VALUE INTEGRATOR

TOYOTA TSUSHO CORPORATION

PROFILE

Since its incorporation in 1948, Toyota Tsusho Corporation (the Company) has developed a worldwide sales network through a global strategy. The Toyota Tsusho Group (the Group) consists of the Company and its 176 subsidiaries and affiliates, which together undertake a broad range of businesses, including trading, manufacturing, processing, retail, and services, at a global level.

The corporate philosophy of the Toyota Tsusho Group is to promote prosperity for people and contribute to the positive development of communities. Based on this philosophy, we conduct our corporate activities openly so that we can earn appreciation from people worldwide and create added value to satisfy all stakeholders, including our customers, shareholders, employees, and local communities.

As an innovative enterprise, the Company defines itself as a VALUE INTEGRATOR. The Group's global network, experience in international collaboration, and comprehensive capabilities represent invaluable assets in a business environment in which the pace of globalization and the broadening use of information technologies is accelerating. As a pioneering trading company, the Group will expand beyond its traditional core trading business and at the same time create new businesses in manufacturing and sales in response to the evolving requirements of society.

Contents

Note: The Company implemented the following corporate reorganization measures, effective June 24, 2004. Please note that, except for the Board of Directors and Corporate Auditors (page 22) and TTC Organizational Chart (page 62), this report refers to the structure prior to the reorganization, since the primary purpose of this report was to release the results of corporate business performance.

These organizational changes will be reflected in the report of corporate business performance by product segment starting with the second half of fiscal year 2005, beginning October 2004.

1. The Automotive Material Department, the Automotive Parts Department and the Pulp and Paper Department from the Energy and Materials Division were transferred to the Consumer Products and Services Division in order to reestablish strategies of our businesses that focus on the energy and chemicals fields, as well as to enhance synergies through closer collaboration among the operations of automotive parts businesses, notably interior materials and textile materials, including seat belts and air bags. The newly constituted divisions were renamed the Energy and Chemicals Division and the Consumer Products, Services and Materials Division, respectively.
2. In order to strengthen expertise in the formulation of management strategy and planning Company-wide, as well as to create new businesses for future corporate growth and enhance operational functions, some of the functions of the Corporate Division were separated out to form the Global Strategy Integration Division.

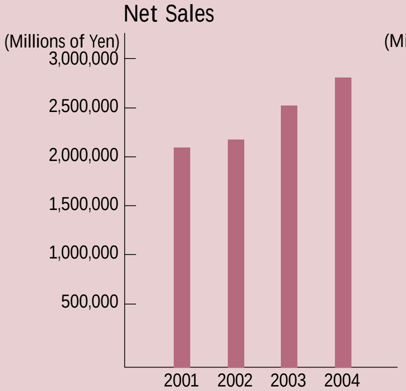
Financial Highlights

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2004 and 2003

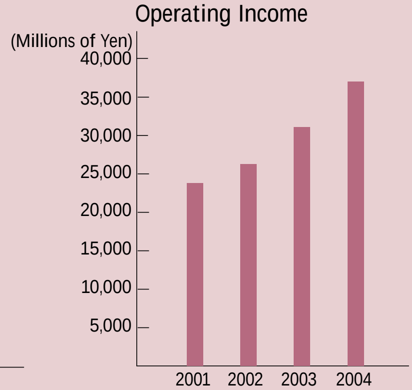
	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
For the Year:			
Net Sales	¥2,787,794	¥2,576,453	$26,377,084
Gross Trading Profit	146,428	131,319	1,385,448
Operating Income	37,021	31,067	350,279
Net Income	20,663	18,829	195,506
At Year End:			
Total Assets	1,032,602	960,399	9,770,101
Total Shareholders' Equity	188,785	159,492	1,786,214
	Yen		U.S. Dollars
Per Share:			
Net Income (Basic)	¥ 72.75	¥ 66.06	$ 0.69
Cash Dividends	8.00	7.75	$ 0.08
	%		
Gross Trading Profit Ratio	5.3	5.1	
Return on Average Shareholders' Equity (ROE)	11.9	12.1	
Shareholders' Equity Ratio	18.3	16.6	
Return on Average Total Assets (ROA)	2.1	2.0	
Current Ratio	110.6	110.3	
	Times		
Interest Coverage	8.9	6.5	
Debt Equity Ratio (Net)	1.6	2.1	

Note: The U.S. dollar amounts have been translated from yen, solely for the convenience of the reader, at the rate of ¥105.69 = US$1, the approximate exchange rate on March 31, 2004.

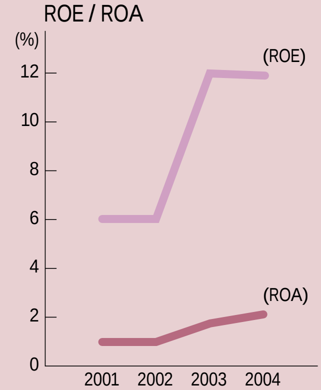
Net Sales



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 exclusively in making investment and other decisions. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results to differ materially from 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.

Results for Fiscal 2004

Could you summarize the results of operations of the Toyota Tsusho Group in fiscal 2004?

Looking back on the world economy in fiscal 2004, the U.S. economy demonstrated solid growth driven by consumer spending, and the economies of China and other Asian nations also continued to grow. The huge potential of the rapidly growing Chinese market, in particular, attracted global attention. Conversely, the recovery of the European economy lacked strength as a result of stagnating consumer spending, although exports performed well.

Meanwhile, the economic recovery in Japan accelerated, as confirmed by various economic indicators. The stock market, which had suffered poor long-term performance, finally bottomed out, with the rising Nikkei Stock Average reflecting improvements in economic fundamentals and corporate performance.

Nevertheless, concerns remain over issues that may adversely affect the world economy, including the potential for higher interest rates in China and the U.S., the effect of a surge in oil prices, and terrorism. We expect, however, that the overall global economy will continue to grow despite such potentially negative economic factors.

Toyota Tsusho Group Achieved Record Net Sales and Income

The Toyota Tsusho Group reported consolidated net sales of ¥2,787.7 billion, up 8.2% compared with the previous fiscal year, with consolidated operating income increasing 19% year-over-year to ¥37.0 billion, and consolidated net income increasing 10% to ¥20.6 billion. That marks our third consecutive year of record-breaking performance, and our fourth consecutive year of growth in both revenues and income, on a consolidated basis.

Masaaki Furukawa
President

Consolidated net sales increased thanks to strong growth in parts exports for overseas manufacturing, and sales of machinery and equipment. Metals sales also drove growth. The improved income figures were derived from favorable performance by overseas subsidiaries and overseas consolidated companies of the Vehicles Division. The ratio of international sales to total sales increased by 2 percentage points, compared with the previous fiscal year, to 57%, due to the accelerating expansion of overseas businesses, particularly in Europe and Asia.

Even as we expand highly profitable businesses, we continue to proactively enhance our financial position. Return on equity (ROE) was 12% in fiscal 2004, exceeding the target for ROE of 10% over two consecutive years. To ensure we achieve this goal, the Group will strive to improve, and maintain stability in, its financial position while focusing on the profitability of its businesses.

Net cash provided by operating activities increased to ¥62.6 billion on the back of an increase in net income and improved efficiency in working capital. We will continue to ensure sufficient funds for our own operations and invest in order to enhance functions and expand operations.

Report on the Management Plan

How would you describe the progress to date in your long-term management plan?

2010 Vision

The Toyota Tsusho Group established the 2010 Vision in our long-term management plan in fiscal 2000. Under the keyword L.E.A.D., we are enhancing and reforming our business fields, functions, and corporate culture and character, while also strengthening compliance. Our goal is to be a VALUE INTEGRATOR, creating new value for all stakeholders.

● L.E.A.D.

	L	E	A	D
Business Domain	Life & Living	Ecology	Automobile	Digital
Functions	Linkage	Engineering	Added Value	Develop
Corporate Character and Culture	Lean	Entrepreneur	Agile	Dynamic
Corporate Ethics	Legality	Ethics	Accountability	Disclosure

L.E.A.D. as Business Domain

As one of the Toyota Group companies, we will continue to operate the Automotive business as our core venture. At the same time, we will focus on, and allocate resources to, three strategic fields: Digital, representing the information and electronics business, supported by our experience in car electronics; Ecology, standing for the environment business, taking advantage of our expertise in used car recycling; and Life & Living, comprising consumer products and services, supported by our extensive global network.

L.E.A.D. as Function

Beyond our traditional function as a trading company, the Development of new markets, Engineering of new technologies, and effective Linkage of all these functions are essential for creating new Added value.

L.E.A.D. as Corporate Culture and Character

To develop new business, we must be Agile and respond quickly to market demands, therefore we need a Lean organization. We can establish this through our employees' Dynamic ideas and commitment to Entrepreneurship.

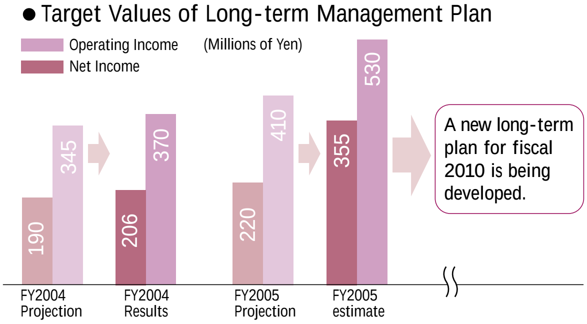
L.E.A.D. as Compliance

We are striving to strengthen the Group compliance system by improving transparency in Disclosure and Accountability in corporate management.

Outline of the Long-term Management Plan

The Toyota Tsusho Group established its long-term management plan based on its 2010 Vision, and reviews and revises the plan every year to quickly respond to changes in the business environment. Our slogan, "Change, Challenge, and Agility," guides our current efforts to achieve the goals for fiscal year 2009. In line with the targets of the plan set last year, we have achieved results by actively investing in such areas as: strengthening our processing and logistics functions to deal with the growth in overseas automobile production; and expanding our overseas dealership network for automobile sales. Consequently, we exceeded the targets of the plan for fiscal year 2004, and we reviewed and updated our targets for the results of operations for fiscal year 2005.

● Target Values of Long-term Management Plan



Outstanding Issues and Solutions in Fiscal 2004

What are some of the major issues the Group is facing, and how will they be addressed?

Applying Expertise From our Core Business to Targeted Fields

The automotive industry and its associated businesses, including metals, machinery, electronics, energy, and materials represent the core businesses of the Company. By applying our functions and added value cultivated in these areas, we plan to expand in such strategic businesses as the environment, information and electronics, and consumer products and services.

In order to further develop these strategic ventures and expand them in our overseas operations, we will take full advantage of and expand our strengths, including our global network and outstanding human resources.

Placing the highest priority on user needs is an essential part of our corporate history and results in consistently strong performance when applied to our overseas automotive sales, including in Europe and Asia.

Automotive Recycling and Other Environmental Actions

In the environment business, a strategic domain, we have been involved in the recycling of used cars and automotive parts in collaboration with Toyota Motor Corporation for more than thirty years. We promote the reuse of used parts, the recycling of resources, including scrap iron, and nonferrous and precious metals generated from ELVs (End of Life Vehicles). We also proactively implement all measures required by the enforcement of the Automobile Recycling Law scheduled for January 2005.

In the information and electronics business, we are enhancing our efforts to improve traffic conditions through Intelligent Transport Systems (ITS).

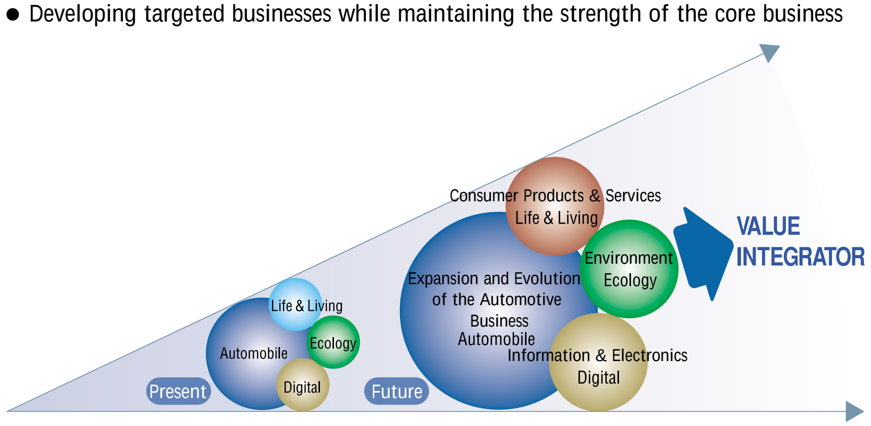
In the next-generation energy business, we are pursuing development efforts based on the feasibility of each project. In the wind power generation business, a source of renewable energy, we operate six companies that currently supply a total of 61,330 kW of electricity.

Alliances

In the face of intensified global competition, we are taking the initiative in pursuing alliances with other companies in Japan and overseas, in addition to strengthening operations within the Group.

We acquired an equity position in Tomen Corporation, established a business alliance with them in 2000, and acquired ¥5.0 billion in Tomen common stock through third-party allocation in 2003. As a result, we hold 19.7% of the shares of Tomen Corporation and apply the equity method for this company in our financial statements. We are reinforcing alliances in mutually beneficial businesses, while promoting the sharing of information and collaborations across operations.

● Developing targeted businesses while maintaining the strength of the core business



Restructuring our Business Portfolio

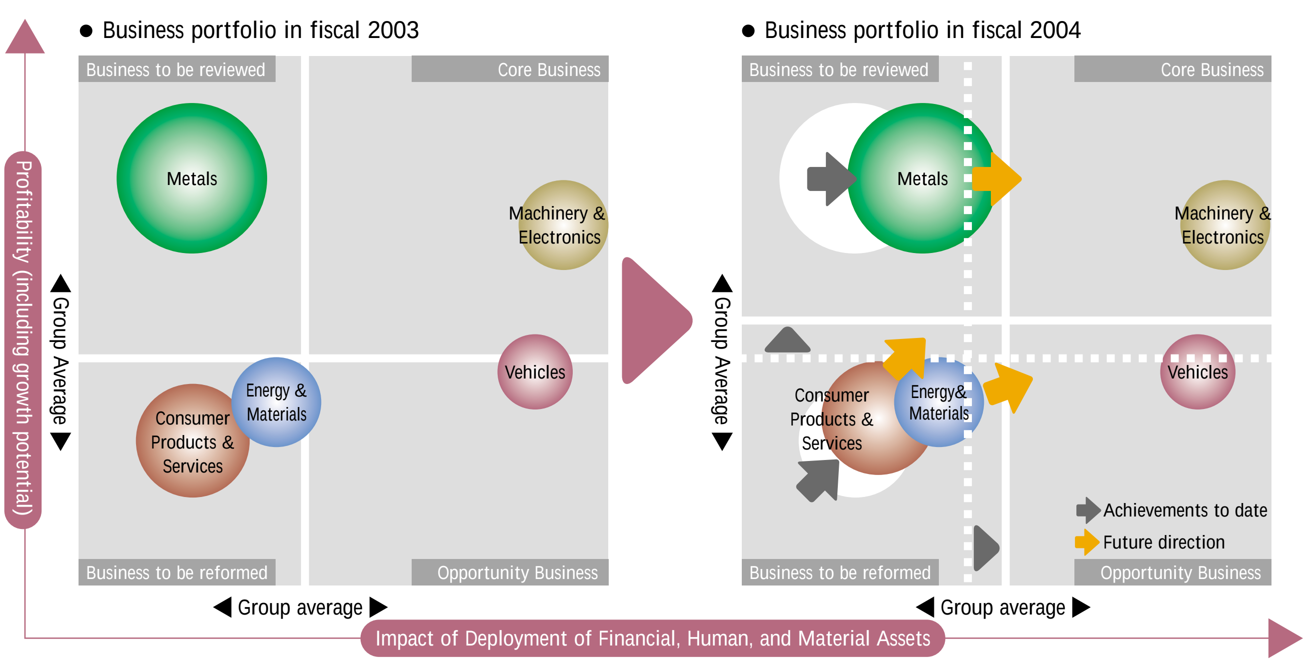
We are currently reviewing and restructuring the business portfolio of the entire Group.

As a result of our completed review of Consumer Products & Services, we are actively promoting investments in highly profitable and efficient enterprises, such as insurance and the production of fibers for manufacturing air bags, to boost overseas business operations. We also improved the profitability and efficiency of operations by withdrawing from highly volatile sectors of the foodstuffs business and applying off balance sheet schemes to the condominium business.

The Metals business has the advantage of a large volume of trade, with associated strength in processing, storage, and logistics. However, the specific nature of the business, involving a variety of facilities and high inventories, has tended to result in low efficiency in the use of funds. To address this issue, we are striving to increase added value by improving processing functions, such as molten aluminum and blanking, in Japan and abroad.

We completed review of the business portfolio of the Energy & Materials business during fiscal 2004.

These efforts to restructure our business portfolio resulted in an improvement of more than 20% in both average income and asset efficiency over the previous fiscal year.



The size of the circle represents the amount of required funding.

Outlook for Fiscal 2005

How would you characterize performance projections and measures for fiscal 2005?

There will be no major change in our business plans toward achieving the goals of the 2010 Vision for the fiscal year ending March 2005. We will continue to focus on the globalization of our core business as well as strategically targeted businesses. At the same time, we will establish a supply chain and a value chain fully utilizing IT and make a concerted effort to manage risks on a consolidated basis.

We will also develop a flexible organization and structure that enables cross-functional implementation across the entire Group and continue to cultivate human resources with strong capabilities in planning.

Risk Management

We are working to establish a Group-wide risk management system. Our basic policy is to comprehensively and continuously manage Group risks to maximize corporate earnings. The goals of our risk management are not limited to reducing risk assets but include the reallocation of management resources based on a comprehensive review of risk management and the strategic and growth potential of each business.

In fiscal 2005, we intend to improve the accuracy of quantifying risk assets, instill the basic concept and scheme of risk management among all employees, and improve employee awareness. We will steadily accomplish each goal while regularly and continually reviewing our progress.

Our Initiatives to Enhance Corporate Governance

To enhance corporate governance, we established the Corporate Ethics Committee in line with our Charter of Corporate Behavior.

In addition, we defined "L.E.A.D. for ethics and compliance" in the 2010 Vision, and are succeeding in increasing awareness of business ethics and compliance in every director, manager, and employee.

We have adopted a corporate auditor system to implement corporate governance, efficiently execute operations, and conduct mutual auditing of the Board of Directors through monthly and extraordinary meetings and by periodically convening groups of board members.

As new measures implemented in fiscal 2004, we started to hold a Board of Directors' Meeting attended by all directors and corporate auditors, in principle, at least once a month, to decide basic policies and other important issues pertaining to management. In addition, we conduct a weekly Executive Board Members' Meeting and biweekly Executive Directors' Meeting to report on the status of operations, exchange information, and discuss a variety of issues.

We expect the difficult environment to continue in both domestic and overseas economies. A number of concerns remain for the world economy in fiscal 2005, and therefore, we project operating income of ¥53 billion. However, we will strive to achieve the goals in our mid- and long-term plans through concerted efforts of the entire Company under our corporate slogan, "Create, enhance, and provide value," and will increase corporate value based upon our corporate philosophy of REAL SOURCE, REAL THINGS, and REALITY (Genchi, Genbutsu, Genjitsu).

July 2004

Masaaki Furukawa
President

Our Worldwide Enterprise

Toyota Motor Corporation, the Company's major client, is expected to significantly expand the production of vehicles overseas over the next few years, including the construction of a series of new Toyota Motor production sites, with operations to be launched from 2004 through 2007, in strategic regions of China and Europe. Toyota Motor Corporation has also started producing the first globally standardized automobile from 2004, mainly manufactured in Asia.

Toyota Tsusho expects this dramatic expansion to result in the ability to produce the same number of vehicles Toyota Motor Corporation manufactured in North America in 2003, a level that required twenty years to reach.

In this business environment, IT infrastructure has been playing an increasingly crucial role in supporting rapid, global business operations, and we consequently plan to invest a total of ¥15 billion for developing IT infrastructure over the five years starting in 2002. Approximately ¥8.5 billion of this amount will be for upgrading core systems for the entire Company while about ¥6.5 billion will be used to construct a Global Supply Chain Management System (G-SCM).

Fundamental Systems for the Entire Company

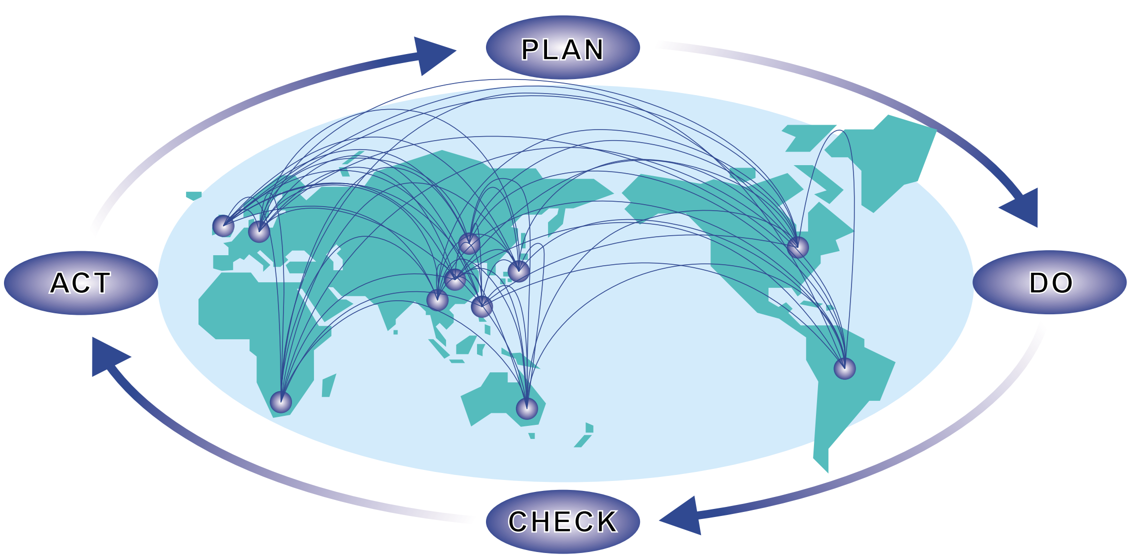
With growth in the number of consolidated subsidiaries, implementing high-quality consolidated corporate management requires significantly more information to be transferred faster than ever before. Therefore, we decided to intensively review and upgrade the existing core system to enable all Group companies to follow the basic "Plan, Do, Check, and Act" cycle while sharing information and maintaining their timing and speed. We also plan to create and enhance operational synergies through improvements in consolidated management and control at a global level and in shared use of global information among the head and regional offices.

