated net sales increased substantially, to ¥2,157.2 billion, and we recorded net income of ¥8.2 billion and record-high recurring income of ¥22.6 billion.

CONTINUING THE PROCESS OF REFORM

In the general shareholders' meeting held on June 28, 2001, I was elected to succeed Hiroshi Chiwa, now vice chairman, as president of the Company. During this important period of corporate reform, not only do I intend to carry on with the business vision of the former president, I plan to accelerate our drive toward realizing its goals. In particular, I will clarify our focus based on clearly differentiating between "what we can and cannot do" and "what we should and should not do" and will emphasize the speedy and accurate implementation of our "Plan-Do-Check-Action" business cycle. Through this approach, I intend to concentrate fully on implementing measures to increase corporate worth.

By adopting the following three key strategies, we will achieve further reform.

Promoting consolidated management of divisions

Centered on our five main business segments—metals, machinery, vehicles, industrial materials, and life products & service—we will step up our emphasis on consolidated group-based management and on risk management. From a global perspective, we will put in place the most appropriate structure for our overall operations. Moreover, we will quickly introduce systems to allow us to receive consolidated management accounting information on a timely basis.

Delegating business responsibility

We will establish an organization that promotes speedy decisions and responses by delegating business responsibility even more than in the past. In addition, we will thoroughly implement a system of "rewards and penalties" to encourage management and supervisory personnel to take responsibility for their decision-making authority.

Developing human resources

The real assets of a trading company are its people. To develop knowledgeable personnel with flexible thinking abilities, we will make personnel training and education the most important task of people in management positions.

PERSPECTIVES

Looking ahead, we will continue our reform efforts aimed at creating and providing value for all stakeholders. However, as a general trading company, we will remain mindful of our fundamental policies of listening to customers and providing them with capabilities and information they require. Furthermore, "devotion to work, the desire to take up new challenges, enthusiasm, and a competitive spirit" will remain the building blocks of Toyota Tsusho as we strive to realize our business vision.

We continue to pursue transparent management by accurately informing shareholders and investors of the direction the Company is taking and the specific measures it is implementing.

I would like to thank our shareholders and investors for their support in the year under review and ask for their continued commitment in the years ahead.

October 2001

Masaaki Furukawa
President

INCREASING SHAREHOLDER VALUE

Operating as a specialized business in Japan's trade-based economy, general trading companies have until now grown along with the economy by cultivating a diversity of functions, including information gathering and supply, finance, and distribution, across a broad range of business areas. However, amid the turbulent changes in the economic environment—such as the globalization of information and finance and mergers and reorganizations that have surpassed industry and national borders—trading companies have begun to rebuild large-scale positions in specific businesses to survive. Under these circumstances, Toyoya Tsusho will continue to focus on four areas: its core automobile-related business and its life products & service, environment, and information & communications businesses, which offer strong growth potential. At the same time, we will target increased shareholder value by pursuing not only greater absolute profits but also the more efficient use of capital.

SPECIAL CHARACTERISTICS AND STRENGTHS

As the general trading company of the Toyota Group, we have worked to meet the expectations of the group, which uses a practical and efficient production system called the Kanban Method, or just-in-time delivery, while striving to implement effective management practices and to build a solid financial structure. Through these activities, we have maintained high performance levels compared with other trading companies in Japan in terms of profitability, efficiency, and safety indexes, such as operating income as a proportion of net sales, total asset turnover ratio, and shareholders' equity ratio. In addition, we are concentrating the strengths and experience that we have accumulated over the years in our automobile-related business on our life products & service, environment, and information & communications businesses to target growth. Moreover, through our capital and business alliance with Tomen Corporation, we are pursuing steady and proactive business development supported by our high profitability, efficient operations, and solid financial position.

BUSINESS VISION AND PLAN

We have established a business vision that indicates what type of company we think Toyota Tsusho should be in 2010 and a five-year business plan to guide us toward realizing the goals set out in our business vision. We review our five-year business plan annually to adapt quickly to changes and developments in the business environment.

The following is an outline of the business plan that is guiding us toward achieving the goals of our business vision.

REINFORCING THE PROFIT BASE OF OUR CORE OPERATIONS (AUTOMOBILE-RELATED BUSINESS)

We are further reinforcing the profit base of our automobile-related business by rationalizing our procurement, distribution, processing, and marketing activities through the concentration of operations and the introduction of IT and other measures. We are also taking steps to discover and supply new materials and technology to support the Toyota Group's efforts to develop lighter vehicles and new energy sources.

CULTIVATING AND STRENGTHENING STRATEGIC BUSINESSES

By positioning our life products & service, environment, and information & communications businesses as major operating areas for the future, we are aggressively investing our resources to develop new income sources in these areas.

Life Products & Service

By concentrating our efforts on the essentials of clothing, foodstuffs, housing, and safety, we are pursuing a variety of new business avenues and working to supply a wide array of goods and services. For example, in foodstuffs, we are seeking to differentiate merchandise by increasing the degree of processing, while in the area of safety we are making a full-fledged entry into nursing care related services. In housing, we are constructing our sixth condominium building in the Aoyama district of Tokyo.

Environment

Our main efforts are focused on strengthening our recycling businesses for scrapped vehicles and developing our green energy businesses. In our vehicle recycling businesses, the Toyota Tsusho Group already recycles 88% of end-of-life vehicles and is aiming to raise this figure to 95%. Among other efforts, we are working to promote sales of used parts and the conversion of waste materials that are usually disposed of in landfill into fuel.

BUSINESS VISION 2010

Aiming to be a “Value Integrator”

We aim to be a Value Integrator that can contribute to all stakeholders of the Company by drawing on capabilities in three aspects of our operations as symbolized by the keyword LEAD.

We will expand profits by providing customers with quality goods and services that will satisfy their specific needs, thereby contributing to greater shareholder value. We will provide our employees with a motivated and enriching work environment and deliver greater value to customers. Through such steps, we aim to become a company that can achieve integrated value creation.

	L	E	A	D
Business Domain	Life & Living	Ecology	Automobile	Digital
Functions	Linkage	Engineering	Added Value	Development
Corporate Environment and Structure	Lean	Entrepreneurial	Agile	Dynamic

In our green energy businesses, the wind-generated electric power sales company that we established in the previous year achieved the highest sales in its sector in Japan. Moreover, we have set up an independent electric power producer business built around the parent company's operations in this field.

Information & Communications

We are strengthening our car electronics business in anticipation of growth based on the transformation of the car into an information intensive vehicle as well as developing our own original content business. In addition to selling comics over the Internet, we have started a management, agency, and consulting service for authoring rights, an essential factor in the content business.

BUILDING A STRONGER FINANCIAL POSITION

Among general trading companies in Japan, we boast an overwhelmingly solid financial position. Nevertheless, we are aiming to further strengthen our financial health and to achieve higher capital efficiency.

Strengthening the Balance Sheet

Following the booking of unrealized losses on real estate available for sale in the fiscal year ended March 2000, we made a lump-sum write-off of accrued retirement benefit obligations in the fiscal year ended March 2001. Consequently, all prior-year factors that could have affected future profits have been eliminated from our financial statements.

By applying business exit standards, we are making further progress in exiting from businesses that are unprofitable or inefficient.

Refocusing Our Management Structure on the Interests of Shareholders

We will expand the use of our original business performance index, Toyotsu Value Achievement (TVA), that was introduced in the previous fiscal year, pursuing efficient management that ensures that our businesses achieve profits commensurate with invested capital. TVA measures whether actual profits exceed employed capital multiplied by a hurdle rate.

In addition, we have introduced a stock option plan for all directors and managerial staff to link the interests of management with those of shareholders.

As of June 29, 2001


Eizo Takeyama

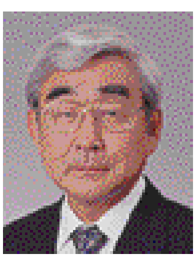

Hiroshi Chiwa


Masaaki Furukawa


Yoshihiro Kaneko


Shigeru Shimazaki


Iwao Ito


Hidenori Tsutsui


Yoji Toyohara


Shuichi Inada


Katsumi Nakamura


Shuichi Nakamura


Nobuhiko Sahara


Masato Fujimoto

CHAIRMAN
Eizo Takeyama

VICE CHAIRMAN
Hiroshi Chiwa

PRESIDENT
Masaaki Furukawa

EXECUTIVE VICE PRESIDENTS
Yoshihiro Kaneko
Shigeru Shimazaki

SENIOR MANAGING DIRECTORS
Iwao Ito
Hidenori Tsutsui
Yoji Toyohara

MANAGING DIRECTORS
Shuichi Inada
Katsumi Nakamura
Shuichi Nakamura
Nobuhiko Sahara
Masato Fujimoto

DIRECTORS
Kiyoshi Furubayashi
Katsunori Takahashi
Masahiro Tanizeki
Junzo Shimizu
Sumihiro Hirono
Nobuhiro Watanabe
Shozo Hamana
Koichi Kawai
Yoshimi Takai
Yoichi Kihara
Ryoji Shimizu
Koji Oshige
Seiji Kado
Tetsuro Ito
Hidehiro Takeda
Masanori Yamase

AUDITORS
Masahiko Inagaki*
Shigeru Takeuchi*
Hidetsugu Yamauchi*
Yoshio Uesaka
Ryuji Araki

* Standing corporate auditor

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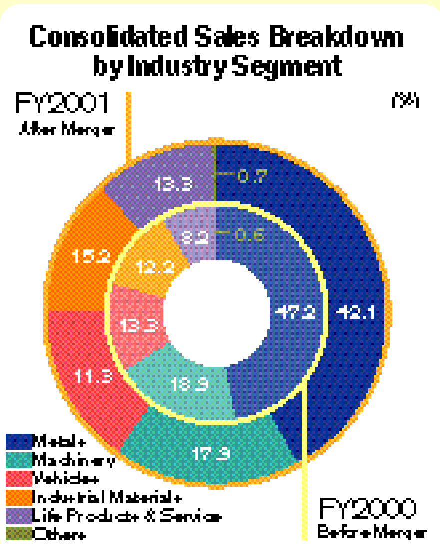
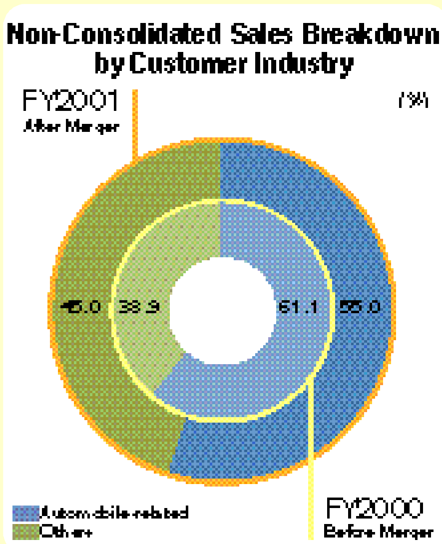
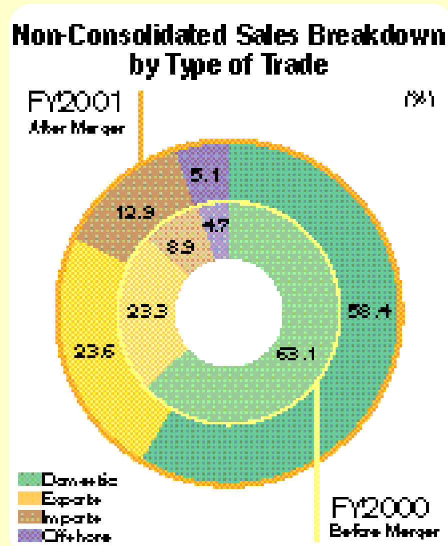
MERGER WITH KASHO COMPANY, LTD.

