ANNUAL REPORT 2003

VALUE INTEGRATOR

TOYOTA TSUSHO CORPORATION

PROFILE

For over half a century since our establishment in 1948, we have been building a global sales network as the only trading company of the Toyota Motor Group. Today, together with 251 subsidiaries and other affiliates comprising the Toyota Tsusho Group, we are involved in undertaking a wide range of businesses from trading, manufacturing and processing to retail and services throughout the world.

The corporate philosophy of the Toyota Tsusho Group is to promote prosperity for people, communities and the Earth, and thereby to become an enterprise that contributes to affluent and comfortable local communities. Based on this philosophy, we conduct our corporate activities openly and fairly so that we can earn the appreciation from people worldwide and create added value to satisfy all stakeholders, including our customers, shareholders, employees and local communities.

To this end, Toyota Tsusho Group will, under the keyword LEAD, clearly and consistently define its business fields, functions, corporate culture and characteristics and thereby fully realize its goal of being a VALUE INTEGRATOR who creates new value for all stakeholders by 2010.

Contents

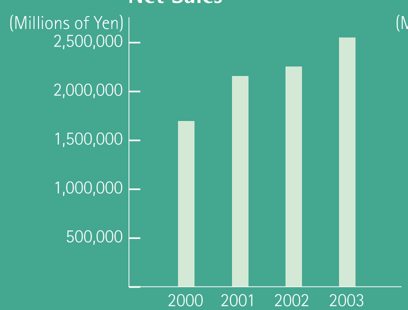
Financial Highlights

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years Ended March 31, 2003 and 2002

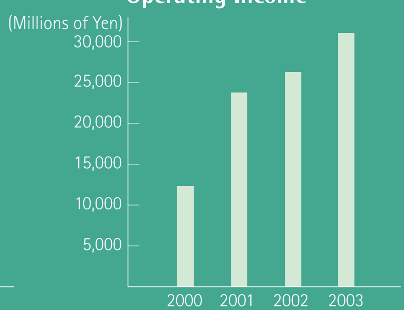
	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
For the Year:			
Net Sales	¥2,576,453	¥2,255,698	$21,434,721
Gross Trading Profit	131,319	117,292	1,092,502
Operating Income	31,067	26,252	258,463
Net Income (Loss)	18,829	8,781	156,646
At Year End:			
Total Assets	960,399	922,054	7,990,008
Total Shareholders' Equity	159,492	150,680	1,326,891
Per Share:	Yen		U.S. Dollars
Net Income (Basic)	¥ 66.06	¥ 31.31	$ 0.55
Cash Dividends	7.75	7.50	$ 0.06
	%		
Gross Trading Profit Ratio	5.1	5.2	
Return on Average Shareholders' Equity (ROE)	12.1	5.9	
Shareholders' Equity Ratio	16.6	16.3	
Return on Average Total Assets (ROA)	2.0	1.0	
Current Ratio	110.3	108.1	
	Times		
Interest Coverage	6.5	4.7	
Debt Equity Ratio (Net)	2.1	2.2	

Note: The U.S. dollar amounts have been translated from yen, solely for the convenience of the reader, at the rate of ¥120.20=US$1, the approximate exchange rate on March 31, 2003.

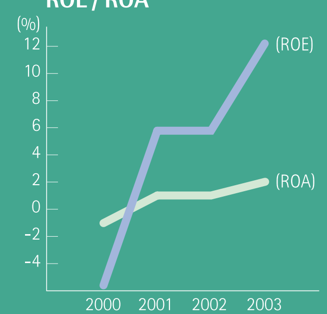
Net Sales



Operating Income



ROE / ROA



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 as the only factors 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 this information, which is based on assumptions and beliefs in light of information currently available to the management. Readers are cautioned not to place undue reliance on these forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results due to new information, future events or other developments.

To Our Stakeholders

Eizo Takeyama
Chairman

Masaaki Furukawa
President

The economic environment in the fiscal year ended March 2003 again experienced a general deterioration, although a positive sign of recovery was observed in the Japanese economy in the first half of the year. Declining stock prices and deflationary trends overshadowed the future economic outlook. Japanese corporations were under continued pressure to dispose of bad loans, cut costs including those related to personnel and to restructure business operations. Consequently, the trend of shifting to overseas production accelerated in a quest for cost savings.

While the U.S. and European economies remained in the grip of stagnation, the impact of the Iraq War on consumption and the stance of nations across the world toward the post-war recovery can be another critical factors in forecasting the future global economic outlook. China, which was admitted to the World Trade Organization in 2001 and is expected to develop into a major market, is in the limelight along with surrounding Asian countries as new potential markets. Japanese corporations see China in particular as a large market for sales as well as a prime manufacturing and production location. Concerns over the effects of the SARS epidemic at the beginning of 2003 have calmed down at present and normal levels of economic activity are expected to resume. These are indispensable for forecasting the future outlook.

Results for Fiscal 2003

The Toyota Tsusho Group reported net sales of ¥2,576.4 billion, up 14.2% compared to the previous fiscal year, with operating income increasing 18.3% year-on-year to ¥31.0 billion, and net income increasing 14.4% to ¥18.8 billion, achieving a second consecutive year of record-breaking performance and a third consecutive year of growth in both sales and profit.

Vehicle exports to China soared and the export of machinery and equipment increased to meet the demand arising from active investment by client corporations for overseas production, and contributed significantly to raising the Company's total operating income.

While expanding highly profitable businesses, we are continuing to proactively work to establish a sound financial structure. We have reduced interest-bearing debt to further raise the efficiency of our assets, while on the other hand restoring healthy operating capital by disposing of bad loans and conducting active investments.

As a result, we realized 12% ROE in fiscal year 2003, two years earlier than our goal of achieving 10% ROE by 2005. We intend to maintain these levels for the foreseeable future by emphasizing profitability, while striving to achieve financial stability and sufficiency.

Management Policy for the Mid- to Long-Term

The corporate philosophy of the Toyota Tsusho Group is to promote prosperity for people, communities and the Earth, and thereby to become an enterprise that contributes to affluent and comfortable local communities. Based on this philosophy, we conduct our corporate activities openly and fairly so that we can earn the appreciation of people worldwide and create added value to satisfy all stakeholders, including our customers, shareholders, employees and local communities.

To this end, Toyota Tsusho Group will, under the keyword LEAD, clearly and consistently define its business fields, functions, corporate culture and characteristics and thereby fully realize its goal of being a VALUE INTEGRATOR who creates new value for all stakeholders by 2010. With regard to management benchmarks, we have already achieved ROE levels targeted for the fiscal year ending March 2005 and will endeavor to further improve them on a consolidated basis.

In our management, we will maintain our focus on cash flows and business efficiency. Therefore, we have adopted the concept of capital cost by developing a benchmark for constantly monitoring the input of capital and the output of added value against the costs associated with each division. As for profit distribution, we will fulfill shareholders' expectations by providing stable dividends in consideration of our overall business performance.

Key Concepts for Becoming a Value Integrator

LEAD as Business Domain
- L Life & Living
- E Ecology
- A Automotive
- D Digital

LEAD as Corporate Character and Culture
- L Lean
- E Entrepreneurial
- A Agile
- D Dynamic

LEAD as Function
- L Linkage
- E Engineering
- A Added Value
- D Development

LEAD as Corporate Ethics
- L Legality
- E Ethics
- A Accountability
- D Disclosure

We recognize that promoting stable and long-term holdings of company stock and increasing the diversity in the types and levels of investors are vital issues in terms of our capital agenda. We will consider lowering the investment unit of our stock corresponding to market demand and stock price movements.

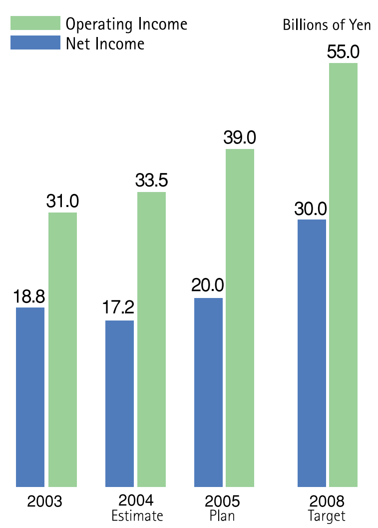
Mid- to Long-Term Management Plan

In the context of its 2010 Vision, the Toyota Tsusho Group has formulated a 5-Year Business Plan focusing on 2008 to create, integrate and provide new value.

5-Year Business Plan

In order to achieve the goals of our 5-Year Business Plan, we will concentrate management resources into strategic business domains that are aligned with LEAD and thereby enhance our competitive advantage to gain customer recognition.

Target Figures (Consolidated)



Strengthening the Profit Yield of Our Core Businesses

Our core businesses consist of the Automotive Business and its associated areas such as export and retail vehicles, supply and processing materials, and global logistics. We will enhance as well as rationalize our operations in these business areas to solidify their profit yield. Through these strategic actions, we intend to raise the current operating income generated by our core businesses from ¥24 billion to ¥36 billion by 2008.

Overseas business significantly contributed to our total profit. The Group's overseas production has grown each year and is expected to continue growing. We will pursue overseas business even more aggressively, making full use of our competitive advantage.

Restructuring Our Business Portfolio

Ecology, Digital, and Life & Living have been identified as our priority businesses. We believe the key to strengthening these businesses is the wise prioritizing and allocation of management resources into the strategic business domains. We aim to increase operating income from the strategic businesses by 10% in the next five years. To this end, we will constantly review our total business portfolio and ensure to sustain optimal investment structure. We completed restructuring the business portfolio of Life & Living during the fiscal year ended March 2003. In particular, we shifted our capital and human resources to businesses with proven profitability or potential for future growth from those with little or no profitability or growth potential. In order to establish a well-balanced business portfolio, we will actively expand business through M&A, while at the same time eliminating unprofitable and inefficient businesses.

Group Management System and Risk Management

In order to establish group-wide management so as to create new value, we will consolidate management, basing on product divisions, and will integrate risk management within the Toyota Tsusho Group. As a fundamental strategy for this purpose, we will establish risk management functions which can be implemented at all times throughout all operations within the entire group of companies. This strategy shall ultimately be conducive towards maximizing profit.

The risk management system was initially developed during the fiscal year ended March 2003 to quantify corporate risk asset and will be further developed on a consolidated basis to establish the principles and system for risk assets management.

Creating Corporate Characteristics and Culture

We will establish an innovative business operation that creates new value as well as a corporate culture along with LEAD. To this end, we will continue our efforts to revitalize the organization and reinforce the infrastructure.

The VI Meetings were established in 2001, aiming for close and frequent communication between management and employees and the Meetings are steadily achieving the intended results and are helping preserve a shared sense of trust and respect for the Company's unique characteristics.

Alliances

We are proactively developing both core businesses and strategically focused businesses within the Toyota Tsusho Group of Companies, while also seeking alliances with other companies in Japan and overseas. In particular, the Company formed a business and capital alliance with Tomen Corporation during fiscal year 2001. This alliance generated powerful synergies for increasing the Company's expertise in non-automotive segments as well as in utilizing the management resources of the two companies. In December 2002, the Toyota Tsusho Group and Tomen reached a basic agreement for Toyota Tsusho to increase the ratio of its stake in Tomen. Through this deepening alliance, we will be able to accelerate the expansion of global operations as well as magnifying the essential synergies of the alliance.

Outlook for Fiscal 2004

There will be no major changes to our business plans toward achieving the 2010 Vision for the fiscal year ending March 2004. China, Russia, Europe and Asia will continue to be our highest priority regions; for the pivotal corporate strategy, we will keep focusing on the globalization of our core business as well as our strategically important businesses. Simultaneously we will establish a value chain by fully utilizing IT and make a concerted effort to manage risks on a consolidated basis. We will also proceed with developing a flexible organization and structure that enables cross-functional implementation both inside and outside the Company and endeavor to grow personnel with strong planning and proposal-making abilities.

We foresee continuing uncertainty in the U.S. economy in the fiscal year 2004 and based on this observation, we project an operating income of ¥33.5 billion for that fiscal year.

We expect a harsh environment to continue both in domestic and overseas economies. But we will strive to achieve our mid- and long-term plans through the total involvement of the whole Company under the corporate slogan of being a VALUE INTEGRATOR and will increase corporate value based upon our corporate philosophy of REAL SOURCE, REAL THINGS and REALITY (Genchi, Genbutsu, Genjitsu).

July 2003

Eizo Takeyama
Chairman

Masaaki Furukawa
President

Corporate Governance

Toyota Tsusho strives to become a VALUE INTEGRATOR that provides value to all stakeholders, including our investors, customers, employees and local communities, while at the same time maintaining a determined effort to earn their trust by establishing independent corporate governance and a highly transparent management structure through the following systems.

System of execution and auditing of operations

To ensure the efficient execution of operations and mutual auditing of the board of directors, regular board meetings attended by all 29 external members of the board of directors and five auditors including two statutory auditors are held at least once every month to decide basic policies and other important issues pertaining to management. Extraordinary meetings and meetings between board members are held on a timely basis. Additionally, monthly vice president meetings attended by board members at and above the vice president level and bi-weekly meetings attended by all directors and corporate auditors are held to report on the status of operations and to exchange information.

Internal Control System

Five Business Divisions and the Corporate Department are placed under the president to create an independent and efficient system of checks-and-balances .In addition, regular audits are conducted by the audit department.

Stock Options

In pursuit of management from the shareholders' perspective, the Company has offered stock options to all board members and executives since 2000, with a maximum limit of 40,000 shares for board members and 5,000 shares for executives.

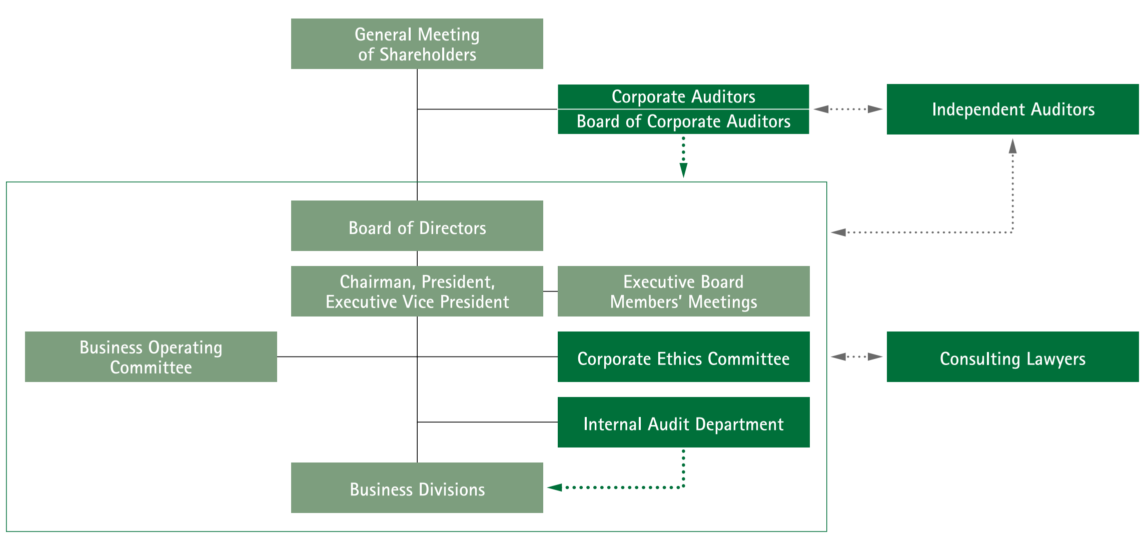
Corporate Ethics

The Company established a Corporate Ethics Committee in 1997, and has implemented corporate activities under its Code of Ethics, which was created in line with The Charter of Corporate Behavior established by Japan Federation of Economic Organizations. Considering the recent corporate scandals worldwide, the Company will further strengthen its compliance system for the Toyota Tsusho Group as a whole, including policies, organization, education, monitoring and penalties.