Global Supply Chain Management System (G-SCM)

The expansion of overseas production by our major customers requires optimal procurement systems to strengthen cost competitiveness at a global level. Consequently, there is an urgent need to establish a system to procure, distribute, and fabricate parts and materials among many countries and manufacturers.

G-SCM addresses the challenges of determining the content, location, and volume of current inventory, as well as the scheduling and destinations for delivery, by deploying IT-based status management for optimum procurement and logistics. We began using this system to link the U.S. and Japanese operations in 2003 and are adopting it to link Australian, Asian, and South American operations in 2004.

Based on this system, we plan to significantly increase the offshore trading of parts for overseas production while also applying the system to other businesses.



Core Business Fields

May 2003 — Launch of Steel Sheet Processing Company in Mexico

The construction of a plant for Techno Steel Processing de Mexico S.A. de C.V., our first steel sheet processing base in Central America, was completed in Monterrey, Mexico. The company has since launched commercial-scale production. An increasing number of overseas companies have recently been investing in manufacturing businesses in Monterrey, the third largest city in Mexico, creating greater demand for steel sheets. Consequently, the company will expand its business, centered around the processing and sales activities of electromagnetic steel sheets, while developing further marketing plans for steel sheets for automotive parts and home electrical appliances.

▲ Techno Steel Processing de Mexico (TSP)

July 2003 — Joint-Venture Company Formed with Kobe Steel, Ltd. and Mitsui & Co., Ltd. for Aluminum Forging Business in the U.S.

A joint-venture company was established in Kentucky, in the U.S., involving Kobe Steel, Ltd. and Mitsui & Co., Ltd., to manufacture and sell aluminum forged parts for automobile suspensions. Automobiles in the U.S. are currently required to be lighter in weight in order to comply with tighter environmental restrictions, although the overall weight of automobiles tends to increase when enhanced safety features and equipment are installed. Therefore, we expect demand for aluminum parts to further increase.

The company plans to start operations in June 2005, positioning Toyota Tsusho in an important role in sales activities using our networks and experience in the automotive industry.

August 2003 — Establishment of a New Company in Mexico for Parts Assembly and Logistics Services

We established Cactus Automotive Service de Mexico as a service company in Mexico, where a Toyota automobile production project is scheduled to start in 2004. The company will comprehensively subcontract operations ranging from parts assembly to logistics services. The most prominent feature of this company is its flexible framework in parts assembly and supply systems. Depending on our customers' daily production plans and progress in individual projects, we will fully deploy our expertise in parts assembly operations as well as logistics services acquired through long years of experience.

September, October 2003 — Two Toyota Car Dealerships in England

In order to further accelerate our business expansion in dealerships in Europe, one of the most important tasks in our core business, we acquired two local Toyota car dealers: New Jemca Holdings Ltd., operating in northern London (September 2003), and McCarthy Holdings Ltd., operating in southern London (October 2003). These acquisitions enabled us to enter the dealer market in England for the first time. We intend to further expand this business by concentrating on customer satisfaction through such measures as remodeling the interiors and exteriors of each retail base.

December 2003 — Establishment of Engineering Company in Tianjin, China

In Tianjin, China, where a growing number of automotive companies have started operations, we established Tianjin Toyotsu Automotive Equipment Co., Ltd., an engineering and manufacturing company whose main business encompasses every phase of operations: design, manufacture, installation, and maintenance of machinery and equipment. We have achieved solid results and gained extensive expertise since launching engineering businesses in Japan as well as in the U.S. and Asia. Therefore, we are learning from our experience in China to create more business opportunities there.

December 2003 — Joint-Venture Company Formed for the Production of Construction Machinery in Hangzhou, China

China is rapidly improving its social infrastructure as it pursues high economic growth. The local construction machinery market is also growing steadily in China, as demand in the construction sector rises. To take advantage of this business opportunity, we reached a basic agreement with Kobelco Construction Machinery Co., Ltd. to form a joint venture in the Chinese market in September 2003, as a collaborative and strategic investment.

Unlike conventional business collaborations between manufacturers in the construction industry, this joint venture is an entirely new type of project, combining manufacturing and sales companies, logistics and finance businesses, and an organizational framework. In this context, both companies will strive to further enhance their respective business operations through the mutual exchange of their functions and the strengths afforded by the joint development of market and sales channels, parts procurement, manufacturing techniques, advanced technologies in such areas as exhaust gas and IT, as well as logistics development.

December 2003 — Joint-Venture Company Formed for the Marine Transport of Automobiles, in Shenzhen, China

With rising demand for efficient, stable logistics systems for mass production and higher sales in China driven by the rapidly expanding automobile market, we established CSC Fenghai Motor Logistics Co., Ltd., as a joint venture with Toyofuji Shipping Co., Ltd. and a local Chinese marine transportation company. CSC is conducting operations for shipping finished automobiles by sea.

Drawing upon our logistics network and strong sales capabilities in China, as well as our partners' extensive experience and expertise in marine transport, our new company will strive to expand and improve marine and river transportation networks in China by providing high-quality, low-cost automobile transportation services, using exclusive car-carrier vessels available in such major coastal cities as Yingkou, Tianjin, Shanghai, and Guangzhou.

Strategic Business Fields

April 2003 — Establishment of Semiconductor and Software Sales Company for Car Electronics

The semiconductor industry, which has been characterized by vertically integrated operations of comprehensive semiconductor manufacturers, is now shifting toward specialized horizontal labor operations. Companies are now specializing in their respective fields and sharing operations. In these settings, trading companies tend to play more of a downstream role, including technical support for products, quality management, logistics, and product marketing activities, in addition to their conventional roles in business transactions and payment settlement services.

In line with this trend, we spun off part of our Information & Electronics Department to establish Toyotsu Electronics Corporation in order to strengthen its expertise and enhance its business functions. Looking ahead, we will reinforce technical support services by increasing our engineering workforce, develop car electronics parts through a team of specialists, and improve the quality management system for inspection processes at a specialized logistics center.

July 2003 — Commercialization of Visible-Light Responsive Photocatalysts

We have concluded a license agreement with Toyota Central R&D Labs, Inc. for their visible-light responsive photocatalysts. We are now promoting the commercialization of the technology and materials related to this product. Unlike conventional photocatalysts that provide anti-fouling, antibacterial, and deodorizing effects with the aid of ultraviolet rays, this visible-light responsive photocatalyst operates even indoors, away from exposure to ultraviolet rays. Exhibiting such remedial effects as decomposing volatile organic compounds such as formaldehyde, which have become associated with 'sick house syndrome,' this product is now enjoying growing demand in house building and interior materials sectors.

August 2003 — Joint Development and Commencement of Sales of Diesel Engine Emission Gas Purification Device

In response to growing social concern regarding health hazards caused by particulate matter (PM) contained in diesel engine emission gases, we have started selling a DPF (Diesel Particulate Filter), developed with Futaba Industrial Co., Ltd. and TYK Corporation. This product is approximately 40% smaller and 50% lighter than predecessors developed by our competitors. Therefore, our product is easy to mount and maintain. In addition, its PM purification capability complies with regulatory requirements that come into effect in 2005. The product has been certified as compliant in Tokyo and other local regions, including Saitama and Kanagawa prefectures, where exhaust gas regulations have been further tightened since October 2003.

September 2003 — Implementation of Condominium Development Utilizing Asset Liquidation Scheme

We previously developed and sold high-grade condominiums under our own brand name, AXIA, mainly in prime locations in the Tokyo metropolitan area. However, we have implemented an asset liquidation scheme using a specific-purpose company (SPC) in a condominium development project scheduled to be completed in June 2005 within the Akasaka district of Minato ward in Tokyo, at a total project cost of ¥12.0 billion, in order to reduce operational and asset-holding risks. We intend to similarly examine potential risks and returns in future urban development projects in which significant capital will be invested, while at the same time aggressively developing and introducing systems that limit such risks.

October 2003 — Expansion of Wind Power Generation Business

Since positioning the environment-related business as one of our targeted areas, we have engaged in wind power generation, a recyclable natural energy source. By the end of September 2003, we had launched the operations of five businesses in Japan. In October 2003, we established J-Wind Tahara Co., Ltd., which operates a wind power generation business in Tahara, Aichi Prefecture, in collaboration with Electric Power Development Co., Ltd. As of the end of May 2004, this is the largest-scale wind power generation business under development in Japan's port districts. The power generation plan will begin operations in March 2005. This project is also the first large-scale wind power generation project in Japan under contract with an electric power company, since the April 2003 enforcement of the Law on Special Measures for the Utilization of New Energy, etc.

In addition, we will be supplying electric power for the Toyota Group Pavilion in "The 2005 World Exposition, Aichi, Japan," scheduled in 2005, through wind-powered electricity generated by Wind Tech Tahara Corporation, a Toyota Tsusho Group company.

▲Wind power generator providing electricity to the Toyota Group Pavilion

January 2004 — Consigned Projects in Proper Processing and Recycling Business for Automobile Shredder Residue (ASR)

With the Law Concerning Recycling Measures of End-of-Life Vehicles coming into effect in Japan starting January 2005, every domestic automobile maker will be required to dispose of automobile shredder residue (ASR) generated in the process of disposing of automobiles. Therefore, the Toyotsu Recycle Corporation, a Toyota Tsusho Group company, has been consigned to undertake the proper processing and recycling business for ASR of eight corporations, including four domestic companies, such as the Toyota Motor Corporation and Honda Motor Co., Ltd., and four overseas corporations. This accomplishment clearly confirms the value placed on the waste collection networks, expertise, and achievements of Toyota Tsusho Group's waste disposal business and its more than three decades of efforts in establishing the business of recycling disposed vehicles in cooperation with Toyota Motor Corporation. We will continue to improve recycling rates for waste disposal and develop lower-cost, more efficient recycling systems.

Review of Operations

Metals Division

Masato Fujimoto
Chief Division Officer
of the Metals Division

At the heart of our Metals business is recognition that steel and nonferrous metals are not just simple materials, but products with unique characteristics and functions, and therefore, we are able to supply goods that best satisfy customer needs. In addition, we actively collaborate with our business partners in developing innovative materials and processing technologies and promote businesses that establish win-win relationships with users and suppliers. We also strengthen our ability to deliver materials and products by establishing optimum and most-efficient supply systems for local needs.

We do not limit our business to traditional areas, but constantly expand into new ventures: hedging risks related to fluctuating prices of nonferrous metals, using our global trading network, recycling used automobiles—focusing on collection, and trading scrap iron and nonferrous metals.

Net Sales and Operating Income

Net sales for the Metals Division increased by ¥99.8 billion, or 10.5%, to ¥1,049.2 billion, while operating income increased by ¥0.4 billion, or 4%, to ¥12.2 billion.

The increase in net sales was primarily attributable to the expanding production of automotives, improved nonferrous and other markets, and the transfer of the housing materials business from the Consumer Products & Services Division (¥26.4 billion). The increase in operating income was basically in line with the rise in net sales.

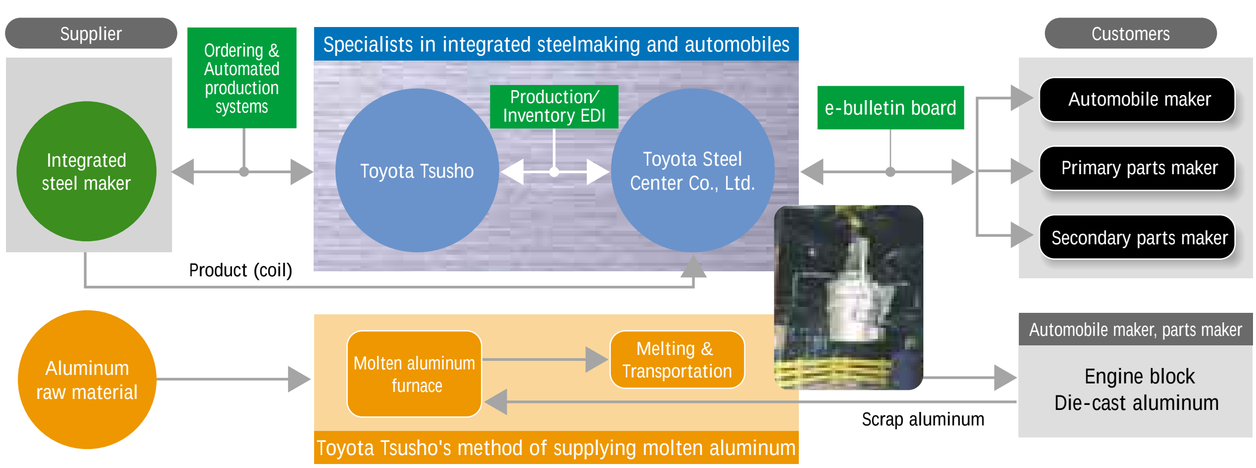
Products & Services

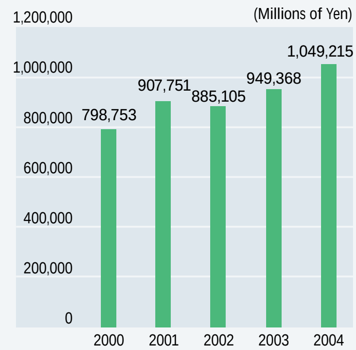
- Ordinary and special steel products
- Unwrought nonferrous and precious metals
- Rolled light metal products, copper, and copper alloy products
- Scrap iron and scrap nonferrous metals
- Ferro-alloy products
- End-of-life vehicle recycling and disposable catalyst
- Manufacturing, processing, disposal,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

How Toyota Tsusho Creates Value - Business Model 1

Processing, logistics, and storage functions meet the needs of both customers and suppliers

The core strength of our Metals business is the high level of precision and quality of its operations in collaboration with domestic and overseas manufacturing and processing companies. For example, Toyota Steel Center Co., Ltd., our main domestic processing and logistics center for the steel sheet business, shares information with suppliers and users and implements efficient processing, storage, and logistics operations for the specific production conditions of each company. In the nonferrous metals business, we supply molten aluminum, rather than the conventional ingots used in North America and other regions, to reduce both energy costs and environmental load.





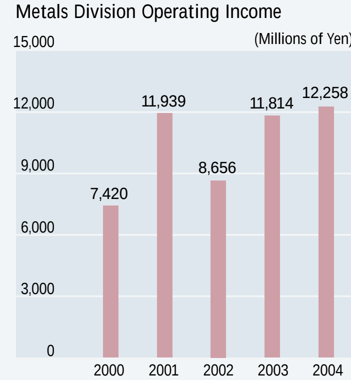
Fiscal 2004 Performance

In the steel business, exports of steel sheets increased as a result of growing demand for overseas automotive production. In the steel materials business, we promoted a comprehensive recycling business, from used automobiles to the processing of plant-generated scrap.

To enhance processing and logistics functions in Japan and abroad, we worked to establish a system to improve the accuracy of just-in-time delivery between Toyota Steel Center Co., Ltd., our main storage and processing base, and the Company. In addition, we started a steel sheet processing company in Mexico.

In the nonferrous metals business, we continued the global expansion of our aluminum melting business by starting construction of an aluminum melting plant in Indonesia following construction of plants in the U.S. and Poland, in response to growing demand for aluminum, reflecting the recent trend toward lighter automobile bodies.

To promote the recycling business, we expanded our bases in North America for our plant recycling business, while in the ASR (Automobile Shredder Residue) business, an aspect of ELV (End-of-Life Vehicle) recycling, we aggressively cooperated in a joint effort between Toyota Motor Corporation and Honda Motor Co., Ltd. to establish a network for ASR collection.



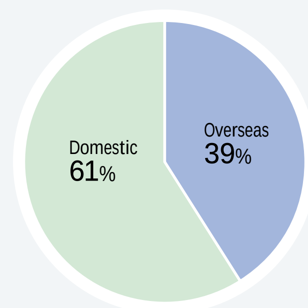
Fiscal 2005 Outlook

We will continue to strengthen processing and logistics functions in Japan and abroad as one of our major outstanding issues. In practical terms, we will apply our excellent processing and logistics functions, as represented by work of the Toyota Steel Center Co., Ltd., in major business regions such as China and Europe.

To respond to the trend toward lighter automobile bodies, we are promoting the processing and manufacturing business, particularly in nonferrous metals, by starting an aluminum melting operation in China.

Minimizing environmental impact is another major challenge for the Group. The Metals Division plans to promote a variety of activities in Japan and abroad, such as an ELV (End-of-Life Vehicle) recycling business, to deal with the enforcement of the Recycling Law in Japan in 2005, and will also start plant recycling businesses in China and Europe.

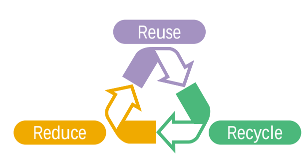
Business Composition



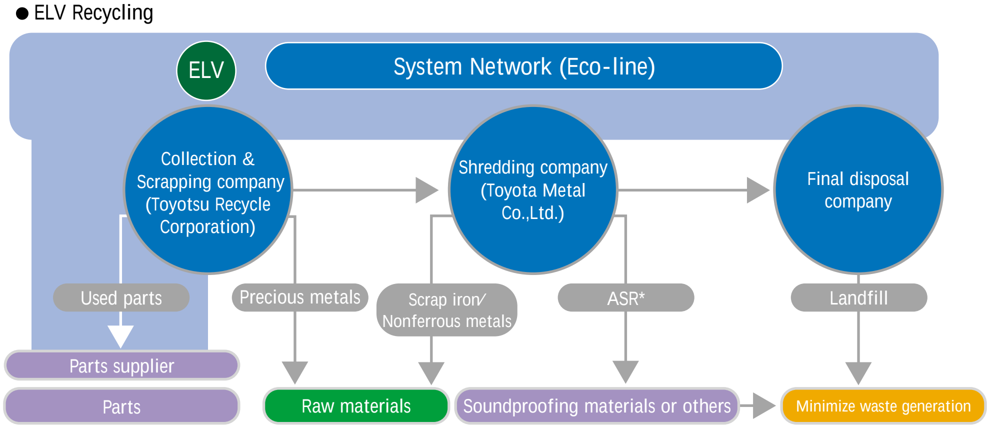
How Toyota Tsusho Creates Value - Business Model 2

End-of-Life-Vehicle (ELV) recycling business extends beyond the metals industry

As a company primarily involved with automotive production and sales, we have deeply engaged in the recycling of ELVs for more than thirty years and actively promote comprehensive recycling extending beyond the metals industry. In addition to the recycling of scrap metal utilizing a nationwide collection network, we started recycling Automobile Shredder Residue (ASR) using the advanced recycling technology and expertise we have developed and accumulated along with Toyota Motor Corporation.



● ELV Recycling



* ASR (Automobile Shredder Residue): Remaining shredded waste generated by crushing automobile waste after removing all reusable materials from ELVs

Machinery & Electronics Division

Nobuhiko Sahara
Chief Division Officer
of the Machinery & Electronics Division

The Machinery & Electronics Division is engaged in such areas as machinery, facilities, information and electronics, and parts for overseas production. We procure goods that respond to customer needs in Japan and overseas, and provide total services, including planning, recommendations, technological development, quality control, and efficient logistics.

In the machinery business, we provide consultation on optimal combinations of equipment and plant layout, and follow up our customers' operations, from initial planning through production start-up. In the car electronics business, we offer quality and delivery control services specific to automotive equipment, and develop and apply outstanding technologies in semiconductors, electronics and information processing. In the telecommunication business, we have participated in ITS (Intelligent Transport Systems)-related projects in partnership with manufacturers and governmental agencies. We also support construction of telecommunication networks for Japanese companies based in North America and China.

Net Sales and Operating Income

Net sales for the Machinery & Electronics Division rose by ¥110.2 billion, or 20.0%, to ¥660.7 billion, while operating income for the Division rose by ¥3.1 billion, or 33%, to ¥12.6 billion. The increase in net sales was mainly attributable to growing demand in the machinery business in the U.S. and European markets as well as in Asia, particularly in China.

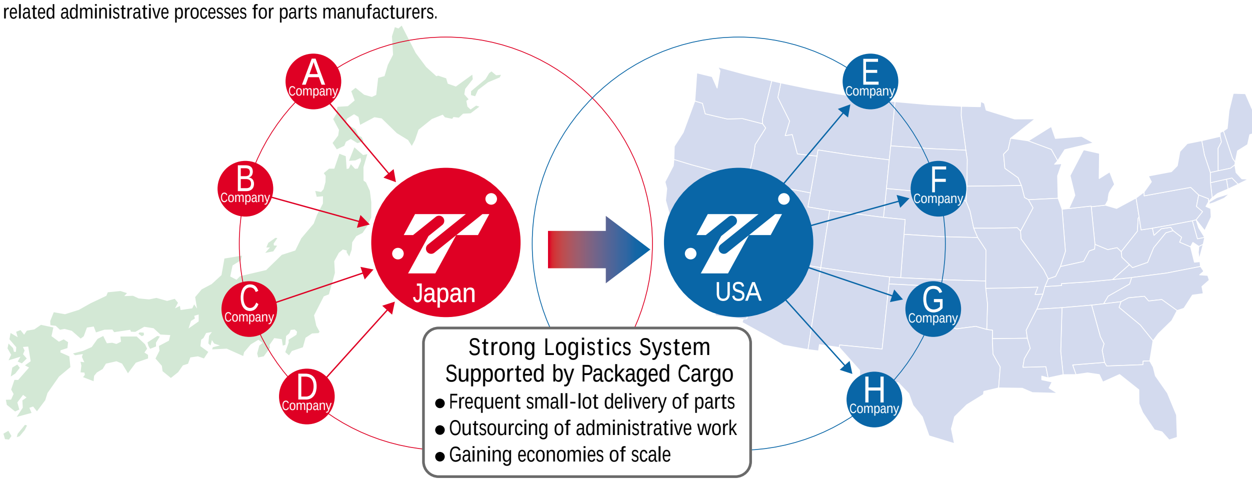
Products & Services

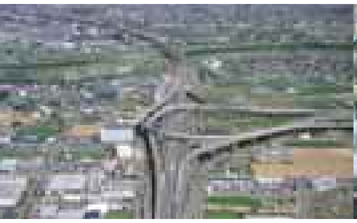
- Machine tools, industrial machinery, and textile machinery
- Testing and measuring instruments
- Environmental equipment
- Information and telecommunication equipment
- Electronic devices and parts
- PCs, PC peripheral products, and various software
- Automotive parts
- Intelligence Transport System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

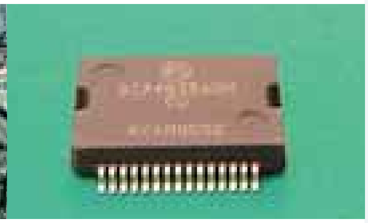
How Toyota Tsusho Creates Value - Business Model 1

Packaged logistics for parts for overseas automobile production—Vendor-to-Vendor

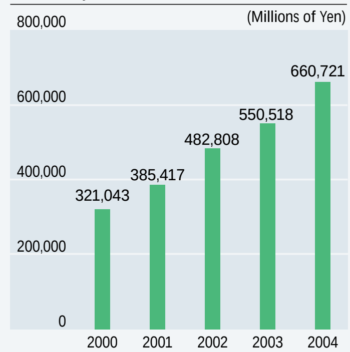
We transport, on a package basis, automotive parts produced by domestic parts manufacturers for overseas automobile fabrication and production. After visiting each parts manufacturer to collect and package parts in a "milk-run" process, we export parts packages to these overseas sites in shipping containers. We also reduce delivery time and inventories for parts manufacturers through our extended transport service that includes delivery to production sites, thereby facilitating more frequent small-lot deliveries of each manufacturer's products. Transport costs are also reduced, benefiting from the advantages of scale and lower export-related administrative processes for parts manufacturers.







