G VALUE
with you

Where New Value Takes Shape

Annual Report 2006
Toyota Tsusho Corporation

A New Beginning

In 2000, Toyota Tsusho Corporation and Tomen Corporation initiated an equity-based business alliance to strengthen ties. In April 2006, the two companies marked a new beginning by merging to form the new Toyota Tsusho, with the aim of further improving corporate value.

The newly established Toyota Tsusho Group will strive to be an innovative trading company that offers the right solutions based on flexible, creative thinking. In doing so, we will make the most of the Group's worldwide network, expertise in international collaboration, and strengths developed as a member of the Toyota Group.

Toyota Tsusho Corporation

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TOMEN

Tomen Corporation

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G'VALUE with you

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

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

Global Development of our activities on the global stage

Glowing Sustaining a healthy yet glowing morale and passion

Generating Constant generation of new businesses

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

Contents

Snapshots of the New Toyota Tsusho

The new Toyota Tsusho aims to maximize integration synergies of its merger partners. Toyota Tsusho achieved steady growth primarily in the automotive field, while Tomen Corporation has a broad customer base in a diverse array of operations in non-automotive fields.

Snapshots of the new Toyota Tsusho at the time of the merger are as follows:

Net sales
¥5,756 billion
(Simple sum of merged companies)

Total assets
¥2,301 billion
(Simple sum of merged companies)

Market capitalization
¥917 billion
(As of July 31, 2006)

Number of employees
Non-consolidated: 2,899
Consolidated: 20,816
(Simple sum of merged companies as of March 31, 2006)

Fiscal 2011 Target: Net Income of ¥100.0 billion

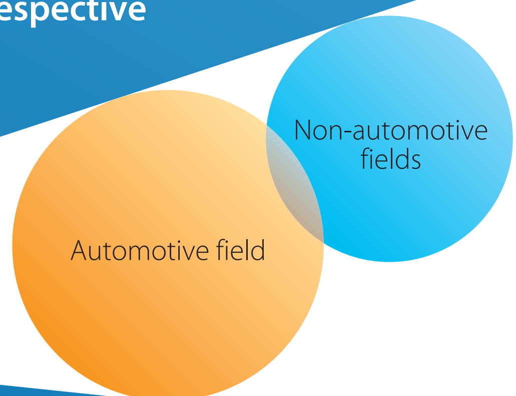
(before amortization of goodwill)

The two merged companies achieved a measure of success under their 2000 equity-based alliance in terms of sharing infrastructure, implementing joint business initiatives such as cross-selling, and integrating individual businesses. These measures were facilitated by very little overlap between the two companies' respective customer bases. While building on these and other successes, the new Toyota Tsusho will optimally allocate resources across the company and expand into the strategic BRICs region, among other priorities. Through these and other initiatives, Toyota Tsusho is targeting net income of ¥100.0 billion before amortization of goodwill in the fiscal year ending March 31, 2011 under its current long-term management plan.

Sketching a New Vision

VISION 2015—LEAD THE NEXT—

VISION 2015—LEAD THE NEXT was formulated in conjunction with the inception of the new Toyota Tsusho as a management vision that clearly articulates the company's strategic intentions. It defines our strategies for core business domains and the approaches that will be vital to their accomplishment. We aim to advance to the next stage of growth by having each of our six product divisions create next-generation businesses in their six respective business domains.

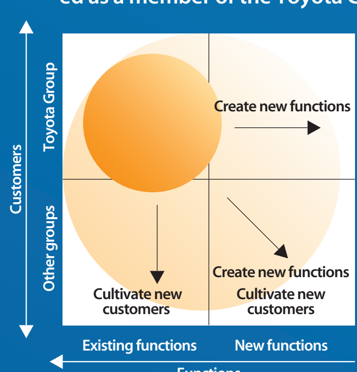


2006 70:30

Automotive Field

In light of ongoing advancement and growth in overseas production by the Toyota Group, Toyota Tsusho will continue to position the automotive field as its core business. While steadily capturing growth opportunities, we will work to create new functions based on the policies of the Toyota Production System (TPS), which we have cultivated as a member of the Toyota Group. In the automotive field, Toyota Tsusho aims to establish itself as a leading Toyota Group company by thoroughly reinforcing strengths that cannot be matched by other trading companies.

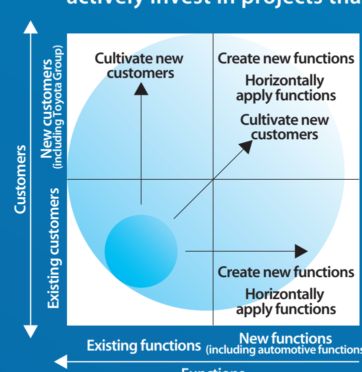
Meanwhile, Toyota Tsusho aims to drive further growth by actively developing business activities targeting the automotive operations and businesses of corporate groups other than Toyota.



Non-automotive Fields

In non-automotive fields, Toyota Tsusho aims to foster and establish second and third core businesses alongside the automotive field. This will be accomplished by capturing synergies through the horizontal application of functions and expertise developed in the automotive field to non-automotive fields. Toyota Tsusho will actively invest in projects that meet investment criteria based on thorough risk management assessments. Investments will be concentrated on businesses with new growth potential.

Toyota Tsusho also plans to actively provide products and services for non-automotive businesses within the Toyota Group.



* While each product division is engaged in both automotive and non-automotive fields, Toyota Tsusho classifies the Metals, Machinery & Electronics, and Automotive divisions in the automotive field, and the Energy & Chemicals, Produce & Foodstuffs, and Consumer Products, Services & Materials divisions in non-automotive fields with the goal of promoting management of divisions on a group basis.

Generating New Value

→ Next page

The L.E.A.D. Approach (3 Areas, 12 Concepts)

LEAD is a keyword in our new vision statement for 2015. Using each letter of this word, we have designed a matrix comprising 12 concepts organized according to functions, characteristics, and responsibilities. All directors and employees are aware that the L.E.A.D. approach will help realize our management vision (strategic intentions).

	L	E	A	D
Functions	Linkage	Engineering	Added Value	Development
Characteristics	Lean	Entrepreneurial	Agile	Dynamic
Responsibilities	Legality	Ethics	Accountability	Disclosure

L.E.A.D. in Terms of Functions

In addition to trading house functions, Toyota Tsusho aims to offer Added Value through an emphasis on the Development of new markets, Engineering skills to pinpoint new technologies, and Linkage between the two.

L.E.A.D. in Terms of Characteristics

Toyota Tsusho will create new businesses by fostering Dynamic thinking, Agile action, a Lean organization and balance sheet, and above all, an Entrepreneurial spirit in each and every employee.

L.E.A.D. in Terms of Responsibilities

Toyota Tsusho will enhance transparency in terms of Disclosure and management Accountability, while observing Ethics and ensuring Legality in all corporate activities, as part of efforts to fulfill its responsibilities as a corporate citizen.

Generating New Value

The highest priority of VISION 2015—LEAD THE NEXT for the new Toyota Tsusho Group is to generate an equal share of earnings from automotive and non-automotive fields by 2015. In fiscal 2006, the ratio was approximately 70:30 (or 73% vs. 27%) in favor of the automotive field, on the basis of a simple sum of the merged companies' earnings. Even so, Toyota Tsusho is already reaping tangible merger benefits in businesses targeting both Toyota and other groups. This has been accomplished by stimulating new demand using the company's expanded customer base and value chain and by setting itself apart from other companies by improving proposal-based marketing capabilities. Going forward, Toyota Tsusho will do its utmost to deliver further merger benefits, with the aim of creating new value.

Metals Division

The Metals Division views ferrous and nonferrous metals as products with distinctive physical properties and functions rather than as merely materials. It recommends the best possible product according to user and supplier needs. In addition, the Metals Division actively cooperates with customers in the development of new materials and processing technologies. The goal is to creatively develop businesses that help to build win-win relationships with manufacturers and users.

Machinery & Electronics Division

In addition to procuring products from domestic and international sources, the Machinery & Electronics Division provides a comprehensive range of support to help establish local production systems in a diverse array of industrial fields, from machinery and equipment to information and electronics, and overseas automotive production parts. More specifically, this support extends from consultation and planning to technology development, quality control, and efficient logistics systems.

Automotive Division

The Automotive Division exports passenger cars, trucks and other vehicles and parts produced in Japan to nearly 120 countries. It also exports vehicles produced at various automakers' overseas plants to third-party countries. Having positioned the overseas retail business as a core operation in recent years, the Automotive Division is actively reinforcing and developing its retailing presence abroad.

Business Strategies for the Automotive Field

In the automotive field, Toyota Tsusho aims to accelerate growth by steadily allocating resources to augment new functions, in response to planned increases in overseas business and production by the Toyota Group. Under a new framework, Toyota Tsusho plans to capture more business opportunities that leverage its unique strengths by forming stronger ties with automakers outside the Toyota Group in fields such as electronic parts procurement.

Business Strategies for Non-automotive Fields

In responding to moves by Toyota to expand production overseas, Toyota Tsusho is making slower progress in chemical products than in the metals and machinery fields. Therefore, the first priority is to reinforce operating infrastructure for chemical products in the automotive field by employing the new company's larger overseas network.

In the energy field, Toyota Tsusho aims to reinforce existing businesses such as coal operations based on its project development expertise, while rapidly establishing new businesses, including power and LNG operations. In this context, the company is setting its sights on new opportunities such as onsite power generation for the Toyota Group and alliances with new partners.

In the foodstuffs and consumer product fields, Toyota Tsusho will focus on operations where it can reliably add value to the flow of goods, as well as highly profitable fields in its business portfolio.

Energy & Chemicals

The Energy & Chemicals Division procures and supplies raw materials, such as chemical products and synthetic resins, and basic energy resources such as petroleum and coal, from around the world to meet the needs of various customers in upstream and downstream industries.

Produce & Foodstuffs Division

The Produce & Foodstuffs Division handles a broad range of food products such as food ingredients and prepared frozen foods, as well as other products including livestock feeds; oils and fats; rice, wheat and other grains; and raw sugar and derivative processed products. The division is engaged in a diverse range of fields, from raw materials to foods and beverages. It contributes to the advancement of Japan's livestock industry through the supply of safe, high-quality livestock feed from one of Japan's largest grain silos. Through these and other operations, the division helps to realize a safe and reliable everyday diet for the public.

Synergies

Consumer Products, Services & Materials

The Consumer Products, Services & Materials Division provides products and services that support virtually every aspect of people's daily lives, from textile materials and products, housing materials, and condominium construction to areas such as nursing care and insurance, which are expected to become increasingly socially significant. This support is based on the keywords of "plentiful," "pleasant" and now, "safe."

