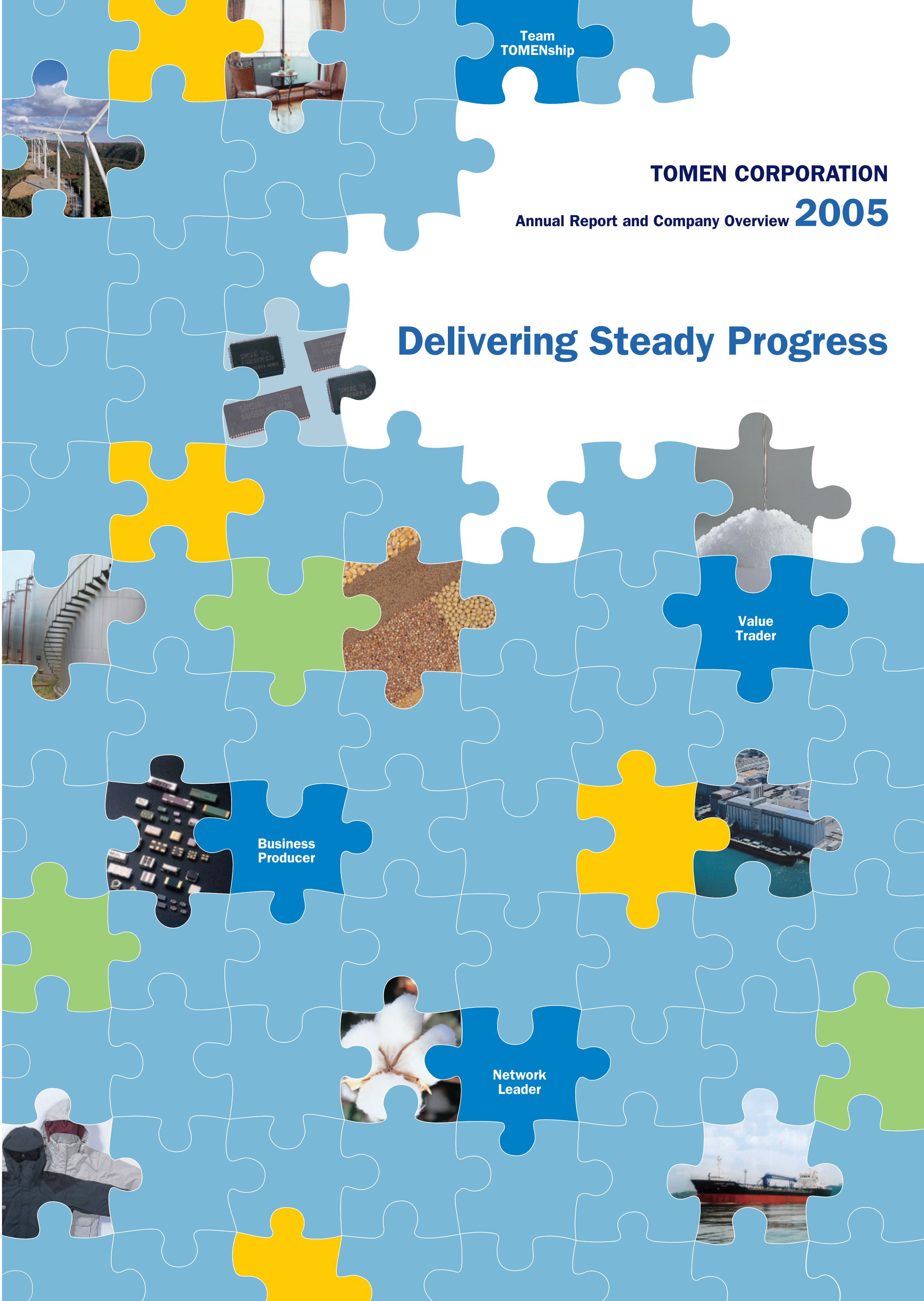
TOMEN CORPORATION Annual Report and Company Overview 2005

TOMEN CORPORATION

Annual Report and Company Overview 2005

Delivering Steady Progress



Tomen Corporation is a general trading company headquartered in Japan active in a broad range of business domains worldwide. The Company's mission is to be a "Value Trader,"—a company that uses optimal means to deliver the true value required by customers and society, thus creating new value for the next generation of society.

Tomen has a global base of operations and network in all of its business domains, namely Chemicals, Produce & Foodstuffs, Textiles, Electronics, and Machinery & Energy. By further deepening its alliance with the Toyota Group, Tomen intends to build a stronger management base so as to become a truly competitive force that can rise above competition on a global scale.

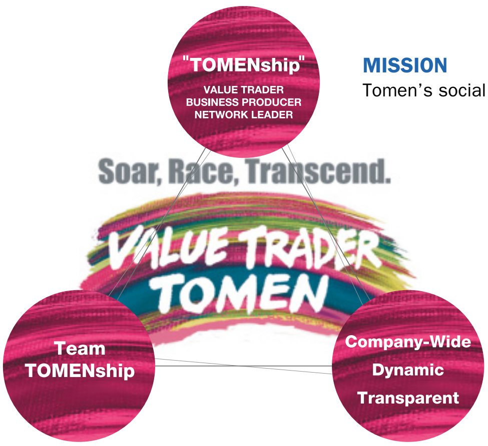
CONTENTS

FORWARD-LOOKING STATEMENTS:
Statements contained in this report with respect to Tomen Corporation's plans, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of the Tomen Group and are based on management's assumptions and beliefs in light of the information currently available to it. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Tomen Corporation's actual results, performance or achievements to differ materially from the expectations expressed herein.

HISTORY

1920	Toyo Menka Kaisha, Ltd. established
1950	Listed on the Osaka and Tokyo stock exchanges
1951	Toyomenka Inc. (now Tomen America Inc.) established
1955	Merger with Kanegafuchi Trading Co., Ltd.; textile business expanded
1961	Merger with Taiyo Bussan Kaisha Ltd.; foodstuffs business expanded
1963	Merger with Nankai Kogyo Co., Ltd.; metals business expanded
1970	Japanese name changed to Kabushiki Kaisha Tomen; dual head office system (Tokyo, Osaka) adopted
1980	Tokyo headquarters relocated to Kokusai Shin-Akasaka Building in Minato-ku, Tokyo
1990	English name changed to Tomen Corporation
1998	“Restructuring Plan” announced
2000	“Tomen Renovation Plan” announced
	Tokyo headquarters relocated to Tomen Marunouchi Building in Chiyoda-ku, Tokyo
	Private placement of shares worth ¥7.5 billion to Toyota Tsusho Corporation
	Formulation of a new corporate philosophy, “Value Trader”
2001	Osaka Headquarters relocated to Sumitomo Nakanoshima Building in Kita-ku, Osaka
2003	“Tomen Group Medium-term Management Plan” announced
	Private placements of shares worth ¥10.0 billion to Toyota Tsusho Corporation and Toyota Motor Corporation

ORGANIZATION OF TOMEN MANAGEMENT PHILOSOPHY



MISSION
Tomen’s social mission

CODE OF CONDUCT
Code of conduct and evaluation for each employee toward the mission’s realization

MANAGEMENT GUIDELINES
Promises of management toward the mission’s realization

FINANCIAL HIGHLIGHTS

For the years ended March 31,	Millions of Yen 2003	2004	2005	Thousands of U.S. Dollars (Note) 2005
Total Trading Transactions	¥2,082,898	¥1,604,084	**¥1,577,304**	**$14,687,625**
Gross Trading Profit	113,122	96,027	**82,415**	**767,437**
Operating Income	25,661	28,179	**26,569**	**247,407**
Net Income (Loss)	(66,970)	3,754	**9,628**	**89,655**
As of March 31,				
Total Assets	¥971,713	¥769,075	**¥733,794**	**$6,832,983**
Stockholders' Equity	13,862	28,982	**41,350**	**385,045**
Per share amounts		Yen		U.S. Cents
Net Income (Loss)	¥(105.58)	¥5.16	**¥11.92**	**¢11.10**

Note: U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥107.39=$1. (See Note 3 of Notes to Consolidated Financial Statements.)

OPERATIONAL HIGHLIGHTS
IN THE FISCAL YEAR ENDED MARCH 31, 2005

Stockholders' equity increased by ¥12.4 billion.

This was achieved mainly through the accumulation of net income.

Net income was ¥9.6 billion.

This result mainly reflected efforts to improve profitability and restore financial soundness based on the "Tomen Group Medium-term Management Plan."

To Our Stakeholders and Other Investors

Shifting Gears to Strengthening Profitability, Taking the First Steps to Building a New Earnings Structure and a Stronger Partnership With the Toyota Group.

SHIFTING GEARS TO STRENGTHENING PROFITABILITY

Guided by the three-year "Tomen Group Medium-term Management Plan" (hereafter, Medium-term Management Plan) running through fiscal 2006, the year ending March 31, 2006, the Tomen Group has been implementing far-reaching structural reforms of its operating structure and improving its management infrastructure with the aim of building a stronger management base and becoming a truly competitive group of companies.

Thanks to these efforts, the Medium-term Management Plan is progressing ahead of schedule. From fiscal 2005, Tomen has shifted gears to further strengthening profitability in anticipation of the future.

TAKING THE FIRST STEPS TO BUILDING A NEW EARNINGS STRUCTURE

For fiscal 2005, Tomen's total trading transactions were down ¥26.8 billion year on year, at ¥1,577.3 billion. This mainly reflected the conversion of a consolidated subsidiary in the life sciences business into an equity-method affiliate and lower trading transactions in the Textiles segment, which is undergoing structural reforms. However, higher trading transactions were recorded mainly in the semiconductor business, Produce & Foodstuffs segment centered on the livestock feed business, and automobile export business targeting Australia and the Middle East. Furthermore, trading transactions were strong in the petrochemical product business against the backdrop of rising demand in China and East Asia and higher crude oil prices.

On the earnings front, Tomen achieved its targets for the final fiscal year of the Medium-term Management Plan one year ahead of schedule, with ordinary income increasing ¥3.4 billion year on year to ¥25.0 billion. This was mainly due to efforts to build a stable earnings structure through the reorganization of business and enhancement of management stability, one of the priority initiatives in the Medium-term Management Plan, and sweeping cost-cutting measures.

LEFT:
SHIGERU SHIMAZAKI
Chairman

RIGHT:
MAHITO KAGEYAMA
President

In fiscal 2006, the final year of the three-year Medium-term Management Plan, Tomen will build on the accomplishments of the first two years of the plan to step up efforts made so far to strengthen profitability. The overriding goal is to build a new earnings structure. Our policy for achieving this goal is to clarify Tomen's strengths in each segment and strategically allocate resources to domains where we can fully exert these strengths over the medium and long terms. This policy will ultimately help us to maximize earnings. In particular, Tomen will leverage the network it has built up so far in fast-growing Asia, focusing especially on China.

A STRONGER PARTNERSHIP WITH THE TOYOTA GROUP

Tomen has been working to drive steady growth in the businesses of both Tomen and Toyota Tsusho Corporation, following the signing of a capital and operational partnership agreement with this company in March 2000. In September 2003, Tomen became an equity-method affiliate of Toyota Tsusho. By working to maximize synergies created through a stronger partnership, we have been steadily delivering results. This includes the successful integration of several operations, particularly in fields such as the ship-use bunker oil business.

Keeping future integration with Toyota Tsusho foremost in mind, Tomen will continue working to build a stronger management base and strengthen profitability. In parallel, we will constantly create new value by offering distinctive functions with the aim to satisfy and meet the expectations of stockholders, customers, employees and society at large. Your support and understanding are vital to this endeavor.

August 2005

SHIGERU SHIMAZAKI
Chairman

MAHITO KAGEYAMA
President

Delivering Steady Progress

Tomen has established the "Tomen Group Medium-term Management Plan," which runs from fiscal 2004 through fiscal 2006, with the aim of becoming a truly competitive force. In the plan's first two fiscal years, the focus has been on creating a strong operating base, and numerous tasks have been accomplished faster than planned. As a result, Tomen has achieved its targets for reducing assets and liabilities ahead of schedule. Additionally, financial performance has sharply improved against targets, and steady progress has been made toward boosting profitability and financial health.

In fiscal 2006, Tomen will set its sights beyond the current Medium-term Management Plan to take further action to reinforce its profitability.

Tomen has enhanced operating efficiency by exiting unprofitable businesses and liquidating assets, while constructing enterprise management and risk management systems tailored to each business format in existing business domains. Efforts are also under way to build a stronger operating base through carefully selected initiatives targeting prime businesses and other means. As a result, Tomen has made progress with stabilizing its earnings structure. Looking ahead, Tomen intends to implement growth strategies that harness the Group's strengths and work to reinforce profitability from a medium- to long-term perspective.

1

Stabilized earnings structure through business reorganization and other means

In fiscal 2005, the BRT (Business Revolution Tomen) project team played the lead role in various initiatives centered on reducing logistics expenses. These initiatives included the consolidation of shipping companies and more efficient vessel allocation. (Business Revolution Tomen: rationalization measures pursued in line with the advice and guidance of the Toyota Group).

Tomen Group employees have developed a deeper awareness of improvement activities, and measures to enhance operating efficiency have strengthened cost competitiveness and Tomen's business structure.

In April 2005, the Logistics Department was established. The policy for this department is to collaborate with the BRT project team to continue reducing logistics expenses while upgrading functions in high-value-added logistics operations.

2

Strengthened cost competitiveness

REACHED MEDIUM-TERM MANAGEMENT PLAN GOALS AHEAD OF SCHEDULE

Measures to improve asset efficiency, including the liquidation of assets and sales of marketable securities, have helped to reduce total assets to ¥733.8 billion and interest-bearing debt to ¥438.8 billion. Both have surpassed targets for the end of fiscal 2006—total assets of ¥735 billion and interest-bearing debt of ¥463 billion—ahead of schedule.

The policy for real estate remains to proceed with disposals while monitoring market price movements. As for marketable securities, the Company intends to closely examine the significance of various holdings, while increasing investment efficiency.

3

Achieved sharp reductions in assets and liabilities

Tomen became an equity-method affiliate of Toyota Tsusho in September 2003. Toyota Tsusho and Toyota Motor hold an equity interest (based on shares with voting rights) in Tomen of 20.13% and 10.86%, respectively, giving the Toyota Group a 35.44% overall equity interest in Tomen. In fiscal 2005, Tomen sought to maximize synergies with Toyota Tsusho by building a stronger partnership with this company. The integration of the temporary staff servicing, ship fuel and insurance businesses is steadily delivering results. Tomen is also taking vigorous initiatives to strengthen profitability by encouraging the operating divisions of both companies to augment each other's commerce functions. Other initiatives under way to form a stronger partnership with the Toyota Group include the activities of the BRT project team, personnel exchanges, the joint training programs for business planning and proposal activities, and shared use of overseas business bases.

4

Formed stronger partnership with the Toyota Group

FORMING A STRONGER RELATIONSHIP WITH THE TOYOTA GROUP

Synergy Strategy Examination and Execution Examples by Segment

	Segment	Examples
Strengthened partnership	**PRODUCE & FOODSTUFFS Sales expansion**	• Raw sugar and Chinese rice • Wine • U.S. soybeans, Australian feed crop and cotton (distribution)
	TEXTILES Sales expansion	• Installation and operation of facilities for Aichi Expo 2005 by subsidiary and brand management • Started development and sales of textiles proofed with V-CAT® • Established joint venture "Qindao Jifa Longshan Dyeing & Weaving Co., Ltd." for producing plain and yarn dyeing textiles using high-class cotton and cotton mixed polyester in Shandong, China
	AUTOMOBILES Sales and service	• Cooperation in Middle East business
Business integration and transfer	**MACHINERY & ENERGY**	• Integration of bunker oil and petroleum product businesses • Transfer of part of domestic kerosene business
	CORPORATE	• Joint establishment of temporary staff service company • Integration of insurance business

Continue to discuss strategic themes for capturing synergies in each business unit.

Tomen has already achieved the targets of its Medium-term Management Plan ahead of schedule in the fiscal year ended March 31, 2005.

Looking ahead, the fiscal year ending March 31, 2006 is positioned as a period for implementing and executing growth strategies aimed at strengthening profitability. In terms of direction, Tomen's policy is to see each operating division proactively retain and expand businesses while developing new business models focused mainly on the following three elements: Tomen's logistics network centered on promising business areas where the Company' strengths lie, primarily in Southeast Asia and China; project organization functions in the Middle East; and Tomen's stable earnings base in Japan.

To continue to further strengthen profitability after the current Medium-term Management Plan, Tomen has worked over the past year to expand businesses in the value chain that leverage the respective strengths of each segment, while taking strategic actions focused solely on growth markets. Tomen will continue to promote measures aimed at establishing new earnings sources.

Tomen will be channeling resources into various key activities in each segment. In the Chemicals segment, Tomen will strengthen activities in the Middle East, its primary supply source, and expand sales in Southeast Asia and China. In the Produce & Foodstuffs segment, sales will be grown in the wheat business in Southeast Asia in addition to the mainstay livestock feed business. In the Textiles segment, Tomen will move into non-apparel fields such as industrial materials. The Electronics segment will see Tomen expand sales in the Asian semiconductor market. In the Machinery & Energy segment, Tomen will take steps to augment the entire energy-related value chain, ranging from upstream operations centered on the Middle East to downstream operations in Southeast Asia.

5

Growth strategies aimed at further strengthening profitability

DIRECTION OF GROWTH STRATEGIES

Currently Discussing Directions of Growth Strategies
Aiming for Long-term Stretch Targets (ordinary income growth)

Clarified Tomen's strengths.