Machinery & Electronics Division Net Sales



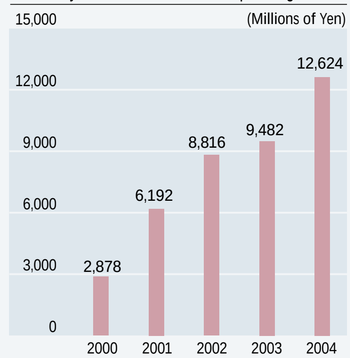
Fiscal 2004 Performance

We strengthened our engineering operations in overseas markets and established a system to provide services such as the improvement, installation, and maintenance of machinery and equipment in the U.S. and Asia, including China, Vietnam and Thailand. In addition, we established a joint venture with Kobelco Construction Machinery Co., Ltd. for the construction machinery business in China.

In the information and electronics business, we strengthened our electronics parts business by spinning off Toyotsu Electronics Corporation as a subsidiary, in response to increasingly sophisticated user needs.

In the parts for overseas automotive production business, we inaugurated G-SCM that links operations in Japan and the U.S. in order to respond to diversified international trade, and enhanced our logistics capabilities.

Machinery & Electronics Division Operating Income

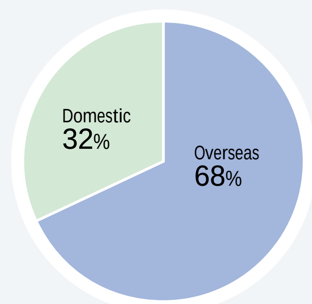


Fiscal 2005 Outlook

We will continue to enhance our engineering capabilities and just-in-time inventory control and promote efficient procurement. We will particularly focus on strengthening European operational systems, establishing a global network encompassing five regions (the U.S., ASEAN, Europe, China, and Japan). In addition, we will develop our car electronics business and networking services, including network construction. Specifically, we will promote software development including car navigation systems and networking services in Asia, and such networking businesses as IP phones.

To reinforce parts logistics for overseas automotive production, we will expand overseas parts fabrication, while we launch G-SCM in Asia to provide customers with optimum, global procurement systems.

Business Composition



How Toyota Tsusho Creates Value - Business Model 2

Our approach to environmental ITS

The car electronics industry today must not only deal with advances in automobile performance, but also with the rapidly developing transport system. ITS*1, in particular, attempts to address transport-related environmental problems. We are intensifying our efforts in environmental ITS by integrating such fields as measurement and monitoring of transport environments, emission reduction, and support measures, including control and verification of the implementation of environmental measures promoted by the Japanese government. In January 2003, we successfully applied DSRC*2 to a parking lot system based on ETC*3 technology, for the first time in Japan.

*1: ITS: Intelligent Transport Systems *2: DSRC: Dedicated Short-Range Communications *3: ETC: Electronic Toll-Collection System

Remote Sensing Device (RSD)

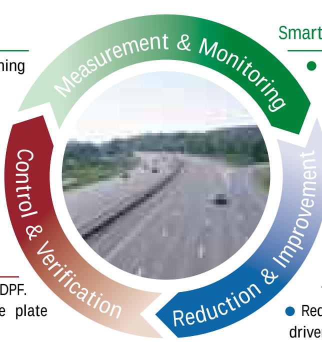
- Measures, in real time, the volume of emissions from running vehicles.
- Detects concentrations of CO, CO_2, HC, NO, and black smoke.

Automobile Safety Inspection System Focusing on Emissions

- Anticipating vehicle systems focused on emissions control, we offer an automobile safety inspection system that is highly regarded in the U.S.

DPF-equipped Car Monitoring System

- A system for detecting vehicles that are not equipped with DPF. Cross-checks vehicle identification through a vehicle license plate recognition system with DPF registration data at the Center.
- The system was developed and applied to support environmental policies implemented by the Japanese government.



Smart Sign

- As a RSD application, it informs the driver of the emission condition of the operating automobile.

Energy-saving and Safe Drive Support System

- Enables the driver to easily learn energy-saving and safe driving techniques based on a computerized analysis of his/her driving habits.

DSRC Parking Lot System

- Introduced for the first time in Japan in January 2003 as an ETC application that reduces the volume of emissions by reducing traffic congestion.
- Reduces the volume of emissions in the parking lot and provides drivers with such advantages as safety, dependability, comfort, speed, and barrier-free access.

Vehicles Division

Kiyoshi Furubayashi
Chief Division Officer
of the Vehicles Division

The Vehicles Division exports automobiles and automotive parts manufactured in Japan by the Toyota Group to about 120 counties worldwide. We also export automobiles manufactured by the Toyota Group in overseas plants to third-party countries. In addition, we provide a broad range of sales support in export destinations. As a result, we have accumulated a wide range of experience and expertise in automotive sales, ranging from establishment of marketing strategies and dealership locations, to financing services offered at points of sale.

We employ specialists in each local market and use information capabilities unique to trading companies to provide marketing information, such as local market conditions and changes in user tastes, and apply this expertise and information to plan and develop overseas production and marketing strategies for automotive and related manufacturers.

Net Sales and Operating Income

Net sales for the Vehicles Division increased by ¥19.2 billion, or 4.0%, to ¥499.7 billion while operating income for the Division rose by ¥3.8 billion, or 53%, to ¥11.1 billion. The increase in net sales followed growing exports destined for Asian and African markets. On the other hand, exports to China receded in a partial retrenchment of the strong surge that followed the lifting of regulations by the Chinese government.

The increase in operating income essentially followed the increase in net sales. The exclusion of a one-time ¥0.8 billion write-off reported in fiscal 2003 in the consolidated adjustment accounts of Toyota Tsusho Pacific Holdings Pty. Ltd. (TTSPH), our Australian automotive sales company, also contributed to this year's results.

Products & Services

- Passenger vehicles
- Commercial vehicles
- Light vehicles
- Trucks and buses
- Forklifts
- Automotive parts
- Sales of, and services for, the above products

How Toyota Tsusho Creates Value - Business Model 1

Overseas dealerships integrate sales and the provision of spare parts and service

Our overseas automobile dealerships provide customers with a wide range of services that combine sales and the provision of spare parts and automotive services. Our professional teams are configured to support dealers worldwide; training local service staff as well as assisting dealership management through such activities as operational consultation. We promote such activities to improve customer satisfaction and thereby play a significant role in the establishment of the Toyota brand on a global scale.

Fiscal 2004 Performance

In the overseas retail business, we expanded our dealers' networks, focusing on our strategic business areas of Europe and China. We acquired two dealerships in the U.K., and in China, we established five new sales offices in addition to the six existing sales offices, bringing the total number of sales offices in China to eleven. We have also entered into a business venture in Thailand.

In sales promotion of automobiles and automotive parts of Daihatsu Motors Co., Ltd. and Hino Motors, Ltd., we expanded the businesses transferred from Daihatsu Motors Co., Ltd. and launched a joint venture with Yamaha Motors Co., Ltd.

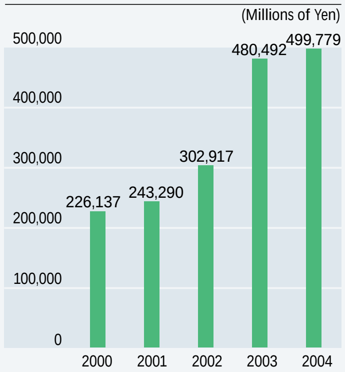
In local logistics for automobiles manufactured abroad, we launched operations of a logistics center for automobiles manufactured in Brazil.

Fiscal 2005 Outlook

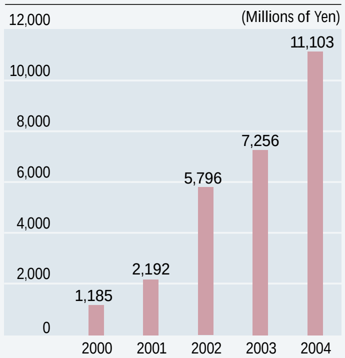
We plan to continue expanding our dealer network in Europe and China and will strategically acquire existing dealerships in Europe, particularly in France, the U.K., Eastern Europe, and in Russia. In China, we will expand areas covered by our network by increasing the number of new dealerships.

In overseas sales of automobiles and automotive parts of Daihatsu Motors Co., Ltd. and Hino Motors, Ltd., we will promote export and retail sales through our Toyota Motor's agent and dealer network.

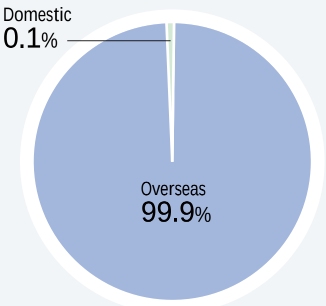
Vehicles Division Net Sales



Vehicles Division Operating Income



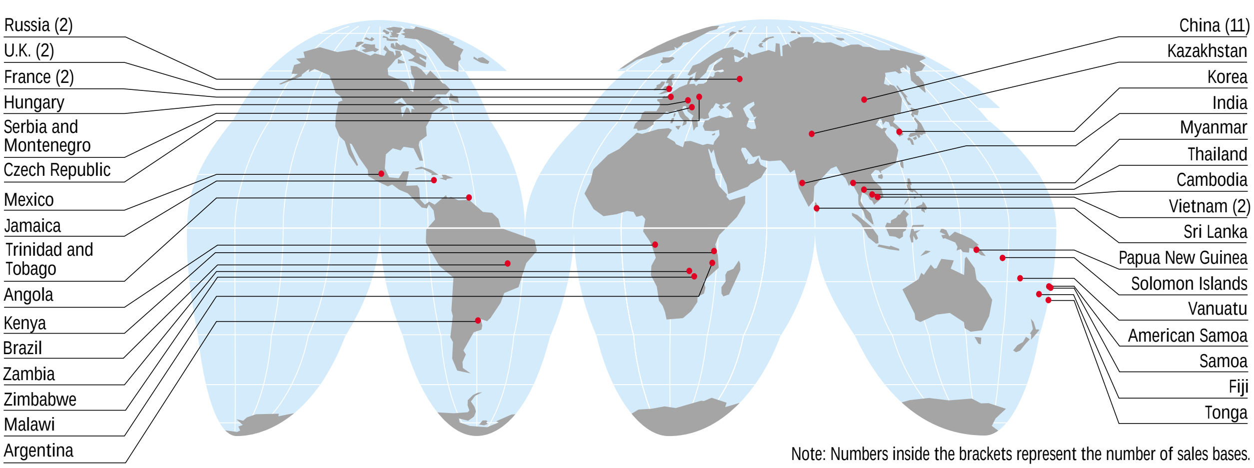
Business Composition



How Toyota Tsusho Creates Value - Business Model 2

Dealership network expands through a regional approach, rather than by location

We develop our operations by grouping automobile dealerships throughout the world by region and adopting optimal policies in response to the specific needs of each region. To this end, we have established regional headquarters to manage operations, including region-wide marketing and sales strategies in such areas as Africa and the South Pacific. In addition, we acquired two dealerships in London, England, last year and set up five new sales bases in China, adding to the six existing bases we currently operate there. These efforts illustrate how we intend to achieve further growth through a regional strategy.



Note: Numbers inside the brackets represent the number of sales bases.

Energy & Materials Division

Masahiro Tanizeki
Chief Division Officer
of the Energy & Materials Division

The Energy & Materials Division procures and supplies production materials and indirect materials from all over the world to meet specific needs of customers in a variety of manufacturing industries, including the automotive industry. These materials include automotive interior parts, synthetic resins, chemical products, natural rubber, and paper pulp.

We are also involved in the importation of, and intermediate trade in, basic energy resources, such as petroleum, LNG and coal. In environment businesses, the Division is taking the initiative in developing wind power generation projects as a promising source of clean energy. We also promote a comprehensive recycling business based on expertise and technology gained through our longtime involvement in the processing and recycling of industrial waste.

We are also moving forward by actively engaging in such high-potential areas as emission rights trading, DME (dimethyl ether), and GTL (gas-to-liquid).

Net Sales and Operating Income

Net sales for the Energy and Materials Division rose by ¥23.9 billion, or 7.3%, to ¥351.7 billion while operating income for the Division fell by ¥2.3 billion, or 68%, to ¥1.15 billion. The increase in net sales was mainly the result of growing exports of synthetic resin in the chemical products business to meet expanding overseas automotive production, increased domestic sales in the automotive interior parts business to accommodate solid domestic demand, and expanded sales of fuel oil for cogeneration in the energy business.

The decline in operating income was mainly attributable to a one-time write-off of consolidated adjustment accounts in the amount of ¥2.4 billion in connection with the TT Mining coal mining project in Australia.

Products & Services

- Automotive interior parts and materials
- Petroleum products and LPG (liquefied petroleum gas)
- Coal
- Petroleum chemicals
- Synthetic resin, fat and oil products, and chemical additives
- Natural and synthetic rubbers
- Packaging materials
- Paper and pulp
- Processing, manufacturing and sales of, and services for, the above products

How Toyota Tsusho Creates Value - Business Model 1

Overseas processing and fabrication of automotive materials and parts*

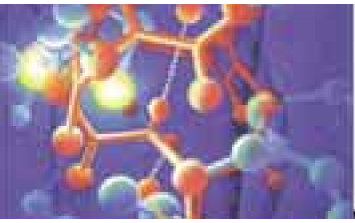
Along with the development of optimum procurement on a global level in response to the expansion of overseas automobile production, automobile manufacturers procure materials and parts from both local suppliers and various regions or countries, including Japan and neighboring countries. In collaboration with parts manufacturers, we are expanding the processing and fabrication of automotive parts near the manufacturer's production sites and providing just-in-time supply that matches their automotive production schedules.

*This business will be transferred to the Consumer Products & Services Division as part of our corporate reorganization, in July 1, 2004

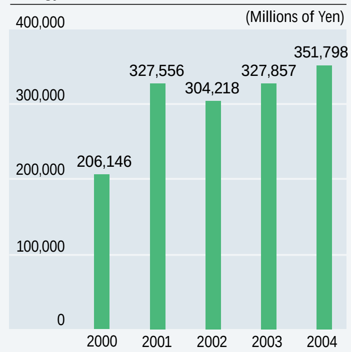
▲Wrapping leather onto a steering wheel (in Mexico)

▲Processing sheet fabric (in the U.S.)

▲Equipping tires on wheels (in the U.S.)



Energy & Materials Division Net Sales

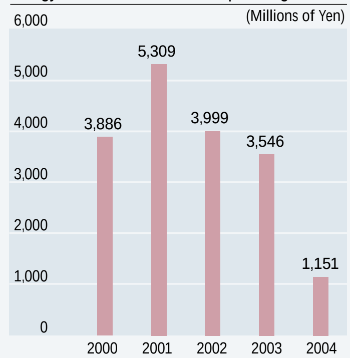


Fiscal 2004 Performance

In materials and supplies for overseas automotive production, we strengthened our technological development and design operations and expanded overseas manufacturing bases. In the environment and new energy businesses, which have recently demonstrated rapid growth, we launched operations of three new companies that generate and sell electricity from wind power. In addition, we promoted commercialization of biodegradable resin and recycling of resin.

In the production materials business, we are actively involved in synthetic rubber compounds and electronic materials.

Energy & Materials Division Operating Income

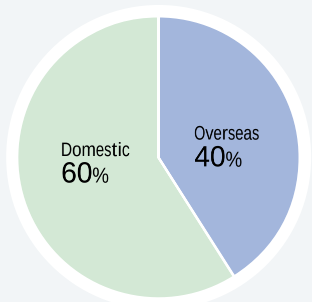


Fiscal 2005 Outlook

In overseas procurement of material and supplies for automotive production, we are expanding our overseas operations and local procurement, primarily in China. In the energy field, we will continue to invest in new energy projects, such as cogeneration, wind power generation, and natural gas-based liquid fuel GTL, while strengthening our coal, petroleum, and other existing businesses.

In China, the Energy & Materials Division will continue to develop materials business, including production of resin compounds and manufacturing materials for food packaging.

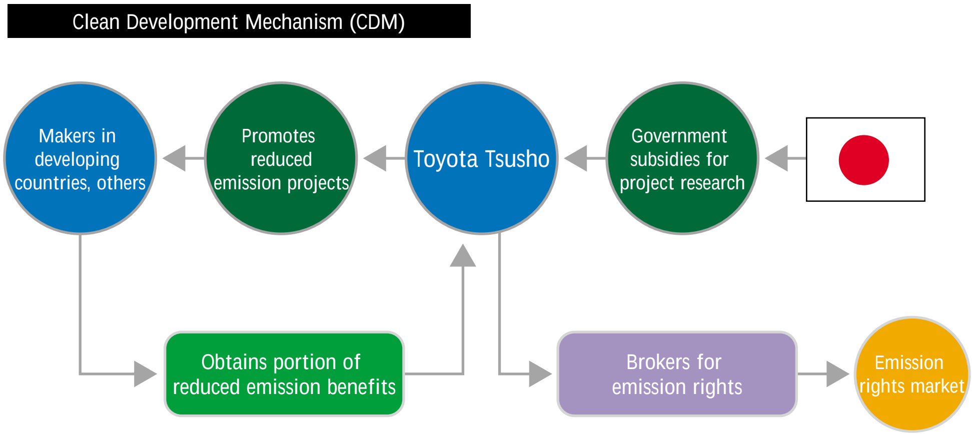
Business Composition



How Toyota Tsusho Creates Value - Business Model 2

New ecological products business

We are steadily developing ecological products businesses. In wind power generation, we have established, in collaboration with the Machinery & Electronics Division, a unique value chain ranging from the selection of plant sites and the import and sales of generators, to the start-up of wind power generation businesses and the repair and maintenance of generators. In addition, we are promoting the GTL business, which promises cleaner energy for the future. We are also actively pursuing businesses associated with effective measures for reducing emissions of greenhouse gases (including emission rights trading, joint implementation, and clean development mechanisms).



Consumer Products & Services Division

Katsunori Takahashi
Chief Division Officer of the Consumer Products & Services Division

The Consumer Products & Services Division deals in products and services related to clothing, food, and housing, such as textile materials and products, agricultural and livestock products, housing materials, and construction of condominiums. In the nursing care business, 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 implementation of the Long-Term Care Insurance System in Japan. In the insurance business, we have established an excellent record as a major insurance sales broker in Japan capable of handling a variety of coverage types, including automobile insurance.

With our focus on safety, quality and comfort, we function as a trading company that supplies products and services in various fields with our product capabilities and functional operations, to support virtually every aspect of people's day-to-day lives.

Net Sales and Operating Income

Net sales for the Consumer Products & Services Division fell by ¥43.8 billion, or 16.5%, to ¥222.0 billion while operating income for the Division rose by ¥0.5 billion, or 21%, to ¥3 billion.

The decrease in net sales coincided with the withdrawal from unprofitable businesses, such as marine products and livestock, and the ¥24.6 billion transfer of our housing materials business to the Metals Division. The increase in operating income was mainly due to the exclusion of losses on disposal of inventories reported in fiscal 2003 and a ¥0.5 billion reduction in write-offs of consolidated adjustment accounts for Watchman Co., Ltd.

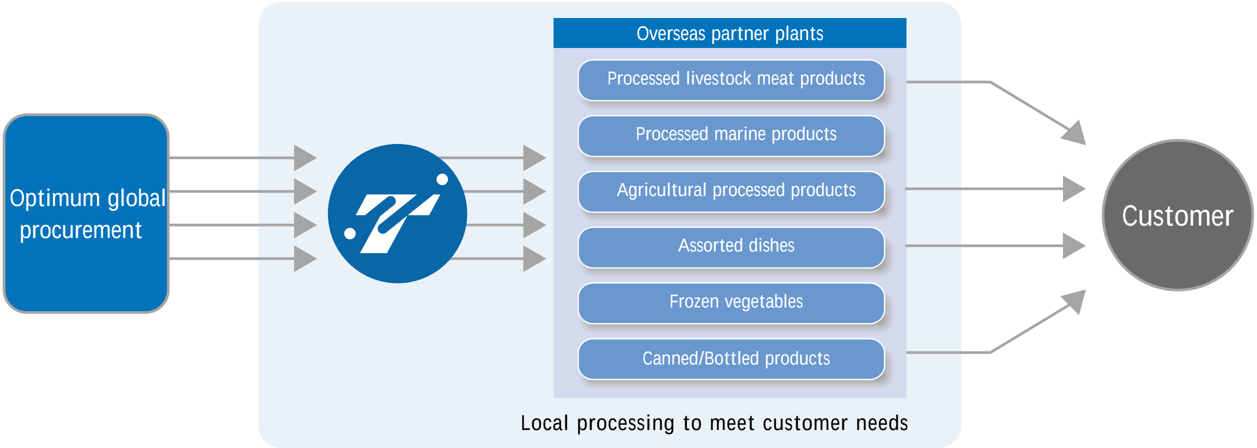
Products & Services

- Agricultural and livestock products, and foods
- Condominiums and commercial buildings
- Construction materials, housing materials, and furniture
- Textile products, textile materials, and jewelry
- Life and health insurance, and property and casualty insurance
- Sales of, and services for, the above products

How Toyota Tsusho Creates Value - Business Model 1

Foodstuffs operations extends from trading to high value-added businesses

We actively promote the food processing business in China and other overseas regions in addition to existing trading business that procure safe and high-quality foodstuffs from optimum locations across the world. We supply these foodstuffs, including the processed products of extracted fish bones for elderly diets, as well as cooked and processed products for restaurant chains, responding to diverse customer needs in close partnership with local processing facilities. Furthermore, our business is expanding into the development of food ingredients themselves, such as improved varieties of buckwheat, in collaboration with researchers and farmers.