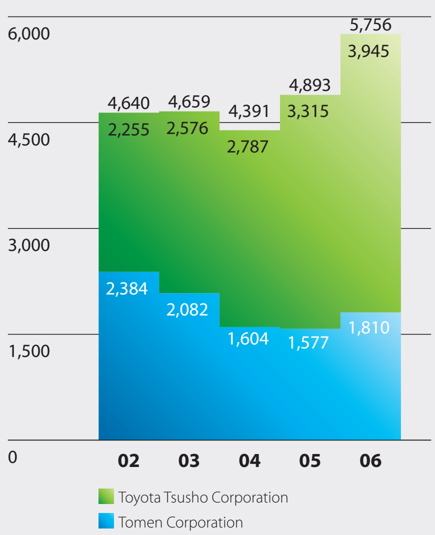
2015 50:50

Financial Highlights

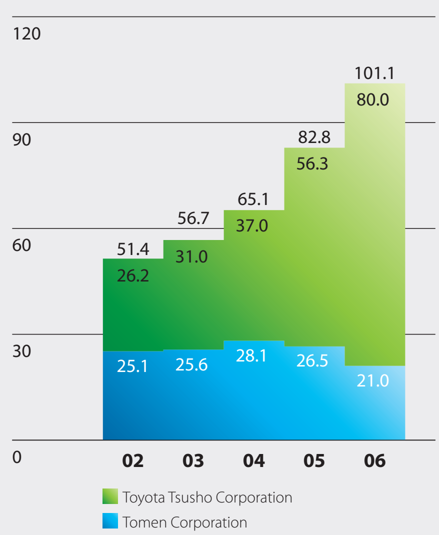
	TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries Years Ended March 31,			TOMEN CORPORATION and its consolidated subsidiaries Years Ended March 31,		
	Former TOYOTA TSUSHO CORPORATION			Former TOMEN CORPORATION		Simple Sum
	Millions of Yen		Thousands of U.S. Dollars	Millions of Yen	Thousands of U.S. Dollars	Millions of Yen
	2006	2005	**2006**	**2006**	2005	**2006**
For the Year:						
Net Sales	**¥3,945,319**	¥3,315,831	**$33,585,758**	**¥1,810,844**	¥1,577,303	**¥5,756,163**
Gross Trading Profit	**221,593**	175,683	**1,886,380**	**77,135**	82,915	**298,727**
Operating Income	**80,057**	56,315	**681,510**	**21,066**	26,568	**101,122**
Net Income (Loss)	**45,733**	37,522	**389,316**	**(48,317)**	9,627	**(2,585)**
Free Cash Flow	**(86,290)**	(11,574)	**(734,570)**	**48,303**	42,646	**(37,986)**
At Year-end:						
Total Assets	**1,602,702**	1,198,394	**13,643,500**	**698,322**	733,794	**2,301,024**
Total Shareholders' Equity	**314,319**	237,132	**2,675,738**	**13,986**	41,350	**328,305**
Interest-bearing Lialbilities	**508,895**	389,332	**4,332,145**	**393,365**	438,766	**902,260**
Per Share:		Yen	U.S. Dollars		Yen	
Net Income (Loss), Basic	**¥161.88**	¥132.98	**$1.38**	**¥(60.03)**	¥11.92	
Cash Dividends	**18.00**	12.00	**0.15**	**0.00**	0.00	
		%			%	
Gross Trading Profit Ratio	**5.6**	5.3		**4.3**	5.2	
Return on Average Shareholders' Equity (ROE)	**16.6**	17.6		**–**	27.4	
Shareholders' Equity Ratio	**19.6**	19.8		**2.0**	5.6	
Return on Average Total Assets (ROA)	**3.3**	3.4		**–**	1.3	
Current Ratio	**108.6**	115.1		**90.4**	121.6	
		Times			Times	
Interest Coverage	**11.6**	12.8		**2.3**	2.0	
Debt Equity Ratio (Net)	**1.4**	1.3		**22.1**	8.7	

Note: The U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of the readers, at the rate of ¥117.47=U.S.$1, the approximate exchange rate on March 31, 2006.

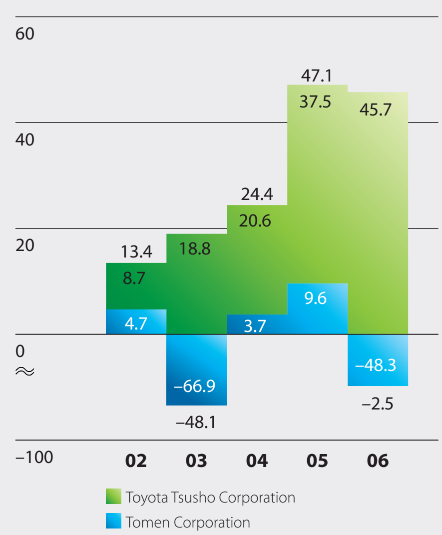
Net Sales
(¥ billion)



Operating Income
(¥ billion)



Net Income (Loss)
(¥ billion)



How will new value take shape?

To Our Shareholders and Other Stakeholders

On April 1, 2006, Toyota Tsusho Corporation and Tomen Corporation merged to form the new Toyota Tsusho. Guided by a new vision, we have begun working toward creating even higher value. By establishing a new growth model that fuses the legacies of both merger partners and their distinctive strengths, we aim to generate sustainable growth and enhance corporate value together with all stakeholders.

JUNZO SHIMIZU
President

Earnings forecasts and other projections in this annual report were formulated and announced as of July 2006.

Fiscal 2006 in Review

In fiscal 2006, the year ended March 31, 2006, the pre-merger Toyota Tsusho achieved significant sales and earnings growth. Net sales climbed 19.0% to ¥3,945.3 billion and net income rose 21.9% to ¥45.7 billion, both reaching all-time highs for the fifth and sixth straight year, respectively. The main contributing factors were extremely strong performances in the machinery-related and metals businesses, owing to burgeoning demand fueled by capital investments by customers. Another key factor was that rising coal prices helped to boost earnings from an Australian coal mining project.

Meanwhile, Tomen reported total trading transactions of ¥1,810.8 billion in fiscal 2006, an improvement of 14.8% year on year, reversing a downtrend over the past few years. This result was attributable to steady growth in energy-related businesses on the back of rising crude oil prices. Although Tomen posted a net loss of ¥48.3 billion, this loss mainly reflected accelerated measures to dispose of and exit from non-essential assets and operations where large synergies weren't expected with a view to realizing merger benefits as early as possible.

In light of the performance of the two merger partners, the new Toyota Tsusho was launched with a strong foundation for growth. In fiscal 2007, we aim to drive further growth under a new operating framework.

The annual dividend applicable to fiscal 2006, including the year-end dividend, was ¥18 per share. This represents a 50% year-on-year increase in the annual dividend of Toyota Tsusho, the statutory surviving company.

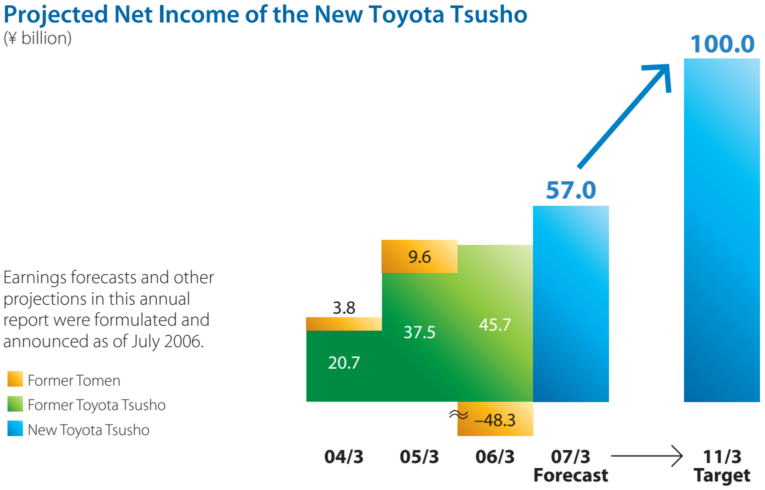
Merger-driven Expansion in Operating Base

I believe that this merger represents an ideal pairing. Due to the high compatibility of Toyota Tsusho and Tomen, major synergies are expected.

As a member of the Toyota Group, Toyota Tsusho has hitherto grown by expanding its own functions to meet the needs of customers mainly in the automotive field. Overseas, it has created particularly high added value by developing global logistics and processing functions in line with expansion of production at Toyota Motor Corporation abroad. Our proprietary expertise in this area is second to none. However, there was a limit to how far we could grow our functions and expertise so long as we were engaged only in the automotive field. For this reason, we were convinced that diversifying into businesses in non-automotive fields was essential to our future advancement.

Projected Net Income of the New Toyota Tsusho

(¥ billion)



Earnings forecasts and other projections in this annual report were formulated and announced as of July 2006.

Events Leading Up to Toyota Tsusho-Tomen Merger

	Operations	Infrastructure	Capital Ties
2000	● Part of Tomen's steel business transferred to Toyota Tsusho	● Began sharing a chemical tank owned by Tomen in Thailand	● Began equity-based business alliance (Toyota Tsusho invested ¥7.5 billion in Tomen through a private share placement)
2001	● Jointly established a factoring service venture in the nursing care field ● Equity investment in Arysta Life Science Corp. (Tomen's agrochemicals company) ● Equity investment in SHANGHAI HONG RI INTL ELECTRONICS CO., LTD. (Tomen's electronic parts company)	● Began sharing parts storage warehouse of Toyota Tsusho distributor in Indonesia ● Began sharing office space in Houston	
2002	● Tomen's nonferrous metals business transferred to Toyota Tsusho ● Part of Tomen's fabric machine business transferred to Toyota Tsusho	● Operations officer, corporate planning manager and other personnel dispatched from Toyota Tsusho to Tomen ● Began sharing office space in Beijing and Düsseldorf	● Signed new basic agreement concerning equity-based business alliance (clarified intent to merge)
2003	● Began joint negotiations on ocean freight	● Started sharing office space in Moscow and Santiago ● Toyota Tsusho Milan's operations transferred to Tomen	● Toyota Tsusho underwrote ¥5.0 billion private placement of Tomen shares
2004	● Integrated staff service business ● Integrated bunker oil business ● Tomen's insurance business transferred to Toyota Tsusho	● Both companies adopted common management indexes (TVA, etc.) ● Began holding joint personnel training programs ● Began sharing office space in Detroit, Shanghai and San Diego	

Tomen, meanwhile, continuously embraced change and challenge during its 86-year history. As a result, it fashioned a diverse business portfolio as a general trading company with numerous talented personnel. In addition, with a strong pioneering spirit and self-reliant mentality, Tomen built up an extensive network in Japan and overseas.

The outstanding DNA of both companies is one of the strongest assets of the new Toyota Tsusho. Another strong point is that the merger partners have very little overlap between their respective customer bases and business fields. This means that they can rapidly generate synergies by improving operating efficiency by combining their customer bases and effectively utilizing each other's assets. Leveraging these and other strengths of the merger partners to construct highly competitive business platforms will enable them to take their traditional businesses to a higher stage of growth.

Moreover, the new company's inception will give the former Toyota Tsusho access to new personnel and functions that will augment its own strengths and functions. In particular, Tomen's extensive overseas network will significantly help us to expand our operations globally. For its part, Tomen will be able to develop new businesses and cultivate new markets leveraging Toyota Tsusho's solid customer base and the credibility of the Toyota brand.

The merger is also expected to yield the following benefits:

- Speed up decision-making by unifying management structures;
- Rebuild value chains by reallocating resources from an optimal overall perspective;
- Reduce procurement costs through unified fund procurement; and
- Form and develop a new corporate culture by bringing personnel together.

It is now incumbent upon the new Toyota Tsusho's management team, including me, to rapidly realize these and other mutual advantages and merger benefits.

Basic Philosophy and Vision for the New Toyota Tsusho

To rapidly build an effective new organization and steadily reap merger benefits, it is imperative that the new Toyota Tsusho embrace common goals and strategies and a shared corporate culture. We must also quickly disseminate these ideas to all employees.

To this end, we have formulated a group philosophy that will be fundamental to the new Toyota Tsusho. It consists of a four-tier conceptual hierarchy grounded on a platform called the “New Toyota Tsusho Way.” The uppermost tier is our Basic Philosophy, followed by our Vision and Long-term Business Plan & Annual Plan.

The Basic Philosophy is as follows: “Living and prospering together with people, society, and the globe, we aim to be a value-generating corporation that contributes to the creation of a prosperous society.”

The second tier is VISION 2015—LEAD THE NEXT, which articulates our strategic intentions and vision for the company’s future. Specifically, our vision is to advance the new Toyota Tsusho to the next stage of growth, one in which an equal share of earnings will be generated from both the automotive and non-automotive fields by 2015. This will be accomplished by creating next-generation businesses. Please see page 2–3 of this report for further details.

The third tier lays out concrete business plans. Our current goals are to remain a leading trading company in terms of profitability and financial position and achieve net income of ¥100.0 billion before amortization of goodwill in the fiscal year ending March 31, 2011.

Finally, the “New Toyota Tsusho Way” underlines our pursuit of “client-oriented value generation” based on three principles: “commercial spirit,” “real places, real things, and reality” and “team power.”

Toyota Tsusho will fuse the strengths of the merged companies to create a single, powerful corporate culture and business model. Our group slogan, “G’VALUE with you,” symbolizes the new company’s vast potential. This slogan is the embodiment of our desire to have each and every employee create value and return benefits to all stakeholders.

Four-tier Conceptual Hierarchy

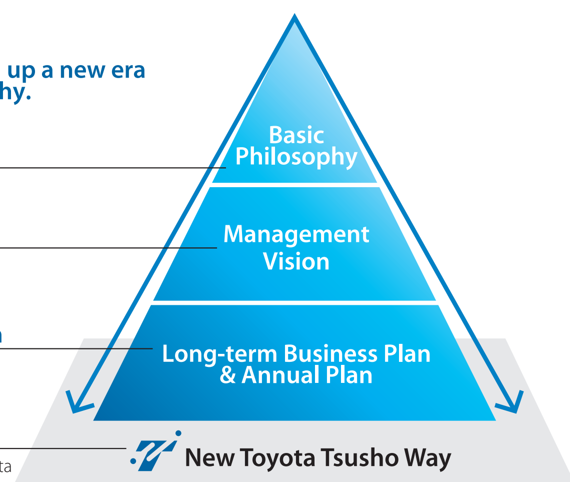
The Toyota Tsusho Group aims to open up a new era based on a four-tier conceptual hierarchy.