TOMEN'S STRENGTHS

Strengths in Each Segment

Chemicals:	Sales capabilities in China and Asia
Produce & Foodstuffs:	Grain feed business centering on grain silos
Textiles:	Historical relationships with major textile makers
Electronics:	Top semiconductor importer
Machinery & Energy:	Project organizing functions in the Middle East Sales capabilities in the Middle East market

Areas of Strength

Network centered on Southeast Asia (access to production and sales bases)

Carefully selected business domains where Tomen can maximize its strengths.

GROWTH STRATEGY DOMAINS

Expand new business models centered on Southeast Asia and China, which hold the highest growth potential.

Consistently expand businesses leveraging strong footing in the Middle East and Japan.

TO THE NEXT STAGE

Tomen Businesses in Profile

AT A GLANCE

OPERATING SEGMENT	CHEMICALS	PRODUCE & FOODSTUFFS
% OF TOTAL SALES FY2005 ENDED MARCH 2005	25.9%	14.6%
TRADING TRANSACTIONS (Billions of Yen)	04: 408.2 05: 407.6	04: 217.1 05: 230.6
GROSS TRADING PROFIT (Billions of Yen)	04: 30.6 05: 19.3	04: 17.5 05: 16.5
OPERATING INCOME (Billions of Yen)	04: 10.4 05: 7.6	04: 9.3 05: 9.0

	TEXTILES	ELECTRONICS	MACHINERY & ENERGY
	11.7%	17.7%	28.3%
04	259.9	232.4	438.7
05	185.2	279.4	447.0
04	14.8	17.4	14.1
05	12.5	19.7	12.7
04	4.7	7.6	0.7
05	2.4	8.6	2.6

CHEMICALS

Creating a Value Chain That Links Production and Sales
Expanding Business in China and Other Fast-growing Asian Markets
Taking Full Advantage of Production and Logistics Bases

HIROSHI AZUMA
Executive Officer
General Manager,
Chemicals &
Plastics Division

ORGANIZATION

Chemicals & Plastics Division

- Planning Department for Chemicals & Plastics
- Petrochemicals Department
- Organic Chemicals Department
- Industrial Chemicals Department
- Specialty & Inorganic Chemicals Department
- Performance Materials Department
- Plastics Department
- Nagoya Chemicals & Plastics Department
- Tomen Chemical Company

MAIN PRODUCTS

- Petrochemical products
- Organic chemicals
- Specialty and inorganic chemicals
- Synthetic resins
- Performance and specialty chemicals

STRENGTHS

The Chemicals segment covers a wide range of products, including organic chemicals such as petrochemical products, solvents, and raw materials for detergent and urethane, as well as specialty and inorganic chemicals, synthetic resins, and high-end specialty chemicals.

Tomen is one of the top trading firms in petrochemical products and industrial raw materials. The company is particularly strong in selling a lineup of products that leverage the capabilities of its production and logistics bases in China and other Asian countries. Tomen is particularly strong in the sale of solvents in Southeast Asia, a field where it is the number one trading firm with a 30% market share.

Tomen also pursues alliances with makers of high-end specialty materials. In this field, Tomen handles high-absorbency resin used for such applications as paper diapers and agricultural-use seedling sheets. For this type of resin, Tomen holds a 5.5% share of the global market, which equates to an annual handling volume of 50,000 tons.

OPERATING ENVIRONMENT CHANGES AND GROWTH ORIENTATION

Demand from China and other Asian countries is rapidly expanding in step with the relocation of production bases to the region, and this is having a major impact on global market conditions for petrochemical products.

Tomen has constructed a value chain that links production and sales. On the production side, this framework consists of a styrene monomer manufacturing company in Indonesia and an ethanol production company in Thailand, and tanker facilities that function as logistics bases in Indonesia, Thailand, and the Philippines.

Tomen is pursuing further business expansion in China and other fast-growing Asian markets. As part of this effort, the Tomen Group is strengthening its supply capabilities by securing resources from the Middle East, where Tomen is highly competitive, augmenting its distribution functions, and through other means.

In the synthetic resin business, in addition to reaching out to industrial/consumer electronics makers with production bases in China and other Asian countries, Tomen is working to cultivate new markets, including packaging materials and housing materials, that will emerge in step with the transition to consumer-driven economies and higher living standards in the region.

Chemical storage tanks
(The Philippines)

Chips used as raw materials for
synthetic fibers

High-absorbency resin

PRODUCE & FOODSTUFFS

Expanding Into China and Other Asian Countries Using Expertise Developed Through Grain Trading in the U.S.
Leveraging the Group's Supply Chain in the Pacific Rim

MAKOTO HYODO
Managing Executive Officer
General Manager,
Produce &
Foodstuff Division

ORGANIZATION

Produce & Foodstuff Division

- Planning Department for Produce & Foodstuff
- Feed & Oilseeds Department
- Sugar & Produce Department
- Food & Marine Products Department
- Osaka Produce & Foodstuff Department
- Nagoya Produce & Foodstuff Department
- Group Managing Department for Produce & Foodstuff

MAIN PRODUCTS

- Feed grain ingredients
- Wheat and flour
- Food product ingredients
- Alcoholic beverages
- Marine products

STRENGTHS

The Produce & Foodstuffs segment is broadly divided into the feed grain business and foodstuffs business. In the feed grain business, Tomen handles livestock feeds, oils and fats, rice and wheat, raw sugar, and products processed from these materials. In the foodstuffs field, Tomen handles general foodstuffs, including Chinese food ingredients.

The Produce & Foodstuffs segment's main strength lies in its grain-processing complex, centered on four grain silos in Japan.

Tomen supplies these materials through a dedicated pipeline, which extends from silos with piers that enable transversal docking of large ships, to formula feed makers located further inland. These facilities have the top storage capacity of 482,000 tons and handling volume in Japan for feed grains, accounting for approximately 11% of the nation's overall imports.

In the foodstuffs business, in addition to supplying semi-finished foodstuffs from overseas processing bases, Tomen has a proposal-oriented business model geared to creating high-value-added products.

OPERATING ENVIRONMENT CHANGES AND GROWTH ORIENTATION

Increased emphasis is being placed on food safety management systems at companies as consumer needs are becoming more oriented to food safety and quality. Meanwhile, the Japanese foodstuffs market is experiencing a slowdown due to the declining birthrate and aging of society. On the other hand, deregulation has opened up the field of food trading, resulting in heightened competition, which has prompted the realignment of food makers and food wholesalers.

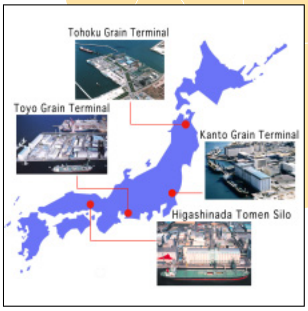
Tomen is working to upgrade its mainstay silo business while pursuing a comprehensive strategy for wheat and flour in the Pacific Rim.

Tomen is a top-class trading firm in the export of wheat, thanks to a sales network in China and Southeast Asia built up over decades. Specifically, Tomen imports wheat from the U.S. and sells flour in China and Southeast Asia. Tomen is concentrating on further increasing and expanding its trade flow in the Pacific Rim by adding original, high-value-added products, including processed food products, to its existing trading portfolio.

In parallel, Tomen has placed top priority on enhancing its food safety management system. As part of this effort, we have established a Food Safety Promotion Team in the Produce & Foodstuff Division and are working to upgrade all our food safety management functions, including traceability.

Grain terminal

Feed grain ingredients



Four grain silos in Japan

TEXTILES

An Apparel Business With Strengths in Functional Materials and Production Network
Unique Industrial Materials and Living Merchandise, Centered on Interior Goods
Pursuing a Two-pronged Planning and Proposal-based Business

SHUNYA FUKUTOMI
Senior Managing Director
General Manager,
Textile & Apparel Division

ORGANIZATION

Textile & Apparel Division
- Planning Department for Textile & Apparel
- Textile Materials Department
- Utility Apparel Department
- Fashion Apparel Department
- Sports & Casual Department
- Industrial Materials & Living Merchandise Department

MAIN PRODUCTS

- Textile Materials
- Textile Products
- Apparel
- Interior Products
- Bedding Products

STRENGTHS

Tomen has established close relationships with major textile makers over several decades, partly a reflection of the fact that textile operations were Tomen's inaugural business. This framework has produced materials and other high-value-added products that demonstrate Tomen's unique strengths.

Furthermore, Tomen has linked its overseas production network, centered on China, and its sales network spanning Japan, Europe, and the United States, to create a solid foundation for implementing a planning and proposal-based business model that swiftly addresses customer requests.

OPERATING ENVIRONMENT CHANGES AND GROWTH ORIENTATION

While the domestic textile market is contracting, the overseas market is growing and becoming more diverse, beginning with industrial raw materials. This is especially true in China, which is preparing to host the 2008 Beijing Olympic Games and the 2010 Shanghai World Expo.

In other Asian nations, demand for interior products and other textiles is expected to increase as standards of living rise in step with economic growth.

In the industrial materials and living merchandise business, one of the pillars of the textile segment, Tomen holds a 30% share of the tile carpet market, demonstrating our strong presence in the domestic interior products market. Looking ahead, Tomen plans to leverage this know-how to expand its sales channels in Europe, the U.S., and Southeast Asia, as well as China, and the Middle East.

Tomen is also strong in the field of industrial materials, including civil engineering-use sheets, a market certain to grow in light of technological developments and the diversification of customer needs.

In apparel, another core area, Tomen is dedicated to leveraging every component of its textile value chain, from proposing distinctive fabrics, to textile spinning, weaving, and retailing.

Gelanots, an advanced waterproof and breathable functional fabric, is an example of a product created through the combination of Tomen's product planning capabilities and textile makers' technical capabilities. Previously, Tomen had focused mainly on overseas sales of Gelanots under European and U.S. outdoor brands, but now its sales have expanded to include the domestic market. In June 2005, a domestic running wear brand that is extremely selective in choosing materials decided to adopt this fabric.

Tomen's operations range from the production of functional materials using its yarn spinning plant in Indonesia to sales of textiles proofed with visible-light-responsive photocatalyst (V-CAT®) material in collaboration with Toyota Tsusho.

V-CAT® interior products

Textile plant in China

Frank Shorter running gear

ELECTRONICS

Pursuing a Group-wide Strategy
Evolve From a Top-class Domestic Semiconductor Trading Firm Into a Leader in the Fast Growing Asia-Pacific Market

KYOTA TAKAHASHI
Executive Officer
General Manager,
Machinery &
Electronics Division

ORGANIZATION

Machinery & Electronics Division
- Planning Department for Machinery & Electronics
- Electronics & Network Products Department

The Machinery & Electronics Division also conducts certain operations in the Machinery & Energy segment.

MAIN PRODUCTS

- Semiconductors
- Electronic components

STRENGTHS

Tomen Electronics Corp., which listed on the First Section of the Tokyo Stock Exchange in 2001, commands a top-class position in Japan as a trading firm that imports and distributes a variety of semiconductors. Tomen Devices Corp., a top sales agent of Samsung Electronics products in Japan, was listed on the First Section of the Tokyo Stock Exchange in March 2005.

By pursuing a Group-wide strategy centered on these two companies, the Tomen Group as a whole has become a major distributor among Japan's semiconductor trading companies.

The Tomen Group's Electronics segment achieves stable product supply as the principal agent for major overseas semiconductor companies. The business swiftly addresses diverse customer needs by providing cost-effective services and solutions, such as global procurement, design-in activities, and a full range of technical support, as well as through other means.

Meanwhile, Tomen has constructed a framework largely shielded from changes in market conditions, as the business covers a broad range of customers and applications, from the information and communication sectors, to the home electronics, amusement and automotive sectors.

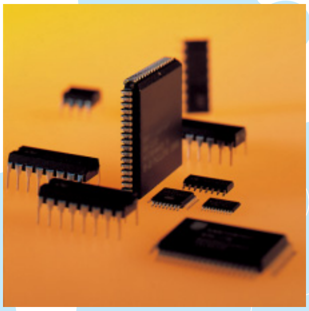
OPERATING ENVIRONMENT CHANGES AND GROWTH ORIENTATION

In fiscal 2005, the global semiconductor market grew a strong 28% year on year, with growth in the Asia-Pacific market surging 41.3%. In fiscal 2006, the Asia-Pacific market is expected to expand 11.8% (versus 6.3% for the global market), based on World Semiconductor Trade Statistics (WSTS) announced in May 2005.

From early on, the Tomen Group has been working to cultivate the Chinese market as part of its Group-wide strategy for the Asia-Pacific market.

As an example, Tomen established Shanghai Hong Ri International Electronics Co., Ltd. as a joint venture with a Shanghai firm in 1997. This company functions as a procurement agent for Japanese electronics firms expanding their manufacturing base into China.

Looking ahead, Tomen will be required to maintain stable product supplies, while meeting customer requests for participation in design-in activities in China, as it already does in Japan. To satisfy the diverse needs of clients, Tomen is building out its network and upgrading its functions. In this way, Tomen aims to become a corporate group that offers top-class services and total solutions in the Asia-Pacific market.



Semiconductors marketed by Tomen

MACHINERY & ENERGY

Strong in the Middle East
Linking Oil/Gas-producing Nations With Consuming Regions
Creating an Energy Value Chain

HARUHIKO MURATA
Executive Officer
General Manager,
Energy & Overseas
Projects Division

ORGANIZATION

Machinery & Electronics Division
- Planning Department for Machinery & Electronics
- Automobile Department I
- Automobile Department II
- Industrial Project Department

Energy & Overseas Projects Division
- Planning Dept. for Energy & Overseas Projects
- Overseas Projects Department
- Energy Department
- Gas & Power Department

MAIN PRODUCTS
- Automobiles and Auto Parts
- Plant Projects
- Energy and Power Supply Business
- Crude Oil
- Petroleum and Natural Gas Products

STRENGTHS

Tomen's Machinery & Energy segment spans a wide range of fields, including plant projects concerning energy infrastructure, construction and industrial machinery, and transportation equipment, including automobiles and ships. It is also involved in natural gas, oil, coal, petrochemical products and the power supply business and imports crude oil.

Tomen has established a strong competitive position, particularly in the Middle East, through collaboration between Tomen's plant project team, which has outstanding expertise as a project organizer, and its energy team, which boasts the top domestic position in handling Iranian crude oil on a volume basis. Tomen leverages this network to generate significant synergies in other fields as well, including the transportation equipment business.

Also, having established consortiums involving some of the world's top companies, the plant project business has built up a strong track record in handling projects in Southeast Asia.

OPERATING ENVIRONMENT CHANGES AND GROWTH ORIENTATION

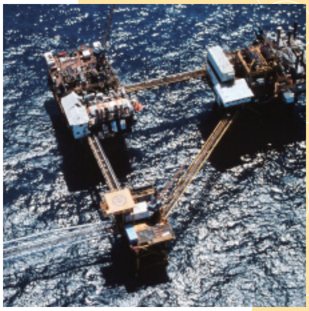
Demand for energy is rising rapidly in Asia, which is exhibiting remarkable economic growth.

Tomen links the upstream and downstream components of the oil and gas industry through its business bases in the oil/gas-producing nations of the Middle East and the oil/gas-consuming markets of Asia. Tomen is setting its sights on creating a business model that adds new trading company functions to its energy value chain, starting from plant construction to the supply of energy.

One example of Tomen's involvement in the supply of energy is its sale of petroleum products and bunker oil (fuel for ships), mainly in Singapore.

Tomen supplies bunker oil at ports around the world through its overseas network, and it has constructed a service system to address the diverse needs of its customers.

In July 2004, Tomen merged a portion of its overseas petroleum products business with the bunker operation of Toyota Tsusho. Expanding freight volume, centered on China, and new customers obtained as a result of the merger of operations with Toyota Tsusho are driving substantial growth in both transaction volume and earnings.



Offshore drilling for crude oil

A bunker-oil supply barge

CORPORATE GOVERNANCE

(From Left to Right)
Tetsuo Kakehi, Shunya Fukutomi, Shigeru Shimazaki, Mahito Kageyama, Yoshimasa Kondo, Masami Shimizu, Kuniaki Yamagiwa

BASIC APPROACH TO CORPORATE GOVERNANCE

Transparent management to guarantee responsibility and fairness is a key management guideline of the Tomen Group. To put this into practice, Tomen has been taking proactive steps focusing on the following three themes:

- Clarification of responsibility through separation of company-wide management and administrative responsibility;
- Positive information disclosure to society and build-up of favorable relations with society; and,
- Due consideration for the environment and safety and thorough responsibility as a corporate citizen.

Additionally, Tomen has established 10 behavioral guidelines (Tomen Group Code of Conduct) that every employee should observe on a daily basis.

Moreover, the Risk Management Committee and the Compliance-CSR Committee were set up to closely manage various risks and ensure rigorous compliance with all laws and regulations.