Environmental Activities

Having grown with the development of the automobile industry, the Company was quick to engage in environmental businesses, establishing Toyota Metal Co., Ltd., an ELV (End-of-Life Vehicle) recycling company, in 1970; and Toyota Chemical Engineering Co., Ltd., a waste oil recycling company, in 1973. In 2000 the Company established an Environmental Policy shared by the entire Group. Following the acquisition of ISO 14001 certification with four Group companies in the same year, 35 Group companies both in Japan and overseas successfully acquired certification as of fiscal 2003.

TOYOTA TSUSHO's Corporate Governance Framework



New Business Initiatives in FY 2003

Here is our progress report on the activities and businesses we pursued during the year under review.
LEAD is the keyword that guides our development, with each letter representing a business domain of the Toyota Tsusho Group.

Core Business
Automotive

L E A D

Joint Logistics Company Formed in Thailand—December 2002

The Toyota Tsusho Group established a joint venture logistics company in Thailand with Kimura Unity Co., Ltd., which has extensive experience and expertise in logistics for automotive parts in the Japanese market. The joint venture company will play an important role as the center of the logistics network in Southeast Asia to meet the growing demand in the region with higher quality service. Net sales in the next five years are expected to be ¥1.5 billion.

Joint Venture Company for the Production of Molten and Recycled Aluminum in Poland—February 2003

A joint venture company was formed in Poland with Daiki Aluminum Industry Co., Ltd. for the production and sales of molten and recycled aluminum. The company plans to meet the anticipated high demand for recycled aluminum, which is arising from the active investment of Japanese automobile and parts makers in European nations.

Toyota Tsusho has many years of experience operating a similar business in the U.S., where we have successfully reduced the environmental burden as well as production costs. This knowledge and experience will be fully utilized by the new company.

New Company in China for the Sales of Forklifts and Other Industrial Vehicles—March 2003

We reached an agreement with Toyota Industry (Kunshan) Co., Ltd. to establish a local distributor to strengthen sales capacity for Toyota industrial vehicles in China.

Many countries are investing in manufacturing in China and the demand for industrial vehicles, including forklifts, is expected to grow rapidly.

The company will start selling Japanese and locally manufactured units in June 2003 and projects sales of 1,000 units in the first year.

Strategic Business
Ecology

L E A D

Three Wind Power Generation Ventures Formed—2003

We established two power generation companies, in addition to an existing engineering company that provides maintenance, installation and repair services for power generation equipment. Consequently, we are now the sole company in Japan with complete facilities and capabilities, from project planning to sales of equipment, power generation, engineering and maintenance.

With strong leadership under the Japanese government's initiative to promote the introduction and expansion of natural energy utilization, the market for wind power generation is rapidly growing.

Our power generation facilities in the Tokyo seafront area, constructed in collaboration with the Tokyo Metropolitan Government, demonstrate our presence in Japan's wind power generation business and are attracting many visitors.

Launch of Direct DME Synthesis Pilot Plant Project—July 2003

DME Development Co., Ltd., a joint venture company with NKK Corporation, was established to develop direct dimethyl ether (DME) synthesis technology. The company launched the operation of a government-subsidized direct DME synthesis pilot plant with a production capacity of 100 tons/day. A feasibility study is already underway for a commercial plant with a production capacity of 2,500 tons/day and research is also being conducted on production technology.

Remote Sensing Business for the Automobile Exhaust Gas Business —September 2002

A remote sensing venture for automotive exhausts has begun. The joint venture company was specially formed for a remote sensing business for automotive exhaust gases, with operations commencing in September for the first time in Japan. The joint venture company involves several companies including Toyota Tsusho and Environmental System Products Holdings, Inc., which has considerable experience and expertise in this field in the U.S.

In the face of growing concern over global warming, every nation is endeavoring to reduce NOx and other harmful exhaust gases. Thus, the need is growing to measure exhaust emissions from road vehicles.

Strategic Business
Digital

L E A D

SI Contract Concluded with Cisco Systems K.K.—May 2002

A System Integrator (SI) contract was concluded for the sales of Cisco products and systems. The contract involves Cisco Systems K.K., which is a Japanese incorporated affiliate of Cisco Systems, Inc. in the U.S.

Through a network system building business which is promoted by Toyotsu Systems Co., Ltd., our information-related subsidiary, the company will provide high value-added backbone network solutions adopting high-end route and switch product systems.

The company projects ¥10 billion in net sales over the next five years.

Joint Venture Company Formed for the Sales of Automatic Recognition Instruments in the U.S.—June 2002

A joint venture company, TD SCAN (USA), Inc., was established involving Toyota Tsusho Group and Denso Wave Incorporated to sell bar code reading devices and automatic recognition instruments.

The company will implement timely marketing and planning for international products made in the U.S. in line with trends in the U.S. market, where applications are expanding and diversifying, from the dominating POS connection scanners and terminals for inventory control in the retail business to overall logistics and various types of manufacturing industries.

System Network Development Business in Southeast Asia—2002-2003

TT Network Integration Asia Pte. was established in Singapore to construct network infrastructure in Asian regions. The joint venture company was formed with Toyota Digital Cruise, Inc. and plans to accommodate the growing need of Japanese affiliated companies who are expanding their business into the South Asian market.

With this company as the core, in January 2003, we established a company to provide network services and application development in Thailand and began to support Japanese-affiliated companies, including the Toyota Group.

Strategic Business
Life & Living

L E A D

License Contract with Collins & Aikman Corporation in the U.S.—October 2002

An agreement was reached on a licensing contract for manufacturing and sales involving Toyota Tsusho, Y. Nishida & Co., Ltd., Hasetora Spinning Co., Ltd. and Collins & Aikman Corporation, the top brand maker of tile carpets in the U.S.

The company will manufacture and sell products at competitively low prices with shorter delivery times, featuring excellent designs while supporting recycling.

We also operate a recycling business for these products.

Entry into the Market for the Processing and Sales of Delicatessen and Prepared Foods—January 2003

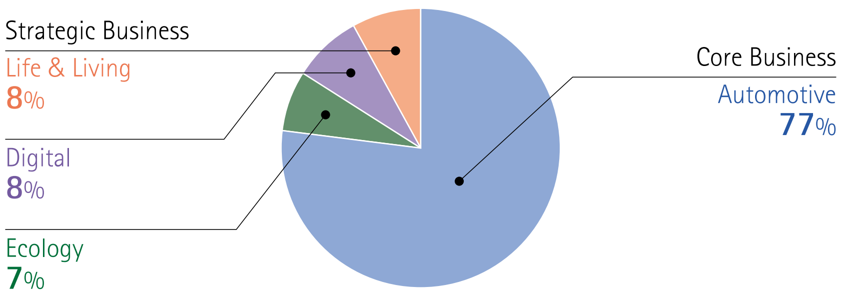
The market for delicatessen and prepared foods has expanded due to the rising number of double-income families as a result of more women entering the workforce and also increasing consumer concerns over food safety. To meet this increasing demand, we established a new company to process and sell delicatessen and prepared foods. With a focus on nuclear families and people living alone, we project net sales of ¥0.9 billion over the next five years by providing safe food products that are free from synthetic additives, preservatives, colorants or sweeteners. A multi-product, small-lot-sized production system and special freezing technology will support projected sales.

A Buyout of Renown Uniforms Inc.—March 2003

Compared to the general apparel industry, in which demand is forecast merely from fashion trends and popular sensibilities, steady growth is expected based upon actual trends in demand in the market for company uniforms, mainly in the service industries. For the purpose of strengthening product planning and designing competence in this field, we acquired Renown Uniforms Inc.

Based on our collective strength in material procurement, production and logistics, all of which represent our strong competitive advantages, we intend to quickly become the top company in the uniform market.

Operating Income Proposition FY2003



Metals Division

Business Outline

Toyota Tsusho's Metals Division identifies and exploits the potential for added value in ferrous and nonferrous metals based on their specific properties and functions. The Division's major service is to propose the best products to match customer needs and actively work together with end users and suppliers to develop new materials and processes, prompting a business that results in a "Win-Win" relationship for everyone.

In the distribution area, the processing centers in Japan and overseas fully utilize information technology to function successfully as the bases for efficient logistics systems and facilitate the timely delivery of products in a variety of sizes and weights that best suit the end use. As situations vary from country to country, the Division continues to enhance its capabilities by seeking the best and most efficient logistics system for each local setting. For example, aluminum is supplied in a molten state to users in North America and Poland, which allows end-users to reduce costs for equipment, maintenance, control, and energy as well as relieving the burden on the environment. In Japan, Toyota Steel Center Co., Ltd. has established a processing and distribution system to meet the diversifying needs of automobile and auto parts companies by processing coil sheets into desired sizes and weights with "just-in-time" delivery to customers. Utilizing information technology to manage the entire system, from sending and receiving orders to delivery, Toyota Steel Center leverages the advantages of scale as one of the largest facilities in Japan to achieve such high efficiency at low cost.

In other areas of the operation, the global trading system centered in London and Singapore functions well to minimize the risk of price volatility in nonferrous metal products. The ELV (End-of-Life Vehicle) recycling business, focused on the recovery and sales of scrap iron and nonferrous metals, also handles the entire process flow from the recycling of Automobile Shredder Residue (ASR) to the sales and rebuilding of used car parts as a result of joint technology development with automakers. Thus, the scope of activities of the Metals Division now extends far beyond the conventional handling of metals.

Products & Services

- Hot and cold rolled steel sheets
- Stainless sheets
- Steel plates
- Special steel bars and wire rods
- Steel tubes
- Stainless tubes
- Drawn tubes
- Nonferrous metals
- Primary and secondary aluminum
- Rolled light metal products
- Precious metals
- Scrap iron
- Pig iron
- End-of-life vehicle recycling
- Iron powder
- A variety of processed parts

Business Environment & Performance

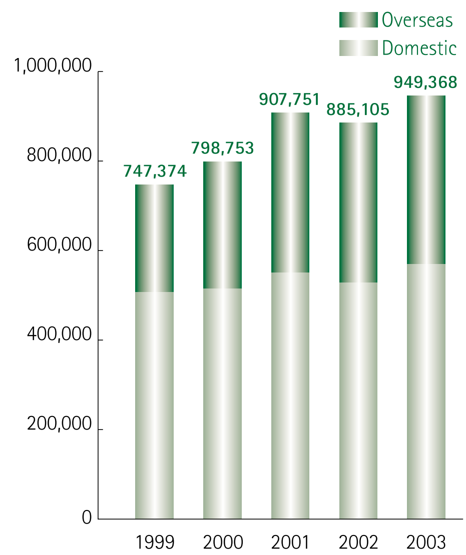
While steel exports were supported by increased market demand for automobiles, the business environment in which the Division operates remained harsh due to a downturn in the domestic market and it was a challenging task to achieve the sales target. Despite these difficult conditions, we worked successfully to secure sales by reinforcing our capabilities for logistics and processing in the domestic iron and steel business, promoting various types of recycling businesses, and expanding the nonferrous metal business in response to the trend toward lighter automobiles, as well as focusing on overseas markets, particularly in China and Eastern Europe.

The Division is aggressively working to strengthen our competitiveness in existing businesses as well as exploring new ventures in each area. In the iron and steel business, development has been completed for a Supply Chain Management (SCM) system with steel companies, and the system has already been consolidated with the logistics within Toyota Steel Center Co., Ltd., the Group's main processing and logistics center. The development and consolidation helped to significantly enhance our competence in this industry. On the other hand, we are increasing the number of locations for our recycling business in the United States.

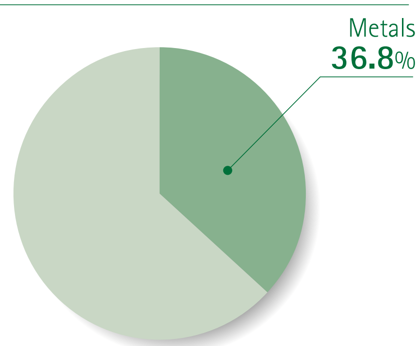
In nonferrous metals, we started construction of a molten aluminum plant in Poland following the construction of one in the United States, and in June 2002 we acquired from Tomen Corporation the nonferrous metal segment covering mainly the copper business. Acquisition is conducive for the expansion of our product and business domains.

Consequently, we achieved net sales of ¥949.3 billion, an increase of ¥64.2 billion (7.3%) with operating income increasing 36.4% to ¥11.8 billion from the previous ¥8.7 billion.

Segment Sales (Millions of Yen)



Share of Net Sales



Future Plans

The pivotal tasks which are strategically indispensable in our Mid- to Long-Term Business Plan are:

1) to further enhance our functions in the business related to the projects of TOYOTA and its Group's overseas production
2) to reinforce the nonferrous business acquired from Tomen Corporation
3) to enhance our overseas procurement and supply functions, especially in China and Europe
4) to streamline steel plate logistics and establish a SCM system centered on Toyota Steel Center
5) to expand our ELV (End-of-Life Vehicle) recycling business

Machinery & Electronics Division

Business Outline

The function of the Machinery & Electronics Division extends beyond simply procuring products from Japan and overseas sources in response to customers' needs. It encompasses planning, advising, development, quality control, and efficient logistics, thus providing total support across all industrial fields related to machinery and equipment, information and electronics, and overseas parts production.

In the field of machinery, Toyota Tsusho is involved from the planning stage to post-operation follow-up, providing consultation on the optimum combination of equipment and factory layout, installation, adjustments and maintenance. Taking advantage of its global network, we can offer highly specialized knowledge, information and technology, providing total engineering service to customers.

Automotive electronics is an area of rapid progress in advanced information technology and the development of electronic motors, such as telematics, hybrid systems, and EVs (Electronic Vehicles). In addition to providing quality control and delivery management specific to automotive electronics, Toyota Tsusho seeks out superior technologies in semiconductors, communications, and data processing and proposes applications for these technologies.

In information and electronics, we participate in various projects related to ITS (Intelligent Transport Systems) in cooperation with equipment manufacturers and government institutions. We also support Japanese-affiliated firms in North America, China, Thailand and Singapore in building their communications networks.

With regard to parts for overseas production, we offer Vendor-to-Vendor service in which parts are collected from various domestic parts suppliers, sorted by destination, then shipped to the overseas production/assembly facilities. This small lot, frequent shipment outsourcing service allows customers to not only reduce inventory and delivery time, but also to take advantage of scale to reduce shipping costs. In combination with Vendor-to-Vendor service, we also offer an intra-regional logistics service.

Products & Services

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

Business Environment & Performance

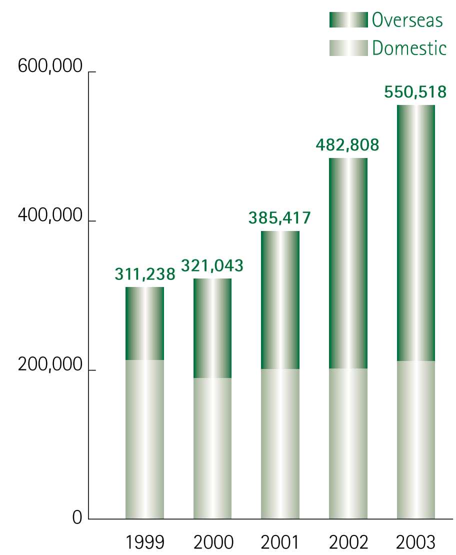
Overseas investment by our customers has been increasing. Toyota Motor Corporation and its Group companies, in particular, are expanding their overseas production, especially in China and Europe. Our positive support for these activities has considerably boosted the business volume of machinery equipment and automobile parts.