Fiscal 2004 Performance

In response to the recent rise in demand, the Division strengthened its safety-related businesses, such as insurance and nursing care. For example, we developed and proposed a comprehensive insurance program for overseas operations of Japanese companies. We also enhanced our services for individual customers, such as 365-day service offered by the Accident Consultation Center and consulting by financial planners. In the nursing care equipment rental business, focused on the needs of an aging society, we opened two new service offices and now operate a total of five offices.

In the textile business, we established a value chain focusing on China and are developing a uniform business and car air bag fabrication business.

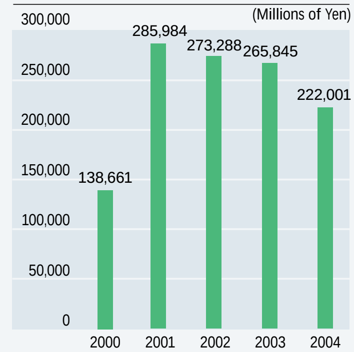
In the housing business, we entered into and strengthened our residential management business through the acquisition and merger of a condominium management company.

Overall, we concentrated management resources on major business lines and withdrew from unprofitable businesses, including several food businesses, and transferred some business operations to the Metals Division.

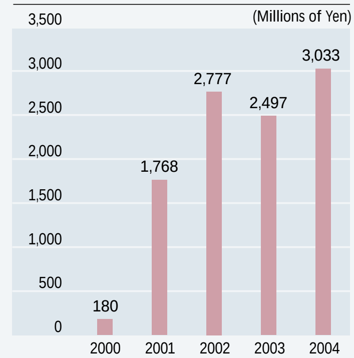
Fiscal 2005 Outlook

In the foodstuffs business, Toyota Tsusho will develop processing and production bases for products such as sesame, bread, and fishery and livestock products in China and other Asian countries, in order to strengthen our processing and production of foodstuffs. In the insurance business, the Division will expand overseas operations to support Japanese companies operating overseas, including the Toyota Group. In the nursing care business, the Division will continue to develop operations and enterprises, including the sales and rental of nursing care equipment. In the textile business, the Division will strengthen ventures through such efforts as expanding its production operations for car air bag fabrication.

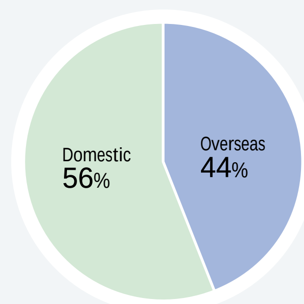
Consumer Products & Services Division Net Sales



Consumer Products & Services Division Operating Income



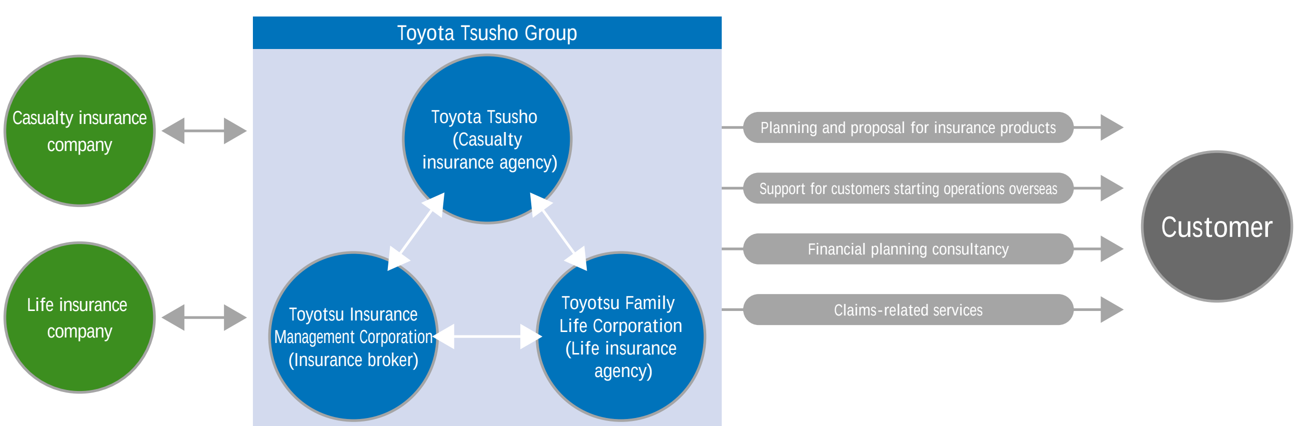
Business Composition



How Toyota Tsusho Creates Value - Business Model 2

A broad range of corporate and individual insurance businesses

As a major casualty and life insurance agency, we boast the top level in insured amounts across the industry and provide a variety of insurance products. We operate 24-hour customer call centers, offering high-quality services for both corporate and individual customers. We also enhance the insurance broker business in Japan and abroad, thereby promoting the planning and development of new insurance products that accurately meet changing customer needs. In addition, we quickly adapt to keep pace with the expanding global operations of customer companies through such efforts as expanding our global agency network.



Environmental Activities

As a responsible corporate citizen, the Toyota Tsusho Group not only works to reduce impact on the global environment in the course of doing business but also helps to establish a recycling-oriented society. Therefore, we established the following environmental policy.

1. As a responsible corporate citizen, we work to reduce impact on the environment, conserve energy, recycle resources, and eliminate environmental pollution, while placing high priority on not disturbing the global environment in doing business.
2. We promote environment-related businesses, such as the efficient use of waste and the preservation of natural resources, and contribute to the realization of a recycling-oriented economy and society in collaboration with our affiliates and business partners.
3. We comply with all environmental requirements, including environmental laws and regulations and industry guidelines.
4. We participate in activities to reduce impact on the environment by establishing an environmental management system and continue to improve these activities through periodic review and the application of creative ideas.
5. We enhance environmental awareness among directors and employees by providing environmental training and promoting a thorough understanding of our environmental policy.

Note: See pages 9, 11, and 17 for items 1, 2, and 4.

We acquired comprehensive ISO 14001 certification for the entire Company in December 2000, and we are working to achieve higher levels of performance by establishing an environmental management system based on the environmental policy of the Toyota Tsusho Group. Asian and European subsidiaries have been preparing to obtain ISO 14001 certification since 2003. The number of subsidiaries that have obtained the certification is progressing as planned.

Contribution to Local Communities

We believe contributions to local communities is just as important as doing business at a global level. We promote community-related activities and establish systems to support them, such as enhancing among employees an awareness of environmental impact, supporting applications for volunteer activities via the Company's electronic billboard, providing information on how to participate in volunteer activities, and presenting Company Awards to employees who contribute to local communities.

Specifically, the Toyota and Kariya Branch Offices have regularly participated in neighborhood clean-ups since 2002. The Prague Branch of Toyota Tsusho Europe made a donation to the people in Prague, The Czech Republic, suffering from the flood that broke out in September 2002. In addition, the Toyota Tsusho International Scholarship has supported aspiring foreign students since its establishment in 1988.

Toyota Clean Net, a volunteer street-cleaning effort

Foreign students studying with support staff in our Scholarship program

Human Resource Development and Corporate Culture

Human Resource Development Program Cultivates “People with Creativity”

The business environment surrounding trading companies has been dramatically changing; shifting from their traditional role into creators of demand. In order to transform these changes into business opportunity, we have focused on development of human resources to keep ahead of change. It is essential today to recognize change, create plans, and propose new value. In this context, it is crucial to cultivate people who can implement their own plans with a strong determination and confidence as entrepreneurs.

Our human resource development program was established to provide highly motivated employees with opportunities to improve their skills. The program prepares new recruits to proactively create business opportunities as leaders within five years of joining the Company, and consequently, encourages and supports more “people with creativity” within the Group. Through these initiatives, new projects are developed to further strengthen the program.

● HR training programs for employees with 1-5 years of working experience

	Conceptual Skills	Technical Skills	
1st Year	Solution Methodology		Practical Knowledge Training
2nd Year	Career Development Program		
3rd Year	Business Planning Development		
4th Year	Marketing		
5th Year	During and following the fifth year, we provide high-level training programs based on the same concepts.		

Developing Individual Employees’ Knowledge Into Organizational Power

One element of Toyota Tsusho’s corporate culture is a high priority on individual empowerment, which has favorably influenced our human resource development. In addition, within the Group we identify and exchange knowledge and expertise that our domestic and overseas professionals have acquired across a broad range of business areas, and harness this knowledge as organizational power. This represents a major corporate strength.

Such initiatives are available both during and after working hours and revitalize the entire Group. For example, for several decades, it has long been our tradition to conduct off-site meetings attended by staff of working groups, divisions, and Group companies, and “power-up meetings” to fully explore current issues and solutions. Such practices have been passed on from generation to generation, including the newest recruits. This free and open communication among employees drives the Group’s growth.

Off-site meeting

Board of Directors and Corporate Auditors (As of July 1, 2004)

President
Masaaki Furukawa (Seated)

Executive Vice Presidents
Yoshihiro Kaneko (Back row left)
Iwao Ito (Back row center)
Yoji Toyohara (Back row right)

Post	Name	Title
President	Masaaki Furukawa	
Executive Vice Presidents	Yoshihiro Kaneko	
	Iwao Ito	Chief Representative of Tokyo Head Office
	Yoji Toyohara	
Senior Managing Directors	Hidenori Tsutsui	President of Toyota Tsusho Europe S.A., Toyota Tsusho U.K. Ltd.
	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
	Junzo Shimizu	Chief Division Officer of Corporate Division
Managing Directors	Katsunori Takahashi	Chief Division Officer of Consumer Products, Services & Material Division
	Masahiro Tanizeki	Chief Division Officer of Energy & Chemicals Division
	Sumihiro Hirono	Deputy Chief Division Officer of Metals Division
	Nobuhiro Watanabe	Deputy Chief Division Officer of Machinery & Electronics Division
	Yoshimi Takai	Chief Division Officer of Strategic Integration Division
	Shozo Hamana	Deputy Chief Division Officer of Corporate Division
	Koichi Kawai	Deputy Chief Division Officer of Machinery & Electronics Division and Energy & Chemicals Division; Chief Representative of Osaka Branch
	Ryoji Shimizu	President of Toyota Tsusho (Thailand) Co., Ltd.
	Koji Oshige	Deputy Chief Division Officer of Machinery & Electronics Division and Vehicles Division
Directors	Yoichi Kihara	Deputy Chief Division Officer of Metals Division
	Seiji Kado	Deputy Chief Division Officer of Consumer Products, Services & Material Division
	Kenji Takanashi	Deputy Chief Division Officer of Vehicles Division
	Masanori Yamase	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.
	Fumio Inoue	Deputy Chief Division Officer of Energy & Chemicals Division and Consumer Products, Services & Material 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 Energy & Chemicals 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
	Tokuji Kitamura	Deputy Chief Division Officer of Consumer Products, Services & Material Division
	Makoto Ito	Deputy Chief Division Officer of Vehicles Division
	Jun Karube	Deputy Chief Division Officer of Strategic Integration Division
Corporate Auditors	Hidetsugu Yamauchi *	
	Tetsuro Ito*	
	Yoshio Uesaka	
	Ryuji Araki	
	Tadashi Ishikawa	

* Standing corporate auditor
Company names and titles indicated are as of July 1, 2004.

Financial Section

CONTENTS

Notes: 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.

Financial Review

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

Operating Environment

In the first half of fiscal 2004, the world economy, particularly in Asia, experienced a significant slowdown due to the adverse effects of the war in Iraq and the SARS epidemic. However, a slow recovery emerged by the end of the fiscal year, benefiting from recovery and considerable growth in two major economies—the U.S. and China—driven by expansion in domestic demand.

In the U.S., spending by consumers, including housing investment and automotive sales, grew steadily, supported by the aggressive monetary policy of the Federal Reserve Board and sweeping tax reductions implemented by the Bush administration. Capital investment rose alongside improved corporate performance. Exports also expanded on the weak dollar. Consequently, the U.S. economy resumed robust growth, leaving behind the stagnation following the IT bubble in 2001. Meanwhile, the Chinese economy continued its strong growth with increasing investment in infrastructure and higher consumer spending, accompanied by rapidly increasing exports and continually rising direct investment in China, which is enjoying a strengthening in trust by overseas investors after that country gained accession to the World Trade Organization in 2001. Rapidly expanding demand in China was a major factor behind booms in commodity and shipping markets.

Other Asian economies exhibited significant slowdowns in the first half of fiscal 2004. However, rapid recovery appeared in the second half of the fiscal year due to expansion of exports supported by the high growth of the Chinese economy. Among these nations, the remarkable recovery of the Thai economy was driven by expanded consumer spending arising from favorable employment conditions, stabilized consumer prices, and low interest rates. On the other hand, economic growth in the European Union was generally moderate. In Europe, particularly in Germany, consumer spending continued to stagnate, reflecting a severe employment environment indicated by high unemployment rates, dampening domestic demand, and reflecting the strong euro, which slowed exports.

In the Japanese economy, corporate earnings further improved due to several positive economic factors, including the strong growth of exports destined for Asia and other regions, the strong performance of heavy industries such as steel and shipbuilding in the wake of growing exports to China, and the resultant growth in domestic production and the recovery of capital investment. In the financial sector, the banking system was stabilized by government support through the injection of public funds into financial institutions. Encouraged by developments in the financial sector, investors propelled the Nikkei Stock Average, which had declined into the 7,000 yen range in the early part of the fiscal year, to over 10,000 yen. The endurance of the recovery of the Japanese economy became apparent as consumer spending grew steadily and the stagnated employment environment bottomed out, buoyed by a recovery in corporate production and sales, although deflationary pressures remained.

Review of Operations

1. Results of Operations

During the fiscal year ended March 31, 2004, the Japanese economy performed well, reflecting a recovery in personal consumption and the stock market, as well as growth in exports. Overseas, personal consumption led the recovery of the U.S. economy, while the economies of China and other Asian countries also improved due to increased exports accompanying the recovery of the world economy. Meanwhile, European countries experienced moderate growth due to weak personal consumption while exports exhibited strong performance.

Under these circumstances, consolidated net sales of Toyota Tsusho Corporation (hereinafter referred to as "the Company") and its consolidated subsidiaries increased by 8.2%, from ¥2,576.4 billion in the previous fiscal year, to ¥2,787.7 billion.

Results of operations by business segment

(1) Metals

In the steel business, we achieved solid growth in the export of steel sheets, reflecting strong demand from overseas automotive industries. We also strengthened our processing operations by improving the system linking the

Company and Toyota Steel Center Co., Ltd., our processing and logistics center for enhanced just-in-time product delivery. In the raw materials business within our steel business, we promoted comprehensive recycling to process materials ranging from used automotives through factory scrap metal, while also expanding the bases of our recycling business in the U.S. In the nonferrous metals business, we expanded the global reach of our molten aluminum business by starting construction of a molten aluminum plant in Indonesia, following construction of plants in the U.S. and Poland. As a result, net sales increased by ¥99.8 billion, or 10.5% compared with the previous fiscal year, to ¥1,049.2 billion.

(2) Machinery & Electronics

In the machinery business, demand increased in the U.S., Europe, and Asia, especially in China. In information and electronics business, we reorganized car electronics-related sections into an independent company in response to sophisticated user needs, and thereby enhanced electronics parts sales. At our subsidiaries in China, Singapore, and Thailand, which were established to expand our overseas network, we strengthened our venture focused on network monitoring systems. In the supply business of parts for overseas automotive production, we set up a supply chain management system linking operations in Japan and the U.S. to deal with diversified overseas transactions. Consequently, net sales increased by ¥110.2 billion, or 20.0% compared with the previous fiscal year, to ¥660.7 billion.

(3) Vehicles

In the vehicle export business, while Asian and African markets performed well, exports to China decreased in a corrective adjustment to the initial burst of growth that followed the lifting of regulations by the Chinese government. As a result, export sales were slightly lower than the previous fiscal year. Retail business in overseas markets expanded, reflecting our sales promotion efforts for existing vehicle sales outlets as well as expanded sales bases in China and Europe, our major markets. In China, we established five new offices in fiscal 2004: Shenyang (the second office in this location), Beijing, Hangzhou, Wenzhou, and Kunshan, bringing the total number of sales offices in China to eleven, including six locations opened previously. In the U.K., we acquired two Toyota dealerships, increasing our total to six in that country. As a result, net sales rose by ¥19.3 billion, or 4.0% compared with the previous fiscal year, to ¥499.8 billion.

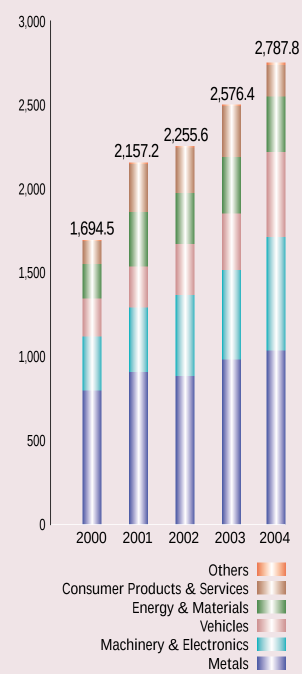
(4) Energy & Materials

In chemical products, the export of synthetic resins increased due to the growth in the number of vehicles manufactured overseas. We also entered the food packaging material business in China with the establishment of a company to manufacture resin for packaging materials in Jiangsu. In the automotive interior parts business, sales increased due to strong domestic demand in Japan. In the energy business, we focused on sales of fuel oil for cogeneration. Also, we launched three new companies for the wind power generation business that started operations to sell electricity. Consequently, net sales increased by ¥23.9 billion, or 7.3% compared with the previous fiscal year, to ¥351.8 billion.

(5) Consumer Products & Services

In the housing business, we strengthened housing management through M&A involving a condominium management company to expand our condominium management business, while focusing on the construction and sales of condominiums and free-standing homes. In the insurance business, we focused on expanding sales of corporate car insurance through enhancement of 365-day service offered by Accident Consultation Center, for improved customer service. In the textile business, we established a new company to fabricate car

Net Sales
by Business Segment
(Billions of Yen)



air bags in Zhejiang to strengthen our manufacturing and procurement operations in response to expanded car production in China. In the foodstuffs business, we opened sales channels to major mass retailers through the development of our private brand products, including green and oolong teas, to meet customer demand. In the nursing care business, we opened two new service offices and now operate a total of five offices in an expanded nursing equipment rental business. However, as a result of concentrating management resources on major business lines by withdrawing from unprofitable businesses, including some food businesses, and transferring some businesses to the Metals Division, net sales fell by ¥43.8 billion, or 16.5% compared with the previous fiscal year, to ¥222.0 billion.

Composition of Net Sales—Domestic and Overseas	2004	2003
Domestic	43%	45%
Overseas	57%	55%
Total	100%	100%

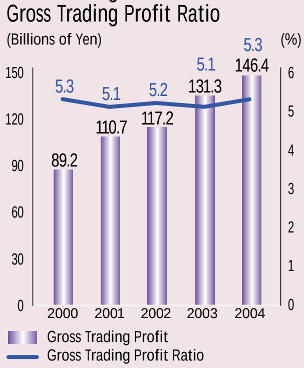
Gross Trading Profit

Gross trading profit (GTP) increased ¥15.1 billion, or 11.5%, compared with the previous fiscal year, to ¥146.4 billion, representing double-digit annual growth over two consecutive years.

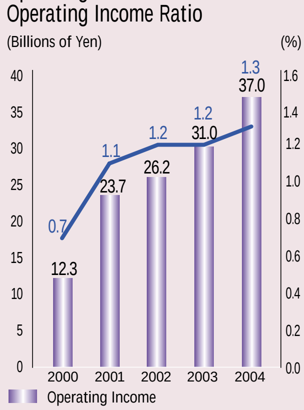
By operating segment, the three main divisions (the Metals Division, Machinery & Electronics Division, and Vehicles Division), which account for over 80% of the Company's total revenues, increased their GTP. Compared with the previous fiscal year, GTP for the Machinery & Electronics Division considerably increased by ¥6.9 billion, or 20.0%, to ¥41.4 billion; and by ¥3.4 billion, or 12.9%, to ¥29.7 billion in the Vehicles Division. The increase in GTP in the Machinery & Electronics Division was a result of substantial growth in domestic and overseas capital investment in the automotive industry, including the Toyota Motors Group, our major customer, and expansion of parts sales for overseas automotive production in such countries as the U.S., the U.K., and African countries. In addition, the information and electronics business, particularly the automotive electronics business, performed well due to a wider application of IT in automotives and growing demand for hybrid cars, notably in the U.S. The Vehicles Division achieved a considerably higher growth rate in GTP than the 4.0% growth in net sales, as a result of its active transition from an export-based business to the highly profitable overseas retail business.

The Metals Division GTP increased by ¥1.2 billion, or 3.9%, compared with the previous fiscal year, to ¥32.2 billion. The Energy & Materials Division GTP amounted to ¥19.6 billion, nearly the same as that recorded in the previous fiscal year. The Consumer Products & Services Division recorded ¥20.9 billion in GTP, approximately the same level as recorded in the previous fiscal year, due to continued efforts to improve operational efficiencies, such as withdrawing from unprofitable businesses, while net sales declined by 16.5%.

Gross Trading Profit &
Gross Trading Profit Ratio



Operating Income &
Operating Income Ratio



SG&A Expenses and Operating Income

Selling, general and administrative (SG&A) expenses increased ¥9.2 billion, or 9.1%, compared with the previous fiscal year, to ¥109.4 billion, while operating income rose ¥6.0 billion, or 19.2%, to ¥37.0 billion.