IMPLEMENTATION OF CORPORATE GOVERNANCE MEASURES

Tomen has a governance structure based on corporate auditors. The seven-member Board of Directors is responsible for proper and timely decision making and supervision. Of the seven members, one is an external director who serves on a non-standing basis. The four-member Board of Auditors is responsible for ensuring that audits are

BOARD OF DIRECTORS

CHAIRMAN
Shigeru Shimazaki*1

PRESIDENT
Mahito Kageyama*1

SENIOR MANAGING DIRECTOR
Shunya Fukutomi*1

MANAGING DIRECTOR
Yoshimasa Kondo*1

DIRECTORS
Masami Shimizu
Kuniaki Yamagiwa
Tetsuo Kakehi*2

CORPORATE AUDITORS
Masahiko Inagaki*3
Shinichiro Mizuno
Takanao Mitsui
Shozo Chikamatsu*3

*1 Representative Directors
*2 External Director
*3 External Corporate Auditors

(As of June 24, 2005)

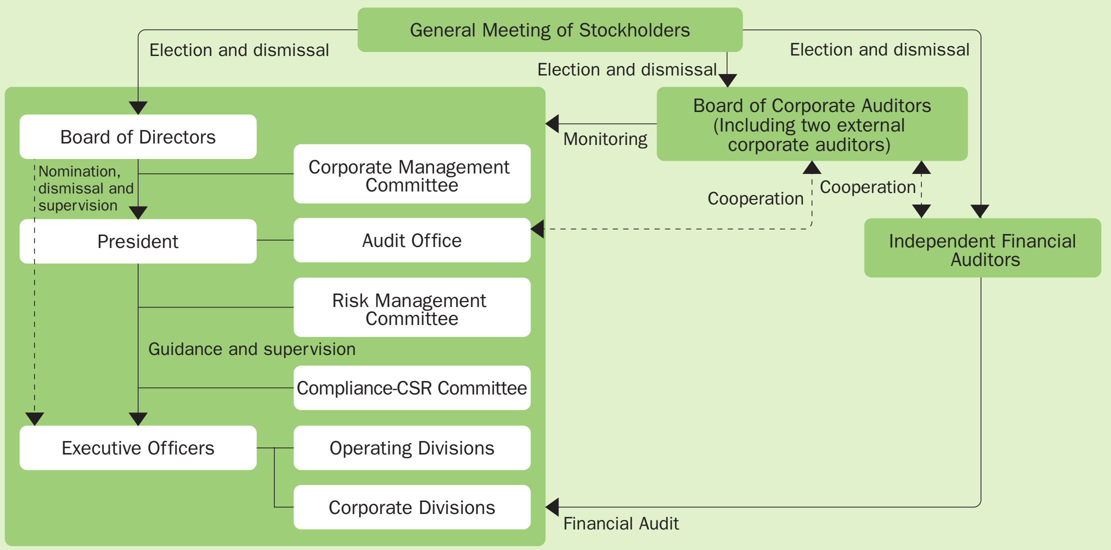
performed effectively. Two of the four corporate auditors are external corporate auditors, one of whom is a non-standing member.

Tomen also uses an executive officer system, whereby the representative directors vest significant authority in executive officers.

Tomen's internal control system clarifies operational authority and responsibilities, with functions such as evaluation, control, checks and balances, and monitoring included in the business duties and operational processes of each organization. In January 2004, Tomen introduced an internal reporting system to augment its framework for efficient reporting, communication, and consultation through existing tiers of management. On top of this, the Audit Office conducts periodic internal checks as an independent internal auditing section. To further improve its internal control system, Tomen will regularly review its organization, systems, rules, business processes and other areas.

The Risk Management Committee is responsible for quantitative risk control and overall monitoring of operations. The Compliance-CSR Committee was established in April 2005 to underscore the Company's emphasis on compliance and corporate social responsibility. Moving forward, the Risk Management Committee will be responsible for controlling quantitative risk, while the Compliance-CSR Committee's role will be to proactively address the increasingly complex social obligations companies must fulfill, including consumer protection, environmental conservation, protection of personal data, and safety management. Underpinned by the efforts of these two committees, Tomen is committed to continually enhancing its risk management and compliance systems and conducting dynamic CSR activities.

TOMEN'S CORPORATE GOVERNANCE FRAMEWORK



CORPORATE SOCIAL RESPONSIBILITY

MANAGEMENT PHILOSOPHY AND CORPORATE SOCIAL RESPONSIBILITY

Corporations comprise relationships with numerous stakeholders, including local communities, stockholders, customers, as well as employees and their families, and thus owe their existence to society. As corporate citizens, the continued existence of companies and their profits are premised on the trust and confidence of society. In essence, corporate activities are meaningful to the extent that they contribute to society, with the value of these activities reflected in corporate profits.

In this context, the Tomen Management Philosophy provides a set of common values for all directors and employees and underpins the Tomen Group Code of Conduct. Tomen views this philosophy and Code of Conduct as the central platform for fulfilling its social responsibility of providing economic, social, and environmental value to its stakeholders.

The Tomen Management Philosophy (please see Page 1) has three main components. The first is a clear statement of Tomen's mission. As a basis for achieving this mission, the second and third components establish a Code of Conduct for each and every employee, and Management Guidelines in the form of management commitments, respectively. Based on the Tomen Management Philosophy, the Code of Conduct establishes ten basic rules of behavior that are to be followed by every employee in the conduct of daily operations from the standpoint of corporate ethics and legal compliance.

To ensure that the Tomen Management Philosophy and Code of Conduct remain at the heart of business operations, Tomen has a system for carrying out PDCA (plan, do, check, act) cycles throughout the group. Management is committed to following and maintaining this system.

MANAGEMENT GUIDELINES "Three Promises"

1 Optimal Management Company-wide to Create Profits and Values

- Active and strategic distribution of company-wide resources
- Emphasis on and cultivation of areas of competitive advantage
- Selection, investment, and nurturing of leading-edge and next-generation areas

2 Dynamic Management to Stimulate Employee Enthusiasm and Conduct

- Support for self-realization through work
- Fostering and appointment of management and professional human resources
- Rational personnel assignment and performance-based personnel evaluation

3 Transparent Management to Guarantee Responsibility and Fairness

- Clarification of responsibility through separation of company-wide management and administrative responsibility
- Positive information disclosure to society and build-up of favorable relations with society
- Due consideration for the environment and safety and thorough responsibility as a corporate citizen

ESTABLISHMENT OF A COMPLIANCE-CSR COMMITTEE

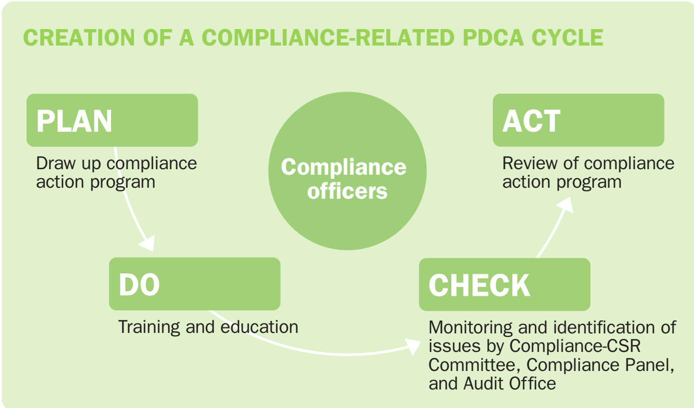
Companies must satisfy a growing and increasingly complex range of obligations, as societal, economic, and environmental changes prompt the enactment of legislation in areas such as consumer protection, disclosure, and environmental protection. Furthermore, the transition to an IT-driven society is building closer relationships between companies and various stakeholders, including local communities. It is thus essential to swiftly respond to a range of stakeholder requirements.

The Risk Management Committee has traditionally played a central role in the planning and promotion of compliance policies on a company-wide basis. Additionally, this committee has been instrumental in the monitoring of these activities, training of employees and directors throughout the group and other initiatives. However, Tomen has determined that comprehensive, CSR-oriented policies are essential to effectively address the above-noted societal changes. Accordingly, in April 2005, the Company established a Compliance-CSR Committee, as an organization independent from the Risk Management Committee.

The Compliance-CSR Committee will conduct activities focused on three areas—the economy, society, and the environment. Some of Tomen's CSR activities covering these areas include promoting traceability to ensure food safety, verifying the safety of chemical substances, and strictly managing exports.

CREATION OF A COMPLIANCE-RELATED PDCA CYCLE

To ensure compliance on a company-wide basis, Tomen has appointed the following key personnel as compliance officers: the heads of operating divisions, presidents of overseas subsidiaries and all affiliates, and heads of departments. Compliance officers will work to ensure compliance in each of the respective organizations under their charge. A Compliance Panel has also been set up under the Compliance-CSR Committee to discuss, propose, and monitor specific CSR measures, including compliance-related activities.



ENVIRONMENTAL MANAGEMENT

On the environmental front, Tomen has established the Tomen Environmental Charter, which sets forth the fundamental principle of "executing our businesses mindful of sustainable development and the preservation of the global environment." In 1991, Tomen set up the Global Environmental Committee, led by the Company's representative directors. Guided by this committee, Tomen has addressed global environmental issues from a company-wide perspective in line with the Tomen Environmental Charter. Since April 2005, these activities have been conducted in cooperation with the Compliance-CSR Committee to promote more comprehensive CSR activities, including environmental initiatives, for the entire Tomen Group.

Moreover, Tomen has introduced an Environmental Management System and applies PDCA cycles across all business activities to quickly identify and reduce risk while implementing preventive measures. Specifically, the Company applies strict environmental assessments to projects as a means of avoiding environmental risk.

In 1999, Tomen obtained ISO 14001 certification, the international standard for environmental management systems. Tomen remains committed to making ongoing improvements in its environmental management activities through periodic checks of its environmental management by external auditors and other means.

ISO 14001 certification

MAJOR SUBSIDIARIES AND AFFILIATES

(As of March 31, 2005)

CHEMICALS

Company name		Business
Sankyo Foods Industry Corp.	(Japan)	Food processing, manufacture of food additives and flavorings, manufacture of chemicals and synthetic resins
DAIICHISEKKEN CO., LTD.	(Japan)	Manufacture and sales of synthetic detergents and soaps
DAIICHISEKKEN NISHINIHON CO., LTD.	(Japan)	Manufacture and sales of synthetic detergents and soaps
Daitoh Kasei Co., Ltd.	(Japan)	Plastic molding
Tomen Plastics Corp.	(Japan)	Domestic sales, import and export of synthetic resins and synthetic rubber, and related products
Deepwater Chemicals, Inc.	(U.S.A.)	Manufacture and sales of iodides
Dewey Chemical Inc.	(U.S.A.)	Production and sales of iodine
Eastern Chemical Co., Ltd.	(Thailand)	Manufacture of ethyl alcohol by fermentation of molasses
P.T. Styrindo Mono Indonesia	(Indonesia)	Production and sales of styrene monomer
Arysta LifeScience Corp.	(Japan)	Life science businesses such as agrochemicals, pharmaceuticals, veterinary medicines, and biotechnology businesses
P.T. KALTIM PASIFIK AMONIAK	(Indonesia)	Production and sales of ammonia
Wuxi Advanced Kayaku Chemical Co., Ltd.	(China)	Manufacture and sales of dyestuffs
PHILIPPINE PROSPERITY CHEMICALS INC.	(Philippines)	Distribution of solvents
Sanyo Chemical Industries, Ltd.	(Japan)	Manufacture and sales of chemicals, primarily surface active agents for textile and industrial use
Korea Fine Chemical Co., Ltd.	(Korea)	Production and sales of isocyanate and amino acids
Korea Polyol Co., Ltd.	(Korea)	Manufacture and sales of polypropylene glycol

PRODUCE & FOODSTUFFS

Company name		Business
Kanto Grain Terminals Co., Ltd.	(Japan)	Storage silos for feed grain, harbor transport, customs clearance functions
Tohoku Grain Terminals Co., Ltd.	(Japan)	Storage silos for feed grain, harbor transport, customs clearance functions
Toyo Grain Terminals Co., Ltd.	(Japan)	Storage silos for feed grain, harbor transport, customs clearance functions
Higashi-Nada Tomen Silo Co., Ltd.	(Japan)	Storage silos for feed grain, harbor transport, customs clearance functions
Chubu Shokuryo Kaisha, Ltd.	(Japan)	Sales of rice and special rice grain, wholesale marketing of frozen foods and other food products
Tomen Foods Co., Ltd.	(Japan)	Import and distribution of foodstuffs, marine products, and liquors (wines, etc.)
Oleos “MENU” Industria e Comercio Ltda.	(Brazil)	Production and sales of cottonseed oil products

TEXTILES

Company name		Business
Ogawatec Corp.	(Japan)	Planning and construction of membrane structures such as domes for stadiums
O’Neill Far East Corp.	(Japan)	Planning, sales and licensing of O'Neill-brand products
Tomen Hotline Tokyo Co., Ltd.	(Japan)	Design, manufacture and sales of apparel
Tomen Hotline (Osaka) Co., Ltd.	(Japan)	Design, manufacture and sales of apparel
Toyo Tateami Kaisha, Ltd.	(Japan)	Manufacture and sales of knit fabrics
Toyo Cotton (Japan) Co.	(Japan)	Sales, import and export of raw cotton
TOYO COTTON CO.	(U.S.A.)	Sales, import and export of raw cotton
P.T. TOMENBO INDONESIA	(Indonesia)	Synthetic yarn spinning
SHANGHAI EVER GREEN TEXTILE CO., LTD.	(China)	Sizing, weaving, dyeing and finishing of acetate lining fabrics and sales

ELECTRONICS

Company name		Business
TOMEN ELECTRONICS CORP.	(Japan)	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
PPL Corp.	(Japan)	One-stop procurement agent for semiconductors and electronic components
TOMEN (SINGAPORE) ELECTRONICS PTE. LTD.	(Singapore)	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
TOMEN ELECTRONICS (HONG KONG) LIMITED	(China)	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Electronics America, Inc.	(U.S.A.)	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
TOMEN DEVICES CORP.	(Japan)	Domestic sales of semiconductor memories and other electronic components
TOMEN DEVICES (SHANGHAI)., LTD.	(China)	Sales of semiconductor memories and other electronic components
TOKYO MUSEN KIZAI CO., LTD.	(Japan)	Sales of electronic passive components and semiconductors
SHANGHAI HONG RI INTERNATIONAL ELECTRONICS CO., LTD.	(China)	Marketing and sales of integrated circuits, semiconductors and electronic components

MACHINERY & ENERGY

Company name		Business
TOMEN TELECOM CORP.	(Japan)	Domestic sales, installation, operation and maintenance of information communication equipment
Sunpot Co., Ltd.	(Japan)	Manufacture and sales of gas-fueled equipment and electrical appliances
TOMEC CORP.	(Japan)	Sales and leasing of construction and industrial machinery
TOMEN TECHNO SOLUTIONS INC.	(Japan)	Import, export and domestic sales of machine tools, forging machinery, industrial furnaces, plastic molding equipment, industrial-use robots and environmental equipment
Tomen Power (Singapore) Pte. Ltd.	(Singapore)	Operation and management of power generation projects
Eurus Energy Holdings Corp.	(Japan)	Operation and management of wind power generation projects worldwide
TOMEN TOYOTA TSUSHO PETROLEUM (S) PTE. LTD.	(Singapore)	Export and offshore trading of crude oil, petroleum products and bunker oil
Centragas-Transportadora de Gas de la Region Central de Enron Development & Cia, S.C.A.	(Colombia)	Transportation of natural gas
Kwarta Shipping S.A.	(Panama)	Marine shipping business

OTHERS

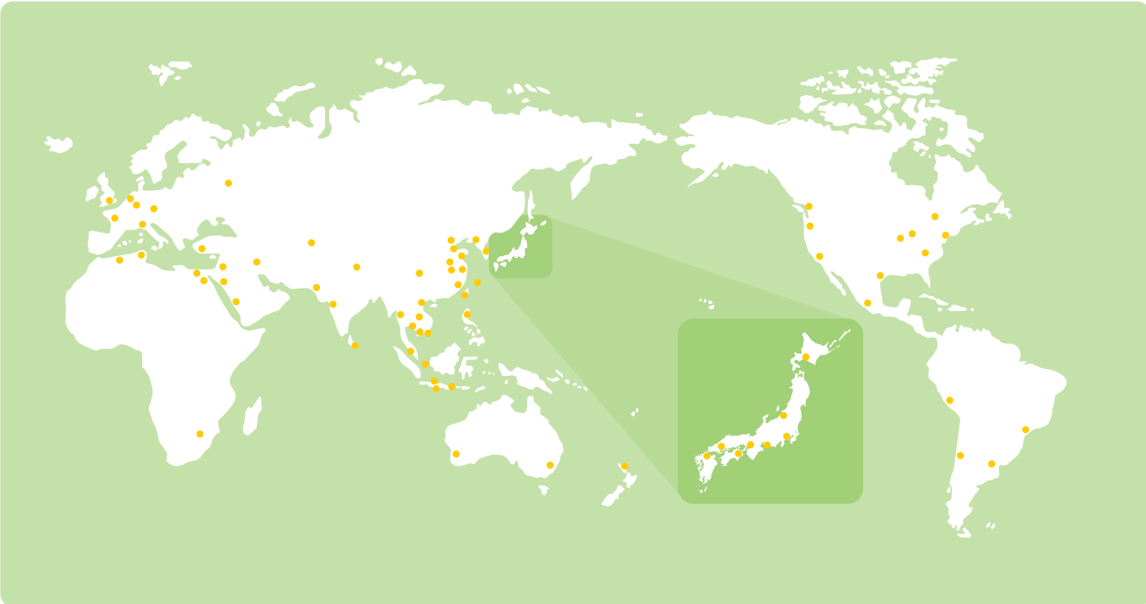
Company name		Business
TM LOGISTICS CORP.	(Japan)	Trade services and promotion of logistics business (in-group & external)
TOMEN INFORMATION SYSTEMS CORP.	(Japan)	Design, operation and management of comprehensive information systems, software development and sales
Tomen Business Support Ltd.	(Japan)	Operation services and consulting for accounting, financing and personnel
Toyu Intex Corp.	(Japan)	General affairs operation services and sales of stationery, furniture and fixtures, advertising
Hot-Line International Transport Ltd.	(Japan)	Non-vessel operating common carrier and returnable container business
HOT-LINE INTERNATIONAL TRANSPORT (H.K.) LTD.	(China)	Non-vessel operating common carrier and sales of logistics supplies