To strengthen our Life Products & Service Division, particularly its business activities in foodstuffs, we merged our operations with Kasho, effective April 1, 2000. As shown in the graphs below, this step has resulted in improvements in the balance of contributions to net sales by individual industry segments; in the balance of net sales contributed by our core automobile-related business and other businesses; and in the ability to withstand market risk related to specific merchandise and industries and currency risk associated with import and export transactions.







TRANSFER OF TOMEN CORPORATION'S STEEL OPERATIONS

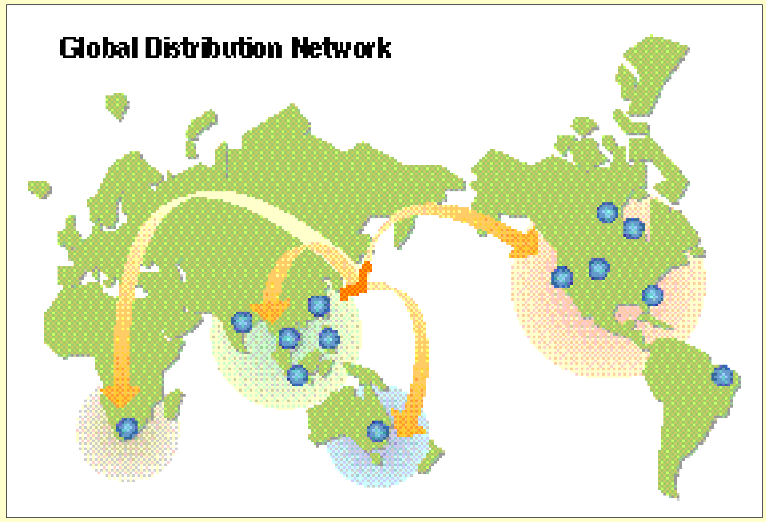
On November 1, 2000, Tomen transferred certain areas of the Metals Division-related businesses of the parent company and its subsidiaries and affiliates to Toyota Tsusho.

This step was taken in view of the outcome of studies into what types of business tie-ups would provide mutual benefits for Toyota Tsusho and Tomen following the March 2000 business alliance. These studies concluded that the capabilities developed over the years by Toyota Tsusho's largest division, the Metals Division, in serving the Toyota Group could be used to expand the earnings of the Company's non-automobile-related businesses.

With annual sales of approximately ¥80 billion and operating income of about ¥700 million, these businesses transferred from Tomen have increased the scope of our operations domestically and overseas, expanded our merchandise lineup, and added major shipbuilding, machinery, can manufacturing, and other non-automobile-related companies to our customer base.

Because of the timing of the business transfers, the impact of the transfers on overall performance for the fiscal year ended March 2001 was minimal.

STRENGTHENING OUR DISTRIBUTION CAPABILITIES

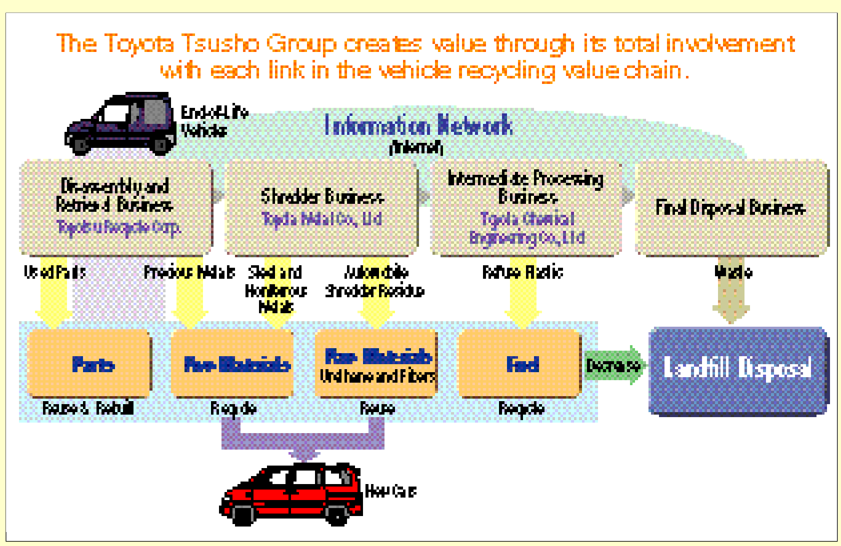


Along with the globalization of economic activity, the importance of distribution services, including transportation, storage, and distribution and processing, is rising as domestic and overseas companies increasingly shift production overseas and use IT to conduct their procurement activities on a global scale. We view this trend as a significant business opportunity and are strengthening our distribution capabilities accordingly.

We have begun to create networks in regions where our distribution services are undeveloped. On November 15, 2000, TTR Logistics LLC., through Toyota Tsusho America, Inc., a wholly owned U.S. subsidiary, formed a joint venture with Ryder System, Inc., one of the major distribution companies in Kentucky, in the United States, for the purpose of developing procurement and other distribution-related businesses centering on Japanese manufacturers in North America. TTR Logistics is owned 50% by the Toyota Tsusho Group and 50% by Ryder System. Also, on December 20, 2000, we completed a business alliance with Kimura Unity Co., Ltd., which has accumulated advanced just-in-time distribution know-how by providing services mainly to the Toyota Group in Japan.

ENVIRONMENTAL ACTIVITIES

On December 1, 2000, Toyota Tsusho and four domestic manufacturing subsidiaries received ISO 14001 certification, the global standard in environmental management. We will now work to take environmental concerns into account on a Groupwide basis.



As one of our environmental policies, we are aiming to contribute to the establishment of an economy that recycles by actively promoting environment-related businesses that effectively utilize waste materials and conserve resources. Based on that policy, we are aggressively developing our recycling businesses, such as the recycling of end-of-life vehicles, and green energy businesses, such as wind-generated electric power.

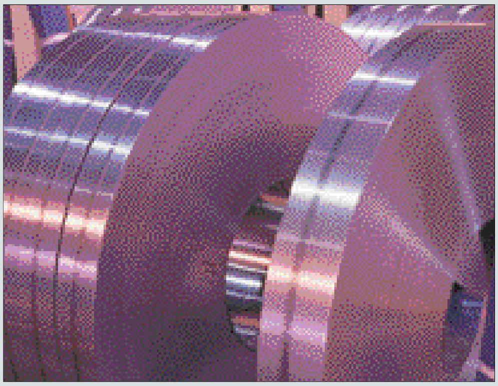
METALS DIVISION

- *Hot & cold rolled steel sheet*
- *Stainless sheet*
- *Steel plate*
- *Special steel bar & wire rod*
- *Steel tube*
- *Stainless tube*
- *Drawn tube*
- *Nonferrous metals*
- *Primary and secondary aluminum*
- *Rolled light metal products*
- *Precious metals*
- *Scrap iron*
- *Pig iron*
- *End-of-life vehicles*
- *Iron powder*
- *All kinds of processed parts*

During the fiscal year under review, sales in the Metals Division rose 13.6%, to ¥907.8 billion.

In fiscal 2001, annual production of domestic crude steel recovered to the 100-million-ton mark for the first time in three years, boosted by strong demand from the domestic manufacturing industry as well as increased exports to Asia in the first half.

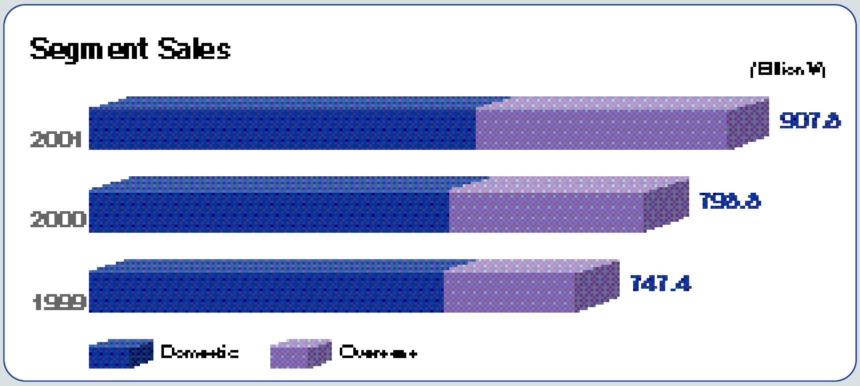
Demand was also up overall for nonferrous metals thanks to firm demand from IT-related sectors and higher demand from the automobile industry.

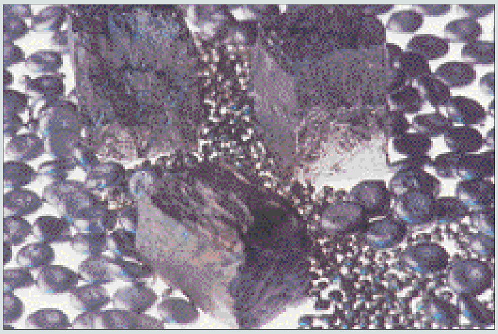


During the fiscal year under review, the division took decisive steps to enter new businesses, develop new customers, and expand its overseas transactions. In its steel business, the division absorbed the steel operations of Tomen Corporation and achieved growth in domestic and overseas transactions in all areas with the exception of automobiles.

In nonferrous metals, the division expanded sales volume in response to a recovery in demand in Asian countries.

As a result of these efforts, divisional sales increased year on year.





MACHINERY DIVISION

Machinery Division

In fiscal 2001, sales in the Machinery Division increased 20.1%, to ¥385.4 billion.

Automobile-related capital investment was about the same as in the previous fiscal year, but investment in overseas operations expanded as domestic automobile manufacturers continued to shift their production overseas.