In the overseas automotive parts business, in response to the globalization of production and procurement by our clients, we have established integrated logistics systems in Australia, China and several countries in Asia, and thereby strengthened these operations and further enhanced our capabilities.

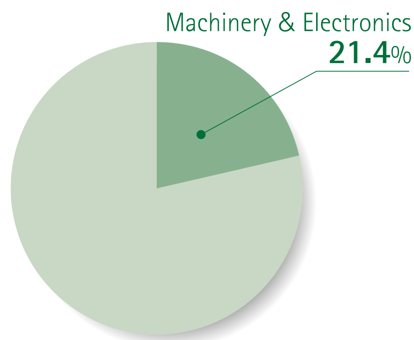
With rising public concern for ecological responsibility, we actively engage in environmental businesses and invest in related enterprises, such as companies that install and maintain environmental equipment. Additionally, we are involved in wind power generation and cogeneration (heat supply units).

To fully accommodate the needs of clients who have entered overseas markets, we need to further strengthen and expand our information network services. For this purpose, we have established other new companies in Singapore and China, following those set up in the United States and Thailand. As a result of these efforts, net sales for the Machinery & Electronics Division reached ¥550.5 billion, an increase of ¥67.7 billion (14.0%) year-on-year with operating income rising ¥0.6 billion (7.6%) to ¥9.48 billion compared to the previous year.

Segment Sales (Millions of Yen)



Share of Net Sales



Future Plans

To fulfill the objectives of our mid-to long-term plan, business related with TOYOTA's overseas production will continue to expand significantly and shall be positioned as one of our core businesses. We will especially work hard to get involved in facility-engineering projects in North America and Eastern Europe, while at the same time expanding the sales of Toyota Group products world wide.

Meanwhile, we will aggressively develop new technology for car electronics and its related businesses.

We are also planning to enter the field of cogeneration equipment sales in response to the strong growth projected for the environmental energy business.

Vehicles Division

Business Outline

Toyota Tsusho's Vehicles Division exports to 120 countries vehicles and parts produced in Japan by the Toyota Group of Companies which include Toyota and Daihatsu cars, forklifts and other industrial vehicles, as well as Hino trucks. The division also engages in re-exporting to third countries vehicles produced in overseas plants and this is a quite promising business area with outstanding potential for growth.

The "3S" factors—Sales, Spare Parts and Services—are indispensable. We are well organized to provide a full range of support, including technical service training for sales representatives and dealers, logistics services with an emphasis on genuine parts, and management support through investments and financial assistance as well. A wide range of experience and expertise in vehicle sales has been accumulated through the involvement in drafting local marketing strategies and setting up of dealerships tailored to specific market conditions, as well as handling sales finance service.

Regionally organized teams, such as China/Asia and Europe/CIS, consist of specialists who thoroughly understand national and regional markets. Through close collaboration with regional centers around the world, we have gained a tremendous agility in assessing risks associated with local political, economic and financial situations, as well as in gathering information on local market trends and user preferences. The competitive advantage of our information network as a trading company is exemplified in the way we apply our corporate strengths for guiding the overseas production of automobile-related makers becoming the bases for drafting and implementation of marketing strategies.

Products & Services

- Products and Services
- Passenger vehicles
- Commercial vehicles
- Trucks
- Buses
- Industrial vehicles
- Automotive parts

Business Environment & Performance

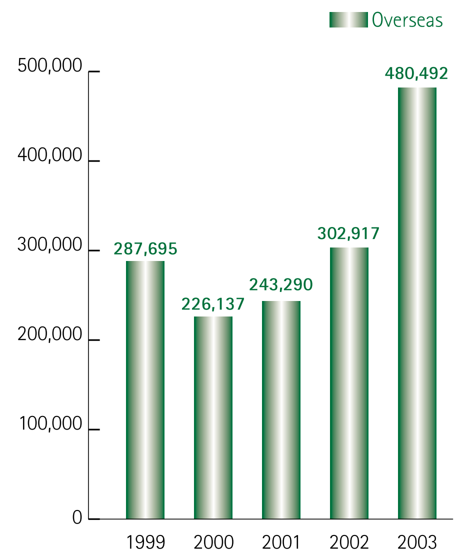
Total automobile exports reached a record high, thanks to rising demand in our operating regions. Exports to China, Russia, and Pakistan soared, while at the same time, other Asian markets including Singapore, Malaysia, and South Korea had rapidly recovered and moved toward expansion. All of them contributed significantly to our overall performance.

Fully drawing upon our own experience and expertise in retail business, we are expanding dealership networks in Russia, the Commonwealth of Independent States (CIS), China and Europe, while continuing to export built up vehicles to these regions. We are currently operating retail businesses in major cities, mainly in Russia, China, Europe, and the CIS countries. China is positioned as a priority region for retailing vehicles. Therefore, we are continuously and proactively expanding our dealership network. So far, we have established six dealerships, including the latest three in Shenyang, Xian and Urumqi in addition to the existing three in Jammen, Halpin, and Kuangchou. Other than China, we have set up a fourth dealership in Moscow and our first dealership in Bordeaux, France. We are intending to further expand and enhance our marketing locations.

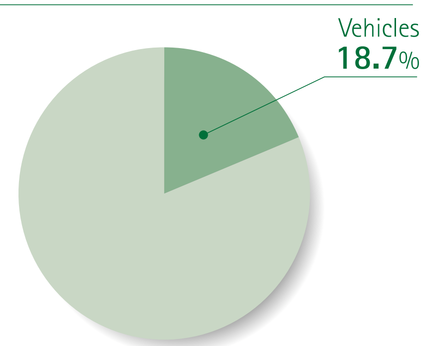
Meanwhile, to strengthen our business relationship with Daihatsu Motor Co., Ltd.—one of our Group companies—we acquired from Nichimen Corporation the automobile export business of Daihatsu in November 2002.

Net sales rose to ¥480.4 billion, an increase of ¥177.5 billion or 58.6%, with operating income increasing ¥1.4 billion or 25.5% to ¥7.2 billion compared to the previous year. This is due to brisk exports and local retail businesses, as well as the additional contributions from the African Group companies who are newly included in our consolidated accounts.

Segment Sales (Millions of Yen)



Share of Net Sales



Future Plans

According to our mid- to long-term plan, we will promote the establishment of a global strategy, while continuing to enhance our retail businesses in each individual country.

In Europe and the CIS countries, we will continue to be active in expanding our dealership network while simultaneously participating positively in the automotive-related businesses. On the other hand, we will strategically promote the businesses of Group companies, including Daihatsu Kogyo Co., Ltd., Hino Motors, Ltd. and Toyota L&F (Logistics and Forklift) to further increase the total sales.

Energy & Materials Division

Business Outline

Toyota Tsusho procures and supplies production materials from all over the world to meet the specific needs of customers from a variety of manufacturing industries, including the automobile industry. These materials include automobile interior parts, synthetic resins, chemical products, natural rubber and paper pulp, as well as indirect materials such as chemical additives and silica sand used for casting. We are also involved in the importation and intermediary trade of basic energy resources such as petroleum, LPG and coal, the development of coal mines in Australia, and the establishment of a service-stations network within Japan's private sector.

In the rapidly expanding market of ecological products and services, the Division is taking the initiative in developing wind power generation projects, including commercial ventures in northern Japan. At the same time, we promote a comprehensive recycling business based on the expertise and technology we have gained through our longstanding involvement with wastepaper collection and processing, and the recycling of industrial wastes such as oil and plastic.

We are moving forward by actively engaging in emissions rights trading, which is attracting attention as a practical and effective method to reduce greenhouse gases, as well as in areas such as GTL (gas to liquid)/DME (dimethyl ether), a promising alternative source of clean energy.

• The name of the division was changed from the Industrial Materials Division to the Energy & Materials Division effective April 2003.

Products & Services

- Automobile interior parts & materials
- Genuine accessory parts
- Paper & pulp
- Corrugated cardboard
- Natural rubber
- Mineral products
- Crude oil
- Petroleum products
- LPG (liquefied petroleum gas)
- Recycling business
- Plastics (synthetic resins)
- Chemicals
- Fat & oil products
- Chemical additives
- Antimicrobial products

Business Environment & Performance

Despite the challenges the Division was forced to face in the overall slumping domestic market, sales of chemical products related to automobile interiors and synthetic resins increased in the wake of expanded automotive production, especially by TOYOTA.

In addition, we quickly responded to the shifting of manufacturing overseas through such efforts as establishing automotive interior parts businesses in Australia and China. In the energy field, we increased the sales of fuel oil for cogeneration. We also pursued long-term environmental businesses, including the development of GTL (gas to liquid), a potentially clean source of energy, and DME (dimethyl ether), and participated in a greenhouse gas reduction project through fuel conversion with a steel making company in Brazil.

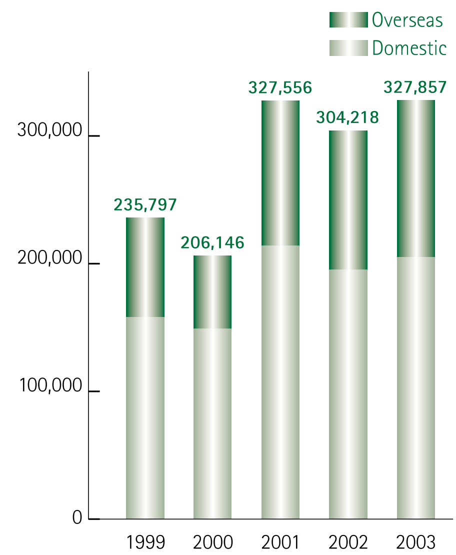
In the paper pulp field, our used paper exports to Asia and China increased.

On the other hand, we have reached an agreement for establishing a resin producing company that could be a milestone for food packaging material in China.

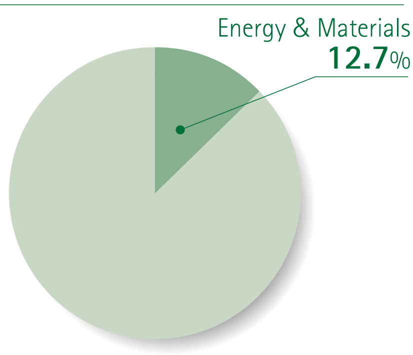
We expect environment-related businesses to stay in a strong growth trend, driven by rising public concern, and will therefore continue our commitment to engaging in and supporting such ventures.

As a result, net sales for the Energy & Materials Division rose by ¥23.6 billion or 7.8% to ¥327.8 billion, while net income decreased by ¥0.4 billion or 11.3% to ¥3.5 billion compared to the previous year due to the spike in oil costs that could not be passed on to product prices.

Segment Sales (Millions of Yen)



Share of Net Sales

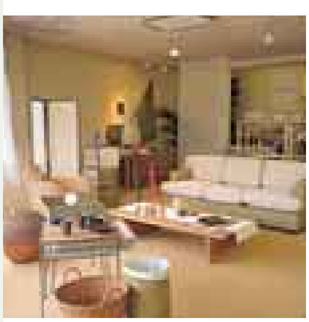


Future Plans

In our mid-to long-term plan we will endeavor to develop business related to the overseas production of TOYOTA and its Group companies, as the volume of their overseas production is expected to grow rapidly. Part of our strategy for achieving these objectives is to establish the organizational infrastructure to reinforce our capabilities. For example, we will strengthen global procurement capabilities for automobile interior parts in China and Australia.

Meanwhile, we consider environmental energy as another business priority area where we can expect high potentiality of rapid and expansive growth and we are endeavoring to develop such businesses as wind power generation, GTL and CO_2 emission controls.

Consumer Products & Services Division



Business Outline

This Division covers products and services related to clothing, food, and housing. In addition, nursing care and insurance are expected to become increasingly important. With safety, affluence and comfort as our key words, we supply products and services with unique strength in each field to support every aspect of people's day-to-day lives. For example, in the food industry, we are Japan's top importer of bean sprouts, sesame, and buckwheat by volume. In housing, we were among the first to build condominiums with Internet access facilities in major metropolitan areas.

Contributing to consumer safety and health is just as important as upgrading affluence and comfort. We have established an excellent record as a major insurance sales representative in Japan that handles a variety of coverage types, including automobile insurance. In nursing care, we sell and rent nursing care equipment such as wheelchairs and beds, and provide support services for the increasing needs of nursing care providers following the implementation of the Long-Term Care Insurance System in Japan.

Every business in which we participate exemplifies the advantages of our extensive product selection and our overall capabilities as a trading company.

• The name of the division was changed from the Life Products & Service Division to the Consumer Products & Services Division effective April 2003.

Products & Services

- 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 nursing care equipment
- 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

Business Environment & Performance

The longed-for recovery failed to materialize in the domestic market and a continuous slump in general consumption depressed the performance below projections. Our textile and consumer products businesses, in particular, remained stagnant.

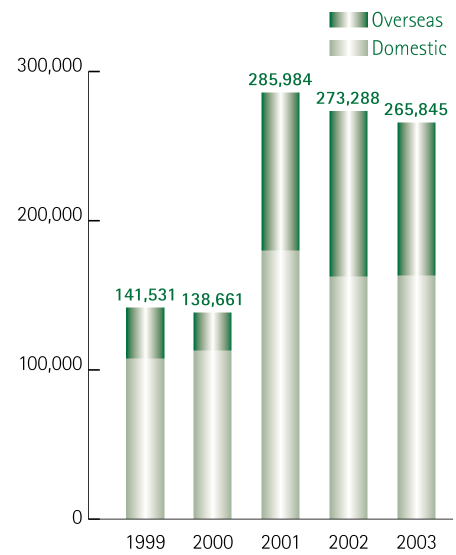
The trend to shift production overseas has also accelerated in the textile industry. In response to this trend, we are expanding our capacity and enhancing our overseas production, and in China, we are expanding the car air bag fabrication business.

In the insurance business, deregulation is progressing and we are aggressively developing new products to match this trend. We have significantly improved our capacity for upgrading our customer service by setting up a customer service center as part of the Group's measures for expanding automobile insurance sales.

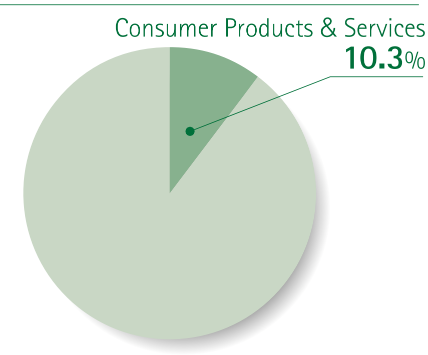
In foodstuffs, we operate various food processing businesses to meet the diversifying needs of customers in Japan. In overseas markets, we reinforced our food processing operations in China and Vietnam. In construction and estate development business, we focused on the construction and sales of condominiums and single-family houses. In nursing care, we concentrated on the rental business and sales of nursing equipment.

In spite of these various measures, net sales for the Consumer Products & Services Division fell by ¥7.4 billion or 2.7% to ¥265.8 billion compared to the previous year, attributable to the steep decline in personal consumption. Operating income also dropped by ¥0.2 billion or 10.1% to ¥2.5 billion compared to the previous year, which is resulting from a review of unprofitable business and the writing off of long-term inventories.