Basic Philosophy
Unchanging ideals that should be passed on to future generations

Management Vision
Goals and milestones that should be reached within 10 years while realizing the Basic Philosophy

Long-term Business Plan & Annual Plan
Guidelines for business activities reflecting shifts in the business environment, consisting of policies, concrete action plans, and numerical targets

New Toyota Tsusho Way
Values and principles of conduct to be shared by all Toyota Tsusho directors and employees to realize the Group’s Basic Philosophy and Vision



Basic Philosophy

Corporate Philosophy
“Living and prospering together with people, society, and the globe, we aim to be a value-generating corporation that contributes to the creation of a prosperous society.”

Action Guidelines
As a good corporate citizen, we will:
- Implement open and fair corporate activities
- Fulfill our social responsibilities, and help preserve the global environment
- Strive to be creative and generate added value
- Show respect for people and create vibrant and fulfilling workplaces

Long-term Business Plan Outline

Toyota Tsusho has formulated a new long-term business plan to mark its new beginning. By steadily implementing and accomplishing this plan, Toyota Tsusho will take major strides closer toward realizing VISION 2015—LEAD THE NEXT.

As mentioned earlier, the plan's numerical targets include net income of ¥100.0 billion before amortization of goodwill in fiscal 2011. We are also targeting operating income of ¥160.0 billion in the same fiscal year, compared with ¥101.1 billion in fiscal 2006 on the basis of a simple sum of the merged companies' results.

However, as we expect to book amortization of goodwill of ¥18.0 billion per year, we must achieve much larger growth in terms of actual earnings power to meet these numerical targets.

Reorganizing Business Divisions and Building Stronger Platforms

To achieve the aforementioned earnings targets, the new Toyota Tsusho has reorganized the former business divisions of the merger partners into six product divisions: Metals, Machinery & Electronics, Automotive, Energy & Chemicals, Produce & Foodstuffs, and Consumer Products, Services & Materials. We aim to generate substantial merger benefits and synergies by optimally balancing our core business in the automotive field with an extensive range of operations in non-automotive fields, while leveraging our expertise and strengths cultivated in each area over many years.

Another priority is to establish strong business platforms underpinning each product division. The strengths of our trading company functions lie not only in procuring a broad range of products from Japan and overseas to supply to various customers, but also in our ability to create new value by incorporating unique functions and added value into products and services to meet customer needs. This is accomplished by organically fusing Toyota Tsusho's four function-based business platforms—logistics, commodities & market development, processing & business services, and resource & environment. These platforms have been further strengthened by the merger. Through this process of creating new value, we aim to construct a value chain unique to Toyota Tsusho.

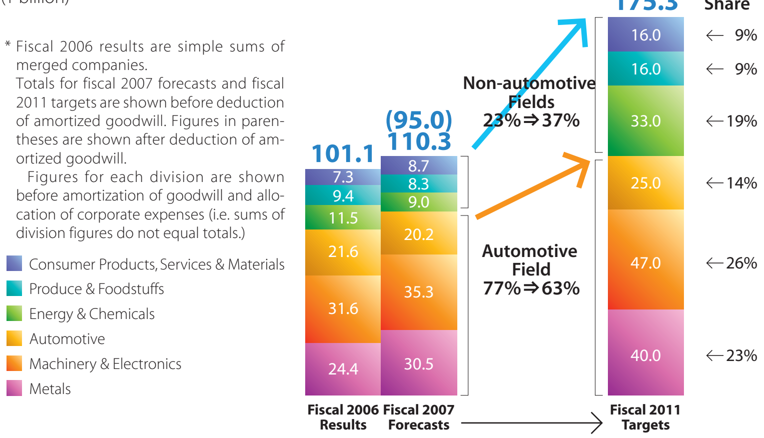
* The statutory surviving company of the merger is the former Toyota Tsusho. It is estimated that the newly established Toyota Tsusho will book up to ¥180.0 billion in goodwill on its balance sheet in conjunction with the merger. The company plans to amortize this goodwill over 10 years on a straight-line basis.

* Earnings forecasts and other projections in this annual report were formulated and announced as of July 2006.

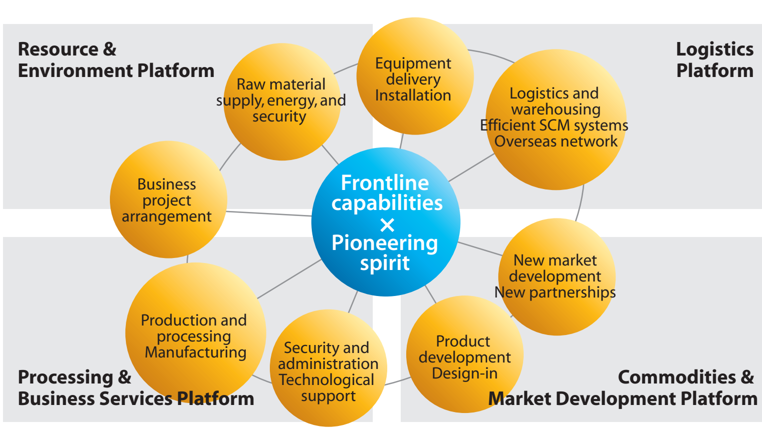
Operating Income by Division

(¥ billion)

* Fiscal 2006 results are simple sums of merged companies.
Totals for fiscal 2007 forecasts and fiscal 2011 targets are shown before deduction of amortized goodwill. Figures in parentheses are shown after deduction of amortized goodwill.
Figures for each division are shown before amortization of goodwill and allocation of corporate expenses (i.e. sums of division figures do not equal totals.)



Toyota Tsusho's Business Platforms



Substantial Merger-driven Synergies

Quantitative benefits from merger-driven synergies have been factored into our numerical targets. By our estimates, synergies will have a beneficial impact of around ¥21.0 billion in income before income taxes and minority interests in fiscal 2011.

Integration synergies generated through the elimination of overlapping costs are projected to boost ordinary profit by around ¥0.8 billion in fiscal 2007 and ¥7.0 billion in fiscal 2011. More specifically, this refers to reductions in logistics and insurance costs. Cost reductions in these two areas promise to be the most substantial because both merger partners incur large logistics and insurance costs in the normal course of their trading company operations. Personnel cuts in back-office divisions will also be possible. We will be able to assign experienced staff to sales divisions through job rotations, which should have a beneficial impact on future business expansion. Another measure will be to consolidate and close offices. Plans call for gradually reducing our current network of 160 overseas offices to 118 locations. Integration will generate additional costs such as higher personnel expenses in conjunction with unifying remuneration structures, but these costs have been factored into the aforementioned numerical targets.

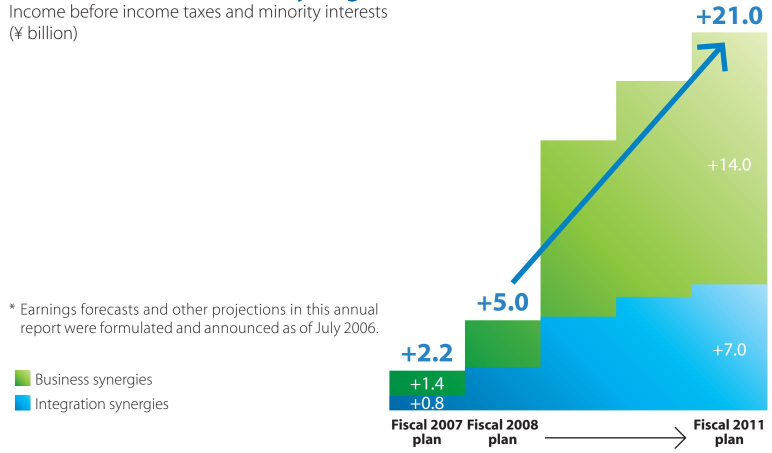
Business synergies are another crucial merger benefit. We expect to further expand businesses by drawing on the resources of both merger partners. Business synergies are expected to boost income before income taxes and minority interests by around ¥1.4 billion in fiscal 2007, and ¥14.0 billion in fiscal 2011. This growth includes business-related benefits of all kinds stemming from the merger of Tomen and Toyota Tsusho, including higher sales due to growth in our customer base and value chain, and gains in market share reflecting stronger proposal-based marketing capabilities.

The targets for business synergies contain a greater degree of uncertainty than those for integration synergies. Nevertheless, the merger between Tomen and Toyota Tsusho is highly unique compared with other mergers in past years. Both companies actively strengthened ties in the years leading up to the merger under their equity-based business alliance. It is expected that the corporate cultures can be integrated more quickly as a result. In addition, a measure of success has already been achieved in terms of business synergies. One prime example is the Toyota dealership business launched in certain states of the former Soviet Union in Central Asia. Here, the strengths of both companies—specifically, Toyota Tsusho's overseas sales expertise and Tomen's overseas information network—are being leveraged. The commencement of supplies of private-brand toiletries to volume retailers in Japan's Chubu region, where Toyota Tsusho has a strong operating base, is another example. This business is using Tomen's strengths in the development of chemical products. Meanwhile, through integration of the merger partners' onshore bunker oil supply businesses in Singapore, a higher market share has been captured than the simple sum of the two companies operations combined. This business has now grown to the point where it is positioned to compete for the industry's top market share.

In these and other ways, merger synergies are already being captured in a variety of fields. However, since many other fields remain untouched, management believes that its highest priority is to ensure that each product division implements strategies for driving further earnings growth by capturing synergies, with the aim of surpassing targets.

Quantitative Outlook for Synergies

Income before income taxes and minority interests
(¥ billion)



* Earnings forecasts and other projections in this annual report were formulated and announced as of July 2006.

Key Initiatives of the Long-term Business Plan

I'd now like to explain the concrete initiatives we will take to achieve the aforementioned numerical targets and capture synergies.

Further Expansion in the Automotive Field

Our first priority will be to expand business and boost profitability in the core automotive field. Reinforcing the automotive field is one of the most important points for accomplishing the goals of the long-term business plan.

Looking at the business environment in this field, the Toyota Group is planning to produce flagship models such as the *Corolla* and the *Camry* in various locations worldwide. In response, the construction of new assembly plants is planned or progressing in six locations—Russia, China (Tianjin, Guangzhou), Thailand and the U.S. (Texas). Furthermore, the Toyota Group is significantly increasing capacity at plants in France, South Africa, Thailand and Mexico. Toyota Tsusho projects that these steps will increase total overseas production of Toyota vehicles to 5.80 million units in 2011.

In this climate, Toyota Tsusho's business strategy for the automotive field will be underpinned by the key fundamental strategic theme of continuing to reinforce automotive services. I'd like to illustrate this theme with reference to two key operations: the Metals Division's processing & recycling business and parts logistics, which is crucial to global automobile production.

In the Metals Division's processing & recycling business, Toyota Tsusho currently conducts steel sheet processing, aluminum smelting, metals recycling and other operations at 40 locations worldwide, including Japan. By 2011, we plan to increase the number of these facilities to at least 60, mainly at locations close to the aforementioned new vehicle assembly plants.

In logistics, Toyota Tsusho has a total of 32 logistics bases worldwide, including 6 in Europe and Africa, 16 in Asia and Australia, and 10 in the Americas. As with the Metals Division's processing & recycling business, Toyota Tsusho will expand logistics networks and services in regions where the Toyota Group plans to increase capacity or construct new plants. Logistics operations will incorporate the GSCM[*1] system, which has steadily delivered results in the production of the Toyota Group's IMV[*2].

*1 Global Supply Chain Management:
This system uses computers to comprehensively manage upstream to downstream business operations, ranging from order placement and receipt between Toyota Tsusho and overseas suppliers to materials procurement, inventory management and product deliveries. GSCM helps to reduce inventory overruns and lower costs.