OVERSEAS TRADING SUBSIDIARIES

Company name		Business
TOMEN AMERICA INC.	(U.S.A.)	Trade business
TOMEN CANADA INC.	(Canada)	Trade business
TOMEN CORPORATION DO BRASIL LTDA.	(Brazil)	Trade business
TOMEN DE MEXICO, S.A. DE C.V.	(Mexico)	Trade business
TOMEN AUSTRALIA LIMITED	(Australia)	Trade business
TOMEN (N.Z.) LIMITED	(New Zealand)	Trade business
Tomen International (Malaysia) Sdn. Bhd.	(Malaysia)	Trade business
TOMEN (SHANGHAI) CO., LTD.	(China)	Trade business
TOMEN (TIANJIN) CO., LTD.	(China)	Trade business
TOMEN (GUANGZHOU) CO., LTD	(China)	Trade business
TOMEN (H.K.) CO., LTD.	(China)	Trade business
TOMEN TAIWAN CO., LTD.	(Taiwan)	Trade business
TOMEN (THAILAND) LIMITED	(Thailand)	Trade business
Tomen Enterprise (Bangkok) Limited	(Thailand)	Trade business
P.T. TOMEN INDONESIA	(Indonesia)	Trade business
Tomen (Iran) Ltd.	(Iran)	Trade business
TOMEN (U.K.) PLC	(U.K.)	Trade business
TOMEN Deutschland GmbH	(Germany)	Trade business
TOMEN FRANCE S.A.	(France)	Trade business
TOMEN Netherlands B.V.	(Netherlands)	Trade business
TOMEN ITALIA S.p.A.	(Italy)	Trade business

NETWORK

(As of August 2005)



JAPAN
Tokyo
Osaka
Nagoya
Sapporo
Niigata
Hiroshima
Shikoku (Takamatsu)
Kyushu (Fukuoka)

NORTH AMERICA
New York
Charlotte
Chicago
Detroit
Houston
Los Angeles
Portland
Toronto
Vancouver

CENTRAL AND SOUTH AMERICA
Mexico City
São Paulo
Buenos Aires
Santiago
Lima

EUROPE
London
Rotterdam
Neuss
Prague
Milan
Paris
Moscow
Tashkent

AFRICA
Cairo
Alexandria
Tunis
Algiers
Johannesburg

MIDDLE EAST
Tehran
Istanbul
Jeddah
Damascus
Amman

ASIA
Beijing
Guangzhou
Shanghai
Chongqing
Tianjin
Dalian
Nanjing
Qingdao
Wuxi
Hong Kong
Taipei
Seoul
Manila
Jakarta
Bandung
Surabaya
Singapore
Kuala Lumpur
Bangkok
Hanoi
Ho Chi Minh City
Phnom Penh
Vientiane
Yangon
Bombay
New Delhi
Colombo
Karachi

OCEANIA
Sydney
Perth
Auckland

FIVE-YEAR SUMMARY

For the years ended March 31,	Millions of Yen 2001	2002	2003	2004	2005	Thousands of U.S. Dollars (Note) 2005
Total Trading Transactions	¥2,516,523	¥2,384,848	¥2,082,898	¥1,604,084	**¥1,577,304**	**$14,687,625**
Gross Trading Profit	121,718	117,593	113,122	96,027	**82,415**	**767,437**
Operating Income	34,855	25,198	25,661	28,179	**26,569**	**247,407**
Net Income (Loss)	10,097	4,711	(66,970)	3,754	**9,628**	**89,655**
Total Assets	1,551,265	1,448,261	971,713	769,075	**733,794**	**6,832,983**
Stockholders' Equity	8,278	4,663	13,862	28,982	**41,350**	**385,045**
Long-term Liabilities	355,569	279,316	136,969	83,715	**300,385**	**2,797,141**
Per share amounts	Yen					U.S. Cents
Net Income (Loss)	¥16.70	¥7.39	¥(105.58)	¥5.16	**¥11.92**	**¢11.10**
Cash Dividends	—	—	—	—	**—**	**—**

Note: U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥107.39=$1.
(See Note 3 of Notes to Consolidated Financial Statements.)

CONTENTS

FINANCIAL REVIEW

OVERVIEW OF OPERATING RESULTS

In fiscal 2005, the year ended March 31, 2005, the global economy trended firmly during the first half, driven by ongoing expansion in the U.S. and Chinese economies. However, the latter half saw a slowdown due to surging crude oil prices and inventory adjustments for IT/digital products.

Looking at the economies of particular regions, the U.S. saw increases in consumer spending, capital expenditures and housing investments. China recorded high growth fueled by a continuation in brisk capital expenditures and infrastructure investment. Meanwhile, ASEAN member nations such as Indonesia, Malaysia, and Thailand enjoyed expanded trade within the region and firm domestic demand. In the Middle East, political and social unrest continued, but many oil-producing countries benefited from higher oil prices. There was a delay in economic recovery in Europe, reflecting lackluster domestic demand.

Japan's economic recovery continued to gather steam, underpinned by higher exports to Asia and an upturn in employment conditions. However, the economy headed toward an adjustment phase in the summer, hit by concerns over the yen's appreciation and slowing exports. Still, business conditions remained relatively buoyant on the back of low interest rates and stable stock prices.

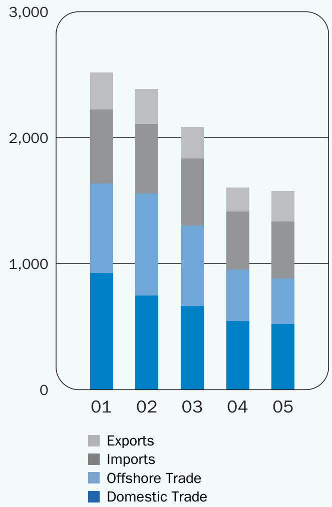
In this climate, Tomen's consolidated operating results for fiscal 2005 were as follows.

With respect to consolidated total trading transactions, higher trading transactions were recorded in the semiconductor business, which is chiefly conducted by listed consolidated subsidiaries in Japan; the Produce & Foodstuffs segment, which handles mainly livestock feeds; and the automobile export business targeting Australia and the Middle East. Trading transactions in the Chemicals segment decreased slightly due to the conversion of a consolidated subsidiary active in the life sciences business into an equity-method affiliate, despite firm trading transactions in the petrochemical product business, mainly in operations targeting China and other Asian markets. Trading transactions were down sharply in the Textiles segment, which is being reorganized. Consequently, consolidated total trading transactions declined ¥26.8 billion to ¥1,577.3 billion (US$14,688 million).

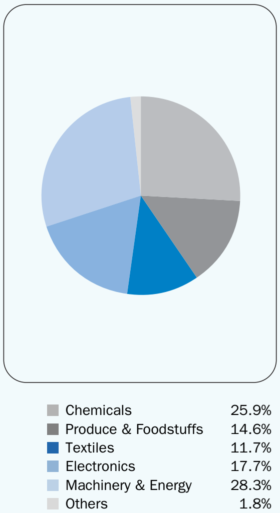
Total Trading Transactions by Trade

For the years ended March 31,	Billions of Yen 2001	2002	2003	2004	2005	Millions of U.S. Dollars (Note 3) 2005	Change (%)
Exports	¥ 293	¥ 277	¥ 249	¥ 190	**¥ 241**	**$ 2,241**	26.5
Imports	590	552	530	460	**456**	**4,247**	–0.9
Offshore Trade	707	808	642	410	**358**	**3,333**	–12.6
Domestic Trade	927	748	662	544	**522**	**4,867**	–3.9
Total	¥2,517	¥2,385	¥2,083	¥1,604	**¥1,577**	**$14,688**	–1.7

TOTAL TRADING TRANSACTIONS BY TRADE
(Billions of Yen)



TOTAL TRADING TRANSACTIONS BY SEGMENT
(%)



Looking at total trading transactions by trading category, Tomen recorded an increase of 26.5% in exports, but posted decreases in every other category, with imports declining 0.9%, offshore trade 12.6% and domestic trade 3.9%.

On the earnings front, gross trading profit decreased ¥13.6 billion to ¥82.4 billion (US$767 million). This reflected lackluster performance in the Textiles segment and the conversion of a consolidated subsidiary into an equity-method affiliate in the Chemicals segment, despite higher earnings from the strong-performing semiconductor and petrochemical product businesses. Although selling, general and administrative (SG&A) expenses were reduced ¥12.0 billion, this failed to offset the decrease in gross trading profit. Consequently, consolidated operating income decreased ¥1.6 billion to ¥26.6 billion (US$247 million).

Total Trading Transactions and Gross Trading Profit by Segment

For the year ended March 31, 2005	Chemicals	Produce & Foodstuffs	Textiles	Electronics	Machinery & Energy	Others	Total
	Billions of Yen						
Total Trading Transactions	**¥407.6**	**¥230.6**	**¥185.2**	**¥279.4**	**¥447.0**	**¥27.5**	**¥1,577.3**
Gross Trading Profit	**19.3**	**16.5**	**12.5**	**19.7**	**12.7**	**1.7**	**82.4**

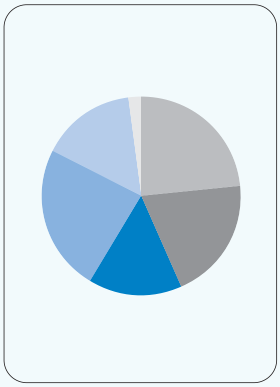
For the year ended March 31, 2005	Chemicals	Produce & Foodstuffs	Textiles	Electronics	Machinery & Energy	Others	Total
	Millions of U.S. Dollars (Note 3)						
Total Trading Transactions	**$3,796**	**$2,148**	**$1,724**	**$2,601**	**$4,163**	**$256**	**$14,688**
Gross Trading Profit	**180**	**154**	**116**	**183**	**118**	**16**	**767**

Other income (expenses) improved ¥10.3 billion from the previous fiscal year to ¥4.0 billion (US$37 million). An improvement in interest expenses due to the repayment of interest-bearing debt was one important factor. Tomen booked losses of ¥13.2 billion related to a review of the allowance for doubtful receivables, asset disposals, and other factors. However, Tomen also booked gains of ¥10.7 billion mainly on sales of operations and sales of investments in securities. Consequently, income before income taxes and minority interests totaled ¥22.5 billion. After deducting income taxes and minority interests, net income was ¥9.6 billion (US$90 million), an increase of ¥5.9 billion year on year.

For the years ended March 31,	2001	2002	2003	2004	**2005**	**2005**	Change (%)
	Billions of Yen					Millions of U.S. Dollars (Note 3)	
Total Trading Transactions	¥2,517	¥2,385	¥2,083	¥1,604	**¥ 1,577**	**$ 14,688**	–1.7
Gross Trading Profit	121.7	117.6	113.1	96.0	**82.4**	**767**	–14.2
Selling, General & Administrative Expenses	(86.8)	(92.4)	(87.4)	(67.8)	**(55.8)**	**(520)**	–17.7
Operating Income	34.9	25.2	25.7	28.2	**26.6**	**247**	–5.7
Net Income (Loss)	10.1	4.7	(67.0)	3.8	**9.6**	**90**	156.5

GROSS TRADING PROFIT BY SEGMENT

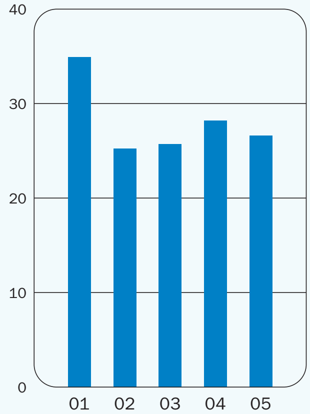
(%)



Chemicals	23.4%
Produce & Foodstuffs	20.0%
Textiles	15.2%
Electronics	23.9%
Machinery & Energy	15.4%
Others	2.1%

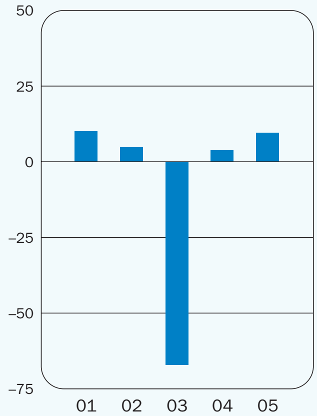
OPERATING INCOME

(Billions of Yen)



NET INCOME (LOSS)

(Billions of Yen)



SEGMENT OPERATING RESULTS

Segment operating results are presented as follows:

A. Chemicals

Trading transactions were largely unchanged from the previous year at ¥407.6 billion (US$3,796 million). Although there was a sharp increase in trading transactions fueled by higher demand in China and Southeast Asia and surging prices for petrochemical products, this was largely offset by the conversion of a consolidated subsidiary active in the life sciences business into an equity-method affiliate in the second half of fiscal 2005. Operating income decreased ¥2.7 billion to ¥7.6 billion (US$71 million), as benefits from the strong-performing petrochemical product business were negated by the conversion of the aforementioned life sciences subsidiary into an equity-method affiliate and the deterioration in profitability at a styrene monomer manufacturing company due to higher raw materials prices.

B. Produce & Foodstuffs

In the mainstay livestock feed business, despite weak conditions in the sector as a whole due to an unusually hot summer in 2004, Tomen's operations turned in a solid performance thanks to the Company's sector-leading grain silo complexes. Japan's food sector remains weak overall, reflecting saturated demand in the processed foods and restaurant markets. Nevertheless, the Tomen Group's import business, which encompasses Chinese food products and processed foods, held up well. As a result, trading transactions rose ¥13.5 billion to ¥230.6 billion (US$2,148 million). However, operating income declined ¥0.3 billion to ¥9.0 billion (US$84 million), partly reflecting a subsidiary's withdrawal from a business.

C. Textiles

Japan's textiles sector faces a challenging business environment against the backdrop of weak consumer spending, declining international competitiveness and other factors. In response, the Tomen Group has been reorganizing its existing business by exiting less profitable operations with the aim of shifting to new fields. Consequently, trading transactions decreased ¥74.7 billion to ¥185.2 billion (US$1,724 million), while operating income dropped ¥2.3 billion to ¥2.4 billion (US$22 million).

D. Electronics

Tomen Electronics, a leading semiconductor importer, and Tomen Devices, a sales agent for Samsung Electronics that was promoted to the First Section of the Tokyo Stock Exchange in March 2005, both posted steady growth in operating results on the back of expanding IT markets. Reflecting the Tomen Group's position as one of Japan's top semiconductor trading firms, segment trading transactions rose ¥46.9 billion to ¥279.4 billion (US$2,601 million), and operating income expanded ¥1.1 billion to ¥8.6 billion (US$80 million).

E. Machinery & Energy

In the automobile export business, automobile exports to Australia and the Middle East turned in strong performances. In the Energy field, crude oil imports from Iran remained steady, while the ship fuel business achieved growth on higher prices and an increase in transaction volumes. However, trading transactions in the plant business decreased. As a consequence of all these factors, segment trading transactions rose ¥8.3 billion to ¥447.0 billion (US$4,163 million). Operating income rose ¥1.9 billion to ¥2.6 billion (US$24 million) on the back of robust automobile exports and the withdrawal from less profitable businesses through the previous fiscal year.

F. Other Businesses

Tomen continues to selectively focus resources on strategic businesses based on the "Tomen Group Medium-term Management Plan." As a result, trading transactions decreased ¥20.2 billion to ¥27.5 billion (US$256 million), while operating income improved ¥0.7 billion to ¥0.4 billion (US$4 million).

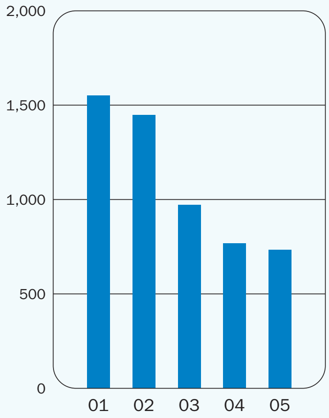
FINANCIAL POSITION

Consolidated total assets at the end of the fiscal year declined ¥35.3 billion, or 4.6%, to ¥733.8 billion (US$6,833 million), reflecting measures to improve funding efficiency through such means as asset liquidations. Interest-bearing debt decreased ¥45.4 billion, or 9.4%, to ¥438.8 billion. These figures show that Tomen achieved the final-year targets of the "Tomen Group Medium-term Management Plan" of ¥735 billion in total assets and ¥463 billion in interest-bearing debt ahead of schedule.

As of March 31,	Billions of Yen 2001	2002	2003	2004	2005	Millions of U.S. Dollars (Note 3) 2005	Change (%)
Total Assets	¥1,551	¥1,448	¥ 972	¥ 769	**¥ 734**	**$ 6,833**	–4.6
Current Assets	914	826	549	443	**442**	**4,112**	–0.3
Investments and Long-Term Receivables	350	305	230	210	**191**	**1,781**	–8.9
Property and Equipment	219	223	116	89	**82**	**760**	–8.4
Current Liabilities	1,159	1,138	785	630	**363**	**3,381**	–42.4
Long-Term Liabilities	356	279	137	84	**300**	**2,797**	258.8
Stockholders' Equity	8.3	4.7	13.9	29.0	**41.4**	**385.0**	42.7

TOTAL ASSETS

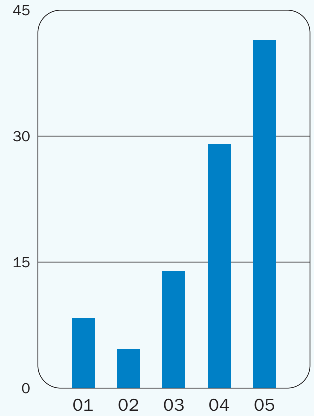
(Billions of Yen)



Stockholders' equity rose ¥12.4 billion to ¥41.4 billion (US$385 million). The major contributing factors were accumulation in net income and an improvement in net unrealized holding gains (losses) on investments in securities reflecting a rebound in stock prices.