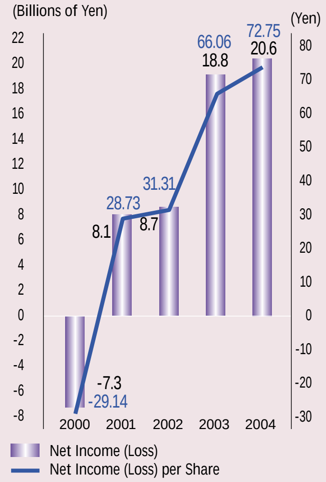
The primary factors behind the rise in SG&A included: a ¥2.4 billion one-time write-off in the Energy & Materials Division of consolidated adjustment accounts against the advance reporting of impairment of assets of our Australian coal-mining subsidiary, which is due to adopt International Accounting Standards in 2006; an increase of ¥1.5 billion from the addition of five consolidated subsidiaries; an increase of ¥1.7 billion in consulting fees paid to a company that supported system construction in connection with the building of Group-wide IT infrastructure to respond to growing overseas business, and the amortization of the completed portion of such systems; and a ¥2.3 billion addition to allowance for doubtful accounts against loans which may not be collected, including a ¥0.3 billion loan loss in the textile business in Thailand and ¥1.7 billion in credit losses against a real estate sales subsidiary due to be liquidated in fiscal 2005.

We were able to exclude the following costs that were reported in fiscal 2003: a ¥0.5 billion write-off in the Vehicles Division for consolidated adjustment accounts due to an acquisition of Australian automotive sales company, and ¥0.5 billion in losses on disposal of inventories for the Consumer Products & Services Division. In addition, net write-offs for consolidated adjustment accounts of Watchman Co., Ltd., one of our consolidated subsidiaries, decreased ¥0.5 billion compared with the previous fiscal year.

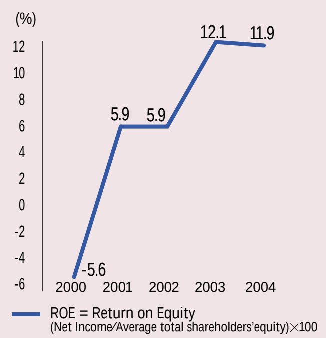
As a result, operating income for the Vehicles Division rose by a considerable ¥3.9 billion, or 53.0%, compared with the previous fiscal year, to ¥11.1 billion. The Machinery & Electronics Division operating income increased ¥3.1 billion, or 33.1%, compared with the previous fiscal year, to ¥12.6 billion due to increases in net sales and GTP. The Metals Division operating income also increased ¥0.4 billion, or 3.8%, compared with the previous fiscal year, to ¥12.3 billion. The Consumer Products & Services Division operating income rose ¥0.5 billion, or 21.5%, compared with the previous fiscal year, to ¥3.3 billion, since an improvement in GTP and a decline in SG&A offset a reduction in net sales. On the other hand, operating income for the Energy & Materials Division decreased ¥2.4 billion, or 67.5%, compared with the previous fiscal year, to ¥1.2 billion due to a significant increase in SG&A expenses.

Note: Starting in fiscal 2004, the Company changed the name of the "Industrial Material" Division to "Energy & Materials," and also changed "Life Products & Services" to "Consumer Products & Services."

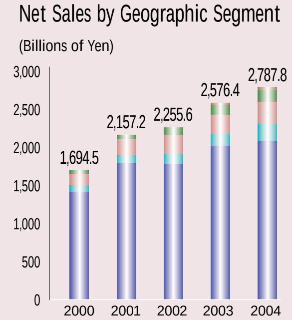
Net Income (Loss) &
Net Income (Loss) per Share



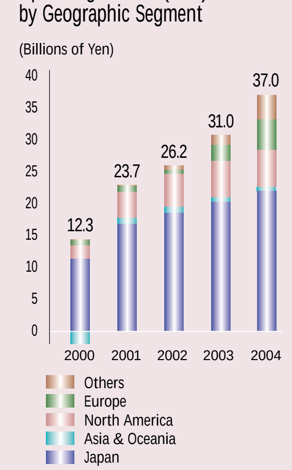
ROE



Net Sales by Geographic Segment



Operating Income (Loss)
by Geographic Segment



Net Income

Consolidated income before income taxes and minority interests increased by ¥6,228 million, or 20.4%, up from ¥30,503 million in the previous fiscal year, to ¥36,731 million due partially to the increase in consolidated net sales.

Among the factors that contributed to the increase in net income, the balance of interest income and expenses narrowed by ¥585 million, compared with the previous fiscal year, partly as result of the repayment of loans. In addition, dividend income increased by ¥1,306 million, or 67.0% compared with the previous fiscal year. The narrowing of valuation losses in investment securities, recorded at ¥4,034 million, is attributable to the strong performance of overseas companies participating in automotive and other businesses in which we invested, favorably influenced by the expanding overseas automotive production of the Toyota Motor Group and other manufacturers, as well as the generally strong performance of the Japanese stock market. Negative factors, however, included the impairment loss on land amounting to ¥2,415 million due to the advanced application of accounting for the impairment of assets that Japanese companies must apply by fiscal 2006.

As a result, net income increased by ¥1,834 million, or 9.7%, up from ¥18,829 million in the previous fiscal year, to ¥20,663 million. Net income per share increased by ¥6.69, from ¥66.06 in the previous fiscal year, to ¥72.75. Return on equity reached 11.9%, exceeding 10%, the benchmark for other major trading companies in Japan, despite the increase in shareholders' equity as a result of four consecutive years of growth in profit.

Results of Operations by Geographic Segment

Japan

Net sales increased by 5.8%, from ¥2,003.2 billion in the previous fiscal year, to ¥2,118.6 billion, primarily due to an increase in export sales of machinery and equipment and sales of metals. Operating income increased by 15.2%, from ¥20,432 million in the previous fiscal year, to ¥23,528 million.

Asia & Oceania

Net sales rose by 32.2%, from ¥157.9 billion in the previous fiscal year, to ¥208.7 billion, due to increased sales by subsidiaries in Thailand and Australia. Operating income increased by 69.4%, from ¥677 million in the previous fiscal year, to ¥1,147 million.

North America

Net sales decreased by 0.9% from ¥256.3 billion in the previous fiscal year, to ¥253.9 billion, due to appreciation of the yen against the dollar, although net sales denominated in local currencies increased compared with the previous fiscal year due to an increase in sales at regional subsidiaries. Operating income fell by 17.8%, from ¥5,752 million in the previous fiscal year, to ¥4,727 million.

Europe

Net sales increased by 27.3%, from ¥132.8 billion in the previous fiscal year, to ¥169.1 billion, due primarily to increases in sales of our Russian automotive sales company and European subsidiaries. Operating income rose by 77.5%, from ¥2,513 million in the previous fiscal year, to ¥4,460 million.

Others

Net sales increased by 42.9% from ¥26.2 billion in the previous fiscal year, to ¥37.5 billion, due mainly to an increase in sales at African subsidiaries. Operating income rose by 78.3%, from ¥1,566 million in the previous fiscal year, to ¥2,792 million.

Note: Values for net sales do not include consumption tax.

Performance of Consolidated Subsidiaries and Affiliates

1) Subsidiaries and affiliates that reported profits

[Domestic]	Shareholding (%)	Equity earnings (Billions of Yen) 2004	2003	Main Business
Toyotsu Engineering & Manufacturing Co., Ltd.	100.0	0.8	0.8	Manufacture, sales, mediation, and maintenance of machinery and equipment
Toyotsu Syscom Co., Ltd.	100.0	0.8	0.7	Mobile communications, system development, and sales of computer machinery
Toyotsu Electronics Corporation	100.0	0.2	--	Development and sales of semiconductors and electronic components
[Overseas]				
Toyota Tsusho America, Inc.	100.0	3.1	2.4	Trade, investment, and wholesale
Business Car	92.0	1.9	0.9	Sale of TOYOTA vehicles and parts, rental, and after-sales services
Toyota Tsusho U.K. Ltd.	100.0	0.6	0.9	Trade, investment, and wholesale

2) Subsidiaries and affiliates that reported losses

[Domestic]	Shareholding (%)	Equity losses (Billions of Yen) 2004	2003	Main Business
Toyotsu Housing Co., Ltd.	100.0	(2.2)	0	Sales, leasing, and administration of real estate
Toyotsu Sekiyu Hambai Co., Ltd.	100.0	(0)	0	Sales of petroleum products

Assets, Liabilities and Shareholders' Equity

Total assets at the end of fiscal 2004 increased by ¥72.2 billion, or 7.5%, compared with the end of the previous fiscal year, to ¥1,032 billion.

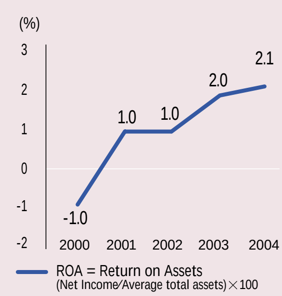
Primary factors behind this increase included a rise in net trade notes and trade accounts receivable, after the deduction of allowance for doubtful receivables, of ¥19.1 billion, or 4.4%, from ¥434.1 billion in the previous fiscal year, to ¥453.2 billion, following the addition of consolidated subsidiaries and increased net sales, although efforts were made to shorten collection periods. Inventories and other assets also increased by ¥10.8 billion, or 5.1% compared with the previous fiscal year, even as efforts were made to reduce deferred tax assets as well as inventories in the Metals Division and Consumer Products & Services Division. As a result, total current assets rose by ¥35.9 billion, or 5.1%, from ¥706.4 billion in the previous fiscal year, to ¥742.3 billion.

Investments and other assets increased by ¥40.2 billion, or 30.4%, compared with the previous fiscal year, to ¥172.8 billion, due to an increase in investments to expand overseas businesses and a gain on the revaluation of securities resulting from an overall improvement in stock market prices.

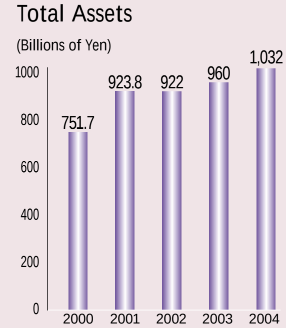
Property and equipment at cost fell by ¥0.4 billion, compared with the previous fiscal year, to ¥103.5 billion due partly to the sales of idle land, while machinery, equipment and vehicles increased as a result of intensive investments in overseas logistics facilities and metal processing equipment.

Intangibles and deferred charges fell by ¥3.6 billion, compared with the previous fiscal year, to ¥14.0 billion, attributable to deferred tax assets–non-current falling by ¥51.9 billion, or 76.3%, compared with the previous fiscal year, to ¥1.6 billion. Intangible assets including software increased by ¥1.1 billion, or 11.0%, compared with the previous

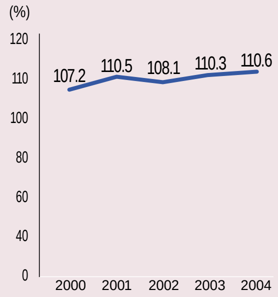
ROA



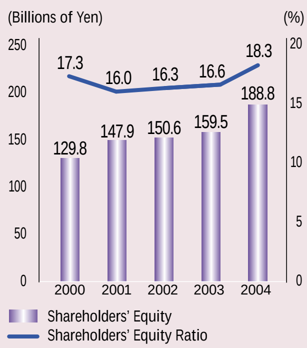
Total Assets



Current Ratio



Shareholders' Equity &
Shareholders' Equity Ratio



fiscal year, to ¥11.4 billion, as a result of continued investment in IT infrastructure.

Total liabilities at the end of fiscal 2004 increased by ¥41.6 billion, or 5.2%, compared with the previous fiscal year, to ¥834.5 billion. The increase was mainly attributable to the fact that trade notes and accounts payable in current liabilities rose by ¥35.4 billion, or 11.0%, from ¥320.9 billion in the previous fiscal year, to ¥356.4 billion, due to an addition of consolidated subsidiaries and an increase in net sales. Total current liabilities slightly increased by ¥30.9 billion, or 4.8%, from ¥640.2 billion in the previous fiscal year, to ¥671.2 billion, as we acted on our financial policy to ensure stable funding by transferring a portion of short-term debt to long-term debt to reduce the risks of future rises in interest rates and reduce refinancing risk, and used part of the net cash provided by operating activities, derived partly from improved net sales, to repay some loans.

Total long-term liabilities increased by ¥10.6 billion, from ¥152.7 billion in the previous fiscal year, to ¥163.3 billion. Long-term debt, less current portion increased by ¥4.3 billion, or 3.0%, from the previous fiscal year, to ¥151.1 billion as a result of the transfer of part of domestic short-term debt to long-term debt and intensive investments in overseas processing, logistics, and dealer businesses. Deferred tax liabilities increased by ¥5.0 billion, compared with the previous fiscal year, to ¥6.9 billion.

Total shareholders' equity at the end of fiscal 2004 rose by ¥29.3 billion, or 18.4%, from ¥159.5 billion in the previous fiscal year, to ¥188.8 billion. This was primarily attributable to retained earnings increasing by ¥17.4 billion, compared with the previous fiscal year, to ¥129.2 billion, due to an increase in net income, and net unrealized gains on available-for-sale securities, net of taxes, improving by ¥16.2 billion from ¥5.5 billion in the previous fiscal year to ¥21.7 billion, reflecting rises in domestic stock prices,*1 although foreign currency translation adjustments amounting to ¥2.9 billion were reported in the wake of the appreciation of the yen.*2

Consequently, shareholders' equity per share increased by ¥105.74, or 17.5%, compared with the previous fiscal year, to ¥677.12.

*1 The Nikkei Stock Average: Ranged from 7,972 yen at the end of March 2003 to 11,715 yen at the end of March 2004.

*2 Applicable exchange rates: Ranged From ¥120.20/US$ at the end of March 2003 to ¥105.69/US$ at the end of March 2004.

Cash Flow

The balance of consolidated cash and cash equivalents at the end of fiscal 2004 increased by ¥6.0 billion from the fiscal 2003 year-end, to ¥67.7 billion, as increases in cash flow provided by operating activities more than offset outflows to investment and financing activities.

Cash flows from operating activities

Cash flows provided by operating activities in fiscal 2004 increased by ¥43.6 billion compared with the previous fiscal year, to ¥62.7 billion, due mainly to the increase in net income and the improved efficiency of working capital.

Cash flows from investing activities

Cash flows used in investing activities in fiscal 2004 widened by ¥18.1 billion compared with the previous fiscal year, to ¥38.2 billion. The main factor was the acquisition of tangible and intangible fixed assets by the Company and U.S. subsidiaries and the acquisition of marketable securities by the Company.

Cash flows from financing activities

Cash flows used in financing activities amounted to ¥18.1 billion in fiscal 2004, a difference of ¥24.0 billion compared with the cash flows provided by financing activities in the previous fiscal year, primarily due to the repayment of borrowings.

Business Risks and Uncertainties

The following risks and uncertainties related to the description of our business and financial condition as presented in our financial report may significantly influence our performance.

1. Risk Associated with Operating Activities

(1) Dependence on specific customers

The Company and its consolidated subsidiaries consist of the Company, its 180 subsidiaries, and 111 affiliates. The main business line of the Company and its consolidated subsidiaries is the sales of automotive-related and other products in domestic and overseas markets. Sales of the Company in fiscal 2004 to the Toyota Group* accounted for 17.8% of net sales, with sales to Toyota Motor Corporation representing 10.3% of net sales. Therefore, developments in the automotive production of Toyota Motor Corporation and other major automotive manufacturers both in Japan and abroad may affect operating results of the Company.

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

(2) Risk Associated with Customers' Credit

The Company and its consolidated subsidiaries face a degree of risk arising from the collection of loans and receivables associated with commercial transactions of our domestic and overseas business customers. While the Company and its consolidated subsidiaries retain allowance for doubtful accounts that the Company and its consolidated subsidiaries regard to be sufficient, there is no guarantee that the customers will repay the debts owed to the Company and its consolidated subsidiaries or that the customers will be in a sound financial condition to repay debts owed by each due date.

(3) Risk Associated with Commodities

Commodities the Company and its consolidated subsidiaries deal with in their businesses, such as nonferrous metals, rubber, and food, are vulnerable to uncertainties arising from price fluctuations. While the Company and its consolidated subsidiaries take various measures to reduce such risks, we may be unable to completely avoid them.

(4) Risk Associated with Business Investment

In the expansion of business operations, the Company and its consolidated subsidiaries intend to grow existing businesses, improve operational efficiencies, and take on new business through strengthening of current partnerships or establishment of new partnerships with companies within or outside the Company and its consolidated subsidiaries. Therefore, the Company and its consolidated subsidiaries have established new ventures in partnership with other companies and have also invested in existing companies. We may continue such investing activities.

However, the Company and its consolidated subsidiaries may lose all or part of such investments or be obliged to provide additional funds in the event of a decline in the corporate worth or market value of the shares of invested companies. In such cases, the financial condition and/or results of the business operations of the Company and its consolidated subsidiaries may be adversely affected.

(5) Risk Associated with Fluctuations in Interest Rates

Some of the interest-bearing debt of the Company and its consolidated subsidiaries is based on variable interest rates. For a considerable portion of such debt, we are able to absorb the effect of changes in interest rates within working capital. Thus, we believe the risk associated with such fluctuations in interest rates is limited. However, the results of the business operations of the Company and its consolidated subsidiaries may nevertheless be affected, depending upon the magnitude of changes in future interest rates.

(6) Risk Associated with Exchange Rates

A large part of the merchandise that the Company and its consolidated subsidiaries deal with in their sales and investing activities is denominated in yen. However, in some cases, we conduct such activities in U.S. dollars or other foreign currencies. Therefore, the profitability of some transactions and investing activities of the Company and its consolidated subsidiaries may be affected by changes in exchange rates. While the Company and its consolidated subsidiaries take measures to constrain the impact of such risks, we may be unable to completely avoid them.

(7) Risk Associated with Countries

The Company and its consolidated subsidiaries deal with many overseas counterparts in the trade of foreign products or investment. Therefore, the Company and its consolidated subsidiaries are exposed to risks arising from the manufacturing and purchase of foreign products, such as regulations imposed by foreign governments, political uncertainty, and fund transfer restraints, as well as loss on investment or reduced asset value.

Furthermore, export and import activities of the Company and its consolidated subsidiaries are generally affected by competitive conditions arising from international trade barriers, trade conflicts, free trade agreements, and multilateral agreements. While the Company and its consolidated subsidiaries endeavor to avoid the concentration of our business on specific regions or countries, there is the possibility that future losses incurred in specific regions or countries may impact the overall performance of the Company and its consolidated subsidiaries.

(8) Competition in Export and International Trade

Major export and other international trade of the Company and its consolidated subsidiaries are conducted in a fiercely competitive environment. The Company and its consolidated subsidiaries compete with domestic and overseas manufacturers and trading companies operating in international markets on a global level. Some of these competitors possess merchandise, technologies, and experience superior to that of the Company and its consolidated subsidiaries. Thus, there is no guarantee that the Company and its consolidated subsidiaries will maintain their competitive edge.

2. Relationship with Tomen Corporation

The Company and its consolidated subsidiaries have operated in partnership with Tomen Corporation, one of the affiliates of the Company since fiscal 2004, in anticipation of a full business alliance. However, the specific structure and timing of an alliance have not yet been determined.

3. Risk Associated with a Major Earthquake in Tokai and Other Major Seismic Events

To minimize the effect of earthquakes on the operations of the Company and its consolidated subsidiaries, including a possible major earthquake in the Tokai region of Japan, the Company and its consolidated subsidiaries inspect and review the seismic structure of all facilities and have implemented necessary measures for facilities requiring remedial work. In addition, we conduct sufficient review and training in cooperation with the establishment and operation of earthquake response agencies in order to quickly and safely deal with the possible occurrence of earthquakes.

While the effect of such earthquakes on the operations of the Company and its consolidated subsidiaries will be limited given the implementation of the above measures, as long as the scale of an earthquake is within the assumed range, our operations may be affected if the magnitude of an earthquake exceeds projections.

Significant Accounting Policies and Estimates

The consolidated financial statements of the Toyota Tsusho Corporation (hereinafter “the Company”) and its consolidated subsidiaries have been prepared in accordance with generally accepted accounting principles and practices in Japan. In producing these consolidated financial statements, the Company recognizes the following critical accounting policies can significantly affect important judgments and estimates the Company employed to produce the consolidated financial statements of the Company and its consolidated subsidiaries.

(1) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries record an allowance for doubtful accounts to cover estimated credit losses resulting from the inability of customers to make required payments. Additional provisions may be required in the event a customer’s financial position worsens, thereby weakening repayment ability.

(2) Inventories

The Company and its consolidated subsidiaries record as write-offs an estimated obsolescence amount equal to the difference between cost and estimated fair value based on projected future demand and market conditions. Additional write-offs may be required in the event declines in future demand and market conditions exceed our projections.

(3) Impairment of Tangible and Intangible Fixed Assets

The Company and its consolidated subsidiaries own tangible and intangible fixed assets in order to enhance our operational capabilities and expand business. The Company and its consolidated subsidiaries adopted accounting for the impairment of fixed assets in fiscal 2004. Calculation of the impairment of fixed assets is based on reasonable and supportable assumptions and projections of the grouping of assets, total undiscounted cash flows, and recoverable value, with due consideration for the specific condition of each company. Additional write-offs may be required should losses or the uncollectable amount of book value beyond that reflected in present estimates arise due to a reduction in land prices, the impairment of assets, or other causes.

(4) Impairment of Marketable Securities

The Company and its consolidated subsidiaries own the stock of specific customers and financial institutions in order to ensure continued business. Such stock includes publicly traded stock with highly volatile prices and stock of non-public companies for which it is difficult to determine fair market value.

For publicly traded stock, an impairment of value is recorded when stock market prices at our closing date is more than 30% lower than book value and such decline is seen to not be temporary. For the stock of non-public companies, an impairment of value is recorded when net assets corresponding to our equity position are less than 50% of book value. In addition, additional write-offs may be necessary should losses or the uncollectible amount of book value beyond that reflected in present estimates arise due to market decline or poor performance by the invested company.

(5) Deferred Tax Assets

The Company and its consolidated subsidiaries record valuation allowances in order to reduce deferred tax assets to realizable values. Future taxable income and prudent, achievable, and sustainable tax payment schedules are considered in determining the appropriate valuation allowances. An adjusted amount for deferred income tax assets is recorded as tax expenses in the fiscal year in which it is deemed more likely than not that some portion or all of the deferred tax assets will not be realized. Conversely, in the event tax assets exceeding the net values as recorded in the financial statements are expected to be realized, an adjustment in deferred tax assets is recorded as income in the fiscal year in which the tax assets are expected to be realized.

(6) Employee Retirement Benefits

Calculation of costs and obligations from retirement benefits is based on actuarial assumptions. These assumptions include discount rate, future levels of compensation, retirement ratio as well as mortality rates using recent statistical data, and long-term return on pension assets. In the pension plan for the parent company and its domestic subsidiaries, discount rates are calculated by adjusting the market yield of Japanese government bonds by the number of years during which existing employees receive the pension. The expected return on assets is calculated by the weighted average of expected long-term return on each category of assets in which the pension assets are invested. The extent to which actual results differ from the assumptions, or the extent to which assumptions are revised, will generally affect recognized expenses or recorded obligations in future periods, since such effect is accumulated and regularly recognized in the future. The amortization of the unrecognized actuarial difference comprising a portion of pension expenses is a regularly recognized expense of the effect of the change in assumptions and the impact of the difference between assumptions and actual results.