*2 Innovative International Multipurpose Vehicle

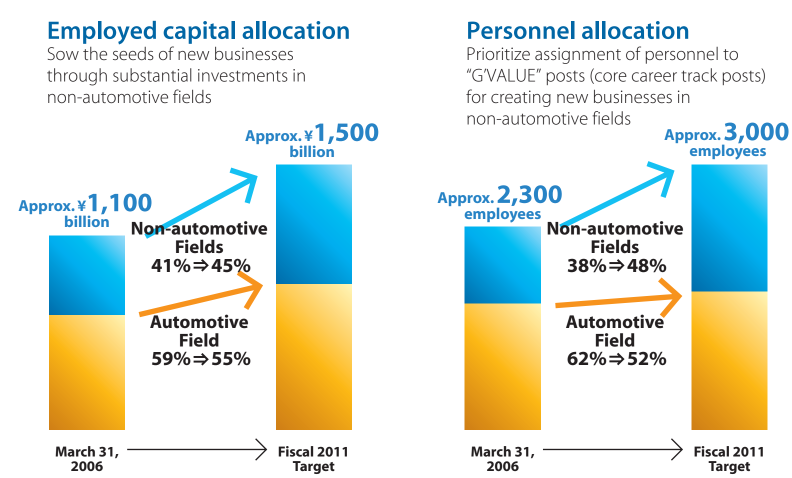
Driving Expansion in Non-automotive Fields

Even before the merger, I outlined various opportunities for expanding non-automotive fields with growth potential. Here, I hope to convey the new Toyota Tsusho's strong determination to allocate more resources to fields other than the automotive field, along with our framework for making this vision a reality.

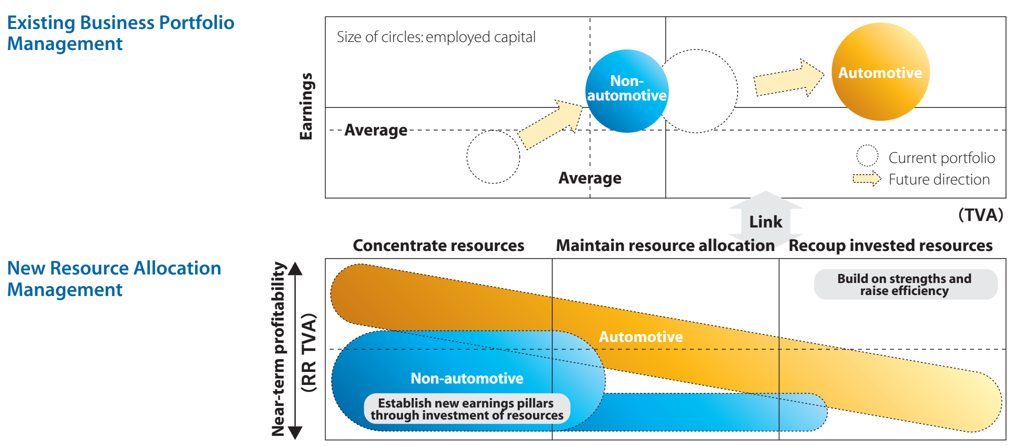
As of March 31, 2006, nearly 60% of Toyota Tsusho's 2 primary resources, employed capital and personnel, were allocated to the automotive field. In fiscal 2011, we plan to be allocating funds to the automotive and non-automotive fields in the ratio of around 55:45 and a nearly equal share of personnel to both areas. In terms of personnel, we will prioritize the assignment of more people to "G'VALUE" posts, where they will be responsible for

Planned Resource Allocation

* Employed capital and personnel both exclude corporate staff divisions.



Resource Allocation Management



creating new businesses. We are convinced that this move will provide fertile ground for creating and nurturing various business projects in the non-automotive field. It is imperative that resources be strategically concentrated in the non-automotive field to create new pillars of earnings. Meanwhile, resources must also be efficiently allocated to the automotive field to ensure growth. One key theme for the new Toyota Tsusho is to channel resources into both fields to achieve balanced growth.

Toyota Tsusho plans to carefully review its business portfolio and strategically allocate resources under a new framework that links a risk-return (RR) benchmark to the existing TVA*-centered business portfolio management model. This framework will guide our efforts to allocate resources effectively to the automotive and non-automotive fields, while reflecting management's resolve to drive further expansion in the latter. At the same time, the company will work to reinforce and augment the company-wide Management Resources Allocation Review Committee, which was established in 2005.

* Toyotsu Value Achievement: An internal benchmark of profitability against employed capital, calculated by dividing post-tax ordinary profit by employed capital (working capital + fixed assets)

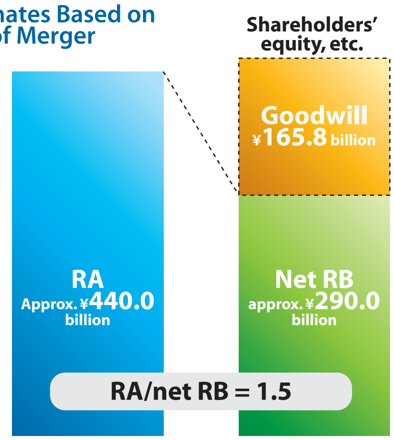
The New Toyota Tsusho's Risk Management System and Management Framework

As a new company, the entire Toyota Tsusho Group must continuously manage various risks in an integrated manner, as it concentrates on maximizing earnings. It is particularly important that we continuously and accurately ascertain the risk and return profiles of various investment assets in our trading company businesses.

Toyota Tsusho has hitherto employed the aforementioned TVA as its primary management benchmark. Going forward, we will use risk-asset management (RAM) as a benchmark for overall management of financial risks in conjunction with TVA as we seek to optimally allocate resources in line with our business portfolio strategy. RAM involves weighting each Toyota Tsusho asset by a risk factor to calculate risk assets (RA). RA are then compared with the company's effective net asset value, or net risk buffer (RB), to help control company-wide risks. The new company's ratio of RA to net RB is estimated at 1.35:1. By accumulating earnings, we aim to reduce this ratio over the next three years so that RA are at least fully covered by net RB.

With respect to risk management of individual projects, we will be making credit management, product position management, business investment screening and other processes more stringent than before. Non-financial risks are another priority. Placing the CSR Promotion Committee at the heart of our risk management framework, the entire Toyota Tsusho Group is making a concerted effort to meet compliance, environmental, safety and other non-financial requirements.

Consolidated RA and Net RB Estimates Based on Projected Balance Sheet at Time of Merger



As of March 31, 2005, the former Toyota Tsusho's RA, net RB, and RA/net RB was approx. ¥210.0 billion, ¥250.0 billion, and 0.84, respectively.

Toyota Tsusho recently introduced an executive officer system as part of efforts to expedite decision-making and execution of business operations. The size of the Board of Directors has also been reduced from 40 to 25 members in conjunction with shortening the directors' terms of office from 2 years to 1 year. Under the new system, Toyota Tsusho will transfer authority and responsibility for management of business operations from directors to executive officers, while assigning responsibility for product divisions to directors to ensure close ties between management and executive officers. This system will help to encourage accurate and fast decision-making.

It is also vital that we work to create dynamic synergies among product divisions by eliminating problems associated with vertical hierarchies and fostering a common awareness of goals throughout the company. Meetings of company-wide committees chaired by executive vice presidents and senior managing directors will be held as before to address these ongoing priorities. Toyota Tsusho has also established the Management Resources Allocation Review Committee and Synergy Promotion Committee to hold regular discussions and reviews focused on themes such as rapidly capturing integration synergies and uncovering projects expected to generate synergies over the medium and long terms.

Our Commitment to Stakeholders

Toyota Tsusho aims to raise its share price by ensuring that management is focused on achieving a fair share price, while retaining a consolidated ROE of at least 10% as part of its policy for returning earnings to shareholders. In May 2006, the trading unit was reduced from 1,000 shares to 100 shares to increase our investor base and the liquidity of our shares. Our policy is to continue paying a stable dividend, while gradually improving the consolidated dividend payout ratio.

Toyota Tsusho's mission is to help build a more prosperous society by delivering corporate value to all stakeholders. This will be accomplished by creating unprecedented forms of added value while responding to constantly changing needs. Meanwhile, companies must be flexible and healthy enough to respond to rapid changes due to advances in IT and the increasingly borderless economy. In this sense, we cannot rely on past successes alone to prevail in today's environment. In these challenging times, we therefore must become a unique trading company that creates new services while promoting globalization. Through these and other endeavors, the new Toyota Tsusho is committed to becoming a truly invaluable member of society.

July 2006

Junzo Shimizu
President

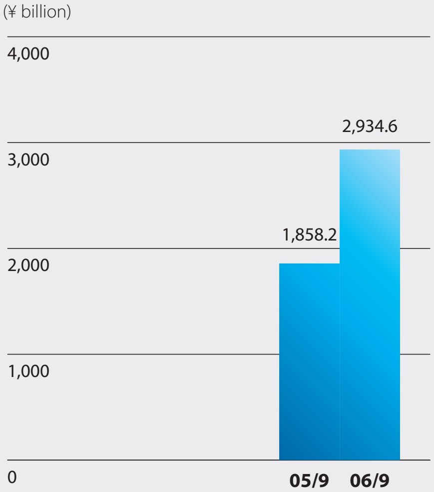
Half-year Financial Highlights

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Six Months Ended September 30, 2006 and 2005

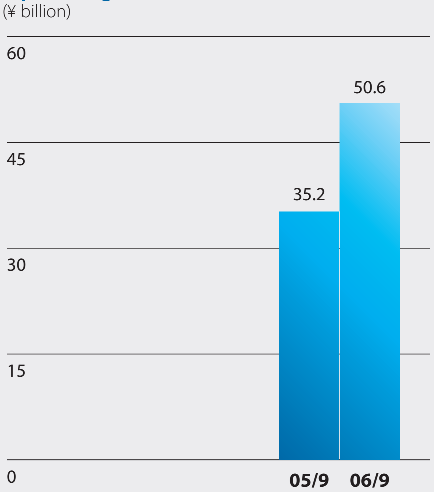
	Millions of Yen		Thousand of U.S. Dollars
	2006/9	2005/9	**2006/9**
For the Half-year Period:			
Net Sales	**¥2,934,669**	¥1,858,298	**$24,859,550**
Gross Trading Profit	**155,699**	101,573	**1,318,932**
Operating Income	**50,692**	35,214	**429,417**
Net Income	**38,751**	20,375	**328,263**
At End of Half-year Period:			
Total Assets	**2,373,870**	1,333,313	**20,109,022**
Total Shareholders' Equity	**497,744**	269,634	**4,216,383**
Net Interest-bearing Liabilities	**770,814**	338,819	**6,529,555**
Per Share:	Yen		U.S. Dollars
Net Income, Basic	**¥119.81**	¥73.15	**$1.01**
Cash Dividends	**12.00**	9.00	**0.10**
	%		
Gross Trading Profit Ratio	**5.3**	5.5	
Return on Average Shareholders' Equity (ROE)	**9.5**	15.3	
Shareholders' Equity Ratio	**21.0**	20.2	
Return on Average Total Assets (ROA)	**1.9**	3.1	
Current Ratio	**120.9**	108.6	
	Times		
Interest Coverage	**6.6**	11.6	
Debt Equity Ratio (Net)	**1.5**	1.3	

Notes: 1. The U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of the readers, at the rate of ¥118.05=U.S.$1, the approximate exchange rate on September 30, 2006.
2. Effective the year ending March 31, 2007, net sales are stated after including commission income. In the above table, therefore, net sales for the half-year period ended September 30, 2006 also include commission income.

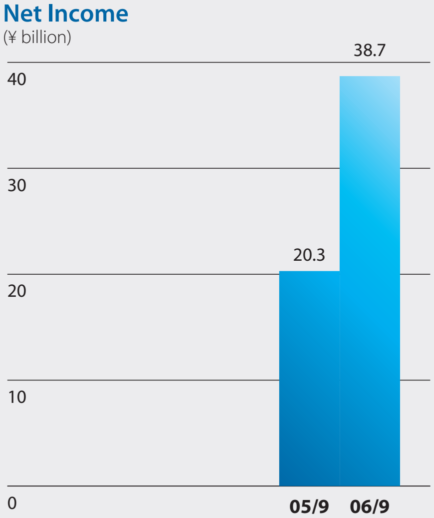
Net Sales
(¥ billion)



Operating Income
(¥ billion)



Net Income
(¥ billion)



Corporate Governance

The Toyota Tsusho Group has established the following Basic Philosophy as the core tenet of its Group philosophy: "Living and prospering together with people, society, and the globe, we aim to be a value-generating corporation that contributes to the creation of a prosperous society."

To realize this Basic Philosophy, the Company is pressing ahead with raising management efficiency, increasing transparency, enforcing compliance, and establishing an even sounder financial position. Public relations and investor relations activities are also being reinforced to deepen public understanding of the Toyota Tsusho Group.