STOCKHOLDERS' EQUITY

(Billions of Yen)



ANALYSIS OF CASH FLOWS

Cash and cash equivalents at the end of the fiscal year were ¥78.6 billion (US$732 million), a decrease of ¥0.8 billion, or 1.0%, from a year earlier. This mainly reflected the repayment of interest-bearing debt, partly offset by cash inflows from operating activities and cash provided by investing activities, mainly from the collection of long-term loans and proceeds from the sales of investments in securities.

Net cash provided by operating activities was ¥18.2 billion (US$170 million), ¥26.4 billion, or 59.2%, less than the previous fiscal year. The main reasons for the decrease were an increase in operating capital and a decrease in short-term loan receivables.

Net cash provided by investing activities was ¥24.4 billion (US$228 million), a decrease of ¥16.8 billion, or 40.7%, from the previous fiscal year. This was primarily a reflection of lower proceeds from sales of investments in securities.

Net cash used in financing activities was ¥43.3 billion (US$404 million), ¥55.0 billion, or 55.9% less than the previous fiscal year. The main reasons for the decrease in cash outflows were net repayments of borrowings and lower proceeds from stock issuances.

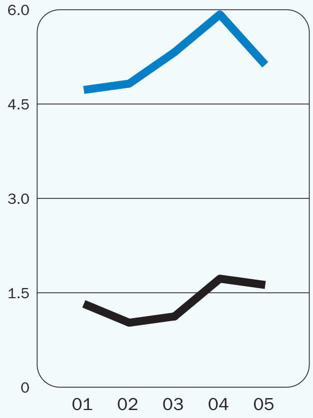
FINANCIAL RATIOS

The process of exiting and downsizing unprofitable and inefficient businesses continued during the year under review. In addition, Tomen worked to stabilize liquidity by refinancing loans with financial institutions, shifting from short-term borrowings to long-term borrowings. This led to a sharp improvement in the current ratio to 121.6%. Tomen also established a ¥50 billion commitment line to gain greater flexibility in fund procurement.

Financial Ratios

For the years ended March 31,	2001	2002	2003	2004	**2005**
	%				
Gross Trading Profit to Total Trading Transactions	4.8	4.9	5.4	6.0	**5.2**
Operating Income to Total Trading Transactions	1.4	1.1	1.2	1.8	**1.7**
Net Income to Total Trading Transactions	0.4	0.2	—	0.2	**0.6**
Return on Average Total Assets	0.6	0.3	—	0.4	**1.3**
Return on Average Stockholders' Equity	230.2	72.8	—	17.5	**27.4**
Current Ratio	78.9	72.6	69.9	70.4	**121.6**
Equity Ratio	0.5	0.3	1.4	3.8	**5.6**

SELECTED FINANCIAL RATIOS



CONSOLIDATED SUBSIDIARIES AND AFFILIATES

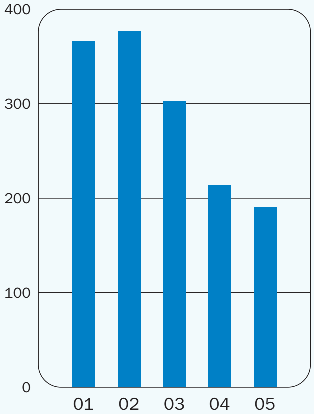
The total number of consolidated subsidiaries, unconsolidated equity-method subsidiaries, and equity-method affiliates decreased by 23 to 191.

Consolidated subsidiaries consisted of 64 domestic companies and 127 overseas companies. Furthermore, 155 were in the black and 36 companies were in the red.

As of March 31, 2005	Domestic	Overseas	Total	Change from March 31, 2004
Consolidated Subsidiaries	**48**	**83**	**131**	–16
Unconsolidated Subsidiaries under the Equity Method	**—**	**—**	**—**	–2
Equity-Method Companies	**16**	**44**	**60**	–5
Total	**64**	**127**	**191**	–23

As of March 31,	2001	2002	2003	2004	**2005**	Change from March 31, 2004
Profit-Making Companies	272	300	248	155	**155**	0
Deficit-Ridden Companies	94	77	55	59	**36**	–23
Total	366	377	303	214	**191**	–23

NUMBER OF SUBSIDIARIES AND AFFILIATES



RISK FACTORS

(1) Business and Other Risks

Effect of Japanese and Global Economic Conditions on the Tomen Group

The Tomen Group conducts a broad range of businesses in Japan and overseas. Operating results could thus be impacted by economic trends in the regions where the Tomen Group is active.

(2) Market Risk

Risk of Fluctuations in Currency Rates

The Tomen Group enters into transactions denominated in foreign currencies that are exposed to the risk of currency rate fluctuations. In principle, the risk arising from such transactions is hedged with trade partners and third parties (through the use of forward foreign exchange contracts, etc.). In certain exceptional cases, the operating division itself may control the related risk, subject to limitation to approved positions (sell on balance or buy and hold) in line with the company's internal control regulations. These amounts are monitored by the relevant supervisory division in charge of oversight, and when it appears that currency fluctuations could surpass a certain limit, this division instructs that the risk be hedged through forward contracts or other means to minimize any effect on earnings from the transaction due to currency fluctuations. As a result, the Company believes the impact of these risks on operating results is limited. The assets, liabilities, earnings, and expenses of overseas subsidiaries are translated into Japanese yen at the current exchange rate at the fiscal year-end. As a result, the Company's operating results could be affected by changes in the value of foreign currencies relative to the yen.

Risk of Fluctuations in Commodity Markets

The Tomen Group is exposed to the risk of changes in market conditions for commodities traded on markets handled by the Chemicals, Machinery & Energy, and Produce & Foodstuffs segments. In principle, the related risk is hedged with trade partners and third parties (through the use of derivative trades, including commodity futures/contracts for future delivery, etc.). In certain cases, the operating division itself may control the related risk, subject to limitation to certain approved positions (sell on balance or buy and hold) in line with the company's internal control regulations. These amounts are monitored by the relevant supervisory division in charge of oversight, which provides advice and warnings as necessary to prevent the emergence of any risk beyond a certain limit. However, the Tomen Group's operating results could be affected by unforeseen sharp fluctuations in commodity prices that lead to substantial movements in prices or alter the supply-demand dynamics of commodities handled by the Tomen Group.

Interest Rate Fluctuation Risk

The Tomen Group's interest-bearing debt includes borrowings with floating interest rates linked to market conditions, and some matched assets cannot be hedged against the impact of changes in these market conditions. The Company is thus exposed to the risk of interest rate changes. The relevant supervisory division in charge of oversight has a system in place whereby the division can ascertain interest rate fluctuation risk through balance sheet analysis and interviews with the operating divisions. The Tomen Group's interest-bearing debt is exposed to a negligible risk of interest rate changes during periods of rising interest rates accompanying economic cycles. However, an unexpected rise in interest rates could have a corresponding impact on operating results.

Stock Price Fluctuation Risk

Marketable securities holdings are also subject to the risks of changes in stock prices. Although the Tomen Group has been selling its securities holdings, principally those that have diminished in significance, operating results could be impacted by unexpected changes in stock prices.

(3) Credit Risk

The Tomen Group extends credit (operating receivables, loans, guarantees, etc.) to trade partners for certain transactions. The Tomen Group thus bears credit risk in the form of the possible default on receivables due to a deterioration in credit standing, operational difficulties or other factors at trade partners. Transactions are kept within credit limits approved in line with the company's internal control regulations, and are managed by operating divisions on an individual basis. The relevant supervisory division in charge of oversight minimizes credit risk by monitoring transaction values, issuing warnings when values approach credit limits, and periodically reviewing in-house credit ratings based on objective methods. Nevertheless, operating results could be impacted by the unexpected default on receivables and other factors.

(4) Country Risk

Offshore transactions and investments conducted by the Tomen Group are exposed to country risk to the extent that the political and economic circumstances in various countries could result in delays or the inability to collect receivables or conduct business. In principle, such transactions are hedged with third parties through trade insurance. Other transactions are limited to special projects and transaction limits approved in line with in-house regulations. The relevant supervisory division minimizes country risk by monitoring investment values, obtaining information on particular countries, and providing appropriate and timely advice. Nevertheless, operating results could be impacted by unforeseeable circumstances where the Company is unable to collect receivables or conduct business.

(5) Business Investment Risk

As part of its operations, the Tomen Group invests independently or jointly with other companies to establish new companies or invest in existing ones, and will continue such activities in the future. The Tomen Group thus bears business investment risk in the form of the possible loss of invested capital or the need to provide additional funds depending on the investee that may result if the corporate value of an investee declines. The procedure for making new project investments is for a specialist panel on financing projects to fully discuss the suitability of a project in advance, and then apply for and obtain approval for the investment in line with in-house regulations. Regarding existing projects, the operating division in charge and related corporate organizations work to prevent the emergence of business investment risk through periodic monitoring aimed at the early detection of any unusual operating indicators. Nevertheless, operating results could be impacted by the unforeseeable emergence of such risks.

(6) Fund Procurement

The Tomen Group maintains stable fund procurement and strong business relationships with partner financial institutions. However, in the event that key financial markets in Japan or overseas experience major unforeseen disruptions or Tomen's credit rating is sharply downgraded, operating results could be impacted by projected fund procurement constraints and higher funding costs.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies related to estimates that may materially affect the Tomen Group's consolidated financial statements are recognized.

The Tomen Group provides an allowance for doubtful receivables to prepare for possible losses arising from default on receivables. In general, the amount of allowance is determined based on the past loss experience. For receivables for debtors at risk of bankruptcy and legally or substantially bankrupt debtors, the allowance is provided for individually estimated unrecoverable amounts.

The Tomen Group books an impairment loss on investments in marketable securities and equity investments held by the Company as part of its long-term business relationships or business strategies in Japan and overseas that have suffered a significant decline in value that is deemed to be other than temporary.

The Tomen Group records deferred tax assets in an amount deemed to be realizable in the future, based on tax planning. A valuation allowance is also provided for temporary differences deemed to be unrealizable.

Accrued retirement benefits are provided for the payment of employees' retirement benefits and represent the required amount derived from the estimated retirement benefit obligation less the estimated pension assets in the fiscal year under review. Assumptions used to calculate this estimate, including the discount rate, rate of salary increases, retirement rate, mortality rate, and expected rate of return on pension assets, are determined based on accounting standards for retirement benefits. During the fiscal year ended March 31, 2004, Tomen terminated its tax-qualified retirement benefit plan, booking a one-time charge for the unamortized portion of pension obligations. As a result, the Company believes that changes in the above assumptions will only have a limited impact on its operating results. The Company also provides an allowance for losses on credit guarantees to prepare for possible estimated losses expected to arise from a deterioration in the financial condition of companies to which it provides guarantees for bank loans or other forms of debt. The Company also provides an allowance for real estate-related losses to prepare for possible estimated losses accompanying the buyback of real estate-related assets and other factors.

REVIEW OF GEOGRAPHICAL SEGMENTS

JAPAN

Trading transactions for the petrochemical product, feed grain, and automobile export businesses, Electronics segment and other segments remained steady. However, the ongoing withdrawal from less profitable businesses was reflected in a sharp reduction in trading transactions in the Textiles segment. Consequently, total trading transactions decreased ¥54.9 billion to ¥1,325.3 billion (US$12,341 million). However, operating income rose ¥0.9 billion to ¥23.5 billion (US$219 million) due to contributions from growth in the Electronics segment and strong-performing Chemicals segment.

NORTH AMERICA

Total trading transactions decreased ¥12.3 billion to ¥48.3 billion (US$450 million), reflecting the conversion of a life sciences subsidiary into an equity-method affiliate. However, the operating loss in this segment was ¥0.3 billion (US$3 million), representing a deterioration of ¥1.1 billion from the previous fiscal year.

EUROPE

Total trading transactions decreased ¥12.7 billion to ¥8.1 billion (US$76 million), due mainly to the conversion of a life sciences subsidiary into an equity-method affiliate. The operating loss in this segment was ¥0.1 billion (US$1 million), down ¥1.2 billion from operating income posted in the previous fiscal year.

ASIA AND OCEANIA

Total trading transactions increased ¥55.3 billion to ¥190.6 billion (US$1,774 million) in conjunction with the merging of the ship fuel business with Toyota Tsusho and steady performances at Asian subsidiaries. However, operating income was largely the same at ¥2.0 billion (US$19 million), as higher raw materials prices caused profitability to deteriorate at a styrene monomer manufacturing company.

OTHERS

Despite robust operations at a Brazil-based cottonseed oil manufacturing company, total trading transactions decreased ¥2.2 billion to ¥5.0 billion (US$47 million), reflecting the conversion of a life sciences subsidiary into an equity-method affiliate. Operating income decreased ¥0.1 billion to ¥1.5 billion (US$14 million).

CONSOLIDATED BALANCE SHEETS

TOMEN CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2004 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
ASSETS	2004	**2005**	**2005**
Current Assets:			
Cash and time deposits (Note 5)	¥ 77,862	**¥ 78,776**	**$ 733,551**
Marketable securities (Notes 4 and 5)	3,331	**—**	**—**
Receivables:			
Trade notes and accounts (Note 5)	263,779	**268,153**	**2,497,002**
Loans	3,721	**879**	**8,185**
Due from unconsolidated subsidiaries and affiliates	12,730	**12,586**	**117,199**
Allowance for doubtful receivables	(14,328)	**(13,084)**	**(121,836)**
Inventories (Note 5)	63,303	**64,372**	**599,423**
Other current assets (Notes 11 and 19)	32,748	**29,954**	**278,927**
Total Current Assets	443,146	**441,636**	**4,112,451**
Investments and Long-Term Receivables:			
Investments in securities and other investments (Notes 4 and 5)	79,409	**74,139**	**690,372**
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 5)	75,550	**69,980**	**651,643**
Long-term loans and trade receivables (Note 5)	97,497	**91,886**	**855,629**
Allowance for doubtful receivables	(42,433)	**(44,735)**	**(416,566)**
Total Investments and Long-Term Receivables	210,023	**191,270**	**1,781,078**
Property and Equipment, at Cost (Note 5)**:**			
Land	24,196	**23,650**	**220,225**
Buildings and structures	41,440	**42,075**	**391,796**
Equipment and fixtures	81,755	**80,387**	**748,552**
Property leased to others	13,920	**8,144**	**75,836**
Construction in progress	115	**871**	**8,111**
	161,426	**155,127**	**1,444,520**
Accumulated depreciation	(72,371)	**(73,536)**	**(684,757)**
Net Property and Equipment	89,055	**81,591**	**759,763**
Deferred Tax Assets (Note 11)	20,104	**15,950**	**148,524**
Intangible Assets and Other	6,747	**3,347**	**31,167**
	¥769,075	**¥733,794**	**$6,832,983**

The accompanying notes are an integral part of these statements.