Segment Sales (Millions of Yen)



Share of Net Sales



Future Plans

In the mid- to long-term, we will enhance our food, insurance, and nursing businesses through M&As while at the same time enhancing our overseas processing capacity for various products.

The Division is planning to expand its overseas food processing businesses mainly in China and also enhance its overseas insurance business.

On the other hand, we will continue to evaluate our businesses placing priority on areas of potential growth and return on investment as well as relative competencies and market scale. We will not hesitate to withdraw from businesses with little or no growth potential or those that are poorly aligned with our strengths and priorities.

Board of Directors & Corporate Auditors

(As of June 27, 2003)

Chairman
Eizo Takeyama (Front row left)

President
Masaaki Furukawa (Front row right)

Executive Vice Presidents
Yoshihiro Kaneko (Back row left)
Shigeru Shimazaki (Back row center)
Iwao Ito (Back row right)

Senior Managing Directors

Hidenori Tsutsui
President of Toyota Tsusho Europe S.A., Toyota Tsusho U.K. Ltd., and Toyota Tsusho Finance International B.V.

Yoji Toyohara
Chief Operating Officer of Customer Services & Domestic Business; Operating Officer of Toyota Coordination Department

Managing Directors

Nobuhiko Sahara
Chief Division Officer of Machinery & Electronics Division

Masato Fujimoto
Chief Division Officer of Metals Division

Kiyoshi Furubayashi
Chief Division Officer of Vehicles Division

Katsunori Takahashi
Chief Division Officer of Consumer Products & Services Division

Masahiro Tanizeki
Chief Division Officer of Energy & Materials Division

Junzo Shimizu
Chief Division Officer of Corporate Division

Nobuhiro Watanabe
President of Toyota Tsusho (Shanghai) Co., Ltd., Toyota Tsusho (Tianjin) Co., Ltd., Toyota Tsusho (Guangzhou) Co., Ltd., Toyota Tsusho (Dalian) Co., Ltd. and Toyota Tsusho (Hong Kong) Co., Ltd.

Yoshimi Takai
President of Toyota Tsusho America, Inc.

Directors

Shozo Hamana
Deputy Chief Division Officer of Corporate Division

Koichi Kawai
Deputy Chief Division Officer of Machinery & Electronics Division and Energy & Materials Division; Chief Representative of Osaka Branch

Yoichi Kihara
Deputy Chief Division Officer of Metals Division

Ryoji Shimizu
President of Toyota Tsusho (Thailand) Co., Ltd.

Koji Oshige
Deputy Chief Division Officer of Machinery & Electronics Division and Vehicles Division

Seiji Kado
Deputy Chief Division Officer of Consumer Products & Services Division

Masanori Yamase
Deputy Chief Division Officer of Corporate Division

Fumio Inoue
Deputy Chief Division Officer of Energy & Materials Division

Naoto Yamauchi
Deputy Chief Division Officer of Metals Division

Toshinao Mikami
Deputy Chief Division Officer of Machinery & Electronics Division

Takashi Yoshida
Deputy Chief Division Officer of Vehicles Division

Hisashi Yamamoto
Executive Vice President of Toyota Tsusho Europe S.A. and Toyota Tsusho U.K. Ltd.

Hiroyuki Okabe
Deputy Chief Division Officer of Machinery & Electronics Division

Mikio Asano
Deputy Chief Division Officer of Corporate Division

Corporate Auditors

Yasumasa Nishi *
Hidetsugu Yamauchi *
Tetsuro Ito *
Yoshio Uesaka
Ryuji Araki
*Standing corporate auditor

FINANCIAL SECTION

CONTENTS

Financial Review

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

The following Financial Review (Management's Discussion and Analysis of Financial Condition and Results of Operations) contains forward-looking statements about Toyota Tsusho's future plans, strategies, beliefs and performance that are not historical facts. Please refer to "A Cautionary Note on Forward-Looking Statements" at the beginning of this annual report, which pertains to the report as a whole.

Operating Environment

The economic environment in fiscal 2003 saw a modest recovery, sustained by the U.S. economy, an engine of global economic growth, which was held steady by the household sector, including personal consumption and housing investment on the back of a gradual expansion in income from the beginning of the year and a decline in interest rates. Corporate IT investments also showed significant growth over the previous year as systems and terminals renewed to address the Y2K problem entered the upgrade phase. However, corporate revenues in general remained constrained by the worsened employment situation caused by personnel cutbacks as limited measures to improve profitability, bringing the economy to a standstill against the backdrop of the uncertain outlook on the Iraqi situation from autumn.

In the Japanese economy, meanwhile, inventory adjustment proceeded steadily, thanks to exports destined for China which demonstrated solid economic growth, Asia, and the United States which showed signs of a recovery in the first half of the year, leading to increased production in the second quarter and temporarily showing annual growth of over 3% in the third quarter. However, the gap in supply and demand in personal consumption remained significantly large, while rising unemployment due to ongoing corporate restructuring and the growing individual social security burden continued to dampen consumer confidence, intensifying deflationary trends even further. Under these circumstances—apart from some automotive-related companies that were supported by brisk exports—growth in corporate revenues remained weak and stock prices continued to flounder, resulting in conditions far short of a full-fledged economic recovery.

Summary of Operating Results

In fiscal 2003, the Automotive Business, the Toyota Tsusho Group's core business, benefited from growth in machinery and equipment procurement as well as the procurement of metals and other materials overseas, especially in the United States and Europe, reflecting the consistent effort by the Group's main customers, the Toyota Motor Group and other automotive companies, to aggressively expand overseas production. In addition, exports of overseas production parts and the intermediary trade as well as logistics operations at overseas local production sites expanded. There was also a considerable increase in the exports of finished vehicles to China, which is undergoing rapid motorization in line with large-scale economic expansion, and Southeast Asia, where economic conditions demonstrated stable growth. As a result, the Group's main business divisions of Metals, Machinery & Electronics and Vehicles, which account for more than 70% of total Group sales, achieved significant increases in both combined net sales, which rose ¥309 billion, or 19%, and combined operating income, up ¥5.3 billion, or 23%, compared to the performance of the previous fiscal year, raising the ratio of overseas business from 56% to 60%.

On the other hand, the Energy & Materials Division, which despite a growth in sales in the wake of increased overseas handling of materials for automotive interiors and parts, experienced declining profitability as the Division failed to transfer to end-users the increased cost of crude oil caused by the Iraqi situation. Meanwhile, the Consumer Products & Services Division, while securing sales roughly equivalent to the previous year, incurred a large valuation loss on inventory in some of its fisheries products under volatile market conditions, resulting in lower operating income for both divisions compared with the previous year. However, their combined decline of ¥0.7 billion, or 11%, had little or no impact on the combined operating results for total Group raising net sales to ¥2,576 billion, an increase of ¥320 billion, or 14% with operating income of ¥31 billion, up ¥4.8

billion, or 18%, marking a record-high performance for the second consecutive year.

In addition, net income exceeded that of the previous year by over 100%, at ¥18.8 billion, up ¥10.0 billion or 114%, due to increases in dividend payments and in the value of shareholdings in invested companies, mainly in Automotive Business both in Japan and overseas, an improvement in interest payments due to lower domestic and international interest rates, and the reporting of an extraordinary profit due to a refund of the substitutional portion of employees' pension funds.

Total assets rose ¥38.3 billion, or 4.2%, from the previous year to ¥960 billion due to increased trade receivables along with growth in sales, while interest-bearing debt rose ¥9.4 billion, or 2.5%, to ¥390 billion due to increased overseas investments with total shareholders' equity increasing ¥8.8 billion, or 5.8%, to ¥159 billion due to increased unappropriated income.

With regard to cash flows, by actively pursuing overseas investments while concurrently striving to raise the efficiency of operating capital, the Company successfully limited free cash flows to an expenditure of ¥1.0 billion. As a consequence, the outstanding balance of cash and cash equivalents at the end of the fiscal year rose ¥4.9 billion, or 8.8%, to ¥61.6 billion compared to the previous year.

Net Sales

Net sales rose ¥320 billion, or 14.2%, to ¥2,576 billion.

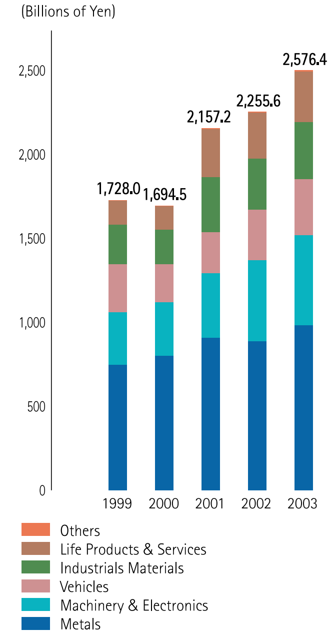
By operating segment, the Vehicles Division increased 58.6% to ¥480 billion due to exports of 45,000 units—four times the previous year's level—to China, where rapid motorization is proceeding mainly in urban regions, as well as exports to Pakistan and Malaysia, which also increased by more than 20%. The increased exports to China, however, were primarily due to the relaxation of limitations placed on the import of finished Japanese vehicles that took effect in the latter half of the previous year. Sales for the Machinery & Electronics Division, which won a large-scale textile machine order amounting to about ¥10 billion also in China, rose 14.0% to ¥550 billion due to increased equipment orders and overseas production parts in line with the expanded overseas production of automobiles. Sales for the Energy & Materials Division rose 7.8% to ¥327 billion due to increased overseas materials business centering on automotive-related areas, while sales of the Metals Division rose 7.3% to ¥949 billion due to growth in sales in non-automotive areas, including the acquisition of Tomen Corporation's nonferrous business centered on copper. Meanwhile, sales of the Consumer Products & Services Division, which is mainly focused on businesses in Japan, decreased 2.7% to ¥265 billion as a result of decreased sales of foodstuff and textile products due to flagging personal consumption and falling prices caused by deflation.

In terms of domestic and overseas transactions, overseas transactions rose ¥264 billion, or 22.8%, to ¥1,425 billion due to increased exports, mainly vehicles, which increased 40% over the previous year and the intermediary trade that rose 24%. Domestic transactions increased ¥56 billion, or 5.1%, to ¥1,151 billion. Following the previous year, which marked the first time that overseas transactions exceeded domestic transactions, the ratio of overseas transactions expanded even further. The Company expects this trend to continue into the next fiscal year.

With regard to major consolidated subsidiaries, Toyota Tsusho America, Inc. matched the favorable results it enjoyed in the previous year by generating sales of ¥296 billion, while at the same time, performance considerably improved in Europe, where the sales of Toyota Tsusho U.K. Ltd. and Toyota Tsusho Europe S.A. grew by ¥65 billion and ¥45 billion, respectively, in both cases exceeding the previous year's sales by over 50%. The addition of 16 companies,

Net Sales by Operating Segment

(Billions of Yen)

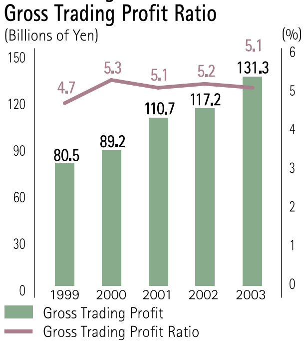


which collectively accounted for a ¥257 billion increase in consolidated sales and brought the total number of companies to 167, also contributed to raising overall sales by ¥123 billion, or 14.9%, to ¥952 billion.

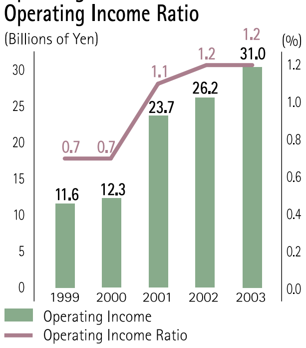
In foreign exchange, the average exchange rate for fiscal 2003 was ¥122.3 to the U.S. dollar, a ¥1.4 decline in the value of the yen compared with the previous year. As a result, net sales decreased ¥4.5 billion on a non-consolidated basis.

Sales Compositon by Type of Transaction	2003	2002
Domestic	45%	49%
Overseas	55%	51%
Total	100%	100%

Gross Trading Profit &
Gross Trading Profit Ratio



Operating Income &
Operating Income Ratio



Gross Trading Profit

Gross trading profit increased ¥14 billion, or 12.0%, to ¥131 billion.

By operating segment, apart from the Consumer Products & Services Division which experienced declining sales, the other four divisions reported year-on-year growth. In particular, the Vehicles Division and Metals Division considerably increased ¥6.1 billion, or 32.3%, and ¥5.0 billion, or 19.8%, respectively. The Metals Division achieved significant improvement in the gross trading profit ratio compared to the previous year, substantially exceeding the 7.3% growth rate for sales, thanks to favorable performance in precision steel processing at the highly profitable U.S. subsidiary and further progress in raising efficiency through such efforts as inventory reductions. In the Vehicles Division, due to the greater proportion of products intended for the Chinese market, where the composition of vehicle types and the geographic factor of distance bring down the gross trading profit ratio compared to other regions, the ratio remained at 32.3%, falling below the 58.6% growth rate for sales. In the Energy & Materials Division, the gross trading profit ratio was 5.8%, below the 7.8% growth rate in sales as the higher costs of crude oil caused by the Iraqi situation were not completely passed on to the end user.

As for other divisions and major consolidated subsidiaries, the gross trading profit ratio remained more or less unchanged from the previous year, corresponding with sales.

SG&A Expenses and Operating Income

Selling, General & Administration (SG&A) expenses increased ¥9.2 billion, or 10.1%, compared to the previous year, to ¥100.2 billion, while operating income rose ¥4.8 billion, or 18.3%, to ¥31.0 billion. The primary factors behind the rise in SG&A expenses included increases of ¥0.8 billion in the one-time depreciation of consolidated adjustment accounts for consolidated companies in the Vehicles Division, ¥0.6 billion in personnel costs caused by actuarial differences in retirement benefits, ¥2.7 billion in consulting fees to affiliated companies for constructing group-wide systems such as the Global Supply Chain System (G-SCM) and consolidated accounting system, and ¥2.9 billion from the addition of consolidated subsidiaries.

With regard to operating income, the Metals Division rose ¥3.1 billion, or 36.5%, to ¥11.8 billion due to improvements in the gross trading profit ratio and SG&A expenses, while the Vehicles

Division rose ¥1.4 billion, or 25.2%, to ¥7.2 billion, as a decline in the gross trading profit ratio and a rise in SG&A expenses were offset by the dramatic increase in sales, generating results that far exceeded those of the previous year. Operating income for the Machinery & Electronics Division increased ¥0.6 billion, or 7.6%, to ¥9.4 billion, basically in line with sales.

On the other hand, operating income for the Energy & Materials Division decreased ¥0.4 billion, or 11.3%, to ¥3.5 billion due to a lower gross trading profit ratio as well as an increase in SG&A expenses including losses on loans from unprofitable subsidiaries. Operating income for the Consumer Products & Services Division fell ¥0.2 billion, or 10.1%, to ¥2.4 billion, as a reduction in SG&A expenses of more than ¥5 billion were not enough to offset the drop in gross trading profit caused by declining sales.

Net Income

Net income rose ¥10.0 billion, or 114.4%, to ¥18.8 billion.

The balance of interest payments improved by ¥0.7 billion due to lower interest rates on loans, while dividends income from and the value of shareholdings in overseas investments mainly in the Automotive Business increased ¥1.6 billion, or 73.2%, year-on-year. Approximately ¥1.0 billion in foreign exchange gains at an Australian coal-related subsidiary and ¥3.9 billion in refunds for the substitutional portion of employees' pension funds helped offset the ¥3.3 billion increase in valuation losses on investment securities caused by flagging domestic stock prices. As a result, non-operating losses significantly improved by ¥5.8 billion from the ¥6.3 billion in the previous year to ¥0.5 billion.