Corporate Governance Structure

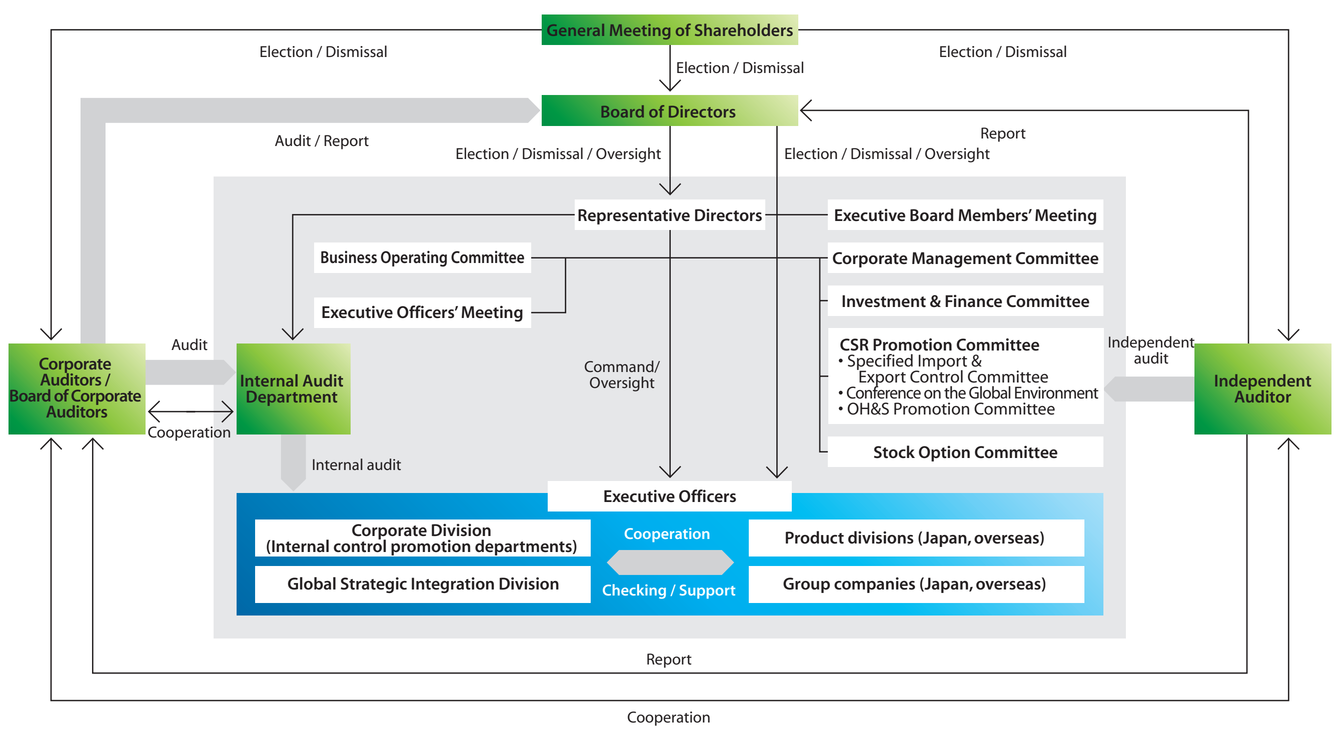
Toyota Tsusho has a corporate governance system based on the Corporate Auditor system. The Company's five corporate auditors audit the performance of duties by directors. Three of the corporate auditors come from outside the Company providing a check from an external perspective. The corporate auditors also assess the appropriateness of the methods and results of audits performed by the independent auditor. By exchanging information and views on the key points of these audits, the corporate auditors and independent auditor cooperate to improve the quality and efficiency of their respective audits. This in turn enhances and strengthens corporate governance.

Toyota Tsusho is reinforcing Group-wide management based on an organization comprising eight divisions, specifically six product divisions, the Corporate Division and the Global Strategic Integration Division. Each division is led by a director appointed as Chief Division Officer. The duties of these directors thus encompass management at both the corporate and divisional levels. Information obtained by them is rapidly disseminated and shared through Project Planning Committee meetings and other forums.

In April 2006, Toyota Tsusho introduced an Executive Officer system with the aim of raising management efficiency and reinforcing internal controls. The goal of this move was to expedite decision-making by streamlining the Board of Directors so that directors and executive officers could focus on corporate and divisional management, respectively, with the latter serving as Deputy Chief Division Officers. By separating corporate management and executive functions in this manner, Toyota Tsusho is clarifying authority and responsibility, while strengthening the supervisory capabilities of the Board of Directors over directors and executive officers to reinforce internal controls.

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

Corporate Governance Structure
(As of June 2006)



Internal Control Systems

In May 2006, the Board of Directors approved the "Basic Policies on Establishing Internal Control Systems," which are based on Toyota Tsusho's Group philosophy. By establishing systems for ensuring appropriate Group-wide operations, these policies will maintain and enhance the "New Toyota Tsusho Way," which underpins the Group's unique values, beliefs and day-to-day action guidelines. The overriding objective is to fulfill the Group's commitment to society by promoting the creation of new value from a customer perspective.

Compliance System Established

Toyota Tsusho is taking a range of steps to ensure that directors and employees perform their duties in accordance with laws and ordinances, and the Articles of Incorporation. The Company has distributed its Code of Ethics, including digests, to all directors and employees; formed a CSR Promotion Committee chaired by the president; and established information sharing systems and checks and balances at the divisional level through the Project Planning Committee, Executive Officers' Meeting and other forums. On the evaluation and monitoring front, the execution of business processes is evaluated, managed, and checked; internal control promotion departments have been formed to create systems for ensuring the reliability of financial reporting, and an internal reporting system has been established. Moreover, the Internal Audit Department, which reports directly to the president, conducts internal audits.

Risk Management System Established

Toyota Tsusho formulates management rules for various risks, runs training programs, distributes manuals and takes other actions to control the risk of future losses. The Company appropriately recognizes and manages risks encountered in the course of its business activities by formulating guidelines and management rules in respect of risks requiring particular caution, namely investment and financing, credit, market, OH&S, and environmental risks. Appropriate risk management systems have been established by the respective departments in charge of other areas such as information security, import and export management systems, and crisis management in the event of natural disasters. Furthermore, the Risk Management Committee identifies risks and issues facing the entire Company.

Information Management System Established

Toyota Tsusho has formulated regulations and standards for the storage and safekeeping of documents to clarify departmental responsibility and storage periods for each type of document.

Ensuring Appropriate Group Company Operations

Toyota Tsusho holds meetings of Group-wide management committees to increase awareness of Group policies and share information, with the aim of ensuring appropriate operations throughout the Group. While respecting the autonomy and independence of each Group company, Toyota Tsusho strives to ascertain and manage important matters relating to subsidiaries' financial positions and their execution of business operations. Directors and corporate auditors are dispatched to these subsidiaries to supervise and audit operations as necessary. Furthermore, internal audits by Toyota Tsusho's Internal Audit Department and control self-assessments are conducted at Group companies worldwide.

Environmental Initiatives

Since its founding, Toyota Tsusho has positioned global environmental protection as one of its highest management priorities.

In 2000, the Toyota Tsusho Group Environmental Policy was formulated to help guide the activities of all directors and employees of the Group. In the same year, the Company established the Global Environmental Committee, the predecessor to the current Conference on the Global Environment, to promote environmental activities. Today, environmental management activities are an integral part of Toyota Tsusho's operations. Based on the goals and targets of its Environmental Policy, Toyota Tsusho strives to help protect the global environment, continuously improve operations, and establish environmental safeguards.

Toyota Tsusho Group Environmental Policy

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

Management

(As of July 1, 2006)

Front row (from left):
Yoshihiro Kaneko, Vice Chairman
Masaaki Furukawa, Chairman
Junzo Shimizu, President

Back row (from left):
Nobuhiko Sahara, Executive Vice President
Yoji Toyohara, Executive Vice President
Mahito Kageyama, Executive Vice President

Board of Directors & Corporate Auditors

(As of July 1, 2006)

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

Executive Officers
(As of July 1, 2006)

Post	Name	Title
Managing Executive Officers	Makoto Hyodo	Deputy Chief Division Officer of Produce & Foodstuffs Division
	Kenji Takanashi	Deputy Chief Division Officer of Automotive Division
	Masanori Yamase	Chief Representative for China
	Masami Shimizu	Deputy Chief Division Officer of Administrative Division
Executive Officers	Naoto Yamauchi	Deputy Chief Division Officer of Metals Division
	Toshinao Mikami	Deputy Chief Division Officer of Machinery & Electronics Division
	Takashi Yoshida	Deputy Chief Division Officer of Energy & Chemicals Division
	Hisashi Yamamoto	Deputy Chief Division Officer of Machinery & Electronics Division
	Hiroyuki Okabe	Deputy Chief Division Officer of Machinery & Electronics Division
	Mikio Asano	Deputy Chief Division Officer of Administrative Division
	Hiroshi Azuma	Deputy Chief Division Officer of Energy & Chemicals Division
	Haruhiko Murata	Deputy Chief Division Officer of Energy & Chemicals Division
	Makoto Ito	Deputy Chief Division Officer of Automotive Division
	Seiichiro Adachi	Deputy Chief Division Officer of Global Strategic Integration Division
	Jun Karube	Deputy Chief Division Officer of Global Strategic Integration Division
	Hiroshi Takano	President of Toyota Tsusho (Thailand) Co., Ltd.
	Takumi Shirai	Deputy Chief Division Officer of Metals Division
	Hiroyuki Isono	Deputy Chief Division Officer of Machinery & Electronics Division
	Kuniaki Yamagiwa	Deputy Chief Division Officer of Administrative Division
	Soichiro Matsudaira	Deputy Chief Division Officer of Machinery & Electronics Division
	Kimitaka Eto	Deputy Chief Division Officer of Metals Division
	Jun Nakayama	Deputy Chief Division Officer of Consumer Products, Services & Materials Division
	Hiroki Sawayama	Executive Vice President of Toyota Tsusho Europe S.A. and Toyota Tsusho U.K. Ltd.
	Yuichi Oi	Deputy Chief Division Officer of Consumer Products, Services & Materials Division
	Hideki Yasuki	Deputy Chief Division Officer of Energy & Chemicals Division
	Takashi Hattori	Deputy Chief Division Officer of Automotive Division

Company names and titles indicated are as of specified years.

Business Highlights

Toyota Tsusho Corporation

Net sales (left scale)
Operating income (right scale)

Main Products and Services | Fiscal 2006 Results | Net Sales and Operating Income (¥ billion)

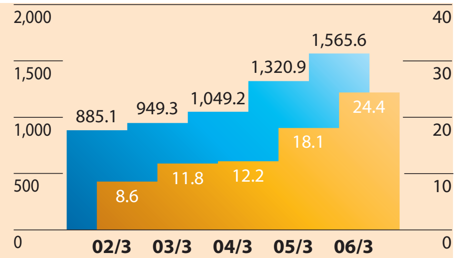
Metals Division

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

Net sales: **¥1,565.6 billion**

Operating income: **¥24.4 billion**

Number of employees: (Consolidated) 2,391



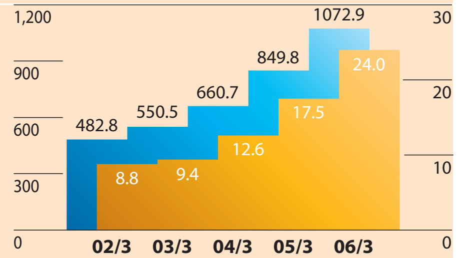
Machinery & Electronics Division

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

Net sales: **¥1,072.9 billion**

Operating income: **¥24.0 billion**

Number of employees: (Consolidated) 2,790



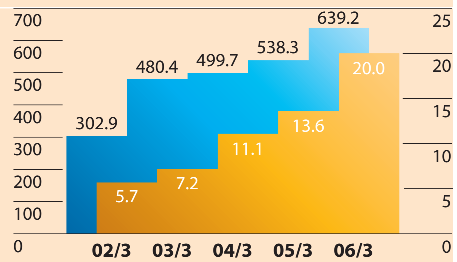
Automotive Division

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

Net sales: **¥639.2 billion**

Operating income: **¥20.0 billion**

Number of employees: (Consolidated) 5,163



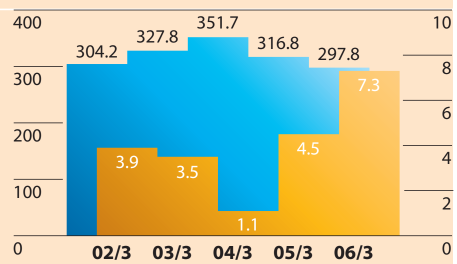
Energy & Chemicals Division

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

Net sales: **¥297.8 billion**

Operating income: **¥7.3 billion**

Number of employees: (Consolidated) 857



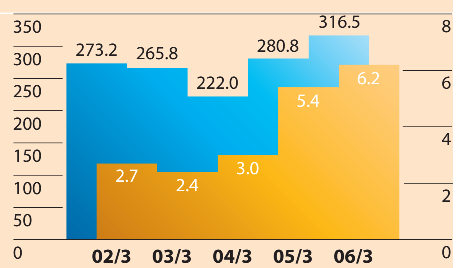
Consumer Products, Services & Materials Division

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

Net sales: **¥316.5 billion**

Operating income: **¥6.2 billion**

Number of employees: (Consolidated) 1,285



Note: Organizational Changes
Effective from fiscal 2005, the year ended March 31, 2005, Toyota Tsusho changed the names of two business segments, the Energy & Materials Division and Consumer Products & Services Division, to the Energy & Chemicals Division and Consumer Products, Services & Materials Division, respectively. Furthermore, effective from the second half of fiscal 2005 (October 2004), the automotive components business and other operations traditionally classified under the Energy & Chemicals Division were reclassified to the Consumer Products, Services & Materials Division. Figures used to compare operating results for fiscal 2005 with fiscal 2004 have been adjusted to conform to the classification of business segments in fiscal 2005. Likewise, figures used to compare fiscal 2006 forecasts with fiscal 2005 operating results have been adjusted to conform to the classification of business segments in fiscal 2006 (graphs excluded).