LIABILITIES AND STOCKHOLDERS' EQUITY	Millions of Yen 2004	2005	Thousands of U.S. Dollars (Note 3) 2005
Current Liabilities:			
Short-term loans (Notes 5 and 6)	¥329,525	**¥125,331**	**$1,167,064**
Current portion of long-term debt (Notes 5 and 6)	85,386	**24,706**	**230,059**
Payables:			
Trade notes, acceptances and accounts	174,515	**177,856**	**1,656,169**
Due to unconsolidated subsidiaries and affiliates	5,452	**6,190**	**57,641**
Advances and deposits from customers	10,017	**10,457**	**97,374**
Accrued income taxes	4,993	**3,623**	**33,737**
Other current liabilities (Note 11)	19,949	**14,915**	**138,886**
Total Current Liabilities	629,837	**363,078**	**3,380,930**
Long-Term Liabilities:			
Long-term debt (Notes 5 and 6)	69,280	**288,729**	**2,688,602**
Accrued retirement benefits (Note 14)	7,141	**5,782**	**53,841**
Other long-term liabilities (Notes 2, 11 and 12)	7,294	**5,874**	**54,698**
Total Long-Term Liabilities	83,715	**300,385**	**2,797,141**
Minority Interests in Consolidated Subsidiaries	26,541	**28,981**	**269,867**
Contingent Liabilities (Note 12)			
Stockholders' Equity:			
Preferred stock:			
Authorized:			
400,000,000 shares			
Issued and outstanding:			
144,000,000 shares	36,000	**36,000**	**335,227**
Common stock:			
Authorized:			
2,000,000,000 shares			
Issued:			
810,061,645 shares	8,200	**8,200**	**76,357**
Capital surplus (Note 7)	42,184	**11,922**	**111,016**
Retained earnings (Accumulated deficit)	(23,349)	**16,389**	**152,612**
Net unrealized holding gains (losses) on investments in securities	(244)	**2,375**	**22,116**
Foreign currency translation adjustments	(33,425)	**(33,050)**	**(307,757)**
Common stock in treasury, at cost:			
4,067,750 shares at March 31, 2004 and			
4,700,384 shares at March 31, 2005	(384)	**(486)**	**(4,526)**
Total Stockholders' Equity	28,982	**41,350**	**385,045**
	¥769,075	**¥733,794**	**$6,832,983**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME

TOMEN CORPORATION AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2004 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2004	**2005**	**2005**
Total Trading Transactions (Notes 9 and 10)	¥1,604,084	**¥1,577,304**	**$14,687,625**
Gross Trading Profit	96,027	**82,415**	**767,437**
Selling, General & Administrative Expenses	67,848	**55,846**	**520,030**
Operating Income (Note 9)	28,179	**26,569**	**247,407**
Other Income (Expenses):			
Interest income	4,867	**2,786**	**25,943**
Dividend income	930	**2,298**	**21,399**
Interest expenses	(13,905)	**(9,167)**	**(85,362)**
Equity in earnings of unconsolidated subsidiaries and affiliates	4,450	**3,759**	**35,003**
Gain on sales of investments in securities	20,429	**2,441**	**22,730**
Gain on reversal of prior service liability of retirement benefit obligation (Note 14)	1,849	**2,018**	**18,791**
Gain on sales of operations (Note 19)	—	**3,959**	**36,866**
Loss on sales or disposal of property and equipment	(1,180)	**(1,692)**	**(15,756)**
Loss on sales of investments in securities and other investments	(1,536)	**(368)**	**(3,427)**
Loss on valuation of investments in securities	(2,596)	**(1,027)**	**(9,563)**
Provision for impaired receivables	(2,749)	**(7,970)**	**(74,215)**
Loss on disposal of investments in and advances to unconsolidated subsidiaries and affiliates	(2,830)	**(66)**	**(615)**
Loss on disposal of real estate (Notes 12 and 18)	(7,632)	**(1,904)**	**(17,730)**
Loss on amortization of retirement benefit obligation	(9,232)	**—**	**—**
Other, net	(5,239)	**907**	**8,446**
Total	(14,374)	**(4,026)**	**(37,490)**
Income before Income Taxes and Minority Interests	13,805	**22,543**	**209,917**
Income Taxes:			
Current	8,003	**6,308**	**58,739**
Deferred	(1,540)	**3,159**	**29,416**
	6,463	**9,467**	**88,155**
Income before Minority Interests	7,342	**13,076**	**121,762**
Minority Interests	(3,588)	**(3,448)**	**(32,107)**
Net Income	¥ 3,754	**¥ 9,628**	**$ 89,655**

Net income per share (Note 16)**:**	Yen		U.S. Cents
Basic	¥ 5.16	**¥ 11.92**	**¢ 11.10**
Diluted	1.96	**6.51**	**6.06**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

TOMEN CORPORATION AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2004 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2004	**2005**	**2005**
Preferred Stock:			
Beginning balance	¥ 36,000	**¥ 36,000**	**$ 335,227**
Ending balance	¥ 36,000	**¥ 36,000**	**$ 335,227**
Common Stock:			
Beginning balance	¥ 32,185	**¥ 8,200**	**$ 76,357**
Capital reduction without compensation	(28,985)	**—**	**—**
Stock issuance	5,000	**—**	**—**
Ending balance	¥ 8,200	**¥ 8,200**	**$ 76,357**
Capital Surplus:			
Beginning balance	¥ 51,443	**¥ 42,184**	**$ 392,811**
Disposition of capital surplus	(15,443)	**(30,270)**	**(281,870)**
Stock issuance	5,000	**—**	**—**
Gain on capital reduction	1,182	**—**	**—**
Gain on disposal of treasury stock	2	**8**	**75**
Ending balance	¥ 42,184	**¥ 11,922**	**$ 111,016**
Retained Earnings (Accumulated Deficit):			
Beginning balance	¥(70,344)	**¥(23,349)**	**$(217,422)**
Reduction of capital without compensation	27,803	**—**	**—**
Transfer from capital surplus	15,443	**30,270**	**281,870**
Net income	3,754	**9,628**	**89,655**
Bonuses to directors	(27)	**(24)**	**(224)**
Effect of changes in scope of consolidation	(67)	**(93)**	**(866)**
Other	89	**(43)**	**(401)**
Ending balance	¥(23,349)	**¥ 16,389**	**$ 152,612**
Net Unrealized Gains (Losses) on Investments in Securities:			
Beginning balance	¥ (4,845)	**¥ (244)**	**$ (2,272)**
Net unrealized gains	4,601	**2,619**	**24,388**
Ending balance	¥ (244)	**¥ 2,375**	**$ 22,116**
Foreign Currency Translation Adjustments:			
Beginning balance	¥(30,252)	**¥(33,425)**	**$(311,249)**
Movement	(3,173)	**375**	**3,492**
Ending balance	¥(33,425)	**¥(33,050)**	**$(307,757)**
Treasury Stock:			
Beginning balance	¥ (325)	**¥ (384)**	**$ (3,576)**
Purchase, net	(59)	**(102)**	**(950)**
Ending balance	¥ (384)	**¥ (486)**	**$ (4,526)**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

TOMEN CORPORATION AND CONSOLIDATED SUBSIDIARIES

For the years ended March 31, 2004 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2004	2005	2005
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	¥13,805	**¥ 22,543**	**$ 209,917**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation	6,718	**5,082**	**47,323**
Provision for impaired receivables	2,277	**6,139**	**57,165**
Equity in earnings of unconsolidated subsidiaries and affiliates	(4,450)	**(3,759)**	**(35,003)**
Loss on sales or disposal of property and equipment	1,180	**1,692**	**15,756**
Gain on sales of investments in securities	(18,894)	**(2,073)**	**(19,303)**
Loss on valuation of investments in securities	2,596	**1,027**	**9,563**
Gain on sales of operations	—	**(3,959)**	**(36,866)**
Gain on reversal of prior service liability of retirement benefit obligation	(1,849)	**(2,018)**	**(18,791)**
Loss on amortization of retirement benefit obligation	9,232	**—**	**—**
Loss on disposal of real estate	7,632	**1,904**	**17,730**
Interest and dividend income	(5,797)	**(5,084)**	**(47,341)**
Interest expense	13,905	**9,167**	**85,362**
Other	11,540	**2,710**	**25,235**
Decrease (increase) in trade receivables	23,006	**(6,316)**	**(58,814)**
Decrease (increase) in inventories	8,796	**(2,203)**	**(20,514)**
Increase (decrease) in trade payables	(9,691)	**4,042**	**37,639**
Decrease in short-term loan receivables	8,734	**2,239**	**20,849**
Interest and dividend received	6,598	**5,414**	**50,414**
Interest paid	(13,636)	**(9,077)**	**(84,524)**
Income taxes paid	(7,671)	**(7,790)**	**(72,539)**
Other, net	(9,395)	**(1,471)**	**(13,698)**
Net cash provided by operating activities	44,636	**18,209**	**169,560**
Cash Flows from Investing Activities:			
Proceeds from sales of property and equipment	3,421	**4,614**	**42,965**
Purchase of property and equipment	(1,332)	**(2,467)**	**(22,972)**
Proceeds from sales of investments in securities	42,487	**8,962**	**83,453**
Purchase of investments in securities	(1,981)	**(3,115)**	**(29,006)**
Collection of long-term loans	12,585	**13,966**	**130,049**
Increase in long-term loans	(6,238)	**(3,160)**	**(29,426)**
Collection of other investments	1,232	**2,765**	**25,747**
Decrease in time deposits, net	1,529	**1,117**	**10,401**
Net cash received (paid) of sales of consolidated subsidiaries	(13,787)	**701**	**6,528**
Other, net	3,279	**1,055**	**9,824**
Net cash provided by investing activities	41,195	**24,438**	**227,563**
Cash Flows from Financing Activities:			
Proceeds from long-term debt	49,641	**265,651**	**2,473,703**
Repayment of long-term debt	(72,322)	**(107,831)**	**(1,004,107)**
Decrease in short-term debt, net	(87,281)	**(201,780)**	**(1,878,946)**
Cash dividends paid to minority stockholders	(393)	**(496)**	**(4,619)**
Proceeds from stock issuance	10,000	**—**	**—**
Other, net	2,044	**1,116**	**10,393**
Net cash used in financing activities	(98,311)	**(43,340)**	**(403,576)**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,748)	**(15)**	**(140)**
Net Decrease in Cash and Cash Equivalents	(14,228)	**(708)**	**(6,593)**
Cash and Cash Equivalents at Beginning of Year	93,928	**79,400**	**739,361**
Net Decrease in Cash and Cash Equivalents with Changes in Scope of Consolidation	(300)	**(71)**	**(661)**
Cash and Cash Equivalents at End of Year (Note 15)	¥79,400	**¥ 78,621**	**$ 732,107**

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOMEN CORPORATION AND CONSOLIDATED SUBSIDIARIES

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of TOMEN CORPORATION (the "Company") and its consolidated subsidiaries are 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 consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan. Overseas subsidiaries maintain their records in conformity with accounting principles generally accepted in their respective countries. In general, no adjustments to the accounts of overseas consolidated subsidiaries have been reflected in the accompanying consolidated financial statements to present them in compliance with Japanese accounting principles and practices followed by the Company.

Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation:

The consolidated financial statements include the accounts of the Company and its significant subsidiaries (the "Companies") over which the Company has the ability of control through its voting right or certain conditions. All significant intercompany accounts and transactions have been eliminated in consolidation.

Investments in significant affiliates over which the Company has the ability to exercise significant influence over the operating and financial policies of the investees are accounted for by the equity method.

The difference between the cost of the Companies' investments in subsidiaries and affiliates and the equity in the fair value of their net assets at the dates of acquisition is, with minor exceptions, being amortized over a period of five to fifteen years.

Certain subsidiaries and affiliates use a fiscal year ending on or after December 31, but prior to the Company's fiscal year-end of March 31. Material differences in intercompany transactions and accounts arising from the use of the different fiscal year-ends are appropriately adjusted in consolidation.

Cash and Cash Equivalents:

Cash and cash equivalents include marketable securities and time deposits with original maturities of three months or less.

Translation of Foreign Currencies:

Current and non current assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect at each fiscal year-end and the translation gains and losses are included in income.

All assets, liabilities, revenues and expenses in the financial statements of overseas subsidiaries and affiliates are translated into Japanese yen at the current exchange rate of the respective fiscal year-end, while stockholders' equity is translated at the historical rates. The resulting foreign currency translation adjustments are shown as a separate component of stockholders' equity, net of minority interests.

Inventories:

Inventories, consisting of commodities and merchandise, are stated at cost, using principally the first-in, first-out method.

Marketable Securities and Investments in Securities:

Marketable securities and investments in securities are classified and accounted for as follows;

(a) Trading securities are stated at market value. Gains and losses realized on sales or disposal and unrealized gains and losses from market value fluctuations are charged to income in the period of the fluctuation.

(b) Other securities are carried at market value, with the unrealized holding gains and losses, net of tax, reported as a separate component of stockholders' equity. For the purpose of computing realized gains and losses, the cost of these securities is determined by the moving average method.

Other securities that do not have readily determinable market value are recorded at cost, being determined by the moving average method.

Property and Equipment:

Property and equipment are stated at cost. The Company and its domestic consolidated subsidiaries compute depreciation principally by the declining balance method, except that depreciation of property (excluding fixtures) acquired on and after April 1, 1998 is computed by the straight-line method. Also, foreign consolidated subsidiaries compute depreciation principally by the straight-line method.

The principal estimated useful lives for calculating depreciation are in line with definitions by tax regulations or the useful lives under accounting principles in respective countries.

Intangible Assets:

Intangible assets are amortized principally by the straight-line method. Internal-use software is amortized over the estimated useful lives which do not exceed seven years.

Deferred Charges:

Deferred charges of domestic consolidated subsidiaries are amortized over the periods stipulated by the Commercial Code on a straight-line basis. Those of foreign consolidated subsidiaries are amortized over the periods determined in conformity with accounting principles generally accepted in their respective countries on a straight-line basis.

Allowance for Doubtful Receivables:

Allowance for doubtful receivables is provided for possible losses on the collection of trade, loan and other receivables. In general, the amount of allowance is determined based on the past loss experience. For receivables from debtors at risk of bankruptcy and legally or substantially bankrupt, the allowance is provided for individually estimated unrecoverable amounts.

Accrued Retirement Benefits:

Accrued retirement benefits are provided for the payment of employees' retirement benefits, and represent the required amount derived from estimated retirement benefit obligation less pension assets at fair value at the end of the fiscal year.

Unrecognized net transition obligation at the date of adopting the new accounting standard is charged to income on a straight-line basis mainly over 11 years (5-15 years in case of some consolidated subsidiaries).

Unrecognized prior service liability is charged to income when it is incurred. For consolidated subsidiaries, it is amortized and charged to income on a straight-line basis over a constant period of years (mainly 5 years), which does not exceed the average remaining service years of employees at the end of the fiscal year when it is incurred. This amortization is started from the year when it is incurred.

Unrecognized actuarial difference is amortized and charged to income on a straight-line basis over a certain period of years (mainly 11 years), which does not exceed the average remaining service years of employees at the end of the fiscal year when the actuarial difference is incurred. This amortization is started from the following year after the difference is incurred.

Total Trading Transactions and Gross Trading Profit:

As general trading companies, the Company and certain of its consolidated subsidiaries act either as principal or agent in trading transactions. Total trading transactions represent the sales value of all those transactions in which the Company participates, whether as principal or agent.

Gross trading profit consists of gross margin (sales, less cost of sales) on principal transactions, and commissions on agency transactions.

Research and Development Costs:

Research and development costs are charged to income when incurred. Research and development costs for the years ended March 31, 2004 and 2005 were ¥885 million and ¥131 million ($1,220 thousand), respectively.

Income Taxes:

Deferred tax assets and liabilities are recognized based on the difference between the carrying amounts in the financial statements and the tax bases of assets and liabilities using enacted statutory income tax rates in effect at the balance sheet dates. A valuation allowance is recorded to reduce the carrying amount of deferred tax assets to the amount that is more likely not to be realized. The valuation of deferred tax assets principally depends on the estimation of future taxable income and feasible tax planning strategies.

The Company adopted the consolidated taxation system in the current fiscal year.

In accordance with Accounting Standard Implementation Guidance No. 12, "Practical Guidance On Presentation of the Pro Forma Standard Tax Portion of the Enterprise Tax in the Income Statement" issued by Accounting Standard Board of Japan dated February 13, 2004, effective for the year ended March 31, 2005, the Company records the value-added and common stock portions of the Enterprise Tax in selling, general and administrative expenses. As a result, the amount recorded in selling, general and administrative expenses for the year ended March 31, 2005 was ¥299 million ($2,784 thousand).

Lease Transactions:

Accounting procedures for finance lease transactions other than those in which the ownership rights to the leased property will be transferred to the lessees, conform to the method related to operating lease transactions.

Derivatives and Hedge Accounting:

The Companies use derivative instruments, in the normal course of business, which primarily comprise of forward exchange contracts, currency option contracts, currency swap contracts, interest rate swap contracts and security and commodity future contracts, to reduce their exposure to market risks from fluctuations in foreign exchange rates, interest rates and security and commodity prices. The Companies do not use derivative instruments for trading or speculative purposes, except for using derivative instruments for trading purposes within a limited amount to earn short-term profit.

The Companies do not use derivative instruments with highly fluctuating fair values corresponding to the change in the fair value of the hedged transactions. Also, the Companies minimize credit risk associated with the derivative instruments by entering into such transactions with creditworthy financial institutions.

Effective January 1, 2004, the Company adopted hedge accounting under the “Accounting Standard for Financial Instruments” since the Company established a risk management organization. If derivative instruments meet certain hedging criteria, the Companies defer the recognition of gains or losses until the hedged transactions occur. The effect of the application of the hedge accounting increased income before income taxes and minority interests by ¥774 million for the year ended March 31, 2004.

Net Income per Share:

The computation of basic net income per share is based upon the weighted average number of shares of common stock outstanding during each period. The computation of diluted net income per share is based upon the weighted average number of shares of common stock outstanding during each period after consideration of the dilutive effect of common stock equivalents which include preferred stock, warrants and convertible bonds.

Accounting Standard for Impairment of Fixed Assets:

On August 9, 2002, the Business Accounting Council in Japan issued “Accounting Standard for Impairment of Fixed Assets”. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use.

The standard shall be effective for fiscal years beginning April 1, 2005. However, an earlier adoption is permitted for the fiscal year beginning April 1, 2004 and for the fiscal year ending between March 31, 2004 and March 30, 2005.

The Company has not yet applied this new standard nor has determined the effect of applying it on the Company’s consolidated financial statements.

3. UNITED STATES DOLLAR AMOUNTS

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥107.39=U.S.$1, the approximate rate of exchange prevailing at March 31, 2005 has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rates.

4. MARKETABLE SECURITIES AND INVESTMENTS IN SECURITIES

Information regarding each category of the securities classified as trading securities and other securities at March 31, 2004 and 2005 is as follows:

	Millions of Yen					
	2004			**2005**		
	Cost	Unrealized gains	Fair value	**Cost**	**Unrealized gains**	**Fair value**
Securities classified as:						
Trading securities			¥ 0			**—**
Other securities for which market value is readily determinable:						
Equity securities	¥20,099	¥4,042	¥24,141	**¥18,047**	**¥7,309**	**¥25,356**
Debt securities	510	11	521	**—**	**—**	**—**
Other securities	3,076	15	3,091	**168**	**18**	**186**
	¥23,685	¥4,068	¥27,753	**¥18,215**	**¥7,327**	**¥25,542**

	Thousands of U.S. Dollars		
	2005		
	Cost	**Unrealized gains**	**Fair value**
Securities classified as:			
Trading securities			**—**
Other securities for which market value is readily determinable:			
Equity securities	**$168,051**	**$68,060**	**$236,111**
Debt securities	**—**	**—**	**—**
Other securities	**1,564**	**168**	**1,732**
	$169,615	**$68,228**	**$237,843**

The following securities, which have not been valued at fair value, are excluded from the above presentation at March 31, 2004 and 2005:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Other securities:			
Unlisted equity securities (excluding over-the-counter securities)	¥19,480	**¥19,201**	**$178,797**
Unlisted debt securities	33	**—**	**—**
	¥19,513	**¥19,201**	**$178,797**

Total sales of other securities sold for the years ended March 31, 2004 and 2005 amounted to ¥35,630 million and ¥3,381 million ($31,483 thousand) respectively, and the related gains and losses amounted to ¥12,606 million and ¥742 million, and ¥1,210 million ($11,267 thousand) and ¥170 million ($1,583 thousand), respectively.