Net income per share increased ¥34.75 to ¥66.06, due to the considerable increase in net income and a decrease in the average number of outstanding shares by 1,533 thousand to 278,923 thousand that took place during the year under review.

With regard to return on equity, despite the increase in shareholders' equity due to three consecutive years of profit growth, the Company was able to accomplish its goal of attaining double-digit growth by the fiscal year ending March 2005, two years' ahead of schedule, making it the industry leader in Japan in terms of profitability.

Geographical Segment Information

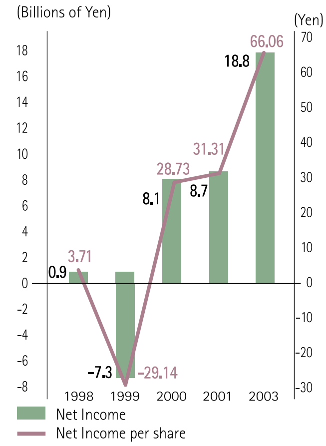
Japan

The export and sales of vehicles to China, Singapore and Russia increased significantly, while export of textile machines to China and capital investments for overseas production by automobile-related manufacturers also proceeded favorably, resulting in net sales of ¥2,003 billion, up ¥235 billion, or 13.3%, from the previous year. Accordingly, operating income rose ¥1.7 billion, or 9.4%, to ¥20.4 billion.

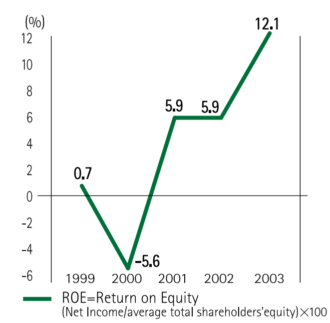
Asia & Oceania

As automobile-related manufacturers expanded overseas production, procurement of materials such as steel sheets and distribution transactions in assembly parts increased in Asian countries. Local retail sales of exported vehicles were also favorable, raising net sales by ¥24 billion, or 18.3%, to ¥157 billion. However, the reorganization of our vehicle dealers in the South Pacific region was accompanied by a bulk-sum depreciation of approximately ¥0.7 billion under consolidated adjustment accounts, resulting in a decrease in operating income of ¥0.2 billion, or 26.8%, to ¥0.6 billion.

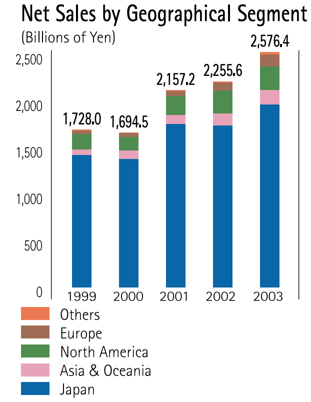
Net Income & Net Income per share



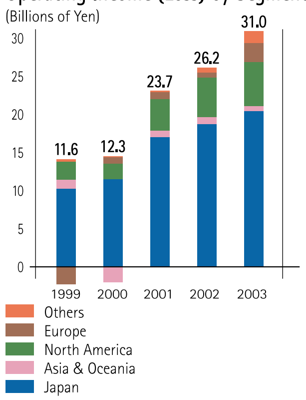
Transition in ROE



Net Sales by Geographical Segment



Operating Income (Loss) by Segment



North America

With production at automobile-related manufacturers, our main customers, maintaining momentum from the previous year, we bolstered our processing and distribution capabilities for materials and parts procurement, and as a result net sales denominated in the local currency (US$) exceeded that of the previous year. Due to the effects of the yen's rise against the US dollar, however, net sales in terms of yen decreased ¥0.9 billion, or 0.4%, to ¥256 billion. Enhancement of our capabilities added higher value to our operations and improved the gross trading profit ratio, resulting in an increase in operating income of ¥0.5 billion, or 10.3%, to ¥5.7 billion.

Europe

In the UK, an automobile maker that is one of our main customers undertook a major model change in its mass production vehicles and prepared to begin production in Poland, resulting in a significant increase in production facility orders including machinery and molds. In response to expanded production in France, distribution transactions of assembly parts rose, while in Russia retail sales of exported vehicles continued at a brisk pace, resulting in net sales of ¥132 billion, up ¥49 billion, or 58.8%. Operating income jumped by ¥1.8 billion, or 281.7%, to ¥2.5 billion as the increase in net sales was complemented by an aggressive effort to reduce costs.

Others

Our representative vehicle sales company in Africa was added to consolidated accounting, and as a result, net sales increased ¥12 billion, or 97.0%, to ¥26 billion, and operating income increased ¥0.8 billion, or 118.9%, to ¥1.5 billion.

Performance of Consolidated Subsidiaries and Affiliates

1) Subsidiaries and affiliates that reported profits

[Domestic]	Shareholding (%)	Equity earnings (Billions of Yen) 2003	2002	Main Business
Toyotsu Engineering & Manufacturing Co., Ltd.	100.0	**0.8**	0.5	Manufacture, sale, mediation and maintenance of machinery and equipment
Toyotsu Syscom Co., Ltd.	100.0	**0.7**	0.2	Mobile communications, system development and sale of computer machinery
Toyota Chemical Engineering Co., Ltd.	100.0	**0.2**	0.2	Manufacture of lubricating oil and disposal of industrial waste
Toyota Steel Center Co., Ltd.	58.0	**0.2**	0.2	Processing and warehousing of all kinds of steel
[Overseas]				
Toyota Tsusho America, Inc.	100.0	**2.4**	1.7	Trade, investment and wholesale
Business Car	92.0	**0.9**	0.6	Sale of TOYOTA vehicles and parts, rental and after-sales services
Toyota Tsusho U.K. Ltd.	100.0	**0.9**	0.3	Trade, investment and wholesale

2) Subsidiaries and affiliates that reported losses

[Domestic]	Shareholding (%)	Equity earnings (Billions of Yen) 2003	2002	Main Business
Oriental Steel Co., Ltd.	100.0	**-0.2**	-0.0	Processing and warehousing of steel sheets
[Overseas]				
Stirchley Forklifts Ltd.	100.0	**-0.2**	-0.5	Sale of industrial vehicles

Assets, Liabilities and Shareholders' Equity

Total assets increased ¥38.3 billion, or 4.2%, to ¥960 billion at the end of fiscal 2003. This was due mostly to the rise in net trade receivables caused by the addition of consolidated subsidiaries and the substantial growth in sales in the latter half of the year under review, which increased ¥29.4 billion to ¥434 billion compared to the previous fiscal year, despite efforts to raise efficiency by shortening collection periods.

Inventory decreased ¥7.4 billion to ¥168 billion compared to the previous fiscal year due to reduced inventories in the Metals Division, a result of further enhancing the efficiency of processing and logistics in Japan and the United States, a decline in the sales of foodstuffs and a retreat from unprofitable products in the Consumer Products & Services Division.

With regard to investments and other assets, investment securities declined ¥13.1 billion to ¥94 billion due to lower valuation caused by falling stock prices. On the other hand, investments in and loans to unconsolidated subsidiaries and affiliates increased ¥4.1 billion to ¥26 billion, as the Company obtained the shares of an unconsolidated automotive company as part of its partial acquisition of Nichimen Corporation's automotive business.

Tangible fixed assets increased ¥1.7 billion to ¥103 billion compared to the previous fiscal year as land decreased ¥2.5 billion to ¥34 billion due to the sale of unused land. On the other hand, buildings and structures increased ¥4.7 billion to ¥72 billion due to the completion of condominiums for sale, and machinery, equipment and vehicles increased ¥4.4 billion to ¥61 billion due to efforts to bolster processing and logistics centers in Japan and overseas.

Intangible fixed assets rose ¥7.8 billion to ¥17 billion, as deferred tax assets-non-current increased ¥4.0 billion due to the impairment and valuation losses on stockholdings and intangible assets such as software increased ¥3.2 billion due to the construction of IT infrastructure.

Total liabilities at the end of fiscal 2003 increased ¥28.6 billion year-on-year to ¥792 billion.

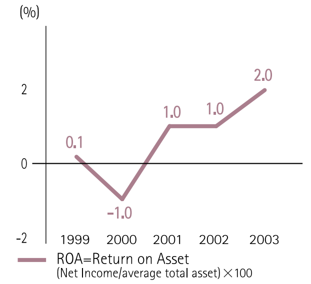
This was due mostly to a ¥15.1 billion increase in trade payables, as with trade receivables, as a result of the addition in consolidated subsidiaries and rising sales. Short-term debt increased ¥4.8 billion year-on-year as the Company shifted short-term debt to long-term debt to hedge the risks of higher interest rates and refinancing risk in the future by taking advantage of historically low long-term interest rates in Japan. Meanwhile, short-tem debt increased in its U.S. subsidiary, which aggressively pursued investments in the wake of favorable results in the Automotive Business. As a result, total current liabilities increased ¥20.0 billion to ¥640 billion.

Long-term liabilities increased ¥8.5 billion year-on-year to a total of ¥152 billion, as long-term debt rose ¥7.9 billion reflecting the shift from domestic short-term debt as well as aggressive investments in IT infrastructure, overseas processing and logistics operations and the dealer business.

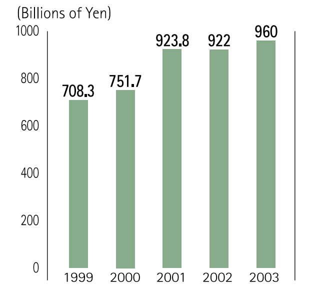
Total shareholders' equity at the end of fiscal 2003 was limited to an increase of ¥8.8 billion to ¥159 billion compared to the previous fiscal year as retained earnings increased by ¥16.4 billion to ¥111 billion in line with the growth in net income, net unrealized gains on available-for-sale securities decreased by ¥4.3 billion due to falling domestic stock prices (the Nikkei 225 index declined from ¥11,025 to ¥7,972), and as the scope of loss in foreign currency translation adjustments increased by ¥2.5 billion due to the rise in the value of the yen (yen rose from ¥133.25 to ¥120.20 to the U.S. dollar).

Shareholders' equity per share rose ¥33.02, or 6.1%, year-on-year to ¥571.38.

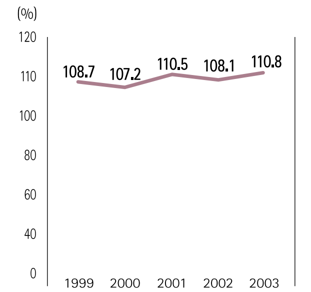
Transitions in ROA



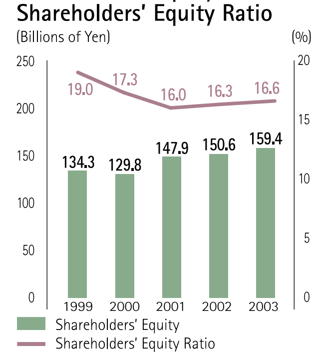
Total Assets



Current Ratio



Shareholders' Equity & Shareholders' Equity Ratio



Cash Flow

Cash flows from operating activities showed an inflow of ¥19 billion due to the efforts to increase profit and raise the efficiency of working capital. Conversely, cash flows from investing activities showed an outflow of ¥20 billion due to the acquisition of fixed assets which accompanied the expansion of operations in North America and to the acquisition of investment securities by Toyota Tsusho Corporation, resulting in an expenditure of ¥1 billion in free cash flows.

Cash flows from financing activities showed an inflow of ¥5.8 billion due to the increase in debt. As a result, cash and cash equivalents at the end of the fiscal year increased ¥4.9 billion to ¥61 billion.

Forecast for Fiscal 2004

In fiscal 2004, the Company expects to achieve business performance that essentially corresponds with that of fiscal year 2003, with net sales rising 0.9% from fiscal 2003 to ¥2,600 billion, operating income of ¥33.5 billion, up 8.0%, and net income of ¥172 billion, down 8.5%.

This forecast is based on the observation that the effects of the Iraq War on the global economy remain unclear despite its early conclusion, and expected concerns over an economic slowdown that may arise in countries affected by the SARS epidemic, which spread throughout China and Southeast Asia.

A decrease in net income is projected because the extraordinary income reported in fiscal 2003 from the return of the substitutional portion of the employee pension fund will not occur in fiscal 2004.

As a further note, major assumptions for this forecast include a projected export/import-adjusted foreign exchange of ¥120 to the dollar, short-term interest rates of 1.375% per annum and long-term interest rates of 1.800% per annum.

In addition, with regard to our core automobile-related business, we expect that automobile production in terms of units will decline slightly from the previous year in Japan, remain roughly the same in North America and show an increase in Asia and Europe.

Six-Year Financial Summary

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years Ended March 31

	Millions of Yen						Thousands of U.S. Dollars
	2003	2002	2001	2000	1999	1998	**2003**
Results of Operations:							
Net Sales:							
Domestic	**¥1,151,335**	¥1,095,087	¥1,150,593	¥969,189	¥ 983,567	¥1,058,215	**$ 9,578,497**
Overseas	**1,425,118**	1,160,609	1,006,647	725,388	744,471	943,335	**11,856,224**
	2,576,453	2,255,698	2,157,240	1,694,577	1,728,038	2,000,550	**21,434,721**
Cost of Sales	**2,462,173**	2,153,454	2,059,343	1,616,096	1,657,082	1,924,307	**20,483,972**
Commission Income	**17,039**	15,048	12,892	10,756	9,596	7,510	**141,753**
Gross Trading Profit	**131,319**	117,292	110,789	89,237	80,552	83,753	**1,092,502**
SG & A Expenses	**100,252**	91,040	87,023	76,933	68,856	61,785	**834,039**
Operating Income	**31,067**	26,252	23,766	12,304	11,696	21,968	**258,463**
Net Income (loss)	**18,829**	8,781	8,169	(7,379)	939	6,686	**156,646**
Financial Position at Year End:							
Current Assets	**¥ 706,440**	¥ 670,309	¥ 678,358	¥541,915	¥ 509,679	¥ 611,576	**$ 5,877,201**
Total Assets	**960,399**	922,054	923,863	751,709	708,306	790,080	**7,990,008**
Current Liabilities	**640,222**	620,171	614,162	505,749	468,859	560,764	**5,326,304**
Total Shareholders' Equity	**159,492**	150,680	147,905	129,811	134,347	137,844	**1,326,891**
Cash Flows							
Net cash provided by (used in) operating activities	**¥ 19,092**	¥ 47,461	¥ 4,013	¥ (6,366)	N/A	N/A	**$ 158,832**
Net cash used in investing activities	**(20,095)**	(11,745)	(14,510)	(14,497)	N/A	N/A	**(167,177)**
Net cash provided by (used in) financing activities	**5,874**	(21,615)	242	22,710	N/A	N/A	**48,866**
Cash and Cash Equivalents at End of Year	**61,666**	56,674	41,013	44,966	N/A	N/A	**513,026**
	Yen						U.S. Dollars
Amounts per Share							
Net Income:							
Basic	**¥ 66.06**	¥ 31.31	¥28.73	¥ (29.14)	¥ 3.71	¥ 26.41	**$ 0.55**
Diluted	**—**	—	—	—	—	25.85	**—**
Cash Dividends for the Year	**7.75**	7.50	7.50	7.50	7.50	8.50	**0.06**
	Thousands of Shares						
Common Stock:							
Number of Shares outstanding at Year End	**282,867**	282,867	282,867	253,212	253,212	253,212	

Notes: The U.S. dollar amounts have been translated from yen, solely for the convenience of the readers, at the rate of ¥120.20=U.S.$1, the approximate exchange rate on March 31, 2003.