Former Tomen Corporation

Net sales (left scale)
Operating income (right scale)

Main Products and Services | Fiscal 2006 Results | Net Sales and Operating Income (Loss) (¥ billion)

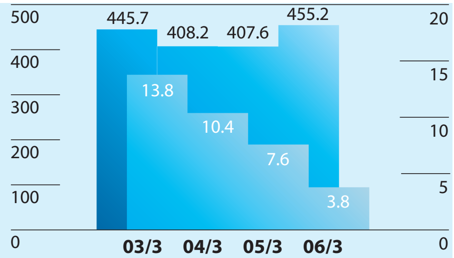
Chemicals

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

Trading transactions: ¥455.2 billion

Operating income: ¥3.8 billion

Number of employees: (Consolidated) 1,115



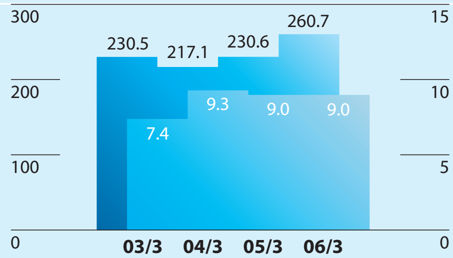
Produce & Foodstuffs

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

Trading transactions: ¥260.7 billion

Operating income: ¥9.0 billion

Number of employees: (Consolidated) 598



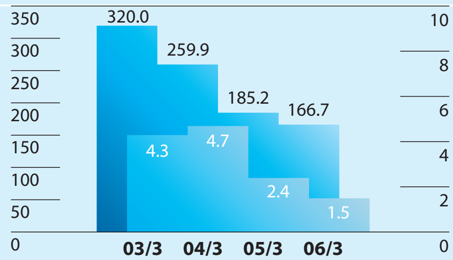
Textiles

- Textile materials
- Textile products
- Apparel
- Interior products
- Bedding products

Trading transactions: ¥166.7 billion

Operating income: ¥1.5 billion

Number of employees: (Consolidated) 1,204



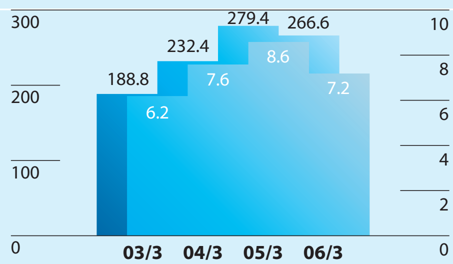
Electronics

- Semiconductors
- Electronic components

Trading transactions: ¥266.6 billion

Operating income: ¥7.2 billion

Number of employees: (Consolidated) 739



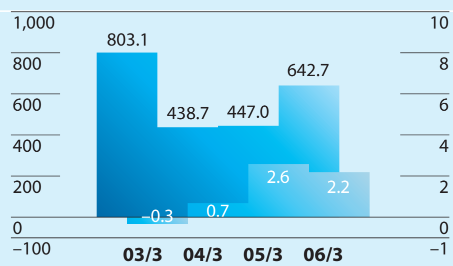
Machinery & Energy

- Automobiles and auto parts
- Plant projects
- Energy and power supply business
- Crude oil
- Petroleum and natural gas products

Trading transactions: ¥642.7 billion

Operating income (loss): ¥2.2 billion

Number of employees: (Consolidated) 254



In April 2006, the new Toyota Tsusho marked a new beginning in six business domains. The Toyota Tsusho Group positions the automotive field, including Metals and Machinery & Electronics, as its core business, particularly as a member of the Toyota Group. However, Toyota Tsusho has a balanced business portfolio covering an extensive range of non-automotive fields such as Energy & Chemicals, Produce & Foodstuffs, and Consumer Products, Services & Materials.

Metals Division

Machinery & Electronics Division

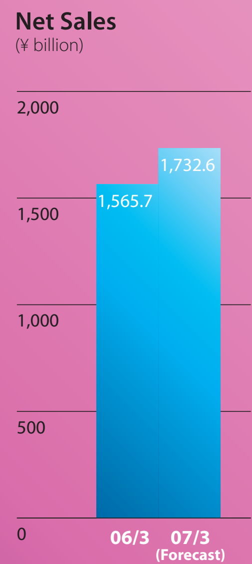
Automotive Division

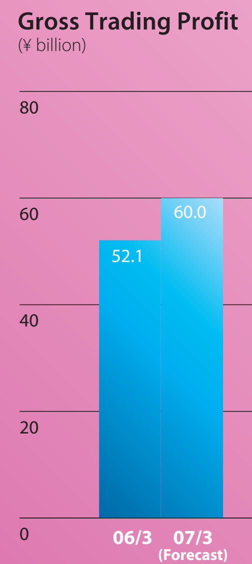
Energy & Chemicals Division

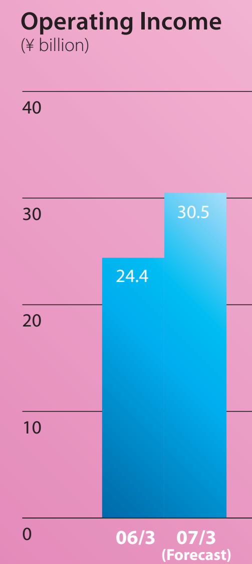
Produce & Foodstuffs Division

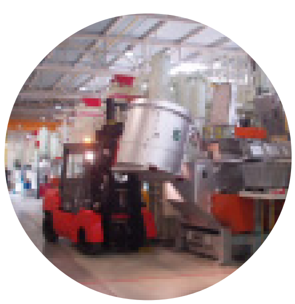
Consumer Products, Services & Materials Division

Segment Overview
Metals Division









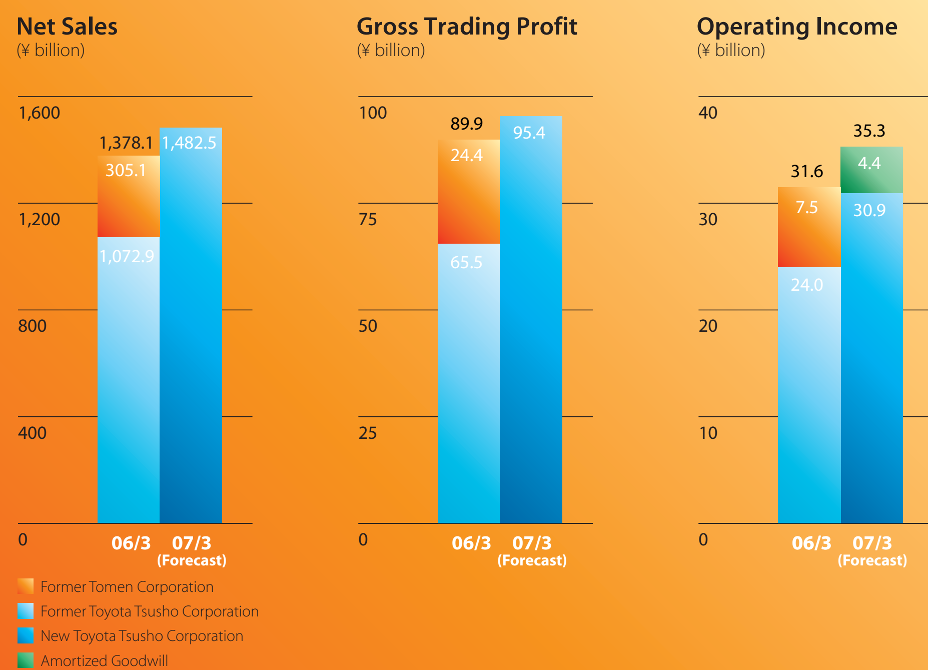
The Metals Division considers steel and nonferrous metals not just as simple materials but also as products possessing unique characteristics and functions, and strives to offer products optimally suited to the requirements of each user and supplier. Moreover, we actively collaborate with our business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

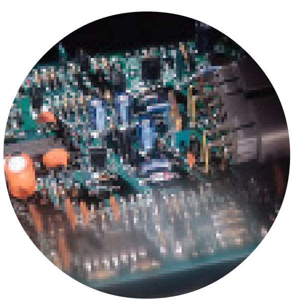
In our steel sheet, bars and tubes business, Toyota Tsusho deploys its domestic and overseas processing bases as the nucleus of an ordering system that utilizes cutting-edge IT and an efficient logistics structure for delivery control that ensures the most timely delivery of optimal sizes and weights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

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

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

Machinery & Electronics Division





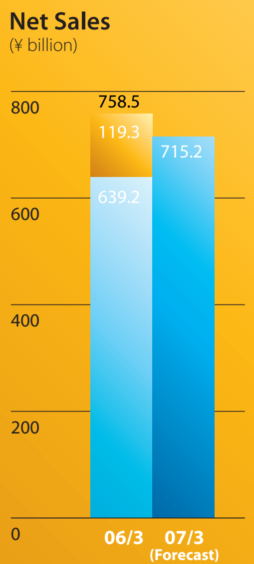
The Machinery & Electronics Division not only procures goods in Japan and overseas, but also provides total support services in such fields as machinery, facilities, information and electronics, and parts for overseas production. These services cover planning and recommendations as well as technological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

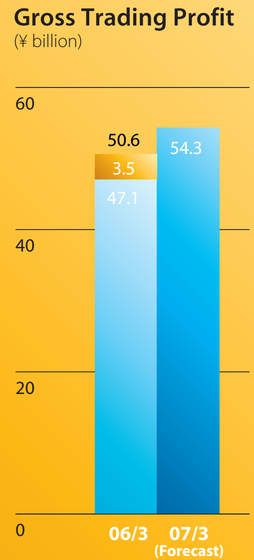
In the machinery business, we handle a wide-ranging portfolio of products that include facilities for all types of industries. We augment this versatile lineup with integrated engineering services that extend from consultation on optimal combinations of equipment and plant layout to the installation, start up, adjustment and maintenance of equipment.

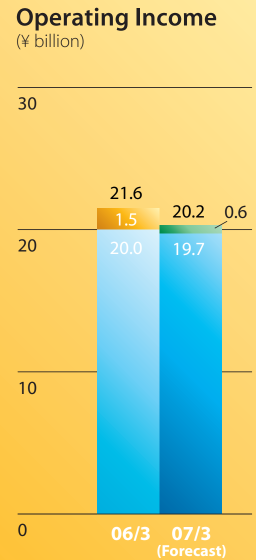
In the electronics business, we offer quality- and delivery-control services and develop and apply outstanding technologies to devices in semiconductor, electronics and information processing fields. We also undertake a systems integration business for supporting and building telecommunications networks for Japanese companies setting up operations overseas.

In our business for supplying parts for overseas automotive production, we are setting up bases in various regions worldwide and building our Supply Chain Management (SCM) system that promotes the mutual supply of parts from procurement to delivery in eight countries, including Japan, the United States and Asian and Latin American nations.

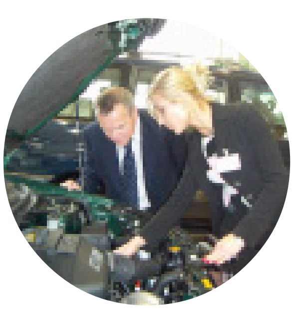
Automotive Division







Former Tomen Corporation
Former Toyota Tsusho Corporation
New Toyota Tsusho Corporation
Amortized Goodwill



The Automotive Division exports automobiles and automotive parts of the Toyota Group, including Toyota Motor Corporation and Daihatsu Motor Co., Ltd. passenger cars and Hino Motors, Ltd. trucks, manufactured in Japan by the Toyota Group, to about 120 countries worldwide and also engages in the retail business overseas.