Financial Strategy

The financial strategy of the Company and its consolidated subsidiaries is focused on the efficient use of assets and finance that corresponds to the conditions of the assets in order to achieve solid growth for the Company and its consolidated subsidiaries and to maintain a strong financial position.

For the efficient use of assets, we endeavor to gain maximum profits with minimum funds. To this end, we strive to use funds more efficiently by the early collection of sales receivables, the efficient use of working capital through such efforts as inventory reduction, and the reduction of idle or inefficient fixed assets. We intend to simultaneously enhance corporate value and improve our financial position by using funds generated by the above measures to invest in businesses with high growth potential and reduce interest-bearing debt.

In finance that corresponds to the condition of assets, we address the funding requirements of fixed assets through long-term loans and shareholders' equity while funding working capital with short-term borrowings. We have also adopted a policy for funding the less-liquid portion of working capital with long-term debt. In fiscal 2004, to deal with the recent volatile financial environment, we established multi-currency revolving facilities in order to respond to unexpected events and meet funding requirements of overseas subsidiaries of the Company and its consolidated subsidiaries.

Looking ahead, we will strive to enhance the efficient use of assets and secure funding, taking into consideration cash flows generated from operating activities of the Company and its consolidated subsidiaries, condition of assets, economic conditions, and the financial environment.

Corporate Governance

Basic Concept of Corporate Governance

The Company and its consolidated subsidiaries are actively strengthening their financial standing, the efficiency and transparency of corporate management, and compliance, under the basic policy of creating value that corresponds to the expectations of all stakeholders. In addition, we are determined to maintain sound corporate ethics through the establishment of the Corporate Ethics Committee under our Code of Ethics. We also promote public and investor relations to broaden understanding of the Company and its consolidated subsidiaries.

1. The Function of Each Corporate Organizational Entity and Internal Control System

(1) The Company Had the Option to Select Either a Company with Committees or Company with Auditor System.

The Company adopted an auditor system.

(2) Election of External Directors and Auditors

We have no external directors. Three of the five corporate auditors are independent, non-standing auditors.

(3) System for Executing Operations and Conducting Audits

Our Board of Directors meets at least once a month, and as needed in extraordinary meetings, to decide basic management policies and address other important issues. In addition, directors maintain close communication to mutually monitor operations and ensure the efficient execution of operations.

Furthermore, the Executive Board Members' Meeting, consisting of executive management at the level of executive vice president and above, convenes weekly, and directors at the business division level and higher meet with the standing auditors in a Board of Directors' Meeting twice a month to report on the status of operations, exchange information, and discuss key issues.

(4) Internal Control System

We abolished the department system and adopted a divisional system to clarify the respective responsibilities and authority of corporate and divisional management. Under the direct guidance of the president, the five business divisions and the Corporate Division efficiently monitor operations in a system of checks and balances. The Internal Audit Department conducts regular audits.

2. Risk Management System

(1) Establishment of Risk Management Department

In October 2001, we reorganized the former Credit and Legal Department into the Risk Management Department in order to more comprehensively and consistently manage risks.

(2) Basic Risk Management Strategy

We have adopted basic policies for total risk management and for modifying or discontinuing systems or organizational structures as necessary to address specific risks. Following a review of all risks impacting consolidated management, we identified the highest-priority financial and non-financial risks. Risks associated with credit, business investment, merchandise, and exchange rates were the highest-priority financial risks, while compliance was recognized as the most important non-financial risk.

(3) Risk Management Department

This department is primarily responsible for managing financial risks, and related sections collaborate with it to address financial risks.

Specifically, we quantify all financial risks (measurement of risk assets) and endeavor to balance total risk assets and allowable risk on a consolidated basis. In addition, we explore the possibility of "risk and return" as a performance indicator for assessing risk assets and their potential return.

(4) The Corporate Ethics Committee

This committee is primarily responsible for compliance, and consists of the president, the executive vice president, all divisional managing directors and other selected members. The committee develops a semi-annual action program for corporate ethics and compliance for the entire Company and its consolidated subsidiaries and monitors progress toward achievement. As the core organizational entity overseeing compliance, the committee manages all compliance activities within the Company and its consolidated subsidiaries.

In the event of crisis, an emergency countermeasures office is promptly convened. Once a crisis is settled, the office establishes and implements a preventive action program.

3. Directors' Compensation in Fiscal 2004

Compensation of Directors and Auditors

Category	Directors		Auditors		Total	
	No. of directors	Amount (Millions of Yen)	No. of auditors	Amount (Millions of Yen)	No. of directors and auditors	Amount (Millions of Yen)
Compensation in accordance with the Articles of Incorporation or by resolution at the General Meeting of Shareholders	33 (Note 2)	¥415	6 (Note 3)	¥60	39	¥476 (Note 4) (Note 5)
Directors' bonuses by appropriation of earnings	29	230 (Note 1)	4	22	33	253
Retirement benefits in accordance with resolutions at the General Meeting of Shareholders	4	63	1	22	5	86
Total	--	710	--	105	--	815

Notes: 1. Directors received the following additional compensation in fiscal 2004: Compensation (including bonus) for service as employee: ¥195 million (for directors functioning as both employee and director).
2. Including four directors who retired June 27, 2003.
3. Including two auditors, one of whom retired June 27, 2003, with the other retiring March 31, 2004.
4. The maximum total director's compensation, in accordance with the resolution at the Regular General Meeting of Shareholders held in June 1985, is ¥50 million a month.
5. The maximum total auditor's compensation, in accordance with the resolution at the Regular General Meeting of Shareholders held in June 1989, is ¥6 million a month.

4. Independent Auditor's Fee

(1) The auditing fee paid in accordance with the auditing service agreement with the ChuoAoyama PricewaterhouseCoopers

The auditing fee paid in accordance with the auditing service agreement with ChuoAoyama PricewaterhouseCoopers is ¥36 million for fiscal 2004.

(2) Other amount

In addition to (1), we paid ¥10 million to the independent auditor for fiscal 2004.

Forecast for Fiscal 2005

During fiscal 2005, we expect the world economy to grow steadily, although negative factors will remain, including a rise in commodity prices partially caused by continued high Chinese economic growth, protracted high oil prices reflecting uncertainty over the Iraqi situation, and a tightening of monetary policy in the U.S. We expect increases in revenues and net income of the Company, benefiting from the continued expansion of production and capital investments in Japan and abroad by Toyota Motor Corporation and other automotive manufacturers. On a consolidated basis, we plan to achieve net sales of ¥3,230.0 billion, an increase of 15.8%, operating income of ¥53.0 billion, up 43.1%, and net income of ¥35.5 billion, up 71.8%, for fiscal 2005.

Six-Year Financial Summary

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2004

	Millions of Yen						Thousands of U.S. Dollars
	2004	2003	2002	2001	2000	1999	2004
Results of Operations:							
Net Sales:							
Domestic	¥1,187,389	¥1,151,335	¥1,095,087	¥1,150,593	¥969,189	¥ 983,567	$11,234,640
Overseas	1,600,405	1,425,118	1,160,609	1,006,647	725,388	744,471	15,142,444
	2,787,794	2,576,453	2,255,698	2,157,240	1,694,577	1,728,038	26,377,084
Cost of Sales	2,658,589	2,462,173	2,153,454	2,059,343	1,616,096	1,657,082	25,154,594
Commission Income	17,223	17,039	15,048	12,892	10,756	9,596	162,958
Gross Trading Profit	146,428	131,319	117,292	110,789	89,237	80,552	1,385,448
SG&A Expenses	109,407	100,252	91,040	87,023	76,933	68,856	1,035,169
Operating Income	37,021	31,067	26,252	23,766	12,304	11,696	350,279
Net Income (Loss)	20,663	18,829	8,781	8,169	(7,379)	939	195,506
Financial Position at Year-End:							
Current Assets	¥ 742,328	¥ 706,440	¥ 670,309	¥ 678,358	¥541,915	¥ 509,679	$ 7,023,635
Total Assets	1,032,602	960,399	922,054	923,863	751,709	708,306	9,770,101
Current Liabilities	671,155	640,222	620,171	614,162	505,749	468,859	6,350,222
Total Shareholders' Equity	188,785	159,492	150,680	147,905	129,811	134,347	1,786,214
Cash Flows							
Net cash provided by (used in) operating activities	¥ 62,660	¥ 19,092	¥ 47,461	¥ 4,013	¥ (6,366)	N/A	$ 592,866
Net cash used in investing activities	(38,220)	(20,095)	(11,745)	(14,510)	(14,497)	N/A	(361,624)
Net cash (used in) provided by financing activities	(18,111)	5,874	(21,615)	242	22,710	N/A	(171,360)
Cash and Cash Equivalents at End of Year	67,704	61,666	56,674	41,013	44,966	N/A	640,590
	Yen						U.S. Dollars
Amounts per Share							
Net Income:							
Basic	¥ 72.75	¥ 66.06	¥ 31.31	¥ 28.73	¥ (29.14)	¥ 3.71	$ 0.69
Diluted	72.35	66.01	--	--	--	--	0.68
Cash Dividends for the Year	8.00	7.75	7.50	7.50	7.50	7.50	0.08
	Thousands of Shares						
Common Stock:							
Number of Shares Outstanding at Year-end	282,867	282,867	282,867	282,867	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 ¥105.69 = U.S.$1, the approximate exchange rate on March 31, 2004.

Consolidated Balance Sheets

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
March 31, 2004 and 2003

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Current Assets:			
Cash and cash equivalents	¥ 67,704	¥ 61,666	$ 640,590
Receivables:			
Trade notes and trade accounts (Note 3)	458,516	439,137	4,338,310
Allowance for doubtful receivables	(5,353)	(5,052)	(50,648)
Inventories (Note 3)	169,274	168,696	1,601,609
Deferred tax assets (Note 7)	5,160	6,168	48,822
Other current assets	47,027	35,825	444,952
Total current assets	742,328	706,440	7,023,635
Investments and Other Assets:			
Investment securities (Notes 3 and 11)	120,108	94,462	1,136,418
Investments in and loans to unconsolidated subsidiaries and affiliates	41,037	26,846	388,277
Long-term loans and trade receivables	1,248	1,711	11,808
Others	15,941	14,635	150,828
Less: allowance for doubtful receivables	(5,550)	(5,119)	(52,512)
Total investments and other assets	172,784	132,535	1,634,819
Property and Equipment, at Cost:			
Land (Note 3)	33,463	34,266	316,615
Buildings and structures (Note 3)	72,217	72,304	683,291
Machinery, equipment and vehicles (Note 3)	63,326	61,596	599,167
Construction in progress	2,126	1,234	20,115
Others	10,388	10,028	98,288
Less: accumulated depreciation	(78,031)	(75,555)	(738,301)
Net property and equipment	103,489	103,873	979,175
Intangibles and Deferred Charges:			
Deferred tax assets–non-current (Note 7)	1,609	6,794	15,224
Intangible assets	11,352	10,224	107,408
Others	1,040	533	9,840
	14,001	17,551	132,472
Total Assets	¥1,032,602	¥960,399	$9,770,101

See accompanying notes to consolidated financial statements.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of Yen 2004	2003	Thousands of U.S. Dollars (Note 1) 2004
Current Liabilities:			
Short-term debt (Note 5)	¥ 124,178	¥130,463	$1,174,927
Commercial paper	80,000	91,000	756,931
Current portion of long-term debt (Note 5)	16,623	22,473	157,281
Trade notes and accounts payable	356,360	320,919	3,371,747
Income taxes payable	6,511	7,015	61,605
Deferred tax liabilities–current (Note 7)	150	114	1,419
Other current liabilities	87,333	68,238	826,312
Total current liabilities	671,155	640,222	6,350,222
Long-term Liabilities:			
Long-term debt, less current portion (Note 5)	151,056	146,699	1,429,236
Employee retirement benefits liability (Note 13)	1,538	1,586	14,552
Deferred tax liabilities–non-current (Note 7)	6,866	1,851	64,964
Provision for guarantees	114	–	1,079
Other long-term liabilities	3,725	2,523	35,245
Total long-term liabilities	163,299	152,659	1,545,076
Total Liabilities	834,454	792,881	7,895,298
Commitments and Contingent Liabilities (Notes 9 and 10)			
Minority Interests in Consolidated Subsidiaries	9,363	8,026	88,589
Shareholders' Equity (Notes 6 and 15):			
Common stock, no par value:			
Authorized: 997,525,000 shares			
Issued: 282,867,304 shares in 2004 and 2003	26,749	26,749	253,089
Capital surplus	24,761	24,711	234,279
Retained earnings	129,162	111,740	1,222,083
Net unrealized gains on available-for-sale securities, net of taxes	21,733	5,509	205,630
Foreign currency translation adjustments	(10,769)	(6,941)	(101,892)
Less: treasury stock, at cost—			
4,688,580 shares in 2004 and 4,437,718 shares in 2003	(2,851)	(2,276)	(26,975)
Total shareholders' equity	188,785	159,492	1,786,214
Total Liabilities, Minority Interests and Shareholders' Equity	¥1,032,602	¥960,399	$9,770,101

Consolidated Statements of Income

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Net Sales (Note 14)	¥2,787,794	¥2,576,453	$26,377,084
Cost of Sales (Note 14)	2,658,589	2,462,173	25,154,594
	129,205	114,280	1,222,490
Commision Income (Note 14)	17,223	17,039	162,958
Gross Trading Profit	146,428	131,319	1,385,448
Selling, General and Administrative Expenses (Note 14)	109,407	100,252	1,035,169
Operating Income (Note 14)	37,021	31,067	350,279
Other Income (Expenses)			
Interest income	930	916	8,799
Interest expenses	(4,616)	(5,201)	(43,675)
Dividend income	3,256	1,950	30,807
Other, net (Note 8)	140	1,771	1,325
	(290)	(564)	(2,744)
Income before Income Taxes and Minority Interests	36,731	30,503	347,535
Income Tax Expenses			
Current	14,379	11,526	136,049
Deferred	135	(1,072)	1,277
	14,514	10,454	137,326
Minority Interests in Earnings of Consolidated Subsidiaries	1,554	1,220	14,703
Net Income	¥ 20,663	¥ 18,829	$ 195,506

Amounts per Share	Yen		U.S. Dollars (Note 1)
Net income:			
Basic	¥ 72.75	¥ 66.06	$ 0.69
Fully Diluted	72.35	66.01	0.68
Cash dividends	8.00	7.75	0.08

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Common Stock:			
Beginning Balance	¥ 26,749	¥ 26,749	$ 253,089
Ending Balance	¥ 26,749	¥ 26,749	$ 253,089
Capital Surplus:			
Beginning Balance	¥ 24,711	¥ 24,698	$ 233,806
Amount for disposition of treasury stock	50	13	473
Ending Balance	¥ 24,761	¥ 24,711	$ 234,279
Retained Earnings:			
Beginning Balance	¥ 111,740	¥ 95,297	$1,057,243
Net income	20,663	18,829	195,506
Effect from change in scope of consolidated subsidiaries and companies accounted for by the equity method and others	(581)	175	(5,498)
Cash dividends paid	(2,224)	(2,093)	(21,043)
Bonuses to directors and corporate auditors	(436)	(468)	(4,125)
Ending Balance	¥ 129,162	¥ 111,740	$1,222,083
Net Unrealized Gains on Available-for-Sale Securities, Net of Taxes:			
Beginning Balance	¥ 5,509	¥ 9,825	$ 52,124
Change in unrealized gains	16,224	(4,316)	153,506
Ending Balance	¥ 21,733	¥ 5,509	$ 205,630
Foreign Currency Translation Adjustments:			
Beginning Balance	¥ (6,941)	¥ (4,399)	$ (65,673)
Change in translation adjustment	(3,828)	(2,542)	(36,219)
Ending Balance	¥ (10,769)	¥ (6,941)	$ (101,892)
Treasury Stock, at Cost:			
Beginning Balance	¥ (2,276)	¥ (1,490)	$ (21,535)
Fractional shares acquired, net	(575)	(786)	(5,440)
Ending Balance	¥ (2,851)	¥ (2,276)	$ (26,975)
Total Shareholders' Equity	¥ 188,785	¥159,492	$1,786,214

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2004 and 2003

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2004	2003	2004
Cash Flows from Operating Activities			
Income before income taxes and minority interests	¥36,731	¥ 30,503	$347,535
Adjustments for:			
Depreciation and amortization	13,206	10,719	124,950
Net change in allowance for doubtful receivables--net	1,371	2,487	12,972
Impairment losses on fixed assets	2,416	--	22,859
Increase in receivables	(21,763)	(36,009)	(205,913)
(Increase) decrease in inventories	(4,727)	5,736	(44,725)
Increase in payables	38,680	21,531	365,976
Others, net	11,618	341	109,925
Subtotal	77,532	35,308	733,579
Interest and dividends received	4,727	3,133	44,725
Interest paid	(4,738)	(5,182)	(44,829)
Income taxes paid	(14,862)	(14,167)	(140,618)
Net cash provided by operating activities	62,659	19,092	592,857
Cash Flows from Investing Activities			
Proceeds from sale of marketable securities	--	3,453	--
Payments for purchase of property and equipment	(16,319)	(14,842)	(154,404)
Proceeds from sale of property and equipment	2,711	3,768	25,650
Payments for purchase of investment securities	(22,658)	(9,072)	(214,382)
Proceeds from sale of investment securities	5,137	3,060	48,604
Increase in loans	(23,630)	(18,648)	(223,578)
Collection of loans	22,949	17,245	217,135
Others, net	(6,410)	(5,059)	(60,649)
Net cash used in investing activities	(38,220)	(20,095)	(361,624)
Cash Flows from Financing Activities			
Change in short-term debt	(16,025)	4,975	(151,623)
Proceeds from long-term debt	23,810	30,600	225,282
Repayment of long-term debt	(23,243)	(26,456)	(219,917)
Dividends paid	(2,224)	(2,093)	(21,043)
Others, net	(429)	(1,152)	(4,059)
Net cash (used in) provided by financing activities	(18,111)	5,874	(171,360)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,113)	(710)	(10,531)
Net Increase in Cash and Cash Equivalents	5,215	4,161	49,342
Cash and Cash Equivalents at Beginning of Year	61,666	56,674	583,461
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	823	831	7,787
Cash and Cash Equivalents at End of Year	¥67,704	¥ 61,666	$640,590

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 on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the original consolidated financial statements in Japanese prepared by the Company as required by the Securities and Exchange Law of Japan. Certain items presented in the original consolidated financial statements in Japanese have been reclassified for the convenience of readers outside Japan. The account reclassification, however, has no effect on shareholders' equity, net sales and net income.

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, 2004 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥105.69 = U.S.$1, the rate prevailing on March 31, 2004. Such translations should not be construed as representations that the yen amounts could be converted into dollars at the above or any other rate.

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 mainly 5 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, 2004 and 2003 were as follows.

	2004	2003
Consolidated subsidiaries	125	120
Unconsolidated subsidiaries and affiliates, accounted for by the equity method	51	47
Unconsolidated subsidiaries and affiliates, stated at cost	115	84

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 the minority interest portion 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, net of applicable income taxes. Sales costs are principally determined by the moving average method).
Securities without market price	At cost, determined principally by the moving average method.

(4) 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) Impairment on fixed assets

The Company applied Accounting Standards for Impairment on Fixed Assets (Opinions Concerning Establishment of Accounting Standards for Impairment of Fixed Assets) issued on August 9, 2002 by the Business Accounting Council in Japan, and the application guideline for Accounting Standards for Impairment of Fixed Assets (the Financial Accounting Standard Implementation Guideline No. 6 issued on October 31, 2003), to the consolidated financial statements for fiscal 2004, as early adoption of such standards and guidelines, which shall be effective for fiscal years beginning on and after April 1, 2005, is permitted for the consolidated accounting for the fiscal year ended March 31, 2004.

Calculation of the impairment of fixed assets is based on reasonable and supportable assumptions and projections of the grouping of assets, total undiscounted cash flows, and recoverable value, with due consideration for the specific condition of each company.

The recoverable amount of assets is calculated based on net selling price.

(7) Bond issue costs

Bond issue costs are charged to income as incurred.

(8) 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.

(9) Employee retirement benefits

1. 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. The Company showed a debit balance in its employee retirement benefit liability and accordingly, ¥2,235 million ($21,147) and ¥2,919 million were reported on the accompanying consolidated balance sheets as of March 31, 2004 and 2003, respectively, as prepaid pension costs included in investments and other assets. 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.

2. 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 as other income for the fiscal year ended March 31, 2003. The amount corresponding to the refund was ¥8,394 million as of March 31, 2003.

3. 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 amounting to ¥234 million as other expenses as of the year ended March 31, 2003.

(10) Provision for guarantees

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

The Company recorded this allowance based on a review of the long-term management plan of the guaranteed company, established in the second half of fiscal 2004.

(11) 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.

(12) 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.

(13) 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 the company management directly, reports are also submitted to the Corporate 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 degree of correlation between the two instruments.

5. Others

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

(14) 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.

(15) Appropriation of retained earnings

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

(16) 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 of stock options 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		Thousands of U.S. Dollars
	2004	2003	2004
Trade notes and trade accounts receivable	¥31,562	¥37,152	$298,628
Inventories	27,992	29,378	264,850
Buildings and structures	1,979	2,910	18,725
Machinery, equipment and vehicles	11,260	13,864	106,538
Land	2,163	3,306	20,465
Investment securities	4,774	2,500	45,170
Others	2,028	1,381	19,188
Total	¥81,758	¥90,491	$773,564

4. Multi-currency revolving facilites

As of the end of fiscal 2004, the Company and its consolidated subsidiaries, such as Toyota Tsusho America Inc., Toyota Tsusho U. K. Ltd., Toyota Tsusho Europe SA Dusseldorf Branch, and Toyota Tsusho (Singapore) Pte. Ltd., maintain a line of credit amounting to ¥30 billion in the form of multi-currency revolving facilities provided by twelve financial institutions in order to obtain required funds should unexpected events arise, such as disarray in the financial markets.