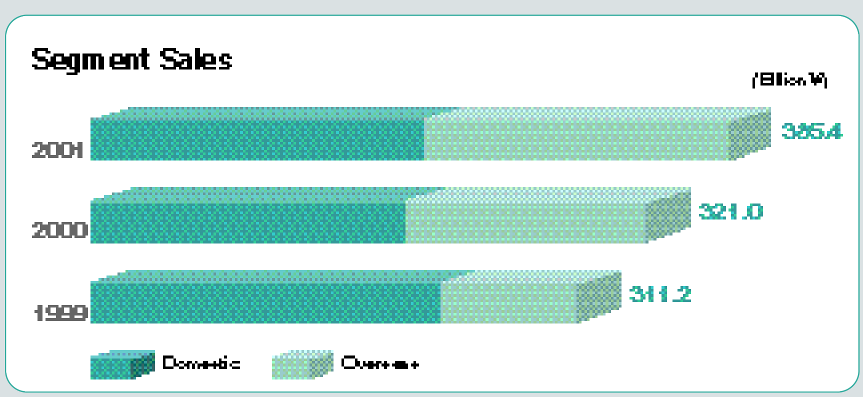
In its machinery business, the division actively participated in proposed domestic and overseas capital investment projects during the fiscal year, and it achieved growth in sales of environment-related equipment. In electronics, the division worked to develop future income sources by strengthening its IT-related operations and investing in new content business.

The division views the progressive use of electronics in automobiles as an important business opportunity and is working to expand its electronic component and device business.

In its overseas production of automobile parts business, the division took advantage of the recovery in the Asian market and upgraded its distribution capabilities. As a result, the division expanded its operations, including the start-up of exports of automobile parts from Asia to the United States.

The division's efforts yielded an overall increase in sales from the previous fiscal year.

- *Machine tools*
- *Casting & forging machinery*
- *Molding machinery*
- *Plant engineering*
- *Spinning machinery*
- *Intelligent transport systems (ITS)*
- *Network security related business*
- *Systems integration*
- *Electronic components assembly equipment*
- *IC tester & evaluation equipment*
- *PC peripheral products (hard disks, MO drives, flash memory cards, CD-ROM drives)*
- *e-Parcel*
- *Home electric appliances*
- *Electric tools*
- *Bearing automotive parts for overseas production*



VEHICLES DIVISION

Vehicles Division

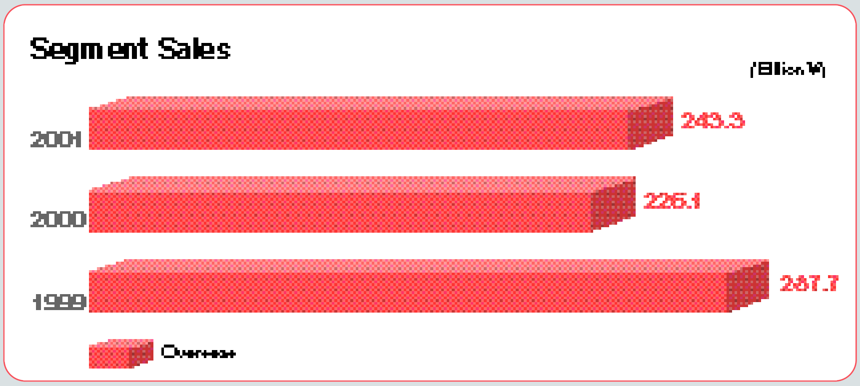
- *Passenger vehicles*
- *Commercial vehicles*
- *Mini cars*
- *Trucks*
- *Buses*
- *Industrial vehicles*
- *Automotive parts*

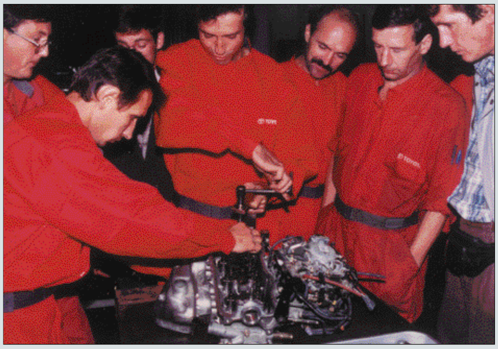
During the fiscal year under review, sales in the Vehicles Division advanced 7.6%, to ¥243.3 billion.

Japan's automobile exports to Asia recovered substantially during the fiscal year under review, while exports to North America remained firm. Exports to other regions were generally weak, but total units exported were up slightly year on year.

In fiscal 2001, the division targeted the local supply of unassembled parts in Sichuan, China, in conjunction with the start-up of operations at a local production and sales company for commercial vehicles, in which Toyota Tsusho has a capital interest. The division also participated in the establishment of a large bus manufacturing and sales company in Shengyang, China. In addition, the division set up sales bases in Jamaica and the Republic of Korea.

Exports to Europe and Africa were sluggish during the fiscal year, but favorable to mainland China and Hong Kong, Singapore, and Malaysia, which supported the overall rise in divisional sales.





INDUSTRIAL MATERIALS DIVISION

During fiscal 2001, sales in the Industrial Materials Division climbed 58.9%, to ¥327.6 billion.

Total unit production and sales of automobiles in Japan expanded in fiscal 2001. Although there were signs of a general recovery in the automobile-related industries supported by this overall growth, companies' performances polarized further as corporate reorganization continued.

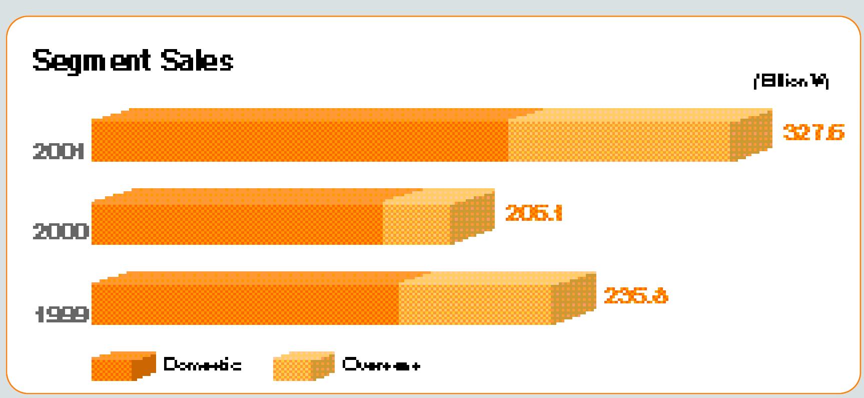
During the fiscal year under review, the scope of the division's business broadened to include natural rubber, pulp and paper, and specialty chemicals thanks to the merger with Kasho Company, Ltd. In addition, the division took advantage of the strengths of each of the merged operations to realize synergies.

In its automobile interior parts business, the division took advantage of the growth in unit production and sales of luxury sedans to post a year-on-year increase in sales. Furthermore, as domestic automobile manufacturers continued to respond to the trend of global sourcing by shifting their production overseas, the division worked to expand its business in the United States.

The division also focused efforts on environment-related measures aimed at addressing the problem of global warming. For instance, the New Energy and Industrial Technology Development Organization (NEDO) recently adopted an energy conservation survey carried out by the division in China.

Thanks to these various activities, divisional sales increased from the previous fiscal year.

- *Automotive interior parts & materials*
- *Genuine accessory parts*
- *Paper & pulp*
- *Corrugated cardboard*
- *Natural rubber*
- *Mineral products*
- *Crude oil*
- *Petroleum products*
- *LPG (liquefied petroleum gas)*
- *Reuse & reduce business*
- *Plastics (synthetic resins)*
- *Synthetic rubber*
- *Chemicals*
- *Fat & oil products*
- *Additives*
- *Antimicrobial products*



LIFE PRODUCTS & SERVICE DIVISION

Life Products & Service Division

- Construction contracting jobs
- Estate planning & development
- Various construction materials
- Electric wire & machinery for construction
- Jewelry
- Precious metals
- Agricultural products
- General food products
- Marine products
- Meats
- Office furniture
- Home furniture
- Personal-related nursing care goods
- Housing materials
- Interior & exterior construction work
- Yarn
- Woven fabric
- Knitted goods
- Garments
- Industrial materials
- Interior design goods
- Textiles
- Fur
- Property & casualty insurance
- Life & health insurance

In fiscal 2001, sales in the Life Products & Service Division increased 106.2%, to ¥286.0 billion.

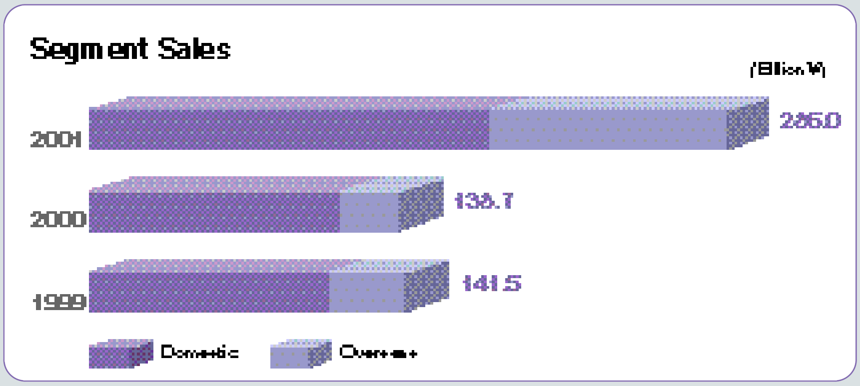
Amid the prolonged decline in personal consumption in Japan, the textile and general merchandise markets remained weak overall. In textiles, the division continued its emphasis on overseas transactions, including offshore transactions, and worked to expand its network of overseas production bases.

In general merchandise, the division strengthened and expanded its sales and leasing business for nursing care goods.

Sales of foodstuffs grew substantially due to the merger with Kasho. During the fiscal year, the division concentrated on increasing value-added content by processing food products overseas and on promoting direct sales to processed food manufacturers.

Sales of condominiums increased in the division's real estate business. In addition, against a background of growing sales of insurance to individuals, the division developed new products and systems to meet emerging demands in the deregulated insurance market and began setting up new businesses based on the recently introduced nursing care insurance system.

Reflecting the steps taken by the division, sales rose compared with the previous fiscal year.