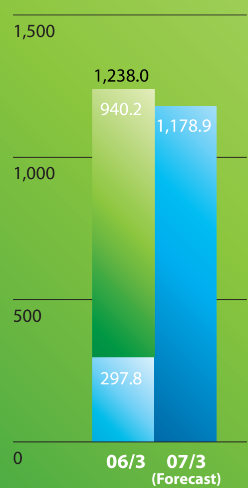
We are currently channeling great efforts toward developing our overseas retail business. With Japanese automobile manufacturers shifting their development and production structures overseas as they globalize their operations, Toyota Tsusho is fortifying its retail business with firm roots in local markets in addition to undertaking its export-centered businesses. We presently operate retail bases in more than 80 locations worldwide and intend to further bolster this structure in the future.

Toyota Tsusho provides automobile agencies in each country with comprehensive support, covering unified services and integrating sales, spare parts and service, as well as sales and marketing guidance. As part of this comprehensive support, we also help nurture technical service staff, supply genuine and general-use parts and accessories, and offer management support that includes investments and financing.

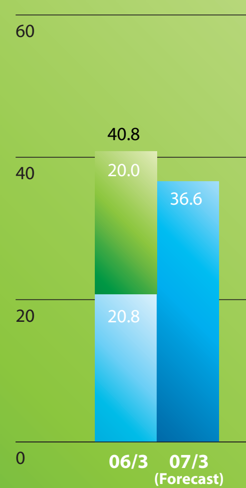
Through close collaboration with our bases in each country, we strive for the timely acquisition of such marketing information as market trends and user tastes as well as risk information. We then use this information as feedback to plan and develop overseas production and marketing strategies for automotive and related manufacturers. In this manner, we fully utilize our information capabilities that are unique to a trading company.

Energy & Chemicals Division

Net Sales
(¥ billion)



Gross Trading Profit
(¥ billion)



Operating Income
(¥ billion)

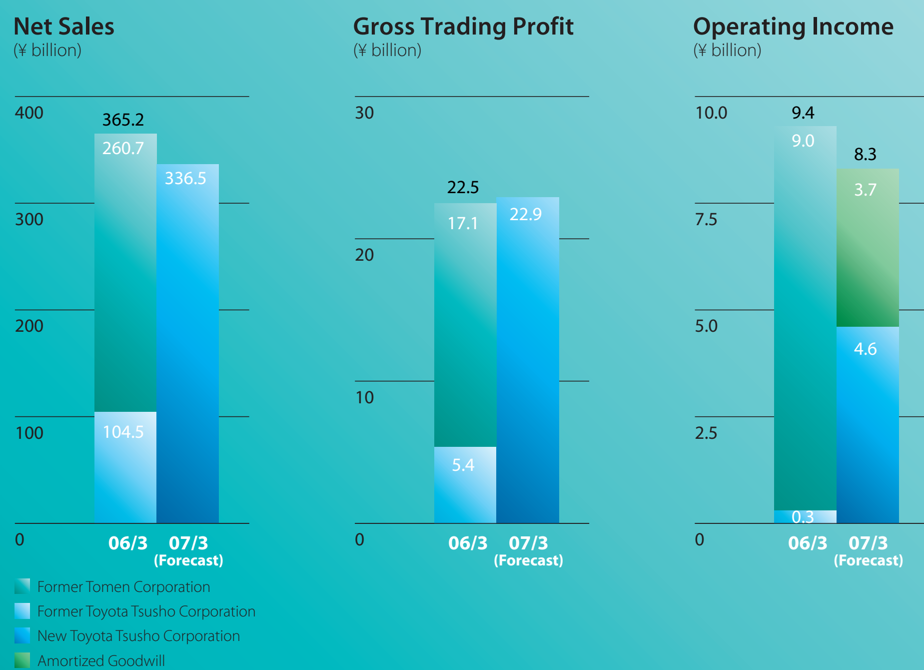
Former Tomen Corporation
Former Toyota Tsusho Corporation
New Toyota Tsusho Corporation
Amortized Goodwill

The Energy & Chemicals Division procures chemical products, synthetic resins, and other raw and elemental materials as well as such basic energy resources as coal and gas from sources worldwide. These products are subsequently supplied in accordance with the needs of customers in a host of industries spanning upstream to downstream sectors.

In our synthetic resin business, we are promoting an array of initiatives to further raise added value. These measures include securing excellent supply sources, strengthening our tank operations in China and Southeast Asia and further developing our business utilizing our overseas network. Additionally, we are promoting the global development of our business for chemical compounds for use in automotive and home electronics components and adopting new approaches for electronics and fuel cell materials as well as structural component materials for hybrid cars.

In energy and plant businesses, we work to secure stable supplies of energy and resources through our involvement in such upstream fields as importing crude oil from the Middle East and undertaking a coal excavation business in Australia. Tapping our project development know-how cultivated through participation in the plant business, we are bolstering our business development in midstream (refining and transportation) and downstream (electric power wholesale/retail) sectors. In addition, we undertake businesses involving wind power generation and natural gas, promising highly clean energy sources in Japan and overseas, and are also actively promoting eco-friendly energy development.

Produce & Foodstuffs Division



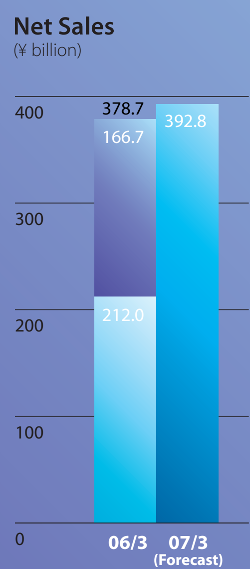
The Produce & Foodstuffs Division handles livestock feeds, oils and fats, rice and wheat, raw sugars and products processed from these materials, as well as general foodstuffs that include prepared frozen foods.

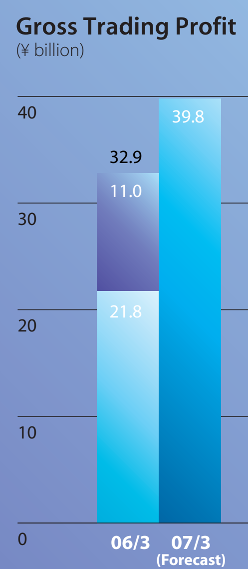
The main strength of our feed grain business is our feed processing complexes, centered on four grain silos in Japan. We supply these grains via a dedicated pipeline, which extends from silos with piers that enable transversal docking of large ships to formula feed makers situated further inland. In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

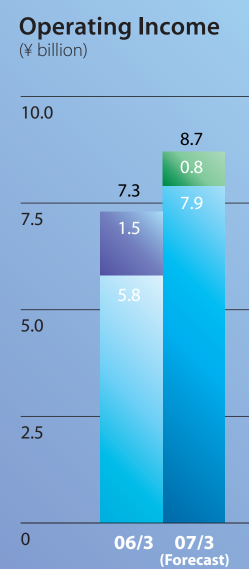
We have cultivated our own efficient proprietary trading channels that include importing wheat from the United States and selling flour in China and Southeast Asia. On a volume basis, we are also one of Japan's top importers of bean sprouts, sesame and whole buckwheat noodles.

Regarding foodstuffs, we aim to create high-value-added products through proposal-oriented businesses that include supplying semi-finished foodstuffs utilizing our overseas processing bases. We are also working to strengthen our food safety management system, and, as part of these efforts have established a Food Safety Promotion Team within the Produce & Foodstuffs Division. We are also making progress in upgrading all our food safety management functions, including traceability.

Consumer Products, Services & Materials Division







Former Tomen Corporation
Former Toyota Tsusho Corporation
New Toyota Tsusho Corporation
Amortized Goodwill

The Consumer Products, Services & Materials Division deals in products and services in lifestyle-related businesses such as textile materials and products, housing materials and condominium construction. The division also provides products and services in nursing care and insurance, which are expected to become increasingly important fields, as we add “safety” to our traditional watchwords “richness” and “satisfaction.”

In automotive interior materials, we utilize our functions as a comprehensive supplier in areas ranging from development to sales and delivery of new technologies and materials for automotive interior materials, while also handling apparel backed by our strengths in functional materials and our vast production network.

In housing-related fields, we are involved in the construction of condominiums that integrate household equipment to create more comfortable lifestyles. We are currently striving to expand the sphere of this business by applying our real estate securitization proposals to commercial facilities.

Regarding the insurance business, we boast a top track record in Japan as an insurance agency that offers a diversity of insurance products such as automobile insurance as well as group insurance for our business partner companies. We have also amassed myriad achievements in insurance-related consulting and plan to extend this know-how overseas.

We are also involved in the nursing care business and have built a network for the selling and renting of such nursing care equipment as wheelchairs and beds in addition to providing services for nursing care providers. We plan to expand this network in the future.

Initiatives to Nurture Personnel

Today, companies face a business environment characterized by tumultuous changes, including globalization and further advances in IT, technological innovation in fields such as biosciences and nanotechnology, and the shift to a recycling-oriented society to address global environmental issues. Amid this change, Toyota Tsusho has significantly grown its businesses overseas in recent years. Our businesses have gravitated from trading activities centered on sales and international trade to a model that entails creating new functions and providing added value to customers by operating businesses ourselves.

In this climate, Toyota Tsusho will strive to achieve continual self-transformation without being hindered by past experiences and established beliefs. Every effort is being made to nurture employees who can lead the way forward and effectively work together in the best interests of the whole organization based on the principle of “real places, real things, and reality.”

Promoting Lasting, Disciplined Reforms and Improvements

Toyota Tsusho is taking steps to foster a corporate culture that encourages the entire company to make continual improvements. For instance, in addition to having individual employees work to improve their own operations, Toyota Tsusho solicits recommendations for improvements from employees throughout the Company to help improve the entire organization. This system is complemented by the Award System instituted in fiscal 2001. Commendations such as the G’VALUE Award have been created to recognize groups or individuals who have helped Toyota Tsusho make strides toward realizing its corporate vision.

Teamwork Serves the Entire Organization’s Best Interests

Emphasizing the best interests of the entire organization in all personnel systems, from recruitment to job rotations, personnel assignments and education has become ingrained in Toyota Tsusho’s corporate culture. This approach is based on a rule from experience: Companies produce results more efficiently and effectively by fostering cooperation among several groups or individuals rather than prioritizing individual performance. It is vital to delivering more value to stakeholders and ensuring our continued existence as a company. Toyota Tsusho aims to apply this approach throughout the organization as one of its most fundamental values.

Creating Value With a Diverse Workforce

Toyota Tsusho is developing personnel who can contribute to the entire Group worldwide. While there has been an increase in the number of Japanese staff sent abroad in step with growth in the creation of new businesses and functions overseas, Toyota Tsusho has been appointing more local staff to directorships and management positions at overseas subsidiaries. Staff members sent overseas from Japan are therefore increasingly appointed to coordinator or adviser posts in support of local managers, instead of fulfilling these executive roles themselves. In addition, overseas staff members in each product division attend regular meetings in Japan to share information on strategies.

Furthermore, Toyota Tsusho is working on creating new value through a diverse workforce that includes more female employees. To this end, it has been hosting various educational programs, including tiered training and skills workshops, aimed at nurturing female employees. In response to Japan’s rapidly aging society and falling birthrate, the Company is taking steps to create workplaces that are more attractive to its increasingly diverse workforce. Meanwhile, the Diversity Promotion Office has been established to more effectively tap employees with diverse values, ideas, and skills that can respond to varying customer needs.

Toyota Tsusho has also introduced a new post-retirement re-employment program to give retired personnel opportunities to be reemployed as senior advisers or advisers. By making effective use of retirees’ knowledge, personal contacts, skills and other attributes developed during their careers, we are working to ensure that they can continue to help Toyota Tsusho grow as a company, nurture personnel, and achieve other goals.