As at March 31, 2004, the unused line of credit of the multi-currency revolving facilities was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2004	2004
Maximum line of credit of the multi-currency revolving facilities	¥30,000	$283,849
Less, outstanding drawdown on revolving facilities	--	--
Balance	¥30,000	$283,849

5. Short-term and Long-term Debt

Short-term debt

Short-term debt, principally to banks, as of March 31, 2004 and 2003 was generally repayable with maturities of 90 days, bearing interest at annual rates ranging from 0.64% to 37.70% at March 31, 2004.

Summary of long-term debt

Long-term debt as of March 31, 2004 and 2003 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
1.6% straight bonds due 2003	¥ --	¥ 6,000	$ --
2.5% straight bonds due 2004	--	7,000	--
1.5% mortgage bonds due 2004	150	150	1,419
1.54% straight bonds due 2005	15,000	15,000	141,925
0.6% straight bonds due 2006	5,000	5,000	47,308
2.0% straight bonds due 2007	15,000	15,000	141,925
0.5% straight bonds due 2008	5,000	--	47,308
1.55% straight bonds due 2012	10,000	10,000	94,616
1.09% straight bonds due 2015	10,000	--	94,616
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	--
Long-term loans, principally from commercial and trust banks and insurance companies, maturing serially through 2012 at interest rates of 0.64% to 7.62% at March 31, 2004	107,529	108,886	1,017,400
Total	167,679	169,172	1,586,517
Less, current portion	(16,623)	(22,473)	(157,281)
	¥151,056	¥146,699	$1,429,236

The aggregate annual maturities of long-term debt at March 31, 2004 were as follows:

Year ending March 31	Millions of Yen 2004	Thousands of U.S. Dollars 2004
2005	¥ 16,623	$ 157,281
2006	24,729	233,977
2007	27,771	262,759
2008	33,014	312,366
2009	15,983	151,225
2010 and thereafter	49,559	468,909
Total	¥167,679	$1,586,517

6. 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 are 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.

7. Income Taxes

As of March 31, 2004 and 2003, tax effects of temporary differences that give rise to a significant portion of deferred tax assets and deferred tax liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Deferred tax assets:			
Unrealized profit	¥ 1,764	¥ 1,914	$ 16,690
Allowance for doubtful receivables	2,294	2,102	21,705
Employees' retirement benefits	1,562	1,422	14,779
Write-down of securities	4,079	4,022	38,594
Others	6,092	7,166	57,641
Subtotal	15,791	16,626	149,409
Valuation allowance	(638)	(322)	(6,037)
Total deferred tax assets	15,153	16,304	143,372
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	14,657	3,707	138,679
Valuation of debt and equity securities of consolidated subsidiaries	357	357	3,378
Others	386	1,243	3,652
Total deferred tax liabilities	15,400	5,307	145,709
Net deferred tax (liabilities) assets	¥ (247)	¥10,997	$ (2,337)

Reconciliation items of differences 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, 2004 and 2003 were as follows:

	Percentage of pretax income	
	2004	2003
Jananese statutory tax rate	41.6%	41.6%
Increase (decrease) due to:		
Tax benefits not recognized on losses of consolidated subsidiaries	(1.9)	(5.7)
Permanently nondeductible expenses	2.0	1.7
Differences of tax rates for foreign consoliated subsidiaries	(4.4)	(3.7)
Other	2.2	0.4
Effective income tax rate	39.5%	34.3%

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 on and 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 while deferred income tax expenses increased by ¥300 million and net unrealized gains on available for sale securities, net of taxes increased by ¥120 million for the year ended March 31, 2003.

8. Other Income (Expenses)

Details of others, net, included in other income (expenses) for the years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Share in net earnings in equity method	¥565	¥ 2,036	$ 5,346
Impairment losses on fixed assets	(2,416)	--	(22,859)
Gain on return of the substituted portion of the employee pension fund	--	3,950	--
Write-down of securities	(1,651)	(5,685)	(15,621)
Recovery of prior-period bad debt	1,207	--	11,420
Others, net	2,435	1,470	23,039
Total	¥140	¥ 1,771	$ 1,325

Note : During the fiscal year ended March 31, 2004, given the continued decline in land prices and in rental levels on rental properties, the Company and certain consolidated subsidiary reduced the carrying amounts of the following seven idle properties and four rental properties to recoverable amounts. Impairment loss included in other income (expenses) were summarized as follows:

Year ended March 31, 2004

			Amounts for impairment losses	
Region	Items	Details of Fixed assets	Millions of Yen	Thousands of U.S. Dollars
Tokai	Three rental properties	Land and buildings		
	Three idle properties		¥ 840	$ 7,948
Hokuriku	One rental property	Land	1,439	13,615
Kanto	Three idle properties	Land and buildings	132	1,249
Kansai	One idle property	Land	5	47
Total			¥2,416	$22,859

9. Contingent Liabilities

Contingent liabilities as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Discounted exports bills	¥ 19,298	¥ 10,315	$182,591
For guarantees of indebtedness to:			
Unconsolidated subsidiaries and affiliates	8,174	4,514	77,339
Others	1,579	1,539	14,940
Subtotal	9,753	6,053	92,279
Provision for guarantees	(114)	--	(1,078)
Total	¥ 9,639	¥ 6,053	$ 91,201

10. Lease Transactions

Finance Leases

Finance lease transactions without transfer of ownership for the year ended March 31, 2004 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	¥3,148	¥2,033	¥1,115	$29,785	$19,235	$10,550
Others	4,846	2,720	2,126	45,851	25,736	20,115
Total	¥7,994	¥4,753	¥3,241	$75,636	$44,971	$30,665

Future minimum lease payments

	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥1,256	$11,884
More than one year	1,985	18,781
Total	¥3,241	$30,665

	Millions of Yen	Thousands of U.S. Dollars
Annual lease payments	¥1,449	$13,710
Depreciation	1,449	13,710

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	¥36	¥31	¥5	$340	$293	$47
Total	¥36	¥31	¥5	$340	$293	$47

Future minimum lease commitments to be received

	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥5	$47
More than one year	--	--
Total	¥5	$47

	Millions of Yen	Thousands of U.S. Dollars
Annual lease commitments to be received	¥15	$142
Depreciation	15	142

Noncancelable Operating Leases

Finance lease payments for noncancelable operating lease transactions as of March 31, 2004 were as follows:

Lessee

	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥ 63	$ 596
More than one year	101	956
Total	¥164	$1,552

Finance lease transactions without transfer of ownership for the year ended March 31, 2003 were as follows:

Lessee

	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥2,990	¥1,590	¥1,400
Others	4,970	2,371	2,599
Total	¥7,960	¥3,961	¥3,999

Future minimum lease payments

	Millions of Yen
Within one year	¥1,405
More than one year	2,594
Total	¥3,999

	Millions of Yen
Annual lease payments	¥1,258
Depreciation	1,258

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	¥91	¥27
Total	¥118	¥91	¥27

Future minimum lease commitments to be received

	Millions of Yen
Within one year	¥21
More than one year	6
Total	¥27

	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, 2003 were as follows:

(Lessee)

	Millions of Yen
Within one year	¥ 61
More than one year	90
Total	¥151

11. Market Value of Available-for-Sale Securities

	Millions of Yen						Thousands of U.S. Dollars		
	2004			2003			2004		
	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	¥51,092	¥90,357	¥39,265	¥33,158	¥46,719	¥13,561	$483,414	$854,925	$371,511
Market value less than original cost amount:									
Equity securities	12,127	9,235	(2,892)	31,512	27,130	(4,382)	114,741	87,378	(27,363)
Total	¥63,219	99,592	36,373	¥64,670	¥73,849	¥ 9,179	$598,155	$942,303	$344,148

12. Derivative Transactions

(1) Contents of derivative transactions

The Company and its consolidated subsidiaries use the following derivative financial instruments: foreign exchange forward contracts in the "currency" area, interest rate swap agreements in the "interest rate" area, and commodity forwards and futures, commodity swaps, and commodity option contracts in the "commodity" area.

(2) Policy on derivative transactions

The Company and its consolidated subsidiaries use derivative financial instruments to hedge market risks associated with business activities, including exchange risk, interest rate risk, and commodity price risk. Meanwhile, the Company and its consolidated subsidiaries use a limited volume of derivatives to gain profit.

(3) Purpose of derivative transactions

The Company and its consolidated subsidiaries use derivative transactions in order to hedge market risks associated with the business activities as described below:

- Foreign exchange forward contracts to hedge exchange risk associated with orders, credit, and obligations denominated in foreign currencies.
- Interest rate swaps to hedge interest rate risk associated with short-term borrowings and long-term debt.
- Commodity forwards and futures, commodity swaps, and commodity options to hedge commodity price risk.

(4) Control of derivative transactions

Risk management system for derivative transactions

Transactions in derivative financial instruments by the Company and its consolidated subsidiaries are carried out in accordance with company rules that provide for transaction conditions such as maximum transaction volume. The conclusion and execution of the contracts are, in principle, carried out by each division. Individual divisions are also responsible for position management of derivatives. Derivative transactions are reported to the management every month and are also reported to the Corporate Division, which is responsible for risk management.

(5) Fair Value of Derivative Transactions

Year ended March 31, 2004			Millions of Yen			Thousands of U.S.Dollars		
	Type of product	Type of trading	Contract or notional	Estimated fair value	Valuation gain(loss)	Contract or notional	Estimated fair value	Valuation gain(loss)
Categories:								
Exchange-traded	Commodity	Futures						
	Nonferrous metal	(Sell)	¥108,096	¥111,477	¥(3,381)	$1,022,768	$1,054,755	$(31,987)
		(Buy)	103,318	106,660	3,342	977,555	1,009,174	31,619
Over-the-counter	Commodity	Futures						
	Nonferrous metal	(Sell)	1,840	2,025	(185)	17,410	19,160	(1,750)
		(Buy)	6,786	6,971	185	64,207	65,957	1,750
Total					¥ (39)			$ (368)

Note 1: Basis of determining estimated fair value: The estimated fair value amounts were determined using market information, including closing prices on the Tokyo Commodity Exchange.
2: Excludes transactions for derivative financial instruments to which hedge accounting is applied.

13. 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
	2004	2003	2004
Employee retirement benefits obligation	¥(36,918)	¥(38,615)	$(349,305)
Fair value of pension plan assets	27,535	21,116	260,526
Unfunded benefits obligation	(9,383)	(17,499)	(88,779)
Unrecognized actuarial difference	10,080	18,832	95,374
Net amount recognized	697	1,333	6,595
Prepaid pension cost	(2,235)	(2,919)	(21,147)
Employee retirement benefits liability	¥ (1,538)	¥ (1,586)	$ (14,552)

Notes: 1. In fiscal 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 as of March 31, 2003.

2. 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
Unrecognized actuarial difference (¥446 million)
Decrease in employee retirement benefits liability ¥843 millon

Assets totaling ¥1,078 million have been scheduled for transfer to the defined contribution pension plans over a 4-year period. The untransferred amount of ¥809 million at 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.

3. Consolidated subsidiaries are accounted for mainly through the application of the equity method.

Retirement Benefit Expenses	Millions of Yen		Thousands of U.S. Dollars
	2004	2003	2004
Service expenses	¥1,832	¥ 2,431	$17,334
Interest expenses	701	1,080	6,632
Expected return on pension plan assets	(384)	(919)	(3,633)
Amortization of actuarial difference	1,686	1,226	15,952
Retirement benefit expenses	3,835	3,818	36,285
Gain on return of substituted portion of EPF	--	(3,950)	--
Contribution to new retirement plan for employees	(46)	234	(435)
Others	123	19	1,164
Total	¥3,912	¥ 121	$37,014

Basis of Calculation of Benefit Obligations	2004	2003
Allocation of payments of expected retirement benefits	Straight-line method	Straight-line method
Discount rate	mainly 2.0%	mainly 2.0%
Expected rate of return on pension plan assets	mainly 3.0%	mainly 4.5%
Amortization of actuarial difference	mainly 12 years	mainly 12 years
Amortization of prior service cost	1 year	1 year
Amortization of initial transitional provision	1 year	1 year

14. Segment Information

Industry Segments

Year ended March 31, 2004	Metals	Machinery & Electronics	Vehicles	Energy & Materials	Consumer Products & Services	Others	Total	Elimination	Consolidation
	Millions of Yen								
Net Sales:									
Outside customers	¥1,049,215	¥660,721	¥499,779	¥351,799	¥222,002	¥ 4,278	¥2,787,794	¥ --	¥2,787,794
Inter-segment	115	5,527	28	1,766	1,168	4,630	13,234	(13,234)	--
Total	1,049,330	666,248	499,807	353,565	223,170	8,908	2,801,028	(13,234)	2,787,794
Commissions	98	5,909	1,261	1,702	5,425	3,167	17,562	(340)	17,222
Cost of sales and selling, general and administrative expenses	1,037,170	659,532	489,965	354,115	225,562	15,314	2,781,658	(13,662)	2,767,996
Operating income (loss)	¥ 12,258	¥ 12,625	¥ 11,103	¥ 1,152	¥ 3,033	¥ (3,239)	¥ 36,932	¥ 88	¥ 37,020
Total assets	¥ 326,185	¥220,455	¥ 82,721	¥118,419	¥ 83,048	¥236,689	¥1,067,517	¥(34,915)	¥1,032,602
Depreciation	2,552	1,161	1,186	1,947	912	2,567	10,325	--	10,325
Impairment losses on fixed assets	--	--	--	--	2,247	169	2,416	--	2,416
Capital expenditure for long-lived assets	4,149	4,070	2,860	2,719	2,046	6,224	22,068	--	22,068

Year ended March 31, 2004	Metals	Machinery & Electronics	Vehicles	Energy & Materials	Consumer Products & Services	Others	Total	Elimination	Consolidation
	Thousands of U.S. Dollars								
Net Sales:									
Outside customers	$9,927,287	$6,251,500	$4,728,726	$3,328,593	$2,100,501	$ 40,477	$26,377,084	$ --	$26,377,084
Inter-segment	1,088	52,294	265	16,709	11,052	43,807	125,215	(125,215)	--
Total	9,928,375	6,303,794	4,728,991	3,345,302	2,111,553	84,284	26,502,299	(125,215)	26,377,084
Commissions	927	55,909	11,931	16,104	51,329	29,974	166,174	(3,216)	162,958
Cost of sales and selling, general and administrative expenses	9,813,322	6,240,250	4,635,869	3,350,506	2,134,185	144,895	26,319,027	(129,264)	26,189,763
Operating income (loss)	$ 115,980	$ 119,453	$ 105,053	$ 10,900	$ 28,697	$ (30,637)	$ 349,446	$ 833	$ 350,279
Total assets	$3,086,243	$2,085,864	$ 782,676	$1,120,437	$ 785,770	$2,239,464	$10,100,454	$(330,353)	$ 9,770,101
Depreciation	24,146	10,985	11,221	18,422	8,629	24,288	97,691	--	97,691
Impairment losses on fixed assets	--	--	--	--	21,260	1,599	22,859	--	22,859
Capital expenditure for long-lived assets	39,256	38,509	27,060	25,726	19,359	58,889	208,799	--	208,799

Year ended March 31, 2003	Metals	Machinery & Electronics	Vehicles	Energy & Materials	Consumer Products & Services	Others	Total	Elimination	Consolidation
	Millions of Yen								
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
Commissions	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

Note: Starting in fiscal 2004, the company changed the name of the "industrial Materials" division to "Energy & Materials," and also changed "Life Products & Services" to "Consumer Products & Services."

Geographic Segments

Year ended March 31, 2004	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
	Millions of Yen							
Net Sales:								
Outside customers	¥2,118,635	¥208,702	¥253,863	¥169,119	¥37,475	¥2,787,794	¥ --	¥2,787,794
Inter-segment	259,578	49,436	31,856	33,626	303	374,799	(374,799)	--
Total	2,378,213	258,138	285,719	202,745	37,778	3,162,593	(374,799)	2,787,794
Commissions	12,256	3,462	3,270	426	621	20,035	(2,813)	17,222
Cost of sales and selling, general and administrative expenses	2,366,941	260,453	284,262	198,711	35,608	3,145,975	(377,979)	2,767,996
Operating income	¥ 23,528	¥ 1,147	¥ 4,727	¥ 4,460	¥ 2,791	¥ 36,653	¥ 367	¥ 37,020
Total assets	¥ 888,861	¥ 85,576	¥ 98,636	¥ 55,556	¥18,698	¥1,147,327	¥(114,725)	¥1,032,602

Year ended March 31, 2004	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
	Thousands of U.S. Dollars							
Net Sales:								
Outside customers	$20,045,747	$1,974,662	$2,401,958	$1,600,142	$354,575	$26,377,084	$ --	$26,377,084
Inter-segment	2,456,032	467,745	301,410	318,157	2,867	3,546,211	(3,546,211)	--
Total	22,501,779	2,442,407	2,703,368	1,918,299	357,442	29,923,295	(3,546,211)	26,377,084
Commissions	115,962	32,756	30,940	4,030	5,885	189,573	(26,615)	162,958
Cost of sales and selling, general and administrative expenses	22,395,127	2,464,311	2,689,583	1,880,130	336,910	29,766,061	(3,576,298)	26,189,763
Operating income	$ 222,614	$ 10,852	$ 44,725	$ 42,199	$ 26,417	$ 346,807	$ 3,472	$ 350,279
Total assets	$ 8,410,077	$ 809,689	$ 933,258	$ 525,650	$176,913	$10,855,587	$(1,085,486)	$ 9,770,101

Year ended March 31, 2003	Millions of Yen Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
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
Commissions	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

Overseas Trading Transactions

Year ended March 31, 2004	Millions of Yen Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	¥718,792	¥248,192	¥205,127	¥122,018	¥1,294,129
Consolidation					2,787,794
Share of consolidated net sales	25.8%	8.9%	7.3%	4.4%	46.4%

Year ended March 31, 2004	Thousands of U.S. Dollars Asia & Oceania	North America	Europe	Others	Total
Overseas trading transactions	$6,800,946	$2,348,302	$1,940,836	$1,154,490	$12,244,574
Consolidation					26,377,084

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%

15. Subsequent Event

(1) On June 24, 2004, the following appropriations of retained earnings were approved at an annual general meeting of shareholders of the Company:

	Millions of Yen 2004	Thousands of U.S. Dollars 2004
Cash dividends	¥1,113	$10,531
Bonuses to directors and corporate auditors	249	2,356

(2) Transfer of stock of Watchman Co., Ltd.

The Company transferred stock of Watchman Co., Ltd., a wholly owned subsidiary of the Company, in accordance with a resolution approved at the meeting of the Board of Directors held May 25, 2004.

1. Recipient of stock transfer: Watchman Holdings Co., Ltd. (wholly owned subsidiary of Asset Managers Co., Ltd.)
2. Number of shares transferred to Watchman Holdings Co., Ltd.: 8,300 shares (100%)
3. Date of Transfer: May 27, 2004

ChuoAoyama PricewaterhouseCoopers

PricewaterhouseCoopers

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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, 2004 and 2003, 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 generally accepted 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, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2, effective for the year ended March 31, 2004, TOYOTA TSUSHO CORPORATION and its subsidiaries changed their accounting policy for impairment on fixed assets.

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 PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Nagoya, Japan
June 24, 2004

Corporate Data

CONTENTS

General Information

(As of March 31, 2004)

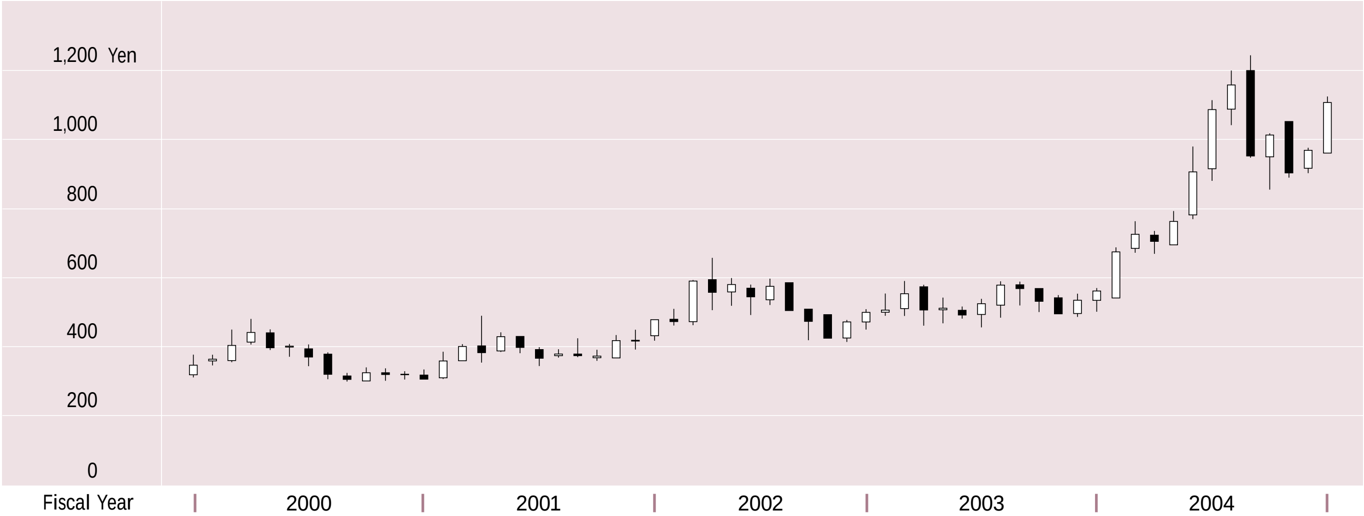
Toyota Tsusho Corporation

Head Office	9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan Phone: +81-52-584-5000
Establishment	July 1, 1948
Number of Employees	Parent company: 2,153 Consolidated: 12,063
Paid-in Capital	¥26,748,717,188
Common Stock	Authorized: 997,525,000 Issued: 282,867,304
Number of Shareholders	15,431

Major Shareholders	Number of shares (thousands)	Voting rights (%)
Toyota Motor Corporation	65,030	23.6
Toyota Industries Corporation	36,421	13.2
Japan Trustee Services Bank, Ltd. (Trust Account)	19,473	7.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,794	4.6
UFJ Bank Ltd.	10,000	3.6
Mitsui Sumitomo Insurance Co., Ltd.	9,519	3.4
Nippon Life Insurance Company	7,778	2.8
Aioi Insurance Co., Ltd.	5,650	2.0
The Bank of Tokyo-Mitsubishi, Ltd.	4,603	1.7
Sumitomo Mitsui Banking Corporation	4,479	1.6