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SIX-YEAR SUMMARY (CONSOLIDATED)

TOYOTA TSUSHO CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
Years Ended March 31

	Millions of Yen						Thousands of U.S. Dollars
	2001	2000	1999	1998	1997	1996	2001
For the Year							
Net sales:							
Domestic	¥1,150,593	¥969,189	¥983,567	¥1,058,215	¥1,033,299	¥945,320	$ 9,278,974
Overseas	1,006,647	725,388	744,471	943,335	761,286	679,662	8,118,119
	2,157,240	1,694,577	1,728,038	2,000,550	1,794,585	1,624,982	17,397,093
Cost of sales	2,059,343	1,616,096	1,657,082	1,924,307	1,729,623	1,573,272	16,607,606
Commission income	12,892	10,756	9,596	7,510	7,720	8,951	103,970
Gross trading profit	110,789	89,237	80,552	83,753	72,682	60,661	893,457
SG&A expenses	87,023	76,933	68,856	61,785	55,782	53,196	701,794
Operating income	23,766	12,304	11,696	21,968	16,900	7,465	191,663
Income (loss) before income taxes and minority interests	15,402	(9,020)	6,558	13,881	12,992	6,958	124,209
Net income (loss)	8,169	(7,379)	939	6,686	6,196	2,296	65,876
At Year End							
Current assets	¥678,358	¥541,915	¥509,679	¥611,576	¥604,349	¥545,052	$5,470,626
Total assets	923,863	751,709	708,306	790,080	790,911	742,000	7,450,508
Current liabilities	614,162	505,749	468,859	560,764	552,505	501,917	4,952,920
Shareholders' equity	147,905	129,812	134,347	137,844	137,172	137,228	1,192,784
Cash Flows							
Cashflowsfromoperatingactivities	¥ 4,013	¥ (6,366)	N/A	N/A	N/A	N/A	$ 32,361
Cashflowsfrom investing activities	(14,510)	(14,497)	N/A	N/A	N/A	N/A	(117,018)
Cashflowsfromfinancing activities	242	22,710	N/A	N/A	N/A	N/A	1,950
Cash and cash equivalents at the end of the year	41,013	44,966	N/A	N/A	N/A	N/A	330,749

	Yen						U.S. Dollars
Amounts per Share							
Net Income:							
Basic	¥28.73	¥(29.14)	¥3.71	¥26.41	¥24.47	¥9.07	$0.23
Diluted	—	—	—	25.85	23.86	9.05	
Cash dividends	7.50	7.50	7.50	8.50	7.50	7.50	0.06

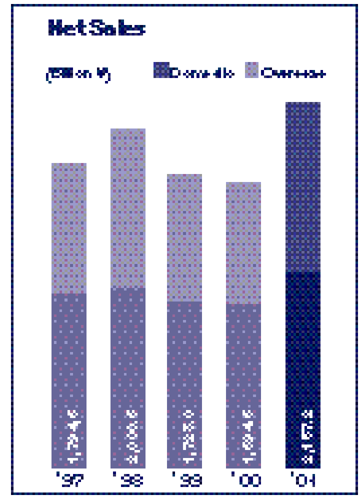
	%					
Financial Ratios						
Return on sales	0.38	(0.44)	0.05	0.33	0.35	0.14
Gross profit ratio	4.54	4.63	4.11	3.81	3.62	3.18
Operating income ratio	1.10	0.73	0.37	0.69	0.72	0.43
SG&A to sales	4.03	4.54	3.98	3.09	3.11	3.27
Current ratio	110.45	107.15	108.71	109.06	109.38	108.59
Equity ratio	16.01	17.27	18.97	17.45	17.34	18.49
Return on assets	2.84	(1.69)	0.86	1.76	1.70	0.88
Return on equity	5.88	(5.59)	0.69	4.86	4.52	1.69
Number of employees	9,493	8,878	N/A	N/A	N/A	N/A

Notes: 1. The dollar amounts have been translated from yen, solely for the convenience of the readers, at the rate of ¥124=US$1, the approximate exchange rate on March 31, 2001.
2. Cash dividends include interim cash dividends.

BUSINESS RESULTS

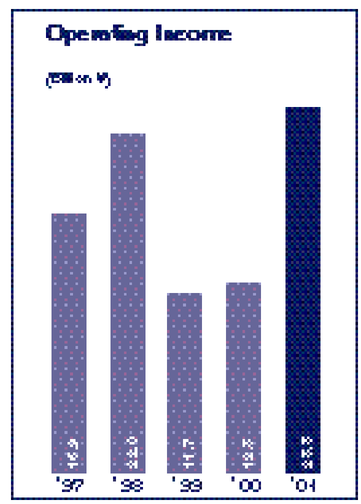
On April 1, 2000, Toyota Tsusho merged with Kasho Company, Ltd., beginning the fiscal year as the “new” Toyota Tsusho.

In fiscal 2001, Toyota Tsusho’s consolidated net sales amounted to ¥2.16 trillion ($17.4 billion), up a substantial 27.3% from the previous fiscal year. All industry segments recorded sales growth. Sales in the Metals Division increased 13.6%, to ¥907.8 billion ($7,321 million), thanks to the higher unit production of automobiles in Japan. In the Machinery Division, sales rose 20.1%, to ¥385.4 billion ($3,108 million), supported by strong exports of automobile parts for assembly to Asian countries. Sales in the Vehicles Division rose 7.6%, to ¥243.3 billion ($1,962 million), reflecting increased exports related to the rebound in Asian markets. In the Industrial Materials Division, sales soared 58.9%, to ¥327.6 billion ($2,642 million), due to the combination of expanded sales in non-automobile fields because of the merger with Kasho and higher sales of automobile interior parts thanks to Toyota Motor Corporation’s increased production of luxury sedans. Sales in the Lifestyle Products & Service Division advanced 106.2%, to ¥286.0 billion ($2,306 million), assisted by growth in food product sales because of the merger and strong sales of condominiums.



Increase (Decrease) in Sales by Industry Segment

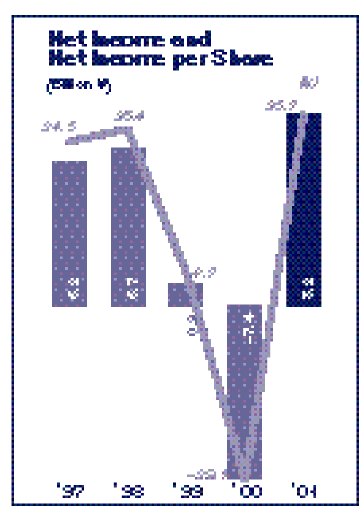
	2001	2000
Metals	13.6%	6.9%
Machinery	20.1	3.2
Vehicles	7.6	(21.4)
Industrial Materials	58.9	(12.5)
Life Products & Service	106.2	(2.0)
Others	88.8	(12.9)
Total	27.3%	(1.9)%

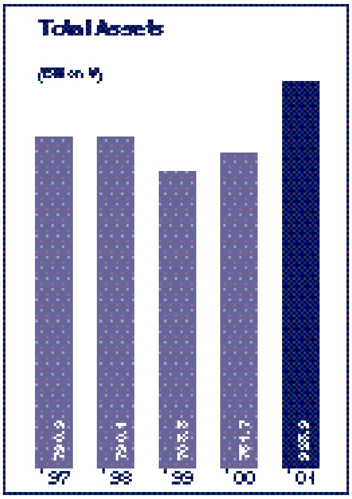


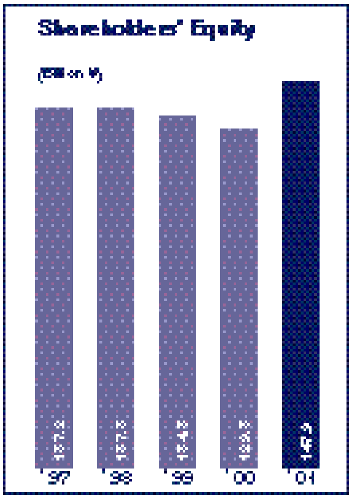
Looking at the composition of consolidated net sales by type of transaction, the Company’s domestic transactions accounted for 53.3%, while overseas transactions contributed 46.7%. Domestic transactions increased 18.7%, to ¥1,150.6 billion ($9,279 million), with gains recorded in every industry segment. Overseas transactions grew 38.8%, to ¥1,006.6 billion ($8,118 million), with growth also registered in every segment.

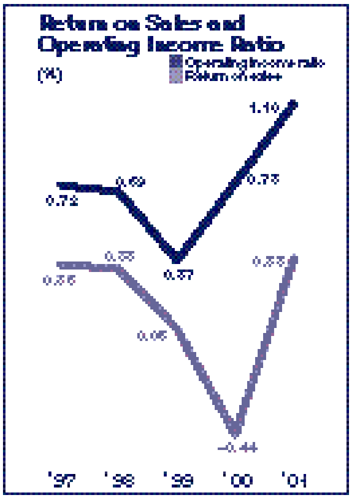
Sales Composition by Industry Segment

	2001	2000
Metals	42.1%	47.2%
Machinery	17.9	18.9
Vehicles	11.3	13.3
Industrial Materials	15.2	12.2
Life Products & Service	13.2	8.2
Others	0.3	0.2
Total	100.0%	100.0%









Sales Composition by Type of Transaction

	2001	2000
Domestic	53.3%	57.2%
Overseas	46.7	42.8
Total	100.0%	100.0%

EARNINGS, COSTS, AND EXPENSES

Consolidated cost of sales increased 27.4%, to ¥2.06 trillion ($16.6 billion). Cost of sales as a percentage of net sales improved 0.1 percentage point, to 95.5%. Commission rose 19.9%, to ¥12.9 billion ($104 million). As a result, gross trading profit advanced 24.2%, to ¥110.8 billion ($893 million), and the gross trading profit ratio declined 0.1 percentage point, to 5.1%.

Selling, general and administrative (SG&A) expenses increased 13.1%, to ¥87.0 billion ($702 million), and SG&A expenses as a percentage of net sales decreased 0.5 percentage points, to 4.0%. Operating income surged 93.2%, to ¥23.8 billion ($192 million), with the operating income ratio improving 0.4 percentage points, to 1.1%.

In other income (expenses), other, net, amounted to expenses of ¥4.3 billion ($34 million). This figure included a ¥10.0 billion decrease of prior service cost, a ¥4.3 billion gain on transfer of investment securities to trusts for retirement benefit plan, and a ¥2.3 billion loss on adoption of a new accounting standard for financial instruments. Nevertheless, income before income taxes and minority interests was ¥15.4 billion ($124 million), compared with a loss of ¥9.0 billion in the previous fiscal year.

Consolidated net income for the fiscal year under review amounted to ¥8.2 billion ($66 million), compared with a net loss of ¥7.4 billion in fiscal 2000. Net income as a percentage of net sales was 0.4%, an improvement on a net loss ratio of 0.4% in the previous year. Cash dividends for the full fiscal year were maintained at ¥7.50 (6.05¢) per share in keeping with the Company's policy of stable dividend payments.