5. PLEDGED ASSETS

At March 31, 2004 and 2005, the following assets were pledged as collateral for certain obligations including guarantees of the Companies.

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Time deposits	¥ 4	**—**	**—**
Investments in securities	20,735	**¥15,017**	**$139,836**
Trade notes and accounts, receivables	11,733	**4,041**	**37,629**
Inventories	3,536	**1,387**	**12,916**
Property and equipment, net book value	32,971	**24,917**	**232,024**
Other assets	2,122	**1,463**	**13,623**
Total	¥71,101	**¥46,825**	**$436,028**

6. SHORT-TERM LOANS AND LONG-TERM DEBT

The average annual interest rates applicable to short-term loans outstanding at March 31, 2004 and 2005 were 1.67% and 1.77%, respectively.

Long-term debt at March 31, 2004 and 2005 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Yen 0.47% Bonds due 2004	¥ 100	**—**	**—**
Yen 0.59% Bonds due 2008	200	**¥ 200**	**$ 1,862**
Yen 0.90% Bonds due 2009	200	**200**	**1,862**
Secured loans	20,400	**37,777**	**351,774**
Unsecured loans	133,766	**275,258**	**2,563,163**
	154,666	**313,435**	**2,918,661**
Less current portion	(85,386)	**(24,706)**	**(230,059)**
	¥ 69,280	**¥288,729**	**$2,688,602**

The average of annual interest rates applicable to long-term loans outstanding at March 31, 2004 and 2005 were 2.59% and 1.78%, respectively.

As is customary in Japan, short-term and long-term bank loans are made under general agreements which provide that additional securities and guarantees for present and future indebtedness will be given upon the request of the banks, and that any collateral so provided will be applicable to all indebtedness due to such banks. In addition, the agreements provide that the banks have the right to offset cash deposited against short-term and long-term loans that become due and, in case of default and certain other specified events, against all other debt payable to the banks. No such request has been made to date.

Annual maturities of long-term debt subsequent to March 31, 2005 were as follows:

Years ending March 31,	Millions of Yen	Thousands of U.S. Dollars
2006	¥ 24,706	$ 230,059
2007	266,766	2,484,086
2008	8,977	83,592
2009	4,891	45,544
2010	5,983	55,713
2011 and thereafter	2,112	19,667
Total	¥313,435	$2,918,661

The Company and certain of its consolidated subsidiaries have entered into commitment line contracts with financial institutions for the flexibility and safety of its funding activities. The outstanding balance of commitment line at March 31, 2005 was as follows:

Year ended March 31, 2005	Millions of Yen	Thousands of U.S. Dollars
Total amount of commitment line	¥69,258	$644,920
Used balance of commitment line	—	—
Outstanding balance of commitment line	¥69,258	$644,920

7. STOCKHOLDERS' EQUITY

Under the Commercial Code of Japan (the "Code"), the entire amount of the issue price of shares is required to be accounted for as common stock, although a company may, following a resolution from its Board of Directors, account for an amount not exceeding one-half of the issue price of the new shares as capital surplus.

In addition to the above, the Code provides that all appropriations of retained earnings, except for interim cash dividends, be approved at an ordinary general stockholders' meeting. This meeting is held within three months of the close of the Company's fiscal year ending March 31. In accordance with customary practice in Japan, appropriations of retained earnings are not accrued in the financial statements for the year to which they relate, but are recorded in the succeeding fiscal year after the stockholders' approval has been obtained.

As is customary practice in Japan, the payment of bonuses to directors and corporate auditors is made out of retained earnings instead of being charged to income for the year and constitutes a part of the appropriations cited above.

8. LEASE TRANSACTIONS

Finance Leases

Finance lease transactions excluding those in which ownership rights to the leased property would be transferred to the lessees for the years ended March 31, 2004 and 2005 were as follows:

(Lessee)

The following pro forma amounts represent the acquisition cost, accumulated depreciation, and net book value of leased assets at March 31, 2004 and 2005.

	Millions of Yen					
	2004			**2005**		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Equipment	¥2,181	¥(1,034)	¥1,147	**¥1,694**	**¥ 915**	**¥ 779**
Fixture	3,782	(2,337)	1,445	**3,215**	**1,890**	**1,325**
Other	66	(20)	46	**97**	**35**	**62**
Total	¥6,029	¥(3,391)	¥2,638	**¥5,006**	**¥2,840**	**¥2,166**

	Thousands of U.S. Dollars		
	2005		
At March 31, 2005	Acquisition cost	Accumulated depreciation	Net book value
Equipment	**$15,774**	**$ 8,520**	**$ 7,254**
Fixture	**29,938**	**17,600**	**12,338**
Other	**903**	**326**	**577**
Total	**$46,615**	**$26,446**	**$20,169**

Future minimum lease payments:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Due within one year	¥ 961	**¥ 754**	**$ 7,021**
Due after one year	1,682	**1,412**	**13,148**
Total	¥ 2,643	**¥2,166**	**$20,169**

Annual lease payments excluding sub lease transactions for the years ended March 31, 2004 and 2005 amounted to ¥1,086 million and ¥946 million ($8,809 thousand), respectively.

Depreciation for the years ended March 31, 2004 and 2005 amounted to ¥1,086 million and ¥946 million ($8,809 thousand), respectively.

The amount of acquisition costs and future minimum lease payments under finance leases included the imputed interest expense portion.

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

(Lessor)

Future minimum lease receivable:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Due within one year	¥ 8	**¥ 31**	**$ 289**
Due after one year	13	**98**	**912**
Total	¥21	**¥129**	**$1,201**

Noncancelable Operating Leases

Future minimum lease payments under agreements classified as operating leases with noncancelable terms for the years ended March 31, 2004 and 2005 were as follows:

(Lessee)

Future minimum lease payments:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Due within one year	¥ 1,910	**¥1,768**	**$16,464**
Due after one year	8,823	**7,402**	**68,926**
Total	¥10,733	**¥9,170**	**$85,390**

(Lessor)

Future minimum lease payments to be received:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Due within one year	¥171	**¥215**	**$2,002**
Due after one year	429	**307**	**2,859**
Total	¥600	**¥522**	**$4,861**

9. SEGMENT INFORMATION

The Company and its consolidated subsidiaries are engaged in diverse activities in a wide range of fields in Japan and overseas, including the buying and selling of various goods, and the planning, coordination and integration of various types of projects.

Information by Operation

Information by operation for the years ended March 31, 2004 and 2005 was as follows:

	Millions of Yen								
Year ended March 31, 2004	Chemicals	Produce & Foodstuffs	Textiles	Electronics	Machinery & Energy	Others	Total	Elimination or Corporate	Consolidated
Total Trading Transactions:									
Outside customers	¥408,243	¥217,115	¥259,886	¥232,426	¥438,678	¥47,736	¥1,604,084	—	¥1,604,084
Inter-segment	124	11	1,401	89	879	6,708	9,212	¥ (9,212)	—
Total	¥408,367	¥217,126	¥261,287	¥232,515	¥439,557	¥54,444	¥1,613,296	¥ (9,212)	¥1,604,084
Operating expenses	¥397,988	¥207,820	¥256,615	¥224,927	¥438,862	¥54,781	¥1,580,993	¥ (5,088)	¥1,575,905
Operating income (loss)	10,379	9,306	4,672	7,588	695	(337)	32,303	(4,124)	28,179
Total assets	200,627	74,097	74,996	91,149	159,050	84,987	684,906	84,169	769,075
Depreciation	2,584	1,382	90	97	1,242	498	5,893	514	6,407
Capital expenditure	1,037	358	43	15	252	76	1,781	50	1,831

According to the business restructuring based on “Tomen Group Medium-term Management Plan” which was resolved on December 27, 2002, effective for the year ended March 31, 2004, the Companies changed their operation segment configuration as follows:

— To disclose the operation of “Electronics”

— To separate the operation of “Energy” from “Chemicals & Energy”, and merge “Machinery” with “Energy” as “Machinery & Energy”

— To include “Construction & Real Estate” in “Others” as it became immaterial

	Millions of Yen								
Year ended March 31, 2005	Chemicals	Produce & Foodstuffs	Textiles	Electronics	Machinery & Energy	Others	Total	Elimination or Corporate	Consolidated
Total Trading Transactions:									
Outside customers	**¥407,605**	**¥230,648**	**¥185,159**	**¥279,365**	**¥447,019**	**¥27,508**	**¥1,577,304**	**—**	**¥1,577,304**
Inter-segment	**144**	**14**	**133**	**27**	**90**	**3,281**	**3,689**	**¥ (3,689)**	**—**
Total	**¥407,749**	**¥230,662**	**¥185,292**	**¥279,392**	**¥447,109**	**¥30,789**	**¥1,580,993**	**¥ (3,689)**	**¥1,577,304**
Operating expenses	**¥400,119**	**¥221,693**	**¥182,883**	**¥270,751**	**¥444,546**	**¥30,376**	**¥1,550,368**	**¥ 367**	**¥1,550,735**
Operating income (loss)	**7,630**	**8,969**	**2,409**	**8,641**	**2,563**	**413**	**30,625**	**(4,056)**	**26,569**
Total assets	**220,345**	**73,289**	**66,449**	**94,755**	**136,116**	**63,228**	**654,182**	**79,612**	**733,794**
Depreciation	**1,761**	**1,269**	**73**	**100**	**1,058**	**335**	**4,596**	**469**	**5,065**
Capital expenditure	**1,267**	**229**	**129**	**72**	**651**	**172**	**2,520**	**141**	**2,661**

Year ended March 31, 2005	Chemicals	Produce & Foodstuffs	Textiles	Electronics	Machinery & Energy	Others	Total	Elimination or Corporate	Consolidated
	Thousands of U.S. Dollars								
Total Trading Transactions:									
Outside customers	**$3,795,558**	**$2,147,760**	**$1,724,174**	**$2,601,406**	**$4,162,576**	**$256,151**	**$14,687,625**	**—**	**$14,687,625**
Inter-segment	**1,341**	**131**	**1,238**	**252**	**838**	**30,551**	**34,351**	**$(34,351)**	**—**
Total	**$3,796,899**	**$2,147,891**	**$1,725,412**	**$2,601,658**	**$4,163,414**	**$286,702**	**$14,721,976**	**$(34,351)**	**$14,687,625**
Operating expenses	**$3,725,850**	**$2,064,373**	**$1,702,980**	**$2,521,194**	**$4,139,548**	**$282,855**	**$14,436,800**	**$ 3,418**	**$14,440,218**
Operating income (loss)	**71,049**	**83,518**	**22,432**	**80,464**	**23,866**	**3,847**	**285,176**	**(37,769)**	**247,407**
Total assets	**2,051,820**	**682,456**	**618,763**	**882,345**	**1,267,492**	**588,772**	**6,091,648**	**741,335**	**6,832,983**
Depreciation	**16,398**	**11,817**	**680**	**931**	**9,852**	**3,120**	**42,798**	**4,367**	**47,165**
Capital expenditure	**11,798**	**2,132**	**1,201**	**670**	**6,062**	**1,603**	**23,466**	**1,313**	**24,779**

Notes: (1) Unallocated operating expenses included in the column “Elimination or Corporate” amounted to ¥4,197 million and ¥4,086 million ($38,048 thousand) for the years ended March 31, 2004 and 2005, respectively. Major items include expenses, relating to administrative operations.

(2) Unallocated corporate assets included in the column “Elimination or Corporate” amounted to ¥86,615 million and ¥82,683 million ($769,932 thousand) at March 31, 2004 and 2005, respectively. Major items are cash, deposits and securities pertaining to financial activities.

Information by Geographic Area

Information by geographic area for the years ended March 31, 2004 and 2005 was as follows:

Year ended March 31, 2004	Japan	North America	Europe	Asia/Oceania	Others	Total	Elimination or Corporate	Consolidated
	Millions of Yen							
Total Trading Transactions:								
Outside customers	¥1,380,157	¥ 60,634	¥20,876	¥135,232	¥7,185	¥1,604,084	—	¥1,604,084
Inter-segment	74,847	68,722	5,172	23,358	277	172,376	¥(172,376)	—
Total	¥1,455,004	¥129,356	¥26,048	¥158,590	¥7,462	¥1,776,460	¥(172,376)	¥1,604,084
Operating expenses	¥1,432,362	¥128,527	¥24,893	¥156,615	¥5,934	¥1,748,331	¥(172,426)	¥1,575,905
Operating income	22,642	829	1,155	1,975	1,528	28,129	50	28,179
Total assets	733,768	82,396	23,539	92,556	16,800	949,059	(179,984)	769,075

Year ended March 31, 2005	Japan	North America	Europe	Asia/Oceania	Others	Total	Elimination or Corporate	Consolidated
	Millions of Yen							
Total Trading Transactions:								
Outside customers	**¥1,325,261**	**¥ 48,340**	**¥ 8,138**	**¥190,556**	**¥ 5,009**	**¥1,577,304**	**—**	**¥1,577,304**
Inter-segment	**105,818**	**79,704**	**4,489**	**27,076**	**59**	**217,146**	**¥(217,146)**	**—**
Total	**¥1,431,079**	**¥128,044**	**¥12,627**	**¥217,632**	**¥ 5,068**	**¥1,794,450**	**¥(217,146)**	**¥1,577,304**
Operating expenses	**¥1,407,573**	**¥128,343**	**¥12,695**	**¥215,631**	**¥ 3,600**	**¥1,767,842**	**¥(217,107)**	**¥1,550,735**
Operating income (loss)	**23,506**	**(299)**	**(68)**	**2,001**	**1,468**	**26,608**	**(39)**	**26,569**
Total assets	**697,866**	**58,530**	**18,931**	**110,087**	**14,389**	**899,803**	**(166,009)**	**733,794**

Year ended March 31, 2005	Japan	North America	Europe	Asia/Oceania	Others	Total	Elimination or Corporate	Consolidated
	Thousands of U.S. Dollars							
Total Trading Transactions:								
Outside customers	**$12,340,637**	**$ 450,135**	**$ 75,780**	**$1,774,430**	**$46,643**	**$14,687,625**	**—**	**$14,687,625**
Inter-segment	**985,362**	**742,192**	**41,801**	**252,127**	**550**	**2,022,032**	**$(2,022,032)**	**—**
Total	**$13,325,999**	**$1,192,327**	**$117,581**	**$2,026,557**	**$47,193**	**$16,709,657**	**$(2,022,032)**	**$14,687,625**
Operating expenses	**$13,107,115**	**$1,195,111**	**$118,214**	**$2,007,924**	**$33,523**	**$16,461,887**	**$(2,021,669)**	**$14,440,218**
Operating income (loss)	**218,884**	**(2,784)**	**(633)**	**18,633**	**13,670**	**247,770**	**(363)**	**247,407**
Total assets	**6,498,426**	**545,023**	**176,283**	**1,025,114**	**133,989**	**8,378,835**	**(1,545,852)**	**6,832,983**

Overseas Trading Transactions

Overseas trading transactions with outside customers, which represent exports from Japan and off-shore transactions of the Companies for the years ended March 31, 2004 and 2005 were as follows:

	Millions of Yen				
	2004				
	North America	Europe	Asia/Oceania	Other	Total
Overseas trading transactions with outside customers	¥56,067	¥41,863	¥450,869	¥50,969	¥599,768
Percentage of total trading transactions	3.5%	2.6%	28.1%	3.2%	37.4%

	Millions of Yen				
	2005				
	North America	Europe	Asia/Oceania	Other	Total
Overseas trading transactions with outside customers	**¥40,404**	**¥21,319**	**¥493,149**	**¥43,725**	**¥598,597**
Percentage of total trading transactions	**2.6%**	**1.3%**	**31.3%**	**2.8%**	**38.0%**

	Thousands of U.S. Dollars				
	2005				
	North America	Europe	Asia/Oceania	Other	Total
Overseas trading transactions with outside customers	**$376,236**	**$198,519**	**$4,592,131**	**$407,162**	**$5,574,048**

10. SALES TO AND PURCHASES FROM UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Sales to and purchase from unconsolidated subsidiaries and affiliates for the years ended March 31, 2004 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Sales	¥45,788	**¥52,994**	**$493,472**
Purchases	36,898	**40,095**	**373,359**

11. DEFERRED TAXES

Significant components of deferred tax assets and liabilities at March 31, 2004 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Deferred tax assets:			
Allowance for doubtful receivables	¥ 26,382	**¥ 30,142**	**$280,678**
Loss on revaluation of investments in unconsolidated subsidiaries and affiliates	30,273	**33,247**	**309,591**
Accrued retirement benefits	2,491	**2,082**	**19,387**
Unrealized intercompany profit	299	**297**	**2,766**
Unrealized loss on other securities	1,386	**1,382**	**12,869**
Loss on revaluation of investments in securities	8,268	**4,510**	**41,996**
Net operating loss carryforwards	10,238	**6,878**	**64,047**
Other	6,858	**4,737**	**44,111**
Gross deferred tax assets	86,195	**83,275**	**775,445**
Valuation allowance	(57,047)	**(57,490)**	**(535,339)**
Total deferred tax assets	29,148	**25,785**	**240,106**
Deferred tax liabilities:			
Depreciation	1,696	**1,664**	**15,495**
Unrealized profit on other securities	1,674	**2,898**	**26,986**
Other	1,381	**1,421**	**13,232**
Gross deferred tax liabilities	4,751	**5,983**	**55,713**
Net deferred tax assets	¥ 24,397	**¥ 19,802**	**$184,393**

On March 31, 2003, the law governing municipal tax was revised to impose an enterprise tax through “pro forma standard taxation” starting from the fiscal year beginning April 1, 2004. According to this tax reform act, the enterprise tax rate declined starting from the fiscal year beginning April 1, 2004. As a result, the statutory income tax rate declined from 40.4% to 39.4%.