Consolidated Balance Sheets

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
March 31, 2003 and 2002

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Current Assets:			
Cash and cash equivalents	¥ 61,666	¥ 56,674	$ 513,026
Marketable securities (Note 10)	0	1,163	4
Receivables:			
Trade notes and trade accounts (Note 3)	439,137	408,818	3,653,389
Allowance for doubtful receivables	(5,052)	(4,131)	(42,034)
Inventories (Note 3)	168,696	176,172	1,403,461
Deferred tax assets (Note 6)	6,168	4,429	51,319
Other current assets	35,825	27,184	298,036
Total current assets	706,440	670,309	5,877,201
Investments and Other Assets:			
Investment securities (Notes 3 and 10)	94,462	107,599	785,876
Investment in and loans to unconsolidated subsidiaries and affiliates	26,846	22,699	223,348
Long-term loans and trade receivables	1,711	925	14,233
Others	14,635	14,504	121,752
Less: allowance for doubtful receivables	(5,119)	(5,862)	(42,588)
Total investments and advances	132,535	139,865	1,102,621
Property and Equipment, at Cost:			
Land (Note 3)	34,266	36,856	285,080
Buildings and structures (Note 3)	72,304	67,601	601,530
Machinery, equipment and vehicles (Note 3)	61,596	57,111	512,446
Construction in progress	1,234	3,144	10,263
Others	10,028	10,486	83,428
Less: accumulated depreciation	(75,555)	(73,036)	(628,577)
Net property and equipment	103,873	102,162	864,170
Intangibles and Deferred Charges:			
Deferred tax assets–non-current (Note 6)	6,794	2,719	56,520
Intangible assets	10,224	6,976	85,058
Others	533	23	4,438
	17,551	9,718	146,016
Total Assets	¥960,399	¥922,054	$7,990,008

See accompanying notes to consolidated financial statements.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of Yen 2003	2002	Thousands of U.S. Dollars (Note 1) 2003
Current Liabilities:			
Short-term debt (Note 4)	**¥130,463**	¥125,572	**$1,085,385**
Commercial paper	**91,000**	93,000	**757,072**
Current portion of long-term debt (Note 4)	**22,473**	23,957	**186,962**
Trade notes and accounts payable	**320,919**	305,786	**2,669,873**
Income taxes payable	**7,015**	9,619	**58,361**
Deferred tax liabilities—current (Note 6)	**114**	115	**947**
Other current liabilities	**68,238**	62,122	**567,704**
Total current liabilities	**640,222**	620,171	**5,326,304**
Long-term Liabilities:			
Long-term debt, less current portion (Note 4)	**146,699**	138,707	**1,220,462**
Employee retirement benefits liability (Note 11)	**1,586**	2,605	**13,194**
Deferred tax liabilities—non-current (Note 6)	**1,851**	562	**15,402**
Other long-term liabilities	**2,523**	2,232	**20,984**
Total long-term liabilities	**152,659**	144,106	**1,270,042**
Total Liabilities	**792,881**	764,277	**6,596,346**
Commitments and Contingent Liabilities (Notes 8 and 9)			
Minority Interests in Consolidated Subsidiaries	**8,026**	7,097	**66,771**
Shareholders' Equity (Notes 5 and 13):			
Common stock, no par value:			
Authorized: 997,525,000 shares			
Issued: 282,867,304 shares in 2003 and 2002	**26,749**	26,749	**222,535**
Capital surplus	**24,711**	24,698	**205,584**
Retained earnings	**111,740**	95,297	**929,614**
Net unrealized gains on available-for-sale securities, net of taxes	**5,509**	9,825	**45,833**
Foreign currency translation adjustments	**(6,941)**	(4,399)	**(57,746)**
Less: treasury stock, at cost-			
4,437,718 shares in 2003 and 2,982,606 shares in 2002	**(2,276)**	(1,490)	**(18,929)**
Total shareholders' equity	**159,492**	150,680	**1,326,891**
Total Liabilities, Minority Interests and Shareholders' Equity	**¥960,399**	¥922,054	**$7,990,008**

Consolidated Statements of Income

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Net Sales (Note 12)	¥2,576,453	¥2,255,698	$21,434,721
Cost of Sales (Note 12)	2,462,173	2,153,454	20,483,972
	114,280	102,244	950,749
Commision Income (Note 12)	17,039	15,048	141,753
Gross Trading Profit	131,319	117,292	1,092,502
Selling, General and Administrative Expenses (Note 12)	100,252	91,040	834,039
Operating Income (Note 12)	31,067	26,252	258,463
Other Income (Expenses)			
Interest income	916	1,084	7,621
Interest expenses	(5,201)	(6,099)	(43,267)
Dividend income	1,950	1,431	16,224
Other, net (Note 7)	1,771	(2,797)	14,727
	(564)	(6,381)	(4,695)
Income before Income Taxes and Minority Interests	30,503	19,871	253,768
Income Tax Expenses			
Current	11,526	12,547	95,889
Deferred	(1,072)	(2,139)	(8,915)
	10,454	10,408	86,974
Minority Interests in Earnings of Consolidated Subsidiaries	1,220	682	10,148
Net Income	¥ 18,829	¥ 8,781	$ 156,646

	Yen		U.S. Dollars (Note 1)
Amounts per Share:			
Net income	¥ 66.06	¥31.31	$0.55
Cash dividends	7.75	7.50	0.06

See accompanying notes to consolidated financial statements.

Statements of Consolidated Shareholders' Equity

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	**2003**
Common Stock:			
Beginning Balance	**¥ 26,749**	¥ 26,749	**$ 222,535**
Ending Balance	**¥ 26,749**	¥ 26,749	**$ 222,535**
Capital Surplus:			
Beginning Balance	**¥ 24,698**	¥ 24,698	**$ 205,476**
Charge in disposition of Treasury stocks	**13**	–	**108**
Ending Balance	**¥ 24,711**	¥ 24,698	**$ 205,584**
Retained Earnings:			
Beginning Balance	**¥ 95,297**	¥ 88,739	**$ 792,815**
Net income	**18,829**	8,781	**156,646**
Effect from scope changes of consolidated subsidiaries and companies accounted for by use of the equity method and others	**175**	304	**1,457**
Cash dividends paid	**(2,093)**	(2,105)	**(17,413)**
Bonuses to directors and corporate auditors	**(468)**	(422)	**(3,891)**
Ending Balance	**¥ 111,740**	¥ 95,297	**$ 929,614**
Net Unrealized Gains on Available-for-Sale Securities, Net of Taxes:			
Beginning Balance	**¥ 9,825**	¥ 15,767	**$ 81,740**
Change in unrealized gains	**(4,316)**	(5,942)	**(35,907)**
Ending Balance	**¥ 5,509**	¥ 9,825	**$ 45,833**
Foreign Currency Translation Adjustments:			
Beginning Balance	**¥ (4,399)**	¥ (7,455)	**$ (36,597)**
Change in translation adjustment	**(2,542)**	3,056	**(21,149)**
Ending Balance	**¥ (6,941)**	¥ (4,399)	**$ (57,746)**
Treasury Stock, at Cost:			
Beginning Balance	**¥ (1,490)**	¥ (593)	**$ (12,396)**
Fractional shares acquired, net	**(786)**	(897)	**(6,533)**
Ending Balance	**¥ (2,276)**	¥ (1,490)	**$ (18,929)**
Total Shareholders' Equity	**¥159,492**	¥150,680	**$1,326,891**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2003 and 2002

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2003	2002	2003
Cash Flows from Operating Activities			
Income before income taxes and minority interests	¥ 30,503	¥ 19,871	$ 253,768
Adjustments for:			
Depreciation and amortization	10,719	9,808	89,179
Net change in allowance for doubtful receivables—net	2,487	564	20,690
(Increase) decrease in receivables	(36,009)	37,708	(299,573)
Decrease (increase) in inventories	5,736	(5,340)	47,721
Increase (decrease) in payables	21,531	(34,881)	179,126
Others, net	341	28,154	2,835
Subtotal	35,308	55,884	293,746
Interest and dividend received	3,133	2,791	26,065
Interest paid	(5,182)	(6,270)	(43,115)
Income taxes paid	(14,167)	(4,944)	(117,864)
Net cash provided by operating activities	19,092	47,461	158,832
Cash Flows from Investing Activities			
Proceeds from sale of marketable securities	3,453	3,068	28,729
Payments for purchase of property and equipment	(14,842)	(11,573)	(123,479)
Proceeds from sale of property and equipment	3,768	2,063	31,345
Payments for purchase of investment securities	(9,072)	(11,164)	(75,476)
Proceeds from sale of investment securities	3,060	3,933	25,463
Increase of loans	(18,648)	(18,972)	(155,144)
Collection of loans	17,245	17,788	143,474
Others, net	(5,059)	3,112	(42,089)
Net cash used in investing activities	(20,095)	(11,745)	(167,177)
Cash Flows from Financing Activities			
Change in short-term debt	4,975	(14,354)	41,386
Proceeds from long-term debt	30,600	16,530	254,579
Repayment of long-term debt	(26,456)	(20,552)	(220,100)
Dividends paid	(2,093)	(2,105)	(17,413)
Others, net	(1,152)	(1,134)	(9,586)
Net cash provided by (used in) financing activities	5,874	(21,615)	48,866
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(710)	721	(5,907)
Net Increase in Cash and Cash Equivalents	4,161	14,822	34,614
Cash and Cash Equivalents at Beginning of Year	56,674	41,013	471,498
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	831	839	6,914
Cash and Cash Equivalents at End of Year	¥ 61,666	¥ 56,674	513,026

See accompanying notes to consolidated financial statements.

1. Basis of Financial Statements

The accompanying consolidated financial statements of TOYOTA TSUSHO CORPORATION ("the Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law of Japan, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from application and disclosure requirements of International Accounting Standards. Certain items presented in the original consolidated financial statements in Japanese submitted to the Director of Kanto Finance Bureau in Japan 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.

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.

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, 2003 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.20=U.S.$1, the rate prevailing on March 31, 2003. 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 domestic and foreign subsidiaries. All significant intercompany 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 excess of the cost of investments in subsidiaries over the equity in net assets at dates of acquisition is 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, 2003 and 2002 was follows.

	2003	2002
Consolidated subsidiaries	**120**	105
Unconsolidated subsidiaries and affiliates, accounted for by the equity method	**47**	46
Unconsolidated subsidiaries and affiliates, stated at cost	**84**	73

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 as allowed under accounting principles and practices generally accepted in Japan.

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

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 shareholders' equity at a moment net of applicable income tax. Sales costs are principally determined by the moving average method).
Securities without market price	At cost, determined principally by the moving average method.

(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.

(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. Expenditures on maintenance and repairs are charged to income as incurred. Upon the disposal of property, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is recorded as income or expense. Intangible fixed assets are amortized by the straight-line method.

(6) Bond issue costs

Bond issue costs are charged to income as incurred.

(7) 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.

(8) Employee retirement benefits

〈Employee retirement benefits liability〉

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 fiscal years. At March 31 2003, the Company showed a debit balance in its employee retirement benefit liability and accordingly, ¥2,919 million ($24,281 thousand) was reported as prepaid pension costs included in others under Investments and other Assets accompanying consolidated balance sheets as of March 31 2003,

Past service costs are accounted for within the consolidated accounting period in which they have accrued.

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 next year in which it arises.

〈Return of the Substituted Portion of the Employee Pension Fund〉

Following the enactment of the Law on Defined Contribution Pension Plan, on November 26, 2002 the Company received approval from the Minister of Health, Labor and Welfare regarding exemption from obligations on projected future payments for the substituted portion paid by the Toyota Tsusho Employee Pension Fund. Adhering to the transitional measures defined under the Practical Guidelines on Accounting for Retirement Benefits (Interim Report) (Japan Institute of Certified Public Accountants Auditing Committee Report No. 13) No. 47 Item 2, the Company has recognized the dissolution of the retirement benefit liability as pertaining to the substituted portion and pension assets corresponding to the refunded amount as of the date of approval.

Accordingly, the Company has reported ¥3,950 million ($32,862 thousand) as an other income for the fiscal year ended March 31 2003. The amount corresponding to the refund was ¥8,394 million ($69,834 thousand) as of March 31 2003.

〈Contribution to the New Retirement Benefit Plan for Employees〉

Following the enactment of the Law on Defined Contribution Pension Plan on January 1 2003, the Company transferred part of a lump-sum retirement benefit plan to a defined contribution pension plan, applying the Accounting for Transfers between Retirement Benefit Plans (Financial Accounting Standards Implementation Guidance No. 1).

As a result, the Company reported contribution to new retirement plan for employees amounted ¥234 million ($1,951 thousand) as other expenses as of the year ended March 31 2003.

(9) Translation of foreign currency assets and liabilities

Foreign currency assets and liabilities are translated into 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 are also translated into yen at the prevailing rate in the foreign currency market on the balance sheet dates, 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, food-stuffs, 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)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 enacted 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.

(13) 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.

(14) 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 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. Diluted net income per share is not presented, as the dilutive effect on stock option was not material.

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.

3. Pledged Assets

	Millions of Yen 2003	Millions of Yen 2002	Thousands of U.S. Dollars 2003
Trade notes and trade accounts receivables	**¥37,152**	¥33,309	**$309,085**
Inventories	**29,378**	34,257	**244,408**
Buildings and structures	**2,910**	3,229	**24,205**
Machinery, equipment and vehicles	**13,864**	10,695	**115,341**
Land	**3,306**	2,992	**27,507**
Investment securities	**2,500**	3,447	**20,802**
Others	**1,381**	2,025	**11,486**
Total	**¥90,491**	¥89,954	**$752,834**

4. Short-term and Long-term Debt

Short-term debt

Short-term debt, principally to banks, as of March 31, 2003 and 2002 was generally repayable with maturities of 90 days, bearing interest at annual rates ranging from 0.83% to 44.00% at March 31, 2003.

Summary of long-term debt

Long-term debt as of March 31, 2003 and 2002 consisted of the following:

	Millions of Yen 2003	Millions of Yen 2002	Thousands of U.S. Dollars 2003
2.5% straight bonds due 2004	**¥ 7,000**	¥ 7,000	**$ 58,236**
2.0% straight bonds due 2007	**15,000**	15,000	**124,792**
1.6% straight bonds due 2003	**6,000**	6,000	**49,917**
1.55% straight bonds due 2012	**10,000**	–	**83,195**
1.54% straight bonds due 2005	**15,000**	15,000	**124,792**
1.5% straight bonds due 2002	**—**	6,000	**—**
1.5% mortgage bonds due 2004	**150**	150	**1,248**
0.6% straight bonds due 2006	**5,000**	–	**41,597**
Notes under medium-term note programs, maturing serially through 2008 at interest rates of 0.56% to 2.32% at March 31, 2003	**2,136**	10,491	**17,775**
Long-term loans, principally from commercial and trust banks and insurance companies, maturing serially through 2012 at interest rates of 1.15% to 20.4% at March 31, 2003	**108,886**	103,023	**905,872**
Total	**169,172**	162,664	**1,407,424**
Less current portion	**(22,473)**	(23,957)	**(186,962)**
	¥146,699	¥138,707	**$1,220,462**

The aggregate annual maturities of long-term debt at March 31, 2003 are as follows:

Year ending March 31	Millions of Yen 2003	Thousands of U.S. Dollars 2003
2004	¥ 22,473	$ 186,962
2005	16,707	138,992
2006	24,899	207,146
2007	28,228	234,844
2008	66,356	552,051
2009 and thereafter	10,509	87,429
Total	¥169,172	$1,407,424

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 a total amount of additional paid-in capital and 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 reserves 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.