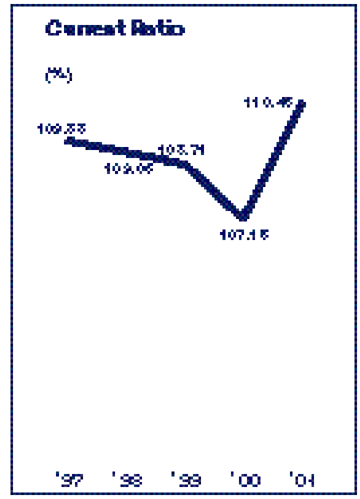
Earnings, Costs, and Expenses as a Percent of Net Sales

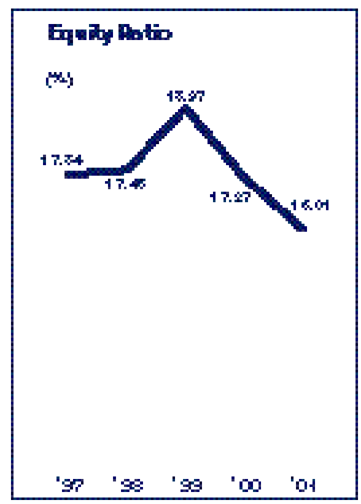
	2001	2000
Net sales	100.0%	100.0%
Cost of sales	95.5	95.4
Commission	0.6	0.6
Selling, general and administrative expenses	4.0	4.5
Operating income	1.1	0.7
Other expenses	(0.4)	(1.3)
Income (loss) before income taxes and minority interests	0.7	(0.5)
Income taxes expenses (benefits)	0.3	(0.1)
Net income (loss)	0.4	(0.4)

FINANCIAL POSITION

Cash flows from operating activities reversed from ¥6.4 billion in net cash used in operating activities in the previous fiscal year to ¥4.0 billion ($32 million) in net cash provided by operating activities, primarily reflecting the recovery from a net loss to net income. Net cash used in investing activities amounted to ¥14.5 billion ($117 million), approximately the same as in fiscal 2000. Net cash provided by financing activities amounted to ¥0.2 billion ($2 million), compared with ¥22.7 billion in the previous fiscal year. This large decline, despite ¥30.0 billion in proceeds from a straight bond issue, was principally attributable to a substantial reduction in short-term debt and a redemption of bonds, included in others, net. Cash and cash equivalents at the end of the year amounted to ¥41.0 billion ($331 million), declining ¥4.0 billion from the previous fiscal year-end.

Current assets advanced 25.2% from the previous year-end, to ¥678.4 billion ($5,471 million). Total assets also increased, up 22.9%, to ¥923.9 billion ($7,451 million). Current liabilities grew 21.4%, to ¥614.2 billion ($4,953 million). Long-term liabilities, including current portion, climbed 44.3%, to ¥147.7 billion ($1,191 million). This increase was primarily due to the ¥30.0 billion straight bond issue. Shareholders' equity rose 13.9%, to ¥147.9 billion ($1,193 million). The current ratio declined 3.3 percentage points, to 110.5%, and the equity ratio was 16.0%. Among other performance ratios, return on assets was 2.8% and return on shareholders' equity was 5.9%.



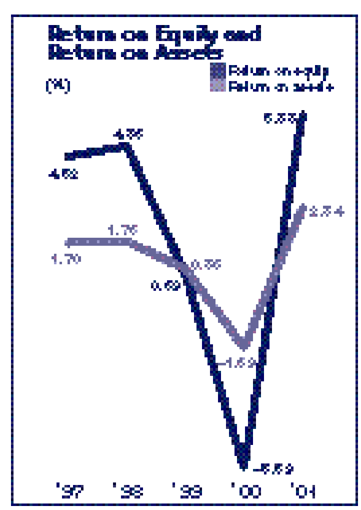


Business Composition

(Million ¥)

	Metals	Machinery	Vehicles	Industrial Materials	Life Products & Service	Others	Total
Domestic	¥549,763	¥201,059	¥ —	¥213,904	¥179,624	¥6,241	¥1,150,592
	(6.8)	(5.9)	—	(43.6)	(59.0)	(130.8)	(18.7)
Offshore	357,987	184,358	243,290	113,652	106,360	997	1,006,646
	(26.0)	(40.5)	(7.6)	(98.8)	(313.8)	(–11.8)	(38.8)
Total	¥907,751	¥385,418	¥243,290	¥327,557	¥285,985	¥7,239	¥2,157,240
	(13.6)	(20.1)	(7.6)	(58.9)	(106.2)	(88.8)	(27.3)

Note: Figures in parentheses represent percent change from the previous fiscal year.



CONSOLIDATED BALANCE SHEETS

TOYOTA TSUSHO CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
March 31, 2001 and 2000

ASSETS	Millions of Yen 2001	Millions of Yen 2000	Thousands of U.S. Dollars (Note 1) 2001
Current Assets:			
Cash and cash equivalents	¥ 41,013	¥ 44,966	$ 330,748
Time deposits	—	100	—
Marketable securities (Note 3)	2,871	8,173	23,155
Receivables:			
Trade notes and trade accounts (Note 4)	441,587	349,161	3,561,185
Allowance for doubtful receivables	(4,097)	(4,938)	(33,044)
Inventories (Note 4)	164,242	115,109	1,324,529
Deferred tax assets	3,068	7,036	24,745
Other current assets	29,674	22,308	239,308
Total current assets	678,358	541,915	5,470,626
Investments and Other Assets:			
Investment securities (Notes 3 and 10)	120,170	75,754	969,109
Investment in and advances to unconsolidated subsidiaries and affiliates	13,626	19,991	109,884
Long-term loans and trade receivables	1,216	927	9,811
Others	15,012	18,996	121,067
Allowance for doubtful receivables	(5,245)	(4,816)	(42,298)
Total investments and advances	144,779	110,852	1,167,573
Property and Equipment, at Cost:			
Land (Note 4)	36,121	28,653	291,299
Buildings and structures (Note 4)	58,984	55,315	475,675
Machinery, equipment and vehicles (Note 4)	47,931	47,473	386,542
Construction in progress	3,322	802	26,790
Others	9,950	12,195	80,243
Accumulated depreciation	(64,497)	(63,147)	(520,136)
Net property and equipment	91,811	81,291	740,413
Intagibles and Deferred Charges:			
Deferred tax assets—non-current	664	5,833	5,352
Intangible assets	8,151	7,209	65,734
Others	100	—	810
	8,915	13,042	71,896
Foreign Currency Translation Adjustments	—	4,609	—
Total	¥923,863	¥751,709	$7,450,508

See accompanying notes to consolidated financial statements.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of Yen 2001	Millions of Yen 2000	Thousands of U.S. Dollars (Note 1) 2001
Current Liabilities:			
Short-term debt (Note 4)	¥144,332	¥133,853	$1,163,967
Commercial paper	76,000	65,307	612,903
Current portion of long-term debt	12,722	9,367	102,600
Trade notes and accounts payable	335,824	259,747	2,708,258
Income taxes payable	1,994	3,567	16,078
Deferred tax liabilities—current	144	142	1,163
Other current liabilities	43,146	33,766	347,951
Total current liabilities	614,162	505,749	4,952,920
Long-Term Liabilities:			
Long-term debt, less current portion (Note 4)	147,678	102,321	1,190,948
Employee retirement benefit liability (Note 11)	2,619	5,005	21,121
Deferred tax liabilities—non-current	3,600	422	29,035
Other long-term liabilities	1,529	400	12,331
Total long-term liabilities	155,426	108,148	1,253,435
Commitments and Contingent Liabilities (Notes 8 and 9)			
Minority Interests in Consolidated Subsidiaires	6,370	8,000	51,369
Shareholders' Equity (Notes 5 and 13):			
Common stock, par value ¥50 per share:			
Authorized—997,525,000 shares			
Issued: 2001—282,867,304 shares;			
2000—253,212,897 shares	26,749	25,142	215,716
Capital surplus	24,698	24,698	199,179
Retained earnings	88,739	79,972	715,635
Net unrealized gains on available-for-sale securities, net of tax	15,767	—	127,156
Foreign currency translation adjustments	(7,455)	—	(60,121)
Treasury stock	(593)	(0)	(4,781)
Total shareholders' equity	147,905	129,812	1,192,784
Total	¥923,863	¥751,709	$7,450,508

CONSOLIDATED STATEMENTS OF OPERATIONS

TOYOTA TSUSHO CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
Years Ended March 31, 2001, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Net Sales (Note 12)	¥2,157,240	¥1,694,577	$17,397,093
Cost of Sales	2,059,343	1,616,096	16,607,606
	97,897	78,481	789,487
Commission income	12,892	10,756	103,970
Gross trading profit	110,789	89,237	893,457
Selling, General and Administrative Expenses	87,023	76,933	701,794
Operating income	23,766	12,304	191,663
Other Income (Expenses)			
Interest income	1,269	1,318	10,235
Interest expenses	(6,671)	(5,049)	(53,802)
Dividend income	1,288	1,043	10,391
Other, net (Note 7)	(4,250)	(18,636)	(34,278)
	(8,364)	(21,324)	(67,454)
Income (Loss) before Income Taxes and Minority Interests	15,402	(9,020)	124,209
Income Taxes, Expenses (Benefits)			
Current	5,170	6,151	41,696
Deferred	1,119	(8,050)	9,028
	6,289	(1,899)	50,724
Minority Interests in Earnings of Subsidiaries	944	258	7,609
Net Income (Loss)	¥ 8,169	¥ (7,379)	$ 65,876

	Yen		U.S. Dollars (Note 1)
Amounts per Share:			
Net income (loss)	¥28.73	¥(29.14)	$0.23
Cash dividends	7.50	7.50	0.06

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

TOYOTA TSUSHO CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
Years Ended March 31, 2001, 2000 and 1999

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Common Stock:			
Beginning balance	¥ 25,142	¥ 25,142	$ 215,715
Effect on the merger of Kasho Company Limited	¥ 1,607	–	$ 12,955
Ending balance	¥ 26,749	¥ 25,142	$ 215,716
Capital Surplus:			
Beginning balance	¥ 24,698	¥ 24,698	$ 199,179
Ending balance	¥ 24,698	¥ 24,698	$ 199,179
Retained Earnings:			
Beginning balance	¥ 79,972	¥ 84,507	$ 644,932
Effect on beginning balance due to adoption of deferred income taxes	–	4,359	–
Net income (loss)	8,169	(7,379)	65,876
Effect on the merger of Kasho Company Limited	5,109	–	41,201
Retirement of treasury stock	(1,040)	–	(8,383)
Effect from changes of scope consolidated subsidiaries and companies accounted for by the equity method and others	(1,272)	619	(10,261)
Cash dividends paid	(2,014)	(1,899)	(16,242)
Bonuses to directors	(185)	(235)	(1,488)
Ending balance	¥ 88,739	¥ 79,972	$ 715,635
Net Unrealized Gain on Available-for-Sale Securities	¥ 15,767	–	$ 127,156
Foreign Currency Translation Adjustments	¥ (7,455)	–	$ (60,121)
Treasury Stock	¥ (593)	¥ (0)	$ (4,781)
Total Shareholders' Equity	¥147,905	¥129,812	$1,192,784