Reconciliation of the difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2004 and 2005 was as follows:

	2004	**2005**
Statutory income tax rate	40.4%	**39.4%**
Difference in tax rates for foreign subsidiaries	(4.7)	**(4.3)**
Equity in earnings of unconsolidated subsidiaries and affiliates	(13.0)	**(4.2)**
Expenses not deductible for income tax purposes	6.0	**4.5**
Tax benefits not recognized on loss of certain subsidiaries	13.6	**3.9**
Other	4.5	**2.7**
Effective income tax rate	46.8%	**42.0%**

12. CONTINGENT LIABILITIES

The Companies guaranteed payment of loans granted by financial institutions to their customers and suppliers in an amount of ¥13,000 million ($121,054 thousand) at March 31, 2005.

The Companies were contingently liable for trade notes receivable discounted with banks and endorsed to suppliers in an amount of ¥5,934 million ($55,257 thousand) at March 31, 2005.

The Company and Tomen Real Estate Development Co., Ltd. ("TRED"), which is a consolidated subsidiary of the Company, sold lands to the Organization for Promoting Urban Development ("OPRD") with a return condition in 1999. The sales prices of the lands were ¥2,999 million and ¥2,942 million, respectively. Under the return condition, OPRD has a right to return the lands to the Company and TRED within ten years from the purchase contract date. The Company and TRED provided an allowance for estimated loss on the return of the lands which would be required if OPRD exercises the right in the future. The allowance for estimated loss which was included in other long-term liabilities at March 31, 2004 and 2005 amounted to ¥2,168 million and ¥2,168 million ($20,188 thousand), respectively.

13. DERIVATIVE INSTRUMENTS

Fair value and unrealized gains (losses) on the contract amount of derivative instruments at March 31, 2004 and 2005 were as follows:

	Millions of Yen						Thousands of U.S. Dollars		
	2004			**2005**			**2005**		
Currency Related:	Contract amount	Fair value	Unrealized gains (losses)	Contract amount	Fair value	Unrealized gains (losses)	Contract amount	Fair value	Unrealized gains (losses)
Forward exchange contracts:									
Selling:									
U.S. dollars	¥65,057	¥63,986	¥ 1,071	**¥58,904**	**¥60,007**	**¥(1,103)**	**$548,505**	**$558,776**	**$(10,271)**
Euro	605	591	14	**528**	**531**	**(3)**	**4,917**	**4,945**	**(28)**
Australian dollars	314	314	0	**1,120**	**1,168**	**(48)**	**10,429**	**10,876**	**(447)**
Other currencies	743	771	(28)	**597**	**622**	**(25)**	**5,559**	**5,792**	**(233)**
Buying:									
U.S. dollars	53,906	52,807	(1,099)	**49,476**	**50,721**	**1,245**	**460,713**	**472,307**	**11,594**
Other currencies	3,882	3,825	(57)	**2,571**	**2,613**	**42**	**23,941**	**24,332**	**391**
Currency swap contracts:									
Australian dollars	2,000	102	102	**—**	**—**	**—**	**—**	**—**	**—**
Total			¥ 3			**¥ 108**			**$ 1,006**

Note: The fair value of forward exchange contracts is calculated based on the quoted market price.
The fair value of currency swap contracts is calculated based on the quotes obtained from financial institutions.
The derivative transactions accounted for as hedge are excluded from the above disclosure.

	Millions of Yen						Thousands of U.S. Dollars		
	2004			**2005**			**2005**		
Interest Rate Related:	Contract amount	Fair value	Unrealized gains (losses)	Contract amount	Fair value	Unrealized gains (losses)	Contract amount	Fair value	Unrealized gains (losses)
Interest rate swap contracts:									
Receipt-fixed/									
Payment-variable rate	¥7,500	¥ 66	¥ 66	**—**	**—**	**—**	**—**	**—**	**—**
Receipt-variable/									
Payment-fixed rate	6,000	(50)	(50)	**—**	**—**	**—**	**—**	**—**	**—**
Total			¥ 16			**—**			**—**

Note: The fair value of interest rate swap contracts is calculated based on the quotes obtained from financial institutions.
The derivative transactions accounted for as hedge are excluded in the above disclosure.

Commodity Related:	Millions of Yen						Thousands of U.S. Dollars		
	2004			**2005**			**2005**		
	Contract amount	Fair value	Unrealized gains (losses)	Contract amount	Fair value	Unrealized gains (losses)	Contract amount	Fair value	Unrealized gains (losses)
Future contracts:									
Produce & Foodstuffs									
Selling	¥886	¥903	¥(17)	**¥1,529**	**¥1,608**	**¥ (79)**	**$14,238**	**$14,974**	**$(736)**
Buying	705	726	21	**627**	**733**	**106**	**5,839**	**6,826**	**987**
Total			¥ 4			**¥ 27**			**$ 251**

Note: The fair value of contracts with transactions in the market is the final market value on The Tokyo Grain Exchange or other exchanges.
The derivative transactions accounted for as hedge are excluded in the above disclosure.

14. ACCRUED RETIREMENT BENEFITS

The Company employed a qualified retirement-funded pension plan and a lump-sum retirement benefit plan until fiscal 2003. In fiscal 2004, the Company decided to revise the benefit plan in order to strengthen cost competitiveness. As a result, the Company terminated the tax qualified retirement-funded pension plan and has established a defined contribution plan. In relation to the termination of the plan, the Company recognized a gain on reversal of prior service liability amounting to ¥1,849 million and a loss on amortization of retirement benefit obligation amounting to ¥9,232 million. The Company employs a lump-sum retirement benefit plan which is qualified as a defined benefit pension plan. The Company shifted a part of the lump-sum retirement benefit plan to a defined contribution plan on October 1, 2004. In relation to the shift of the plan, the Company recognized a gain on reversal of prior service liability amounting to ¥2,018 million ($18,791 thousand) in fiscal 2005.

Certain domestic subsidiaries maintain welfare pension fund plans, qualified retirement-funded pension plans and the lump-sum retirement benefit plans.

Certain overseas subsidiaries maintain defined benefits plans.

Benefit obligation, plan assets and the funded status of the Companies at March 31, 2004 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Projected benefit obligation	¥21,288	**¥18,873**	**$175,743**
Plan assets at fair value	(5,627)	**(5,967)**	**(55,564)**
Funded status	15,661	**12,906**	**120,179**
Unrecognized net transition obligation at date of adoption	(3,361)	**(3,000)**	**(27,936)**
Unrecognized actuarial loss	(5,108)	**(4,075)**	**(37,946)**
Unrecognized prior service cost	(51)	**(49)**	**(456)**
Accrued retirement benefits	¥ 7,141	**¥ 5,782**	**$ 53,841**

Severance and pension costs of the Companies, which included the following components, for the years ended March 31, 2004 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Service cost	¥1,511	**¥1,129**	**$10,513**
Interest cost	1,062	**481**	**4,479**
Expected return on plan assets	(614)	**(211)**	**(1,965)**
Effect of change from alternative method to principle method	295	**—**	**—**
Transition obligation at date of adoption	1,279	**550**	**5,122**
Actuarial losses	1,456	**517**	**4,814**
Prior service cost	8	**28**	**261**
Others	—	**156**	**1,452**
Net periodic benefit cost	¥4,997	**¥2,650**	**$24,676**

Others above represent the contributions under the defined contribution plan, etc.

Assumptions used in the calculation for the defined benefits plan for the years ended March 31, 2004 and 2005 were as follows:

	2004	**2005**
Discount rate	Mainly 2.5%	**Mainly 2.5%**
Long-term rate of return on fund assets	Mainly 4.5%	**Mainly 3.0%**
Method of attributing benefits to periods of service	Straight-line basis	**Straight-line basis**
Amortization period for prior service liability	Note	**Note**
Amortization period for actuarial gains/losses	Mainly 11 years	**Mainly 11 years**
Amortization period for transition obligation at date of adoption	5 to 15 years	**5 to 15 years**

Note: The Company fully amortizes it in the fiscal year when it is incurred.
Subsidiaries amortize it mainly over 5 years, which does not exceed the average remaining service years of employees at the end of the fiscal year when it is incurred.

15. SUPPLEMENTARY CASH FLOW INFORMATION

Cash and cash equivalents at March 31, 2004 and 2005 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Cash and time deposits	¥77,862	**¥78,776**	**$733,551**
Less, time deposits with deposit term of over three months	(1,273)	**(155)**	**(1,444)**
Add, marketable securities with maturity of less than three months	2,811	**—**	**—**
Cash and cash equivalents	¥79,400	**¥78,621**	**$732,107**

16. PER SHARE AMOUNT

The basis for calculation of net income per share for the years ended March 31, 2004 and 2005 is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2004	**2005**	**2005**
Numerator:			
Net income	¥ 3,754	**¥ 9,628**	**$89,655**
Payment of bonuses to directors and corporate auditors	(26)	**(24)**	**(224)**
Net income available to common stockholders	3,728	**9,604**	**89,431**
Effect of dilutive securities:			
Convertible bonds issued by affiliate	24	**60**	**559**
Diluted net income	3,752	**9,664**	**89,990**
Denominator:			
Basic weighted average number of shares outstanding (1,000 shares)	722,190	**805,820**	
Effect of dilutive securities:			
Preferred stock (1,000 shares)	1,188,306	**678,156**	
Diluted weighted number of shares outstanding	¥1,910,496	**¥1,483,976**	
	Yen		U.S. Cents
Net income per share:			
Basic	¥ 5.16	**¥ 11.92**	**¢ 11.10**
Diluted	1.96	**6.51**	**6.06**

17. RECLASSIFICATION

Certain reclassifications of previously reported amounts have been made to the consolidated statements of cash flows for the year ended March 31, 2004 to conform to the current year presentation. Such reclassifications have no effect on net assets, net income and cash flows.

18. MEDIUM-TERM MANAGEMENT PLAN

The "Tomen Group Medium-term Management Plan" was drawn up at the meeting of the Board of Directors held on December 27, 2002. The objective of the medium-term management plan is to make the Company more competitive, to earn the trust of investors by strengthening the capital and business alliance with Toyota Tsusho, which is one of the Company's stockholders, promoting business reorganization and strengthening cost competitiveness under the guidance of the Toyota Group.

For the year ended March 31, 2004, as a part of the medium-term management plan, with the early disposal plan of real estate, the Company revalued certain real estate and recorded a loss on real estate amounting to ¥7,632 million, which consisted of a loss on disposal or revaluation of real estate amounting to ¥4,390 million, a provision for impaired receivables amounting to ¥1,257 million, a provision for certain estimated loss on lands amounting to ¥1,960 million and a provision for a loss on guarantees amounting to ¥25 million.

For the year ended March 31, 2005, as a part of the medium-term management plan, with the early disposal plan of real estate, the Company revalued certain real estate and recorded a loss on real estate amounting to ¥1,904 million ($17,730 thousand), which consisted of a loss on disposal or revaluation of real estate amounting to ¥1,428 million ($13,297 thousand) and a loss on business withdrawal amounting to ¥476 million ($4,433 thousand).

19. RELATED PARTY TRANSACTIONS

Material transactions of the Company with its related companies and individuals, excluding transactions with consolidated subsidiaries which are eliminated in the consolidated financial statements and other than those disclosed elsewhere in these financial statements, for the years ended March 31, 2004 and 2005, were as follows:

					Transaction Amounts				Balances at March 31,		
					Millions of Yen		Thousands of U.S. Dollars		Millions of Yen		Thousands of U.S. Dollars
Name of Related Company	Paid-in Capital	Principal Business	Equity Ownership Percentage Owned by the Related Company	Description of the Company's Transactions	2004	**2005**	**2005**	Account	2004	**2005**	**2005**
Toyota Tsusho	¥26,748 million	Wholesales	20.13%	Business transfer	—	**¥2,772**	**$25,812**	Other current assets	—	**¥2,772**	**$25,812**
				Sales of securities	—	**754**	**7,021**	—	—	**—**	**—**
				Gain on sales of securities	—	**141**	**1,313**	—	—	**—**	**—**

The terms and conditions of the above transactions are on an arm's-length basis.

Note: The transaction amounts disclosed above include consumption tax.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
TOMEN CORPORATION

We have audited the accompanying consolidated balance sheets of TOMEN CORPORATION and its consolidated subsidiaries as of March 31, 2004 and 2005, and the related consolidated statements of income, stockholders' 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. These 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 TOMEN CORPORATION and its consolidated subsidiaries as of March 31, 2004 and 2005, 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 9, effective for the year ended March 31, 2004, TOMEN CORPORATION and its consolidated subsidiaries changed their configuration of operating segment.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the readers, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

Chuo Aoyama Pricewaterhouse Coopers

ChuoAoyama PricewaterhouseCoopers

Osaka, Japan
June 24, 2005

ORGANIZATION

(As of August 1, 2005)

- General Meeting of Stockholders
  - Board of Corporate Auditors
  - Corporate Auditors
- Board of Directors
  - Corporate Management Committee
- Chairman / President
  - Compliance · CSR Committee
  - Risk Management Committee
  - Audit Office
  - Corporate Planning Dept.
    - Global Environment Office
    - Secretarial Office
    - Corporate Communications Office
    - IT Promotion & Coordination Office
  - Overseas Planning Dept.
  - Subsidiary Management Dept.
  - Human Resources & General Affairs Dept.
  - Risk Management Dept.
    - Compliance Office
    - Security International Trade Control Office
    - International Trade Insurance & Country Risk Management Office
  - Credit Office
  - Finance Dept.
    - Investor Relations Office
  - General Accounting Dept.
  - Logistics Dept.
  - Chemicals & Plastics Div.
    - Planning Dept. for Chemicals & Plastics
    - Petrochemicals Dept.
    - Organic Chemicals Dept.
    - Industrial Chemicals Dept.
    - Specialty & Inorganic Chemicals Dept.
    - Performance Materials Dept.
    - Plastics Dept.
    - Nagoya Chemicals & Plastics Dept.
    - Tomen Chemical Company
  - Produce & Foodstuff Div.
    - Planning Dept. for Produce & Foodstuff
    - Feed & Oilseeds Dept.
    - Sugar & Produce Dept.
    - Food & Marine Products Dept.
    - Osaka Produce & Foodstuff Dept.
    - Nagoya Produce & Foodstuff Dept.
    - Group Managing Dept. for Produce & Foodstuff
  - Textile & Apparel Div.
    - Planning Dept. for Textile & Apparel
    - Textile Materials Dept.
    - Utility Apparel Dept.
    - Fashion Apparel Dept.
    - Sports & Casual Dept.
    - Industrial Materials & Living Merchandise Dept.
  - Machinery & Electronics Div.
    - Planning Dept. for Machinery & Electronics
    - Automobile Dept. I
    - Automobile Dept. II
    - Electronics & Network Products Dept.
    - Industrial Project Dept.
  - Energy & Overseas Projects Div.
    - Planning Dept. for Energy & Overseas Projects
    - Overseas Projects Dept.
    - Energy Dept.
    - Gas & Power Dept.
  - Business Promotion & Portfolio Management Div.
    - Business Promotion & Portfolio Management Dept.
    - Urban Development & Construction Dept.
    - Steel Products Dept.
    - Nonferrous Metals Dept.
    - Log & Lumber Dept.
  - Domestic Branches & Offices
  - Overseas Branches & Offices
  - Overseas Trading Subsidiaries

CORPORATE INFORMATION

(As of March 31, 2005)

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18-25, Marunouchi 2-chome, Naka-ku, Nagoya 460-8710, Japan
Tel: 81-52-232-5111
Fax: 81-52-232-5351

OFFICES:
Domestic 8
Overseas 68

CONSOLIDATED SUBSIDIARIES:
Domestic 48
Overseas 83
(Total 131)

AFFILIATED COMPANIES:
(Equity Method)
Domestic 16
Overseas 44
(Total 60)

NUMBER OF EMPLOYEES:
Non-consolidated: 1,157 (including 191 staff overseas)
Consolidated: 5,798

OUTSTANDING SHARES:
Ordinary stock: 810,061,645 shares
Preferred stock: 144,000,000 shares

PAID-IN CAPITAL:
¥44,199,948,000

MAJOR STOCKHOLDERS:

Stockholder	No. of shares (thousands of shares)	Percentage of voting shares held (%)
Toyota Tsusho Corporation	159,735	20.13
Toyota Motor Corporation	86,206	10.86
UFJ Bank Ltd.	31,434	3.96
Aioi Insurance Co., Ltd.	26,275	3.31
Mitsui Sumitomo Insurance Co., Ltd.	20,049	2.52
Japan Trustee Services Bank, Ltd. (Trust Account)	19,705	2.48
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,330	1.68
Tokio Marine & Nichido Fire Insurance Co., Ltd.	12,714	1.60
Banca Intesa Client Omnibus Account	9,094	1.14
Sanyo Chemical Industries, Ltd.	9,007	1.13

STOCK LISTINGS:
Tokyo, Osaka, Nagoya stock exchanges

TRANSFER AGENT AND REGISTER:
The Chuo Mitsui Trust and Banking Co., Ltd.

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

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