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.

6. Income Taxes

As of March 31, 2003 and 2002, 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 2003	Millions of Yen 2002	Thousands of U.S. Dollars 2003
Deferred tax assets:			
Unrealized profit	¥ 1,914	¥ 1,922	$ 15,919
Allowance for doubtful receivables	2,102	2,154	17,489
Employees' retirement benefits	1,422	2,625	11,829
Write-down of securities	4,022	2,126	33,461
Others	7,166	5,336	59,619
Subtotal	16,626	14,163	138,317
Valuation allowance	(322)	(246)	(2,676)
Total deferred tax assets	¥16,304	13,917	$135,641
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	3,707	6,994	30,843
Valuation of debt and equity securities of consolidated subsidiaries	357	357	2,972
Others	1,243	95	10,336
Total deferred tax liabilities	5,307	7,446	44,151
Net deferred tax assets (liabilities)	¥10,997	¥ 6,471	$ 91,490

Reconciliation items of difference between the Japanese statutory tax rate and effective income tax rate on pretax income tax rate on pretax income for the year ended March 31, 2003 and 2002 were as follows:

	Percentage of pretax income	
	2003	2002
Jananese statutory tax rate	**41.6%**	41.6%
Increase (decrease) due to:		
Tax benefits not recognized on losses of consolidated subsidiaries	**(5.7)**	9.9
Permanently nondeductible expenses	**1.7**	5.1
Differences of tax rates for foreign consoliated subsidiaries	**(3.7)**	(5.2)
Other	**0.4**	1.0
Effective income tax rate	**34.3%**	52.4%

In accordance with the "Act Concerning Partial Reform of the Local Tax Law" officially announced by the Japanese government on March 31,2003, the statutory effective tax rate used in calculating deferred tax assets and liabilities (those expected to be settled or realized after April 1, 2004 only) for the year ended March 31, 2003 has been changed from 41.6% in the previous fiscal year to 40.3%. Consequently, deferred tax assets after deducting deferred tax liabilities decreased by ¥180 million ($1,498 thousand) while deferred income tax expenses increased by ¥300 million ($2,492 thousand) and net unrealized gains on available for sale securities, net of taxes increased by ¥120 million ($995 thousand).

7. Other Income (Expenses)

Details of others, net, included in other income (expenses) for the years ended March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Share of net earnings in equity method	**¥ 2,036**	¥ 871	**$ 16,939**
Gain on return of the substituted portion of the employee pension fund	**3,950**	–	**32,862**
Write-down of securities	**(5,685)**	(2,370)	**(47,295)**
Others, net	**1,470**	(1,298)	**12,221**
Total	**¥ 1,771**	¥ (2,797)	**$14,727**

8. Contingent Liabilities

Contingent liabilities as of March 31, 2003 and 2002 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	**2003**
Discounted exports bills	**¥ 10,315**	¥ 8,175	**$ 85,813**
For guarantees of indebtedness of:			
Unconsolidated subsidiaries and affiliates	**4,514**	2,775	**37,553**
Others	**1,539**	1,223	**12,806**
Total	**¥ 6,053**	¥ 3,998	**$ 50,359**

9. Lease Transactions

Finance Leases

Finance lease transactions without transfer of ownership for the year ended March 31, 2003 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	¥2,990	¥1,590	¥1,400	$24,876	$13,228	$11,648
Others	4,970	2,371	2,599	41,348	19,729	21,619
Total	¥7,960	¥3,961	¥3,999	$66,224	$32,957	$33,267

Future minimum lease payments

	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥1,405	$11,684
More than one Year	2,594	21,583
Total	¥3,999	$33,267

	Millions of Yen	Thousands of U.S. Dollars
Annual lease payments	¥1,258	$10,469
Depreciation	1,258	10,469

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	¥118	¥91	¥27	$978	$754	$224
Total	¥118	¥91	¥27	$978	$754	$224

Future minimum lease commitments to be received

	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥21	$172
More than one Year	6	52
Total	¥27	$224

	Millions of Yen	Thousands of U.S. Dollars
Annual lease commitments to be received	¥23	$193
Depreciation	23	193

Noncancelable Operating Leases

Finance lease payments for noncancelable operating lease transactions as of March 31, 2003 were as follows:
(Lessee)

	Millions of Yen	Thousands of U.S. Dollars
Within one year	**¥ 61**	**$507**
More than one Year	**90**	**747**
Total	**¥151**	**$1,254**

Finance lease transactions without transfer of ownership for the year ended March 31, 2002 were as follows:
(Lessee)

	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥3,104	¥1,250	¥1,854
Others	3,883	2,030	1,853
Total	¥6,987	¥3,280	¥3,707

Future minimum lease payments

	Millions of Yen
Within one year	¥1,196
More than one Year	2,511
Total	¥3,707

	Millions of Yen
Annual lease payments	¥1,197
Depreciation	1,197

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	¥118	¥68	¥50
Total	¥118	¥68	¥50

Future minimum lease commitments to be received

	Millions of Yen
Within one year	¥23
More than one Year	27
Total	¥50

	Millions of Yen
Annual lease commitments to be received	¥23
Depreciation	23

Noncancelable Operating Leases

Finance lease payments for noncancelable operating lease transactions as of March 31, 2002 were as follows:
(Lessee)

	Millions of Yen
Within one year	¥ 47
More than one Year	72
Total	¥119

10. Market Value of Available-for-Sales Securities

	Millions of Yen						Thousands of U.S. Dollars		
	2003			2002			2003		
	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	**¥33,158**	**¥46,719**	**¥13,561**	¥44,591	¥65,533	¥20,942	**$275,860**	**$388,679**	**$112,819**
Market value less than original cost amount:									
Equity securities	**31,512**	**27,130**	**(4,382)**	22,079	17,930	(4,149)	**262,167**	**225,711**	**(36,456)**
Total	**¥64,670**	**¥73,849**	**¥ 9,179**	¥66,670	¥83,463	¥16,793	**$538,027**	**$614,390**	**$ 76,363**

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.

Employee Retirement Benefits Liability

	Millions of Yen		Thousands of U.S. Dollars
	2003	2002	2003
Employee retirement benefits obligation	**¥(38,615)**	¥(51,647)	**$(321,257)**
Fair value of pension plan assets	**21,116**	33,346	**175,677**
Unfunded benefits obligation	**(17,499)**	(18,301)	**(145,580)**
Unrecognized actuarial difference	**18,832**	15,696	**156,667**
Net amount recognized	**1,333**	(2,605)	**11,087**
Prepaid pension cost	**(2,919)**	–	**(24,281)**
Employee retirement benefits liability	**¥ (1,586)**	¥ (2,605)	**$ (13,194)**

Notes: 1. The above table includes the amounts of Substituted portion of the pension plan for the fiscal year ended March 31, 2002.

2. In year 2003, with regard to return of the Substituted Portion of the Employee Pension Fund, the Company adheres to the transitional measures defined under the Practical Guidelines on Accounting for Retirement Benefits (Interim Report) (Japan Institute of Certified Public Accountants Auditing Committee Report No. 13) No.47 Item 2, and has recognized the dissolution of the retirement benefit liability as pertaining to the substituted portion and pension assets corresponding to the refunded amount as of the date of approval. The amount corresponding to the refund was calculated to be ¥8,394 million ($69,834 thousand) as of March 31, 2003.

3. Amounts affected by the partial transition from the termination allowance plan to defined contribution pension plans are as follows:

Decrease in retirement benefits obligation	¥1,290 million	($10,735 thousand)
Unrecognized actuarial difference	(¥446 million)	($3,714 thousand)
Decrease in employee retirement benefits liability	¥843 millon	($7,021 thousand)

Assets totaling ¥1,078 million ($8,971 thousand) are scheduled for transferring to the defined contribution pension plans over a 4-years period. The untransferred amount of ¥809 million ($6,728 thousand) March 31, 2003 has been reported as accounts payable included in other current liabilities and long-term accounts payable included in other long-term liabilities.

4. Consolidated subsidiaries are accounted for mainly through the application of the rule of thumb.

Retirement Benefits Expenses

	Millions of Yen 2003	Millions of Yen 2002	Thousands of U.S. Dollars 2003
Service expenses	¥ 2,431	¥ 2,020	$ 20,226
Interest expenses	1,080	1,255	8,989
Expected return of pension plan assets	(919)	(1,058)	(7,647)
Amortization of actuarial difference	1,226	629	10,201
Retirements benefits expenses	3,818	2,846	31,769
Gain to return of substituted portion of EPF	(3,950)	–	(32,862)
Contribution to New Retirement plan for employees	234	–	1,951
Others	19	–	158
Total	¥ 121	¥ 2,846	$ 1,016

Basis of Caluculation of Benefits Obligations

	2003	2002
Allocation of payments of expected retirement benefit	Straight-line method	Straight-line method
Discount rate	mainly 2.0%	2.5%
Expected rate of return on pension plan assets	mainly 4.5%	4.5%
Amortization of actuarial difference	mainly 12 years	12 years
Amortization of prior service cost	1 year	1 year
Amortization of initial transitional provision	1 year	1 year

12. Segment Information

Industry Segments

Millions of Yen

Year ended March 31, 2003	Metals	Machinery & Electronics	Vehicles	Industrial Materials	Life Products & Service	Others	Total	Elimination	Consolidation
Net Sales:									
Outside customers	¥949,368	¥550,518	¥480,493	¥327,858	¥265,845	¥ 2,371	¥2,576,453	¥ –	¥2,576,453
Inter-segment	83	3,201	0	1,568	2,438	3,661	10,951	(10,951)	–
Total	949,451	553,719	480,493	329,426	268,283	6,032	2,587,404	(10,951)	2,576,453
Commission	825	7,368	1,266	1,334	5,175	1,260	17,228	(189)	17,039
Cost of sales and selling, general and administrative expenses	938,461	551,605	474,503	327,213	270,960	10,841	2,573,583	(11,158)	2,562,425
Operating income (loss)	¥ 11,815	¥ 9,482	¥ 7,256	¥ 3,547	¥ 2,498	¥ (3,549)	¥ 31,049	¥ 18	¥ 31,067
Total assets	¥292,177	¥190,315	¥ 73,695	¥119,519	¥112,847	¥200,167	¥ 988,720	¥(28,321)	¥ 960,399
Depreciation	2,398	570	1,673	1,919	768	1,329	8,657	–	8,657
Capital expenditure for long-lived assets	3,768	2,357	3,338	3,655	4,901	2,197	20,216	–	20,216

Year ended March 31, 2003	Metals	Machinery & Electronics	Vehicles	Industrial Materials	Life Products & Service	Others	Total	Elimination	Consolidation
	Thousands of U.S. Dollars								
Net Sales:									
Outside customers	$7,898,240	$4,580,017	$3,997,444	$2,727,604	$2,211,691	$ 19,725	$21,434,721	$ —	$21,434,721
Inter-segment	689	26,634	3	13,042	20,282	30,454	91,104	(91,104)	—
Total	7,898,929	4,606,651	3,997,447	2,740,646	2,231,973	50,179	21,525,825	(91,104)	21,434,721
Commission	6,861	61,294	10,535	11,101	43,050	10,483	143,324	(1,571)	141,753
Cost of sales and selling, general and administrative expenses	7,807,498	4,589,059	3,947,615	2,722,239	2,254,242	90,190	21,410,843	(92,832)	21,318,011
Operating income (loss)	$ 98,292	$ 78,886	$ 60,367	$ 29,508	$ 20,781	$ (29,528)	$ 258,306	$ 157	$ 258,463
Total assets	$2,430,758	$1,583,320	$ 613,100	$ 994,339	$ 938,825	$1,665,283	$ 8,225,625	$(235,617)	$ 7,990,008
Depreciation	19,949	4,739	13,921	15,965	6,394	11,053	72,021	—	72,021
Capital expenditure for long-lived assets	31,350	19,608	27,770	30,407	40,779	18,275	168,189	—	168,189

Year ended March 31, 2002	Metals	Machinery & Electronics	Vehicles	Industrial Materials	Life Products & Service	Others	Total	Elimination	Consolidation
	Millions of Yen								
Net Sales:									
Outside customers	¥885,106	¥482,809	¥302,918	¥304,218	¥273,289	¥ 7,358	¥2,255,698	¥ —	¥2,255,698
Inter-segment	99	1,654	—	1,243	1,894	3,602	8,492	(8,492)	—
Total	885,205	484,463	302,918	305,461	275,183	10,960	2,264,190	(8,492)	2,255,698
Commission	723	6,872	941	1,014	4,851	879	15,280	(232)	15,048
Cost of sales and selling, general and administrative expenses	877,271	482,519	298,062	302,476	277,256	15,676	2,253,260	(8,766)	2,244,494
Operating income (loss)	¥ 8,657	¥ 8,816	¥ 5,797	¥ 3,999	¥ 2,778	¥ (3,837)	¥ 26,210	¥ 42	¥ 26,252
Total assets	¥280,733	¥166,287	¥ 62,862	¥105,971	¥128,104	¥204,212	¥ 948,169	¥ (26,115)	¥ 922,054
Depreciation	2,644	590	1,468	1,609	1,044	1,410	8,765	—	8,765
Capital expenditure for long-lived assets	3,100	539	1,780	3,035	638	3,010	12,102	—	12,102

Geographic Segments

Year ended March 31, 2003	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
	Millions of Yen							
Net Sales:								
Outside customers	¥2,003,268	¥157,877	¥256,271	¥132,812	¥26,225	¥2,576,453	¥ —	¥2,576,453
Inter-segment	215,349	39,942	40,128	11,244	296	306,959	(306,959)	—
Total	2,218,617	197,819	296,399	144,056	26,521	2,883,412	(306,959)	2,576,453
Commission	12,826	2,508	3,091	260	485	19,170	(2,131)	17,039
Cost of sales and selling, general and administrative expenses	2,211,011	199,650	293,738	141,803	25,440	2,871,642	(309,217)	2,562,425
Operating income	¥ 20,432	¥ 677	¥ 5,752	¥ 2,513	¥ 1,566	¥ 30,940	¥ 127	¥ 31,067
Total assets	¥ 814,096	¥ 69,283	¥101,682	¥ 54,211	¥ 15,422	¥1,054,694	¥(94,295)	¥ 960,399

Year ended March 31, 2003	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
	Thousands of U.S. Dollars							
Net Sales:								
Outside customers	$16,666,129	$1,313,455	$2,132,034	$1,104,926	$218,177	$21,434,721	$ —	$21,434,721
Inter-segment	1,791,587	332,294	333,845	93,546	2,467	2,553,739	(2,553,739)	—
Total	18,457,716	1,645,749	2,465,879	1,198,472	220,644	23,988,460	(2,553,739)	21,434,721
Commission	106,704	20,863	25,718	2,161	4,039	159,485	(17,732)	141,753
Cost of sales and selling, general and administrative expenses	18,394,436	1,660,981	2,443,744	1,179,723	211,651	23,890,535	(2,572,524)	21,318,011
Operating income	$ 169,984	$ 5,631	$ 47,853	$ 20,910	$ 13,032	$ 257,410	$ 1,053	$ 258,463
Total assets	$ 6,772,848	$ 576,395	$ 845,942	$ 451,004	$128,306	$ 8,774,495	$ (784,487)	$ 7,990,008