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOYOTA TSUSHO CORPORATION AND ITS CONSOLIDATED SUBSIDIARIES
Years Ended March 31, 2001 and 2000

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2001	2000	2001
Cash Flows from Operating Activities:			
Income (loss) before income taxes and minority interests	¥ 15,402	¥(9,020)	$ 124,209
Adjustments for:			
Depreciation and amortization	8,934	7,828	72,049
Net charge in allowance for doubtful receivables—net	(1,789)	419	(14,429)
Write-down of real estate held for sale	—	10,093	—
Losses on sale of real estate held for sale	—	6,005	—
Increase in receivables	(52,204)	(29,202)	(421,002)
Increase in inventories	(26,191)	(12,894)	(211,215)
Increase in payables	61,188	25,624	493,450
Others, net	9,306	2,700	75,049
Subtotal	14,646	1,553	118,111
Interest and dividend received	2,812	3,133	22,673
Interest paid	(6,529)	(5,229)	(52,652)
Income taxes paid	(6,916)	(5,823)	(55,771)
Net cash provided by (used in) operating activities	4,013	(6,366)	32,361
Cash Flow from Investing Activities:			
Payments for purchase of marketable securities	(1,057)	(789)	(8,520)
Proceeds from sale of marketable securities	11,394	6,524	91,888
Payments for purchase of property and equipment	(8,991)	(8,770)	(72,512)
Proceeds from sale of property and equipment	2,166	659	17,464
Payments for purchase of investment securities	(17,384)	(9,536)	(140,193)
Proceeds from sale of investment securities	1,119	318	9,024
Increase of loans	(1,571)	(982)	(12,671)
Collection of loans	1,169	1,135	9,427
Others, net	(1,355)	(3,056)	(10,925)
Net cash used in investing activities	(14,510)	(14,497)	(117,018)
Cash Flow from Financing Activities:			
Change in short-term debt	(36,977)	13,066	(298,197)
Proceeds from long-term debt	49,452	21,451	398,814
Repayment of long-term debt	(8,232)	(9,785)	(66,391)
Dividends paid	(2,014)	(1,899)	(16,242)
Others, net	(1,987)	(123)	(16,034)
Net cash provided by financing activities	242	22,710	1,950
Effect of Exchange Rate Changes on Cash and Cash Equivalents	886	(717)	7,150
Net (Decrease) Increase in Cash and Cash Equivalents	(9,369)	1,130	(75,557)
Cash and Cash Equivalents at Beginning of Year	44,966	43,193	362,632
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	1,780	643	14,358
Cash and Cash Equivalents of Merged Company	3,661	—	29,522
Cash and Cash Equivalents of Excluded Consolidated Subsidiaries	(25)	—	(206)
Cash and Cash Equivalents at End of Year	¥ 41,013	¥44,966	$ 330,749

See accompanying notes to consolidated financial statements.

1. BASIS OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from the accounts maintained by TOYOTA TSUSHO CORPORATION ("the Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Securities and Exchange Law of Japan and in conformity with accounting principles and practices generally accepted in Japan, which may differ in some material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In order to facilitate the understanding of readers outside Japan, certain rearrangements and changes in account classifications and information in the notes are made from the annual report for domestic reporting purposes to the accompanying financial statements. The account reclassification, however, has no effect on shareholders' equity, net sales and net income.

Due to the revision of the regulation on financial statements under the Securities and Exchange Law of Japan, the Statement of Cash Flows is newly required to be prepared as a part of the financial statements from the year ended March 31, 2000.

The accompanying consolidated financial statements are stated in yen, the currency of the country in which the Company is incorporated and principally operates. The translations of yen amounts into dollar amounts with respect to the year ended March 31, 2001 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥124=U.S.$1, the approximate rate prevailing on March 31, 2001. Such translations should not be construed as representations that the yen amounts could be converted into dollars at the above or any other rate.

Certain comparative figures have been reclassified to conform with the current year's presentations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its significant majority-owned domestic and foreign subsidiaries. All significant intercompany transactions and accounts have been eliminated. Investments in principal unconsolidated subsidiaries and affiliates are accounted for by use of the equity method. The Company determined its unconsolidated subsidiaries and affiliates in conformity with the revision of the Securities and Exchange Law of Japan to which the newly introduced control and influence approach in addition to determination by share of ownership. The excess of the cost of investments in subsidiaries over the equity in net assets at dates of acquisition is being amortized over periods of 5 to 15 years using the straight-line method. Fiscal periods of certain subsidiaries, all of which ended on or after December 31, and the Company's fiscal year, which ended on March 31, have been treated as conterminous.

The number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates for the years ended March 31, 2001 and 2000 was follows.

	2001	2000
Consolidated subsidiaries	103	91
Unconsolidated subsidiaries and affiliates, accounted for by the equity method	37	31
Unconsolidated subsidiaries and affiliates, stated at cost	58	44

The Company's overseas consolidated subsidiaries principally close their books at December 31 every year, three months earlier than the Company and domestic consolidated subsidiaries. The Company consolidated such subsidiaries' financial statements as of their year-end. Significant transactions for the period between subsidiaries' year-end and the Company's year-end are adjusted on consolidation.

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 and practices generally accepted in Japan due to no material differences of accounting principles between their respective countries and Japan.

Assets and liabilities of consolidated subsidiaries are revalued at their fair value as of the date of acquisition of the control based on the full fair value method.

(2) Accounting for financial instruments

Effective April 1, 2000, the Company adopted "Opinion Concerning Establishment for Accounting Standard for Financial Instruments" issued by Business Accounting Deliberation Council of Japan ("BADC") and related practical guideline issued by the Japanese Institute of Certified Public Accountants ("JICPA"). This new standard provides the new accounting methods for securities, derivatives and allowance for doubtful accounts as mentioned below.

Adoption of the new accounting standard resulted in an decrease in income before income taxes and minority interests for the year ended March 30, 2001 by ¥707 million ($5,701 thousand), as compared with the previous accounting method.

(3) Investments and marketable securities

Until the year ended March 31, 2000, securities with market quotations on stock exchanges were stated at the lower of market or moving average cost, using a valuation allowance method. Other securities were stated at the moving average cost.

Effective April 1, 2000, the Company classifies certain investments in debt and equity securities as "trading", "held-to-maturity" or "available-for-sale", whose classification determines the respective accounting method as stipulated by the new standard.

Trading securities	Market value method. Sales costs are principally determined by the moving average method.

Held-to-maturity securities	Amortized cost method.
Available-for-sale securities	
Securities with market prices	Market value method based on the market price on settlement day (the valuation difference is accounted for using the direct entry to total capital method). Sales costs are principally determined by the moving average method.
Securities without market price	At cost, determined principally by the moving average method.

At the beginning of the fiscal year under review, securities were classified according to purpose of ownership. Among available-for-sale securities, held-to-maturity bonds and bonds included in other securities, securities with maturities of one year or less were classified as securities under current assets. All other securities were classified as investment securities under investments and non-current receivables. As a result, securities in current assets increased ¥18 million and investment securities in investments and non-current receivables decreased by the same amount.

(4) 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 determined by the first-in, first-out method. However, the cost of certain merchandise is determined by the lower of cost or market method.
Exports and Imports	At cost, principally determined by the individual item method. However, the cost of certain merchandise is determined by the lower of cost or market method.
Supplies	At cost, principally determined by the last purchase price method.

Changes in accounting method

Among valuation standards and methods used for inventories in prior years, merchandise was principally stated at cost by the first-in, first-out method (excluding exports and imports, which were stated at cost on an individual basis). Beginning with the fiscal year under review, however, food products, rubber (excluding raw rubber), chemical products, wood, and paper pulp have been valued on a lower of cost or market basis, determined by the first-in, first-out method (exports and imports are costed on an individual basis).

The accounting change used the opportunity of the merger between the Company and Kasho Company Limited on April 1, 2000 to integrate the valuation standards and methods for the merchandise of both companies with the aim of strengthening financial position. As a result of this accounting change, compared with prior accounting methods, operating income and income before income taxes and minority interests decreased by ¥503 million ($4,060 thosand) for the year ended March 31, 2001.

(5) Depreciation method for depreciable assets

Tangible fixed assets are principally depreciated by the declining balance method. The number of years over which the asset is depreciated and the treatment of undepreciated balance are principally determined according to the same standards set out in the Corporation Tax Law of Japan. Intangible fixed assets are depreciated by the straight-line method.

(6) Stock and bond issue costs

Stock and bond issue costs are charged to income incurred.

(7) Allowance for doubtful accounts

Until the year ended March 31, 2000, allowance for doubtful accounts was provided for at the aggregate amount of estimated credit loss as a general reserve at the maximum amount which could be charged to income using a legal provision ratio method under the Corporation Tax Law of Japan.

Effective April 1, 2000, in accordance with the amendment of the accounting standard, for general receivables, an amount is provided for losses due to default according to the historical percentage of uncollectibles. For specific receivables in which there is some concern regarding uncollectibility, an amount is recorded by investigating the possibility of collection for each account individually.

(8) Employee retirement benefits

Until the year ended March 31, 2000, the contribution to the pension plan was charged to income when paid, and the Company principally provided for accrued retirements benefits at 100% of the amount which would be payable if all of its employees were voluntarily terminate their service at the balance sheet date, less net assets of the funded pension plan.

Effective April 1, 2000, the Company adopted “Opinion Concerning Establishment of Accounting Standard for Retirement Benefits” established by BADC and a related practical guideline issued by JICPA, which are implemented effective from the fiscal period beginning on and after April 1, 2000.

Adoption of the new accounting standards resulted in recurring income increasing ¥666 million and income before income taxes and minority interests decreasing ¥3,223 million as compared with the previous accounting method.

To provide for the payment of severance and retirement benefits to employees, an amount is entered into this reserve equivalent to the amount recognized as necessary at the end of the period under review based on the severance and retirement benefits obligations at fiscal year end and the expected premium payment on pension assets.

Initial transitional provision of ¥10,009 million arising from the conversion to a new accounting methods was expensed as an extraordinary loss in the fiscal year under review while a ¥4,332 billion gain on establishment of a pension trust fund and a ¥1,786 billion gain on change in prior year costs due to the pension plan amendments.

The actual difference is being amortized using the straight-line method over a specific number of years (12 years) from the recording of the difference that is within the average number of years remaining before retirement of the Company’s employees, and id being recorded as an expense beginning in the following fiscal period.