Stock Listings	Tokyo, Nagoya
Independent Auditors	ChuoAoyama Audit Corporation
Transfer Agent for Shares	UFJ Trust Bank Limited Stock Transfer Agency Department 10-11, Higashi Suna 7-chome, Koto-ku, Tokyo 137-8081, Japan Phone: +81-3-5683-5111
Contact	Corporate Communications Office, Toyota Tsusho Corporation 14-9, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-8655, Japan Phone: +81-3-3242-8198 Facsimile: +81-3-3242-8695 E-mail: TTC_IR@gw.toyotsu.co.jp
Nagoya Office	9-8, Meieki 4-chome, Nakamura-ku, Nagoya 450-8575, Japan Phone: +81-52-584-5011 Facsimile: +81-52-584-5659
Internet	http://www.toyotsu.co.jp/eng/

Stock Price Range



Fiscal Year	2000	2001	2002	2003	2004	
High	479	490	658	591	1,244	Yen
Low	298	306	414	468	542	Yen

Major Developments in Toyota Tsusho's History

1936	Toyoda Kinyu Kaisha (forerunner of Toyota Tsusho Corporation) was established to provide sales financing for Toyota vehicles
1942-45	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 subsidiaries, 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 vehicles, starting with the Dominican Republic
1964-75	Established regional subsidiaries in Brazil, Taiwan, Belgium, the Philippines, Malaysia, Hong Kong, Australia, and Singapore, thereby completing the current overseas network including regional subsidiaries in Thailand and the U.S.A.
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 guidelines, and adopted the current corporate logo
1999	Formed business tie-up with Kasho Company, Ltd. toward expanding into non-automotive-related businesses, such as foodstuffs and chemical additives
2000	Established the Company's 2010 Vision with the objective of becoming a Value Integrator that creates, integrates, and provides value for all stakeholders Entered a capital and business alliance with Tomen Corporation to bolster functions and expand both core and strategic business fields Formed a merger with Kasho Company, Ltd., a former alliance partner
2000-02	Acquired the steel, nonferrous metals, and textile machine export businesses of Tomen Corporation to achieve synergies with Toyota Tsusho's core businesses and to take advantage of economies of scale at an early stage
2003	Accepted third-party allotment of new shares to increase capital position in Tomen Corporation by ¥5.0 billion in order to reinforce capital and business alliances
2004	Marked a record-high profit for three consecutive years. Integrated our businesses for temporary staff servicing, bunker oil, and petroleum products with Tomen Corporation

Network

(As of July 1, 2004)

TTC Organization Chart (as of July 1, 2004)

- General Meeting of Shareholders
  - Board of Corporate Auditors
  - Corporate Auditors
- Board of Directors
- President
  Executive Vice President
  - Executive Board Members' Meeting
  - Business Operating Committee
  - Corporate Management Committee
  - Project Planning Committee
  - Other Councils
  - Internal Audit Department
  - Environment & Safety Management Department
  - Corporate Division
    - Secretarial Dept.
    - Corporate Planning Dept.
    - Human Resources & General Affairs Dept.
    - Corporate Financial Planning Dept.
    - Risk Management Dept.
  - Global Strategic Integration Division
    - Global Strategic Integration Planning Dept.
    - Logistics Dept.
    - Business Development Dept.
    - Corporate IT Dept.
    - Overseas Project Dept.
  - Project Team
    - Bio Project Team
    - FC Business Development Project Team
  - Toyota Coordination Dept.
  - Domestic Offices 14
  - Overseas Offices 31
  - Overseas Trading Subsidiaries 21
  - Metals Division
    - Metal Planning Dept.
    - Steel Sheet & Plate Sales Dept.
    - Steel Bar, Wire Rod, Pipe & Construction Material Dept.
    - Non Ferrous Metals Dept.
    - Iron & Steel Raw Material Dept.
    - Steel Export Dept.
    - Tokyo Metals Dept.
    - Osaka Metals Dept.
    - Hamamatsu Metals Dept.
  - Machinery & Electronics Division
    - Machinery & Electronics Planning Dept.
    - Machinery Dept.
    - Toyota Machinery Dept.
    - Tokyo Machinery Dept.
    - Osaka Machinery Dept.
    - Shizuoka Machinery Dept.
    - Textile Machinery & Solution Dept.
    - ITS Planning Dept.
    - Electronics & Multimedia Dept.
    - Automotive Parts Dept. for Overseas Production
    - Material Handling Dept.
  - Automotive Division
    - Automotive Planning Dept.
    - Affiliated Dealer Management Dept.
    - Automobile Service Dept.
    - China Automotive Dept.
    - Asia & Oceania Automotive Dept.
    - Europe, Africa & Middle East Automotive Dept.
    - Latin America & Caribbean Automotive Dept.
    - Parts & Aftersales Marketing Dept.
  - Energy & Chemicals Division
    - Energy & Chemicals Planning Dept.
    - Chemicals & Plastics Dept.
    - Functional Chemicals Dept.
    - Osaka Chemicals Dept.
    - Energy Dept.
  - Consumer Products, Services & Materials Division
    - Consumer Products, Services & Materials Planning Dept.
    - Life & Amenities Dept.
    - Food Dept. 1
    - Food Dept. 2
    - Provisions Dept.
    - Foods Business Promotion Dept.
    - Textile Dept.
    - Automotive Interior Materials Dept.
    - Automotive Parts & Materials Dept.
    - Pulp & Paper Dept.
    - Insurance Development Dept.
    - Insurance Dept. 1
    - Insurance Dept. 2

Note: The Company implemented the following corporate reorganization measures, effective in June 24, 2004. Please note that, except for the Board of Directors and Corporate Auditors (page 22) and the Organizational Chart (page 62), this report refers to the structure prior to the reorganization, since the primary purpose of this report was to release the results of corporate business performance.
These organizational changes will be reflected in the report of corporate business performance by product segment starting with the second half of fiscal year 2005, beginning October 2004.
1. The Automotive Material Department, the Automotive Parts Department and the Pulp & Paper Department from the Energy & Materials Division were transferred to the Consumer Products & Services Division in order to reestablish strategies of our businesses that focus on the energy and chemicals fields, as well as to enhance synergies through closer collaboration among the operations of automotive parts businesses, notably interior materials and textile materials, including seat belts and air bags. The newly constituted divisions were renamed the Energy & Chemicals Division and the Consumer Products, Services & Materials Division, respectively.
2. In order to strengthen expertise in the formulation of management strategy and planning Company-wide, as well as to create new businesses for future corporate growth and enhance operational functions, some of the functions of the Corporate Division were separated out to form the Global Strategy Integration Division.

Toyota Tsusho Corporation (As of July 31, 2004)

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Tokyo Head Office .... 14-9, Nihonbashi 2-chome, Chuo-ku, Tokyo 103-8655, Japan
Phone .... +81-3-3242-8001
Facsimile .... +81-3-3242-8531

Branches & Offices ...... Hokkaido, Tohoku, Niigata, Hamamatsu, Matsumoto, Numazu, Toyota, Kariya, Osaka, Hokuriku, Hiroshima, Kyushu, Fukuyama, Takamatsu

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, Kyusyu, Matsumoto, Numazu, Fukuyama, Takamatsu

North America
Toyota Tsusho America, Inc.
Head office: Turfway Ridge Office Park, 7300 Turfway Road, Suite 500, Florence, KY 41042, U.S.A.
Ontario, Huntsville, Fremont, San Francisco, West San Jose, Torrance, Union City, Chula Vista, Howey-in-the-Hills, Miami, Hollywood, Elk Grove Village, Columbus, Princeton, Georgetown, Burlington, Battle Creek, Southfield, Troy, New York, Tigard, Maryville, Memphis, Houston, Eleanor

Central and South America
Toyota Tsusho Corporation
Caracas, Bogota, Santiago

Toyota Tsusho America, Inc.
Mexico City, Apodaca, Baja California

Toyota Tsusho Corporation De Mexico S.A. De C.V.
Head office: Av Primero De Mayo No.229 Col.Industrial Atoto Municipio De Naucalpan De Juarez, Edo D.F., Mexico

S.C. Toyota Tsusho do Brasil Ltda.
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Toyota Tsusho 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 office: Belgicastraat 13, 1930 Zaventem, Belgium
Paris, Valenciennes, Sophia Antipolis, Dusseldorf, Milan, Walbrzych, Prague

Toyota Tsusho U.K. Ltd.
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Derby

Russia & The CIS
Toyota Tsusho Corporation
Moscow, Tashkent, Nakhodka

Africa
Toyota Tsusho Corporation
Nairobi

Toyota Tsusho Africa Pty. Ltd.
Head office: 5th Floor, 138 West Street Sandton, 2196
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Durban, Nairobi

Middle East
Toyota Tsusho Corporation
Sharjah, Tehran

Toyota Tsusho Europe S.A.
Istanbul

Asia
Toyota Tsusho Corporation
Manila, Yangon, Hanoi, Ho Chi Minh City, New Delhi, Mumbai, Bangalore, Dhaka, Karachi city, Islamabad, Lahore, Kathmandu, Harbin, Changchun, Shenyang, Shanghai, Wulumuqi, Tianjin, Beijing, Guangzhou, Taipei

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Toyota Tsusho Korea Corporation
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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, HSBC Tower
101 Yin Cheng East Road, Pudong New Area, Shanghai, People's Republic of China

Toyota Tsusho (Tianjin) Co., Ltd.
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Beijing

Toyota Tsusho (Guangzhou) Co., Ltd.
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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.
5th Floor, No.10, Songren Rd., Sinyi District, Taipei City 110 Taiwan (R.O.C.)

Oceania
Toyota Tsusho (Australasia) Pty. Ltd.
231-233 Boundary Road, Laverton, North VIC 3026, Australia

Principal Subsidiaries and Affiliates

(As of March 31, 2004)

MAIN REGIONAL SUBSIDIARIES

Company Name	Country	Shareholding (%)	Main Business
Toyota Tsusho America, Inc.	U.S.A.	100.00	Trading and investment
Toyota Tsusho (Hong Kong)	Hong Kong	100.00	Trading and investment
Chen Tai Fong Co., Ltd.	Taiwan	63.80	Trading and investment
Toyota Tsusho (Singapore) Pte. Ltd.	Singapore	100.00	Trading and investment
Toyota Tsusho (Shanghai) Co., Ltd.	China	100.00	Trading
Toyota Tsusho (Australasia) Pty. Ltd.	Australia	100.00	Trading and investment
P.T. Toyota Tsusho Indonesia	Indonesia	100.00	Trading
Toyota Tsusho (Thailand) Co., Ltd.	Thailand	50.00	Trading and investment
Kasho International (Thailand) Co., Ltd.	Thailand	49.00	Trading
N.V. Toyota Tsusho Europe S.A.	Belgium	100.00	Trading and investment
Toyota Tsusho U.K. Ltd.	U.K.	100.00	Trading
S.C. Toyota Tsusho do Brasil Ltda.	Brazil	100.00	Trading and investment
Toyota Tsusho Argentina S.A.	Argentina	99.00	Trading and investment
Toyota Tsusho (Malaysia) Sdn. Bhd.	Malaysia	51.00	Trading and investment
Toyota Tsuho Africa (Pty) Ltd.	South Africa	100.00	Trading
Toyota Tsuho (Guangzhou) Co., Ltd.	China	100.00	Trading
Toyota Tsusho (Tianjin) Co., Ltd.	China	100.00	Trading
Toyota Tsusho Korea Corporation	Korea	100.00	Trading

METALS DIVISION

Company Name	Country	Shareholding (%)	Main Business
Toyota Steel Center Co., Ltd.	Japan	58.00	Processing and warehousing of steel sheets
Toyotsu Tekkou Hambai Co., Ltd.	Japan	90.00	Sales and processing of steel sheets
Toyotsu Recycle Corporation	Japan	100.00	Collection and sales of non-ferrous metals and used automotive parts
Toyota Metal Co., Ltd.	Japan	50.00	Collection, processing and sales of metal scrap; Disposal and recycling of industrial waste
Aichi Kokan Kogyo Co., Ltd.	Japan	100.00	Processing and sales of steel pipes
Kanto Coil Center Co., Ltd.	Japan	100.00	Processing and sales of steel sheets
Oriental Steel Co., Ltd.	Japan	100.00	Processing and sales of steel sheets
Toyotsu Hitetsu Center Corporation	Japan	65.00	Processing and sales of aluminum and sheets
Toyotsu Material Corporation	Japan	100.00	Sales of metal products
Tianjin Fengtian Steel Process Co., Ltd.	China	70.00	Processing and sales of steel sheets
Toyota Tsusho Metals Ltd.	U.K.	100.00	Metal dealer and broker
Steel & Logistics Center Private Ltd.	India	95.40	Processing of steel sheets, warehousing and logistics services
Pro Steel Co., Ltd.	Japan	61.30	Processing and sales of special steel sheets
Hanshin Kogyo Co., Ltd.	Japan	25.00	Manufacture and sales of steel pipes
Siam Hi-Tech Steel Center Co., Ltd.	Thailand	45.76	Processing and sales of steel sheets
P.T. Steel Center Indonesia VEHICLES DIVISION	Indonesia	50.00	Processing and sales of steel sheets

MACHINERY & ELECTRONICS DIVISION

Company Name	Country	Shareholding (%)	Main Business
Toyotsu Engineering & Manufacturing Co., Ltd.	Japan	100.00	Manufacture, sales, mediation, and maintenance of machinery and equipment
Toyotsu Syscom Corporation	Japan	100.00	Mobile communications services and handsets, other communication services and equipment
Toyotsu S.K. Co., Ltd.	Japan	100.00	Sales of textile, food processing, and precision machinery and equipment
Toyotsu Electronics Corporation	Japan	100.00	Development and sales of semiconductors and electronic components
P.T. Toyota Tsusho Mechanical & Engineering Service Indonesia	Indonesia	99.63	Engineering services
Industrial Tech Services, Inc.	U.S.A.	43.80	Engineering services
Toyota Tsusho Corporation de Mexico S.A. de C.V.	Mexico	99.99	Trade of Toyota industrial equipment and genuine parts
Toyota Tsuhso Material Handling UK	U.K.	85.00	Toyota folklift dealer
Toyota Tsusho Austria G.m.b.H.	Austria	97.00	Toyota folklift dealer
Toyota Digital Cruise Inc.	Japan	10.00	Installation, operation, and maintenance of information and communications equipment
TDK (Australia) Pty. Ltd.	Australia	25.00	Import and distribution of audio and video cassette tapes
Noritake Porcelana Manufacturing, Inc.	Philippines	22.75	Manufacture and sales of porcelain dinnerware
Sanyo Malaysia Sdn. Bhd.	Singapore	24.50	Sales of electronic products
P.T. Fuji Presisi-Tool Indonesia	Indonesia	23.20	Manufacture, sales, and repair of cement carbide tools
Kohoku Electronics (Singapore) Pte. Ltd.	Singapore	15.08	Manufacture of lead tab terminals
Makita France S.A.	France	45.00	Import and wholesale of electric hand tools

(As of March 31, 2004)

VEHICLES DIVISION

Company Name	Country	Shareholding (%)	Main Business
Toyotsu Auto Service, Inc.	Japan	100.00	Sales and repair of automotive parts and machinery
TMSC Ltd.	Hong Kong	100.00	Lease of premises
Toyota Lanka (PVT) Ltd.	Sri Lanka	100.00	Import, retail, and services of Toyota vehicles and genuine parts
Toyota TC Hanoi Car Service Corporation	Vietnam	67.00	Retail and services of Toyota vehicles and genuine parts
T.T.H.K. Co., Ltd.	Cambodia	41.00	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho South Pacific Holdings Pty. Ltd.	Australia	100.00	Holding company
T.T.A.S. Co., Ltd.	Myanmar	75.00	Retail and services of Toyota vehicles and genuine parts
Toyota Tsuhso Saigon Motor Service Corporation	Vietnam	62.36	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho Praha spol.s.r.o.	Czech	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho Budapest KFT	Hungary	100.00	Retail and services of Toyota vehicles and genuine parts
Business Car	Russia	92.00	Wholesale, retail, and services of Toyota vehicles, folklifts, and genuine parts
Toyota Tsusho del Ecuador S.C.C.	Ecuador	100.00	Trade, wholesale, and investment
Comercio de Veiculos Toyota Tsusho Ltda.	Brazil	99.99	Retail and services of Toyota vehicles and genuine parts
Toyota Trindad & Tobago Ltd.	Trindad & Tobago	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho Vostok Auto Co., Ltd.	Russia	100.00	Retail and services of Toyota vehicles and genuine parts
TTC Auto Argentina S.A.	Argentina	100.00	Retail and services of Toyota vehicles and genuine parts
TTAF Manegement Ltd.	U.K.	95.00	Management services
Toyota de Angola, S.A.R.L.	Angola	95.00	Import and distribution of Toyota vehicles and genuine parts
Toyota Zambia Ltd.	Zambia	100.00	Retail and services of Toyota vehicles and genuine parts
Establishment Florden S.A.	British West Indies	100.00	Holding company
LMI Holdings B.V.	Netherlands	100.00	Holding company
LMI Ltd.	Zimbabwe	100.00	Holding company
Toyota Tsusho Auto Valenciennes S.A.R.L.	France	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota East Africa Ltd.	Kenya	100.00	Import and distribution of Toyota vehicles and genuine parts
Toyota Malawi Ltd.	Malawi	50.00	Import and distribution of Toyota vehicles and genuine parts

Company Name	Country	Shareholding (%)	Main Business
Toyota Zimbabwe (Private) Ltd.	Zimbabwe	17.80	Retail and services of Toyota vehicles and genuine parts
Toyota Adria, podjetje za izvoz, uvoz in promet z vozili, d.o.o.	Slovenia	96.50	Wholesale of Toyota vehicles and genuine parts
Toyota Lakozy Auto Private Ltd.	India	93.17	Retail and services of Toyota vehicles and genuine parts
CJSC Toyota Tsusho Butya	Kazakhstan	51.00	Retail and services of Toyota vehicles, folklifts, and genuine parts
Toyota Motor (China) Ltd.	Hong Kong	25.00	Distribution of Toyota products
Jiangmen Huatong Toyota Motor Sales & Service Co., Ltd.	China	50.00	After-sales services of Toyota vehicles
Hinopak Motors Ltd.	Pakistan	29.67	Manufacture and sales of truck, buses and automotive parts
Toyota Motor Hungary KFT	Hungary	50.00	Distribution of Toyota products
Toyotoshi S.A.	Paraguay	23.00	Retail and services of Toyota vehicles and genuine parts
Toyota Motor Czech spol.s.r.o.	Czech	40.00	Distribution of Toyota products
Harbin Huatong Toyota Motor Service Co., Ltd.	China	50.00	Retail and services of Toyota vehicles and genuine parts

ENERGY & MATERIALS DIVISION

Company Name	Country	Shareholding (%)	Main Business
Toyota Chemical Engineering Co., Ltd.	Japan	100.00	Disposal of industrial waste, manufacture and sales of recycled dust fuel
Toyotsu Sekiyu Hambai Co., Ltd.	Japan	100.00	Sales of petroleum products
Toyotsu Energy Corporation	Japan	100.00	Sales and warehousing of LPG and petroleum products
Toyotsu New Pack Co., Ltd.	Japan	75.00	Manufacture and sales of packing supplies
Toyotsu Plachem Co., Ltd.	Japan	100.00	Sales of resin and chemical products
Toyota Tsusho Mining (Australia) Pty. Ltd.	Australia	100.00	Investment and management for Camberwell coal project
Toyota Tsusho Investment (Australia) Pty. Ltd.	Australia	100.00	Financing for Camberwell coal project
Togo Jyushi Co., Ltd.	Japan	39.71	Processing of synthetic resin
Nihon Mistron Co., Ltd.	Japan	34.00	Processing of talc and sales of talcum products
Toyoda Gosei UK Ltd.	U.K.	20.00	Manufacture and sales of rubber and plastic parts for automobiles

Principal Subsidiaries and Affiliates

(As of March 31, 2004)

CONSUMER PRODUCTS & SERVICES DIVISION

Company Name	Country	Shareholding (%)	Main Business
Toyotsu Housing Co., Ltd.	Japan	100.00	Sales, leasing, and administration of real estate
Toyotsu Family Life Corporation	Japan	100.00	Insurance agency
Toyomac, Ltd.	Japan	100.00	Sales of office and home equipment and home nursing care goods
Towa Sewing Co., Ltd.	Japan	80.00	Manufacture of textile goods
Watchman Co., Ltd.	Japan	100.00	Sales of watches, jewelry, and accessories
Toyotsu Insurance Management Corporation	Japan	100.00	Insurance broker
Toyotsu Foods Corporation	Japan	100.00	Import and sales of food products
Toyota Tsusho Corretora de Seguros Ltda.	Brazil	15.44	Insurance broker
Tianjin Commercial River Cereals, Oils & Foodstuffs Co., Ltd.	China	100.00	Sorting and processing of green mung beans
Kyushu Maruichi Foods Co., Ltd.	Japan	45.00	Processing and sales of foods (cod roe, noodles, etc.)
Tomita Shoji Co., Ltd.	Japan	30.00	Sales of seeds for organic farms
TCB Apparel Co., Ltd.	Hong Kong	40.00	Manufacture and sales of textile products
Quingdao Jiaodong Foodstuffs Development Co., Ltd.	China	40.00	Sales of frozen vegetables
Quingdao Jingxi Food Co., Ltd.	China	30.00	Processing and organic of frozen vegetables
Fujian New Oolong Drink Co., Ltd.	China	24.50	Manufacture and sales of concentrated liquid of oolong tea
Fujian Daguan Stone Co., Ltd.	China	20.00	Manufacture and sales of stone products

CORPORATE DIVISION

Company Name	Country	Shareholding (%)	Main Business
Toyotsu Logistics Service Co., Ltd.	Japan	100.00	Warehousing and logistics services
Toyotsu Business Service Corporation	Japan	100.00	Factoring and accounting services
Fong Yu Investment Co., Ltd.	Taiwan	90.00	Investment
Toyota Tsusho Finance International B.V.	Netherlands	100.00	Holding and finance company
P.T. Toyota Tsusho Logistic Center	Indonesia	84.17	Warehousing and logistics services
Tomen Corporation	Japan	19.75	Trade and investment
Tianjin Fengtian International Logistics Co., Ltd.	China	33.40	Warehousing and logistics services
Central Motor Wheel of America, Inc.	U.S.A.	40.92	Manufacture and sales of automotive wheels

Additional copies of this annual report and other information may be obtained by contacting:

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Printed in Japan on 100% recycled paper with soy-oil-based inks in, and we adopted waterless printing.

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