Year ended March 31, 2002	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
	Millions of Yen							
Net Sales:								
Outside customers	¥1,768,084	¥133,491	¥257,176	¥83,632	¥13,315	¥2,255,698	¥ –	¥2,255,698
Inter-segment	187,699	40,180	46,490	11,078	90	285,537	(285,537)	–
Total	1,955,783	173,671	303,666	94,710	13,405	2,541,235	(285,537)	2,255,698
Commission	11,830	2,461	2,631	126	286	17,334	(2,286)	15,048
Cost of sales and selling, general and administrative expenses	1,948,935	175,207	301,082	94,177	12,976	2,532,377	(287,883)	2,244,494
Operating income	¥ 18,678	¥ 925	¥ 5,215	¥ 659	¥ 715	¥ 26,192	¥ 60	¥ 26,252
Total assets	¥ 779,826	¥ 64,720	¥103,131	¥47,814	¥ 7,291	¥1,002,782	¥(80,728)	¥ 922,054

Overseas Trading Transactions

Year ended March 31, 2003	Millions of Yen Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	**¥656,973**	**¥269,875**	**¥151,587**	**¥99,859**	**¥1,178,294**
Consolidation					**2,576,453**
Share of consolidated net sales	**25.5%**	**10.4%**	**5.9%**	**3.9%**	**45.7%**

Year ended March 31, 2003	Thousands of U.S. Dollars Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	**$5,465,664**	**$2,245,219**	**$1,261,126**	**$830,774**	**$9,802,783**
Consolidation					**21,434,721**

Year ended March 31, 2002	Millions of Yen Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	¥430,971	¥260,622	¥101,291	¥128,227	¥921,111
Consolidation					2,255,698
Share of consolidated net sales	19.1%	11.5%	4.5%	5.7%	40.8%

13. Subsequent Event

(1) On June 27, 2003, the following appropriations of retained earnings were approved at an annual general meeting of shareholders of the Company:

	Millions of Yen 2003	Thousands of U.S. Dollars 2003
Cash dividends	**¥1,114**	**$9,266**
Bonuses to directors and corporate auditors	**253**	**2,106**

(2) Acceptance of Tomen Corporation's Third-Party Allotment Capital Increase

The Company decided at its board meeting held on May 27, 2003 to accept Tomen Corporation's capital increase through a third-party allotment of new shares under the following terms:

1) Type of stock issued: ordinary stock
2) Number of shares purchased: 86,206,000
3) Purchase price per share: ¥58
4) Total amount of purchase: ¥5.0 billion
5) Payment due: September 29, 2003

On December 27, 2002, the Company reached a basic agreement on accepting Tomen Corporation's third-party allotment capital increase with the conditions that Tomen Corporation took concrete action to quickly implement its new medium-term management plan and received financial support from UFJ Bank Ltd. and other financial institutions by March 31, 2003. The latest decision is based on the company's understanding that the conditions laid out in the basic agreement have now been met.

(3) Bond Issuance

Based on the decision at its board meeting held on April 22, 2003, the Company issued domestic unsecured straight bonds under the following terms:

The 9th Issuance of Domestic Unsecured Straight Bonds

1) Date of issuance: May 20, 2003
2) Total amount issued: ¥10,000 million
3) Sales price: ¥100 per ¥100 par value
4) Interest rate: 1.09% per annum
5) Redemption date: May 20, 2015
6) Redemption method: Bullet payment at maturity
7) Collateral: None
8) Use of funding: Funds for investment and loans as well as debt repayment

ChuoAoyama Audit Corporation

PricewaterhouseCoopers

Dai Nagoya Building
3-28-12, Meieki, Nakamura-ku
Nagoya, 450-6565 Japan
Telephone 81-52-551-3001
Facsimile 81-52-551-3005

Report of Independent Auditors

To the Board of Directors and Shareholders of
TOYOTA TSUSHO CORPORATION

We have audited the accompanying consolidated balance sheets of TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for the years 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 audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries as of March 31, 2003 and 2002, 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).

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 27, 2003

CORPORATE DATA

CONTENTS

Corporate Information

(As of March 31, 2003)

Toyota Tsusho Corporation

Head Office	9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan
Phone	81(52)584-5000
Facsimile	81(52)584-5636
Web site	http://www.toyotsu.co.jp/
Establishment	July 1, 1948
Number of Employees (Consolidated)	11,223

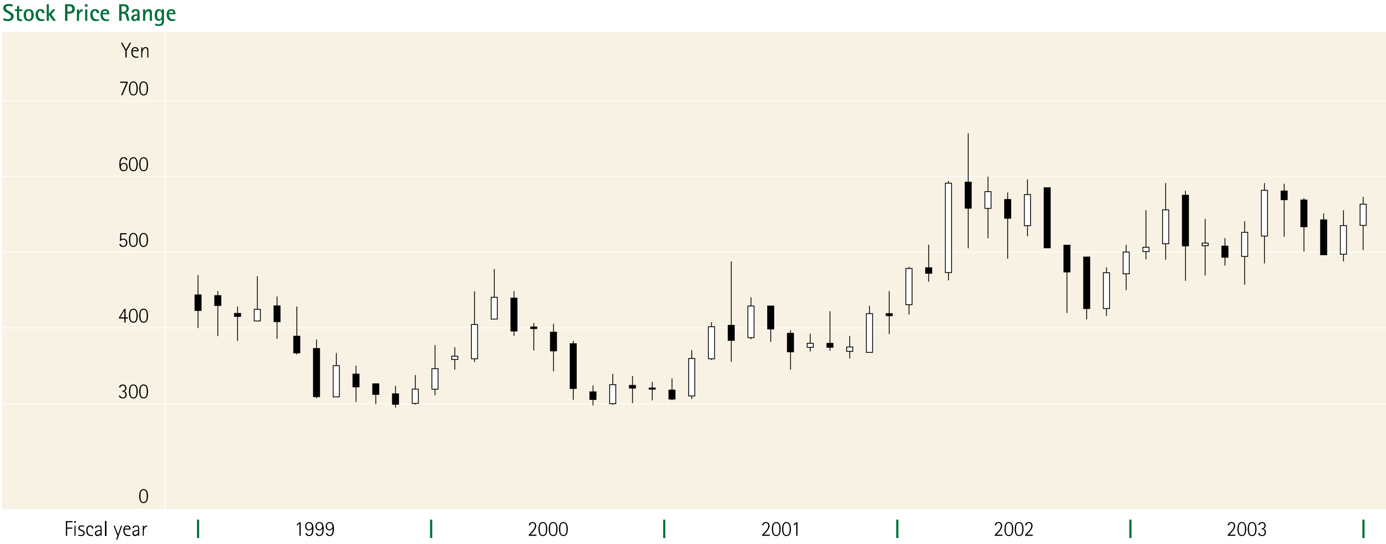
Subsidiaries & Associated Companies Subsidiaries	Domestic	45
	Overseas	109
Associated companies (Equity Method)	Domestic	22
	Overseas	75
	Total	251

Common Stock Information

Common Stock	Authorized: 997,525,000
	Issued: 282,867,304
Paid-in Capital	¥26,748,717,188
Number of Shareholders	15,918
Stock Exchange Listings	Tokyo and Nagoya

Major Shareholders (Top 10)	Shares (Thousands)	Percentage
Toyota Motor Corporation	65,030	23.0
Toyota Industries Corporation	33,890	12.0
UFJ Bank Limited	13,783	4.9
Japan Trustee Service Bank, Ltd.	10,663	3.8
Mitsui Sumitomo Insurance Co., Ltd.	10,000	3.5
The Master Trust Bank of Japan, Ltd.	9,283	3.3
The Bank of Tokyo-Mitsubishi, Ltd.	8,264	2.9
Sumitomo Mitsui Banking Corporation	7,276	2.6
Aioi Insurance Co., Ltd.	5,650	2.0
Nippon Life Insurance Company	5,233	1.9

Stock Price Range



Fiscal Year	1999		2000		2001		2002		2003	Yen
	High	Low	High	Low	High	Low	High	Low	High	Low
1st half	471	365	479	311	490	306	658	418	591	456
2nd half	381	295	407	298	450	345	597	414	590	484

Major Developments in Toyota Tsusho's History

1936 | Toyoda Kinyu Kaisha (forerunner of Toyota Tsusho Corporation) was established to provide consumer financing for TOYOTA automobiles

1942 | Changed name to Toyoda Sangyo Kaisha, Ltd., and subsequently extended the range of its activities to include trade

1948 | With paid-in capital of ¥9 million, the trading division of Toyoda Sangyo Kaisha was established as a separate company (now Toyota Tsusho Corporation) under the name Nisshin Tsusho Kaisha, Ltd.

1952–54 | Following the opening of an office in Dhaka, established overseas offices in Taipei, Hong Kong, Dallas, Bangkok and Jakarta

1957 | Established its first overseas joint venture, Toyoda Thailand Co., Ltd. (now Toyota Tsusho (Thailand) Co., Ltd.)

1960 | Established its first overseas subsidiary, Toyoda New York, Inc. (now Toyota Tsusho America, Inc.)

1961 | Stock listed on the second section of the Nagoya Stock Exchange

1964 | Began exporting TOYOTA automobiles, starting with the Dominican Republic

1964–75 | Established local subsidiaries in Brazil, Taiwan, Belgium, the Philippines, Malaysia, Hong Kong, Australia and Singapore, thereby completing the current overseas network including local subsidiaries in Thailand and the U.S.

1977 | Stock listed on the first section of the Tokyo Stock Exchange

1979–81 | Starting with the opening of an office in Beijing, made full-scale expansion of our network in China, including Shanghai and Guangzhou

1985 | Cumulative total in exports of finished vehicles by Toyota Motor Corporation, Daihatsu Motors Co., Ltd. and Hino Motors, Ltd. exceeded one million units

1987 | Changed name to Toyota Tsusho Corporation

1991–92 | Consolidated net sales exceeded ¥2 trillion
Introduced CI (Corporate Identity) along with the establishment of the Company's 21st Century Vision, renewed its corporate philosophy and action guideline and adopted the current corporate logo

1999 | Formed business tie-up with Kasho Company, Ltd. toward expanding into non-automotive-related businesses

2000 | Established the Company's 2010 Vision with the objective of becoming a Value Integrator
Entered a capital and business alliance with Tomen Corporation to bolster functions and expand both core and strategic businesses
Formed a merger with Kasho Company Ltd., a former alliance partner

2002–03 | Marked a record high profit for two consecutive years and accomplished the fiscal 2005 target of 10% ROE

(As of March 31, 2003)

Major Trading Network

JAPAN

Toyota Tsusho Corporation

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

Tokyo Head Office: 14-9, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-8655, Japan

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

NORTH AMERICA

Toyota Tsusho America, Inc.

Head: Turfway Ridge Office Park, 7300 Turfway Road, Suite 500, Florence, KY 41042, U.S.A.

Ontario, New York, Battle Creek, Detroit, Columbus, Princeton, Chicago, Hurricane, Eleanor, Georgetown, Huntsville, St. Louis, Maryville, Memphis, Miami, Orlando, Houston, Seattle, Portland, San Francisco, Fremont, San Jose, Los Angeles, Mexico City, Monterrey

SOUTH AMERICA

Toyota Tsusho Corporation

Caracas, Bogota, Santiago

S.C. Toyota Tsusho do Brasil Ltda.

Av. Paulista, 854, 15 andar, Bela Vista, Sao Paulo/SP CEP-01310-913, Brazil

Toyota Tsusho NTN (Argentina) S.A.

Ruta Panamericana Km.29.4 (1617), El Talar, Provincia de Buenos Aires, Argentina

EUROPE

Toyota Tsusho Corporation

Paris

Toyota Tsusho Europe S.A.

Head: Belgicastraat 13, 1930 Zaventem, Belgium

Paris, Valenciennes, Sophia Antipolis, Dusseldorf, Milan, Walbrzych, Prague, Istanbul

Toyota Tsusho U.K. Ltd.

Head: 6th Floor, United Kingdom House, 180 Oxford Street, London W1N 0DT, U.K.

Derby

Russia & the CIS

Toyota Tsusho Corporation

Moscow, Tashkent, Almaty, Nakhodka

AFRICA

Toyota Tsusho Corporation

Nairobi

Toyota Tsusho Africa Pty. Ltd.

Head: 5th Floor, 138 West Street Sandton, 2196 (P.O. Box No.785155), Sandton 2146, Republic of South Africa

Durban, Nairobi

MIDDLE EAST

Toyota Tsusho Corporation

Istanbul, Sharjah, Tehran

ASIA

Toyota Tsusho Corporation

Manila, Yangon, Hanoi, Ho Chi Minh, New Delhi, Bombay, Bangalore, Dhaka, Karachi, Islamabad, Lahore, Kathmandu, Harbin, Changchun, Shenyang, Dalian, Shanghai, Yantai, Qingdao, Wulumuqi, Tianjin, Beijing, Guangzhou, Chongqing, Chengdu, Taipei

Myanmar Toyota Tsusho Co., Ltd.

Sedona Business Suite #03-12 No.1, Kaba Aye Pagoda Road, Yankin Township, Yangon, Union of Myanmar

P.T. Toyota Tsusho Indonesia

14th Floor, New Summitmas, Jl. Jend. Sudirman Kav. 61-62 (P.O. Box No.2948), Jakarta 12069, Indonesia

Toyota Tsusho Korea Corporation

Kuk Dong Bidg., #1809 60-1 3KA Chungmuro, Chung-ku (C.P.O. Box No.1691) Seoul, Korea

Toyota Tsusho (Singapore) Pte. Ltd.

77, Robinson Road, #22-01 SIA Building, Singapore 068896, Republic of Singapore

Toyota Tsusho (Malaysia) Sdn. Bhd.

Room No. 1404, Wisma Lim Foo Yong, No. 86 Jalan Raja Chulan, 50718 Kuala Lumpur (P.O. Box No. 10557), Malaysia

Toyota Tsusho (Thailand) Co., Ltd.

607, Asoke-Dindaeng Road, Kwaeng Dindaeng Khet Dindaeng (P.O. Box No. 494, Samsennai Post Office), Bangkok 10320, Thailand

Kasho International (Thailand) Co., Ltd.

607, Asoke-Dindaeng Road, Kwaeng Dindaeng Khet Dindaeng (P.O. Box No. 494, Samsennai Post Office), Bangkok 10320, Thailand

Toyota Tsusho (Shanghai) Co., Ltd.

24th Floor, Shanghai Senmao Internation Building, 101 Yin Cheng Dong Lu, Pudong Xin Qu, Shanghai, People's Republic of China

Toyota Tsusho (Tianjin) Co., Ltd.

Room No. 1208, Tianjin Guoji Daxia, 75 Nanjing Lu, Heping Qu, Tianjin, People's Republic of China

Toyota Tsusho (Guangzhou) Co., Ltd.

Room No. 2766, Tongfang Hotel, Xicun Gong Lu, Guangzhou, People's Republic of China

Toyota Tsusho (Dalian) Co., Ltd.

7th Floor Senmao Building, 147 Zhongshan Road, Dalian, People's Republic of China

Toyota Tsusho (Hong Kong) Co., Ltd.

27th Floor, United Centre, No. 95 Queensway, Hong Kong, People's Republic of China

Chen Tai Fong Co., Ltd.

9th Floor, No. 149 Section 2, Min Sheng East Road, Taipei 104, Taiwan, R.O.C.

OCEANIA

Toyota Tsusho (Australia) Pty. Ltd.

231-233 Boundary Road, Laverton North VIC 3026, Australia

Additional copies of this annual report and other information may be obtained by contacting:
Corporate Communications Office, Toyota Tsusho Corporation 9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan
Facsimile: 81(52)584-5659 E-mail: TTC_IR@gw.toyotsu.co.jp

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