Accrued retirement benefits provided at March 31, 2000 was presented at carried forward to employee retirement benefit liability account on the accompanying consolidated balance sheets.

(9) Translation of foreign currency assets and liabilities

Effective April 1, 2001, the Company adopted accounting standards given in BADC's "Opinion Concerning Establishment of Accounting Standard for Foreign Currency Translations" and related practical guidelines issued by JICPA.

The impact of adopting these new accounting standards on the Company's recurring income and income before income taxes and minority interests were immaterial.

Foreign currency assets and liabilities are translated into yen at the prevailing rate in the foreign currency market on the accounting settlement day for the period under review, and the translation difference is accounted for as a gain or loss.

The assets, liabilities, income, and expenses of overseas subsidiaries are also translated into yen at the prevailing rate in the foreign currency market on the accounting settlement day for the period under review, and the translation difference is accounted for as foreign currency translation adjustments account in shareholders' equity and minority interests.

(10) Leases

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

(11) 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 swaps
	c. Commodity futures
Hedge targets	a. Foreign currency transactions
	b. Interest on deposits and loans
	c. Commodity transactions in the nonferrous metal, rubber, foodstuffs, 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 to directors directly in charge and to directors in charge of overall operations, reports must also be made to the risk management division.
4. Method of evaluating the effectiveness of hedges
   The effectiveness of a hedge is judged 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 strong correlation between the two instruments.
5. Others
   The Company believes that, due to its selection of domestic and foreign exchanges and financial institutions with high credit ratings as its counter parties in hedge transactions, there is almost no credit risk involved.

(12) Appropriation of retained earnings

Cash dividends and bonuses to directors and corporate auditors are recorded in the fiscal year when a proposed appropriations of retained earnings are approved by the Board of Directors and/or shareholders.

(13) Per share data

Basic net income per share is based on the weighted average number of shares of common stock outstanding during the respective years. Diluted net income per share is computed assuming convertible bonds were converted at the time of issue unless having anti-dilutive effects and as if warrants 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 operations represent dividends declared as applicable to the respective years.

(14) 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. PLEDGED ASSETS

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Trade notes and trade accounts receivables	¥30,604	¥21,414	$246,806
Inventories	27,331	15,640	220,413
Buildings and structures	2,349	2,397	18,946
Machinery, equipment and vehicles	6,689	5,226	53,945
Land	4,499	4,544	36,279
Investment securities	3,169	2,019	25,551
Others	4,340	2,328	35,003
Total	¥78,981	¥53,568	$636,943

4. SHORT-TERM AND LONG-TERM DEBT

Short-term debt

Short-term debt, principally to banks, as of March 31, 2001 and 2000 was generally repayable with maturities of 90 days, bearing interest at annual rates ranging from 1.0% to 11.0% at March 31, 2001.

Summary of long-term debt

Long-term debt as of March 31, 2001 and 2000 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
2.5% straight bonds due 2004	¥ 7,000	¥ 7,000	$ 56,452
2.1% straight bonds due 2002	5,000	5,000	40,322
2.0% straight bonds due 2007	15,000	–	120,968
1.6% straight bonds due 2003	6,000	6,000	48,387
1.54% straight bonds due 2005	15,000	–	120,968
1.5% straight bonds due 2002	6,000	6,000	48,387
1.5% mortgage bonds due 2004	150	150	1,210
Notes under medium-term note programs, maturing serially through 2008 at interest rates of 0.55% to 2.32% at March 31, 2001	12,811	16,210	103,317
Long-term loans, principally from commercial and trust banks and insurance companies, maturing serially through 2010 at interest rates of 0.57% to 11.0% at March 31, 2001	93,439	71,328	753,537
Total	160,400	111,688	1,293,548
Less current portion	(12,722)	(9,367)	(102,600)
	¥147,678	¥102,321	$1,190,948

The aggregate annual maturities of long-term debt at March 31, 2001 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
Years ending March 31	2001	2001
2002	¥ 12,722	$ 102,600
2003	20,609	166,203
2004	20,383	164,375
2005	9,994	80,598
2006	24,697	199,171
2007 and thereafter	71,995	580,601
Total	¥160,400	$1,293,548

5. SHAREHOLDERS' EQUITY

Under the Japanese Commercial Code, amounts equal to at least 10 per cent. of all cash payments made as an appropriation of retained earnings must be set aside as a legal reserve until such reserve equals 25 per cent. of common stock.

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

The Company provides certain special reserves which are deductible for taxable income, but must be reversed to taxable income in the future. The condition under which reserves are permitted and the basis on which they are computed are specified in the Special Taxation Measures Law of Japan. At March 31, 2001 and 2000, retained earnings included these reserves of ¥8 million ($62 thousand) and ¥17 million, respectively.

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividend is applicable. In addition, a semi-annual interim dividend may be paid upon resolution of the Board of Directors, subject to limitations imposed by the Japanese Commercial Code.

Significant Non-Cash Transactions

The following table indicates the major additions to assets and liabilities due to the merger with Kasho Company Limited during the fiscal period under review.

The increase in capital due to the merger amounted to ¥1,607 million. ($12,955 thousand)

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥58,429	$ 471,206
Fixed assets	12,941	104,365
Total assets	¥71,370	$ 575,571
Current liabilities	¥58,804	$ 474,229
Long-term liabilities	4,104	33,093
Total liabilities	¥62,908	$ 507,322

6. INCOME TAXES

As of March 31, 2001 and 2000, tax effects on temporary differences that give rise to a significant portion of deferred tax assets and deferred tax liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Deferred tax assets:			
Write-down of real estate for sales	¥ —	¥ 4,949	$ —
Unrealized profit	1,829	1,707	14,754
Allowance for doubtful receivables	2,168	1,393	17,487
Employees' retirement benefits	2,612	1,253	21,061
Others	5,495	4,033	44,311
Subtotal	12,104	13,335	97,613
Valuation allowance	(230)	(417)	(1,855)
Total deferred tax assets	11,874	12,918	95,758
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	11,358	—	91,596
Valuation of debt and equity securities of consolidated subsidiaries	371	370	2,986
Others	158	243	1,277
Total deferred tax liabilities	11,887	613	95,859
Net deferred tax (liabilities) assets	¥ (13)	¥12,305	$ (101)

7. OTHER INCOME (EXPENSES)

Details of other, net, included in other increase (expenses) for the years ended March 31, 2001 and 2000 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
Write-down of revaluation of securities	¥ —	¥ (1,977)	$ —
Write-down of real estate held for sales	—	(10,093)	—
Losses on sale of real estate held for sales	—	(6,005)	—
Gain on operating of trading securities	1,118	—	9,014
Gain on transfer of investment securities to trusts for retirement benefit plan	4,333	—	34,943
Transitional provision of adoption of new accounting standard for retirement benefits	1,786	—	14,404
Decrease of prior service cost	(10,009)	—	(80,719)
Write-down of revaluation of securities	(1,796)	—	(14,488)
Others, net	315	(561)	2,568
Total	¥ (4,250)	¥(18,636)	$(34,278)

8. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2001 and 2000 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2001	2000	2001
For repurchase of notes discounted and endorsed	¥ 89	¥ 481	$ 721
Discounted export bills	¥7,488	¥8,817	$60,387
For guarantees of indebtedness to:			
Unconsolidated subsidiaries and affiliates	1,233	2,208	9,946
Others	1,365	1,612	11,006
Total	¥2,598	¥3,820	$20,952

9. LEASE TRANSACTIONS

Finance leases

Finance lease transactions without transfer of ownership for the year ended March 31, 2001 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	¥2,969	¥ 771	¥2,198	$23,946	$ 6,214	$17,732
Others	4,152	1,947	2,205	33,483	15,704	17,779
Total	¥7,121	¥2,718	¥4,403	$57,429	$21,918	$35,511

Future minimum lease payments

	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥1,029	$ 8,303
More than one year	3,374	27,208
Total	¥4,403	$35,511

	Millions of Yen	Thousands of U.S. Dollars
Annual lease payments	¥1,181	$9,525
Depreciation	1,181	9,525

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)

	Millions of Yen			Thousands of U.S. Dollars		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Others	¥163	¥95	¥68	$1,318	$769	$549
Total	¥163	¥95	¥68	$1,318	$769	$549

Future minimum lease commitments to be received

	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥21	$166
More than one year	47	383
Total	¥68	$549

	Millions of Yen	Thousands of U.S. Dollars
Annual lease commitments to be received	¥24	$192
Depreciation	24	192

Noncancelable operating leases

Finance lease payments for noncancelable operating lease transactions as of March 31, 2001 were as follows:

(Lessee)

	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥42	$343
More than one year	47	379
Total	¥89	$722

Finance leases

Finance lease transactions without transfer of ownership for the year ended March 31, 2000 were as follows:

(Lessee)

	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥2,784	¥ 516	¥2,268
Others	4,174	1,974	2,200
Total	¥6,958	¥2,490	¥4,468

Future minimum lease payments

	Millions of Yen
Within one year	¥1,159
More than one year	3,309
Total	¥4,468

	Millions of Yen
Annual lease payments	¥1,149
Depreciation	1,149

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)

	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Others	¥149	¥68	¥82
Total	¥149	¥68	¥82

Future minimum lease commitments to be received

	Millions of Yen
Within one year	¥22
More than one year	60
Total	¥82

	Millions of Yen
Annual lease commitments to be received	¥28
Depreciation	28

Noncancelable operating leases

Finance lease payments for noncancelable operating lease transactions as of March 31, 2000 were as follows:

(Lessee)

	Millions of Yen
Within one year	¥49
More than one year	50
Total	¥99

10. MARKET VALUE OF AVAILABLE-FOR-SALES SECURITIES

	Millions of Yen			Thousands of U.S. Dollars		
	Original cost	Carrying amount	Unrealized gain (loss)	Original cost	Carrying amount	Unrealized gain (loss)
Market value in excess of balance sheet amount: Equity securities	¥50,326	¥80,797	¥30,471	$405,857	$651,590	$245,733
Market value less than balance sheet amount: Equity securities	13,923	10,437	(3,486)	112,279	84,173	(28,106)
Total	¥64,249	¥91,234	¥26,985	$518,136	$735,763	$217,627

11. 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
	2001	2001
Employee retirement benefits obligations	¥(45,661)	$(368,233)
Fair value of pension plan assets	35,505	286,333
Unfunded benefits obligations	(10,156)	(81,900)
Unrecognized actuarial difference	7,538	60,787
Amount recorded on consolidated balance sheet	¥ (2,618)	$ (21,113)

Notes: 1. The above table includes the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law.
2. Adjustments of prior service cost resulting from the plan amendments such as benefit formula and deferral of commencing age for the annuity payments were recorded as other income for the year ended March 31, 2001.

Retirement Benefits Expenses

Service expenses	¥ 2,011	$ 16,218
Interest expenses	1,165	9,395
Expected return of pension plan assets	(1,162)	(9,369)
Initial transitional provision	10,009	80,719
Prior year service cost expensed	(1,786)	(14,404)
Retirements benefits expenses	¥10,237	$ 82,559

Basis of Calculation of Benefits Obligations

Allocation of payments of expected retirement benefit	Straight-line method
Discount rate	3.0%
Expected rate of return on pension plan assets	4.5%
Amortization of unrecognized actuarial difference	12 years
Amortization of initial transitional provision	1 year

12. SEGMENT INFORMATION

Segment Information has been prepared from the year ended March 31, 2000.

Industry segments

Year ended March 31, 2001	Metals	Machinery	Vehicles	Industrial Materials	Life Products & Service	Others	Total	Elimination	Consolidation
	Millions of Yen								
Net Sales:									
Outside customers	¥907,751	¥385,418	¥243,290	¥327,557	¥285,985	¥ 7,239	¥2,157,240	¥ —	¥2,157,240
Inter-segment	58	1,231	1,150	1,239	2,049	3,309	9,036	(9,036)	—
Total	907,809	386,649	244,440	328,796	288,034	10,548	2,166,276	(9,036)	2,157,240
Commission	454	5,876	761	655	4,380	1,045	13,171	(279)	12,892
Cost of sales and selling, general and administrative expenses	896,324	386,333	243,009	324,141	290,646	15,022	2,155,475	(9,109)	2,146,366
Operating income (loss)	¥ 11,939	¥ 6,192	¥ 2,192	¥ 5,310	¥ 1,768	¥ (3,429)	¥ 23,972	¥ (206)	¥ 23,766
Total assets	¥301,899	¥167,331	¥ 54,180	¥117,009	¥132,808	¥213,156	¥ 986,383	¥(62,520)	¥ 923,863
Depreciation	1,964	311	1,103	1,669	870	1,894	7,811	—	7,811
Capital expenditure for long-lived assets	3,857	1,102	2,205	1,824	934	1,580	11,502	—	11,502

Year ended March 31, 2001	Metals	Machinery	Vehicles	Industrial Materials	Life Products & Service	Others	Total	Elimination	Consolidation
	Thousands of U.S. Dollars								
Net sales:									
Outside customers	$7,320,575	$3,108,208	$1,962,018	$2,641,586	$2,306,330	$ 58,376	$17,397,093	$ —	$17,397,093
Inter-segment	462	9,928	9,276	9,996	16,524	26,688	72,874	(72,874)	—
Total	7,321,037	3,118,136	1,971,294	2,651,582	2,322,854	85,064	17,469,967	(72,874)	17,397,093
Commission	3,666	47,389	6,136	5,283	35,321	8,426	106,221	(2,251)	103,970
Cost of sales and selling, general and administrative expenses	7,228,418	3,115,588	1,959,752	2,614,042	2,343,917	121,148	17,382,865	(73,465)	17,309,400
Operating income (loss)	$ 96,285	$ 49,937	$ 17,678	$ 42,823	$ 14,258	$ (27,658)	$ 193,323	$ (1,660)	$ 191,663
Total assets	$2,434,669	$1,349,443	$ 436,935	$ 943,618	$1,071,034	$1,719,003	$ 7,954,702	$(504,194)	$ 7,450,508
Depreciation	15,842	2,504	8,898	13,459	7,017	15,271	62,991	—	62,991
Capital expenditure for long-lived assets	31,101	8,883	17,785	14,712	7,537	12,741	92,759	—	92,759

	Millions of Yen								
Year ended March 31, 2000	Metals	Machinery	Vehicles	Industrial Materials	Life Products & Service	Others	Total	Elimination	Consolidation
Net sales:									
Outside customers	¥798,753	¥321,044	¥226,137	¥206,147	¥138,661	¥ 3,835	¥1,694,577	¥ —	¥1,694,577
Inter-segment	178	1,581	21	1,960	2,309	1,680	7,729	(7,729)	—
Total	798,931	322,625	226,158	208,107	140,970	5,515	1,702,306	(7,729)	1,694,577
Commission	920	4,987	760	489	4,193	(278)	11,071	(315)	10,756
Cost of sales and selling, general and administrative expenses	792,430	324,733	225,732	204,710	144,983	8,789	1,701,377	(8,348)	1,693,029
Operating income (loss)	¥ 7,421	¥ 2,879	¥ 1,186	¥ 3,886	¥ 180	¥ (3,552)	¥ 12,000	¥ 304	¥ 12,304
Total assets	¥251,804	¥142,492	¥ 50,407	¥ 87,611	¥ 95,938	¥152,274	¥ 780,526	¥(28,817)	¥ 751,709
Depreciation	1,475	425	756	1,436	802	1,943	6,837	—	6,837
Capital expenditure for long-lived assets	1,255	759	2,080	1,866	281	2,642	8,883	—	8,883

Geographic segments

	Millions of Yen							
Year ended March 31, 2001	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
Net sales:								
Outside customers	¥1,787,487	¥97,865	¥211,456	¥53,914	¥6,518	¥2,157,240	¥ —	¥2,157,240
Inter-segment	148,907	41,819	37,127	46,179	12	274,044	(274,044)	—
Total	1,936,394	139,684	248,583	100,093	6,530	2,431,284	(274,044)	2,157,240
Commission	10,858	1,867	1,182	128	167	14,202	(1,310)	12,892
Cost of sales and selling, general and administrative expenses	1,930,282	140,645	245,632	99,278	6,561	2,422,398	(276,032)	2,146,366
Operating income	¥ 16,970	¥ 906	¥ 4,133	¥ 944	¥ 135	¥ 23,088	¥ 678	¥ 23,766
Total assets	¥ 806,284	¥ 55,713	¥ 85,002	¥43,969	¥2,681	¥ 993,649	¥ (69,786)	¥ 923,863

	Thousands of U.S. Dollars							
Year ended March 31, 2001	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
Net sales:								
Outside customers	$14,415,214	$ 789,237	$1,705,294	$434,787	$52,561	$17,397,093	$ —	$17,397,093
Inter-segment	1,200,866	337,251	299,404	372,416	98	2,210,035	(2,210,035)	—
Total	15,616,080	1,126,488	2,004,698	807,203	52,659	19,607,128	(2,210,035)	17,397,093
Commission	87,563	15,055	9,535	1,038	1,345	114,536	(10,566)	103,970
Cost of sales and selling, general and administrative expenses	15,566,787	1,134,240	1,980,901	800,628	52,911	19,535,467	(2,226,067)	17,309,400
Operating income	$ 136,856	$ 7,303	$ 33,332	$ 7,613	$ 1,093	$ 186,197	$ 5,466	$ 191,663
Total assets	$ 6,502,295	$ 449,296	$ 685,497	$354,587	$21,623	$ 8,013,298	$ (562,790)	$ 7,450,508

Year ended March 31, 2000	Millions of Yen							
	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
Net sales:								
Outside customers	¥1,401,568	¥ 94,331	¥150,674	¥42,935	¥5,069	¥1,694,577	¥ —	¥1,694,577
Inter-area	138,540	20,251	13,364	29,201	511	201,867	(201,867)	—
Total	1,540,108	114,582	164,038	72,136	5,580	1,896,444	(201,867)	1,694,577
Commission	9,338	1,453	583	200	195	11,769	1,013)	10,756
Cost of sales and selling, general and administrative expenses	1,537,984	118,024	162,550	71,515	5,601	1,895,674	(202,645)	1,693,029
Operating income (loss)	¥ 11,462	¥ (1,989)	¥ 2,071	¥ 821	¥ 174	¥ 12,539	¥ (235)	¥ 12,304
Total assets	¥ 640,505	¥ 60,817	¥ 59,570	¥41,163	¥2,874	¥ 804,930	¥ (53,221)	¥ 751,709

Overseas trading transactions

Year ended March 31, 2001	Millions of Yen				
	Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	¥403,627	¥215,581	¥63,065	¥73,058	¥ 755,331
Consolidation					2,157,240
Share of consolidated net sales	18.7%	10.0%	2.9%	3.4%	35.0%

Year ended March 31, 2001	Thousands of U.S. Dollars				
	Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	$3,255,054	$1,738,555	$508,590	$589,179	$ 6,091,378
Consolidation					17,397,093
Share of consolidated net sales	18.7%	10.0%	2.9%	3.4%	35.0%

Year ended March 31, 2000	Millions of Yen				
	Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	¥321,623	¥146,833	¥48,331	¥80,149	¥ 596,936
Consolidation					1,694,577
Share of consolidated net sales	19.0%	8.7%	2.8%	4.7%	35.2%

13. SUBSEQUENT EVENT

On June 28, 2001, the following appropriations of retained earnings were approved at an annual general meeting of shareholders of the Company:

	Millions of Yen	Thousands of U.S. Dollars
	2001	2001
Cash dividends	¥1,055	$8,509
Bonuses to directors and corporate auditors	225	1,820

ChuoAoyama Audit Corporation

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Report of Independent Accountants

The Board of Directors
TOYOTA TSUSHO CORPORATION

We have audited the accompanying consolidated balance sheets of TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries as of March 31, 2001 and 2000, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries as of March 31, 2001 and 2000, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan (See Note 1) applied on a consistent basis, except for the change in the valuation method of inventories as described in Note 2.

As described in Note 2, TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries have adopted the new Japanese accounting standards for the financial instruments, retirement benefits, and foreign currency translation.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

ChuoAoyama Audit Corporation

ChuoAoyama Audit Corporation
Nagoya, Japan
June 28, 2001

As of March 31, 2001

ESTABLISHMENT
July 1, 1948

COMMON STOCK
Authorized: 997,525,000 shares
Issued: 282,867,304 shares

PAID-IN CAPITAL
¥26,748,717,188

STOCK EXCHANGE LISTINGS
Tokyo, Nagoya

NUMBER OF EMPLOYEES
2,196

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For further information, please contact:
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Nagoya Head Office.

THE TOYOTA GROUP

As of March 31, 2001

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Toyota Motor Corporation

Aichi Steel Corporation

Toyoda Machine Works, Ltd.

Toyota Auto Body Co., Ltd.

Aisin Seiki Corporation

Denso Corporation

Toyoda Boshoku Corporation

Towa Real Estate Co., Ltd.

Toyota Central Research & Development Laboratories, Inc.

Kanto Auto Works, Ltd.

Toyoda Gosei Co., Ltd.

Toyota Tsusho Corporation

Printed on recycled paper

TOYOTA TSUSHO CORPORATION
7-23, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan

Printed in Japan