Financial Section

Contents

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

Operating Environment

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

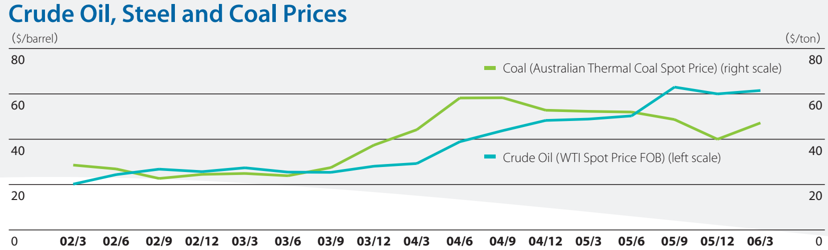
Each business is managed by head office divisions and the subsidiaries and affiliates overseen by each division. The Group has a diversified portfolio that covers products and services in an extensive range of industries and markets. The Group's operating results are therefore susceptible to economic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

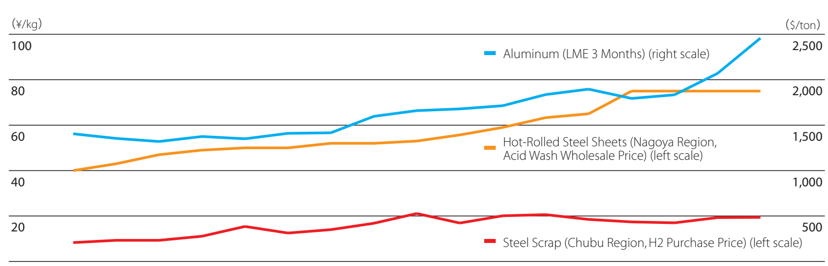
Economic Environment
In fiscal 2006, the year ended March 31, 2006, there was widespread concern over a possible slowdown in the global economy due to rising prices of basic materials, such as steel and chemicals, driven by escalating coal, oil and other energy prices. However, Asian economies continued to expand on the strength of China's strong export-led growth. The U.S. and European economies also expanded at a satisfactory pace. As a result, global economic growth was strong overall.

By region, there were concerns over the outlook for the U.S. economy due to high energy prices, the impact of major hurricanes, a slowdown in private-sector capital investment due to higher interest rates, and a sharp downturn in housing investment, due to the collapse of the housing bubble, by now a longstanding source of concern. However, U.S. real GDP growth remained firm, surpassing 3%, supported by robust private-sector capital investment underpinned by healthy corporate profit and a steady expansion of consumer spending, along with a favorable employment picture. Europe experienced export-driven economic growth reflecting strong economic expansion overseas, a weaker euro and improved competitiveness in the corporate sector, centering on manufacturers, owing to progress with business restructuring. However, recovery in local consumer spending was notably sluggish as the employment picture remained bleak. In Russia, included in Europe for reporting purposes, domestic demand expanded with rising oil prices, including improved consumer spending. This supported a sustained high economic growth rate. In Asia, China recorded extremely strong growth, led by expanding exports to the industrialized countries and a high level of capital investment supported by massive capital inflows from abroad. China's high economic growth rate had a ripple effect, boosting economic growth in ASEAN, a region that is strengthening economic ties with China. As a result, economic growth was favorable throughout Asia.

In Japan, there were concerns for the economic outlook as a result of escalating prices for basic materials and energy, including steel and oil, and signs of a broadening of inventory adjustments to the entire manufacturing sector, after temporarily coming to an end in the IT and digital electronics sectors. However, Japan's economy emerged from a standstill to post stronger growth, fueled by healthy expansion in private-sector capital investment in step with rising corporate earnings, and firm consumer spending. Consumer spending was supported by further improvement in employment conditions, despite concerns such as the end of fixed-rate-across-the-board tax cuts and increases in pension premiums.

Crude Oil, Steel and Coal Prices





Trends in the Automotive Industry and Toyota Group

In the automobile industry, one of our primary sources of earnings, automobile production and sales were sluggish in two key markets, North America and Europe. However, global automobile sales continue to grow steadily, fueled by higher demand in the BRICs and ASEAN regions in step with advances in motorization in conjunction with economic growth. Global automobile production in 2005 increased 3.1% to 66,465 thousand units. The Group's primary customers, namely Toyota Motor Corporation and other Japanese automobile manufacturers, significantly boosted sales, leveraging the superior quality of their fuel-efficient cars. They have been increasing overall overseas production at an average annual rate exceeding 10%, from 6,679 thousand units in 2001 to 10,605 thousand units in 2005. Combined with domestic production, their global output grew at more than 5% at an annualized rate, rising from 16,456 thousand units in 2001 to 21,404 thousand units in 2005, topping the global automobile production growth rate.

In this environment, Japanese automobile manufacturers, especially the Toyota Group, are aggressively boosting overseas production. Overseas production by the Toyota Group, including Daihatsu Motor Co., Ltd. and Hino Motor Co., Ltd., increased 17% year on year in 2005 to 3,571 thousand units. This momentum is expected to persist, as the Toyota Group plans to continue to make substantial investments to realize its long-term vision of capturing a 15% share (on a unit sales basis) of the global automobile market.

Business Performance of the Former Toyota Tsusho Corporation

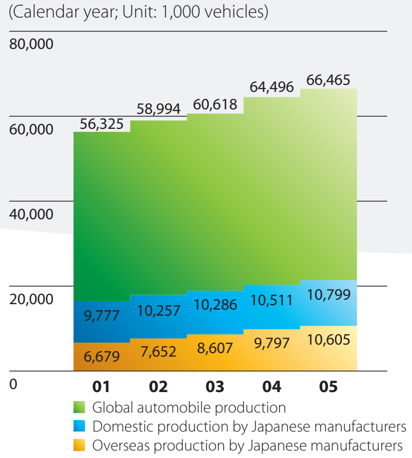
Operating Results

In fiscal 2006, the Machinery & Electronics business and Metals business grew at a healthy pace, as the automotive sector, the primary source of earnings of Toyota Tsusho, promoted aggressive investments to boost production, particularly overseas. Growth was also driven by a sharp increase in commodity prices, including steel and coal. Overseas subsidiaries, particularly those in Asia, the U.S. and Europe, posted strong results, automobile sales were robust in Russia, Africa and other regions, and the profitability of the coal mining project in Australia improved. As a result, consolidated net sales rose ¥629.5 billion, or 19.0% year on year, to a fifth consecutive record high of ¥3.945.3 billion. Looking at sales by type of transaction, domestic sales increased ¥223.6 billion from the previous fiscal year to ¥1,550.4 billion, lifted by rising sales by the Metals, Machinery & Electronics, and Energy & Chemicals divisions. Overseas sales were up ¥405.9 billion to ¥2,394.9 billion, as sales rose in all business divisions. As a result, domestic sales accounted for 39.3% of consolidated net sales and overseas sales accounted for 60.7%, with the latter increasing over the previous fiscal year.

Similarly, strong business results posted by domestic and overseas subsidiaries lifted gross trading profit by ¥45.9 billion, or 26.1%, to ¥221.6 billion. By operating segment, the three core business divisions—Metals Division, Machinery &

Global Automobile Production

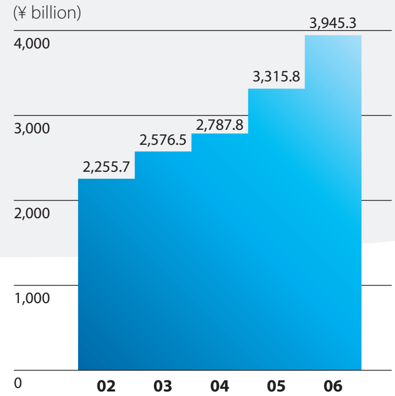
(Calendar year; Unit: 1,000 vehicles)



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

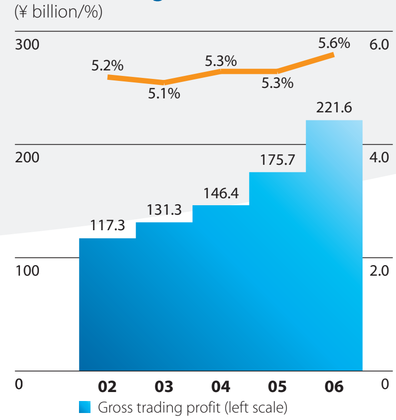
Net Sales

(¥ billion)



Gross Trading Profit and Gross Trading Profit Ratio

(¥ billion/%)



Electronics Division and Automotive Division—which account for 70% of consolidated net sales centering on automotive businesses, once again posted significant gross trading profit gains. Gross trading profit in the Machinery & Electronics Division rose ¥12.1 billion, or 22.7%, to ¥65.5 billion, as it benefited from much higher capital investment in Japan and steady growth in parts turnover, reflecting favorable automobile production in the Asian region.

The Metals Division saw gross trading profit rise by ¥8.7 billion, or 20.1%, to ¥52.1 billion. This growth reflects stronger demand in Asia and North America and a higher turnover in Japan as automobile production rose in step with production facility upgrades, in addition to buoyant commodity markets. In the Automotive Division, exports to nearly all areas expanded, led by Asia, particularly Pakistan and Malaysia, and including Central and South America, Europe and Africa, and local auto sales businesses performed well mainly in Africa, Central and South America and the South Pacific. As a result, gross trading profit in the Automotive Division rose by a strong ¥10.9 billion, or 30.1%, to ¥47.1 billion. Performance improved substantially at subsidiaries in the Energy & Chemicals Division as coal prices climbed. As a result, the Energy & Chemicals Division saw gross trading profit rise ¥6.5 billion, or 45.5%, to ¥20.8 billion. Gross trading profit in the Consumer Products, Services & Materials Division was up ¥0.8 billion, or 3.2%, at ¥27.3 billion. Other Businesses, with operations centered on logistics services, was previously positioned as a cost center but was transformed into a profit center, with gross trading profit rising ¥7.0 billion, or 139%, to ¥12.1 billion. The Group achieved earnings growth in all business divisions.

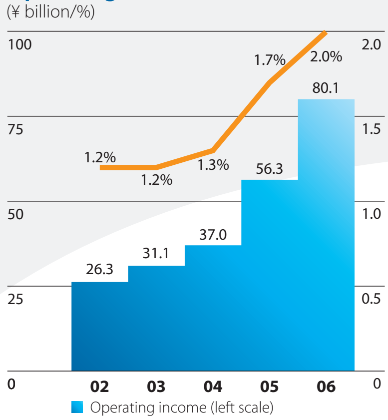
Selling, general and administrative (SG&A) expenses increased ¥22.2 billion, or 18.6%, to ¥141.5 billion, as personnel expenses rose ¥8.6 billion, reflecting a growing payroll for an expanding business, and a ¥10.5 billion increase in commissions paid to financial advisors in conjunction with asset appraisal and other services related to the merger with Tomen Corporation.

Consolidated operating income increased ¥23.7 billion, or 42.2%, to ¥80.1 billion, lifting the operating income ratio by 0.3 of a percentage point to 2.0%.

Other income doubled from the previous fiscal year to ¥4.6 billion. Overall income was boosted by higher dividend income from a joint venture that benefited from strong performance by automotive businesses, the booking of a gain on the sale of fixed assets following the securitization of fixed assets in the condominium business, and the absence of the allowance for retirement benefits for prior-year service for directors and corporate auditors that was recognized in the previous fiscal year. These factors outweighed a ¥2.8 billion increase in interest expenses to ¥7.6 billion, due to higher U.S. interest rates and an increase in interest-bearing debt. As a result, net income increased ¥8.2 billion, or 21.9%, to ¥45.7 billion.

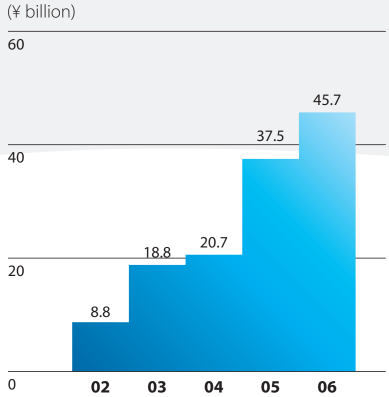
Operating Income and Operating Income Ratio

(¥ billion/%)



Net Income

(¥ billion)



Segment Information

Results of Operations by Operating Segment

Metals

In the field of steel plates and pipes, the volume handled by each of our overseas subsidiaries rose on growing automobile production. Automobile production in Japan was also favorable and efforts to assure stable supplies to trading partners also boosted the volume handled in Japan. In steel raw materials, we established and started up an automobile shredder residue (ASR) recycling firm in Canton, China, to increase the ratio of in-house recycling. We already operate a network of ASR firms, with facilities in the U.S., Tianjin (China), the Czech Republic and the Hokuriku region (Japan). In non-ferrous metals, we started operations at a molten aluminum plant in Kyushu, Japan, along with already established plants in the U.S., Poland, Indonesia and China, in a bid to expand our molten aluminum business. As a result, net sales increased ¥244.7 billion, or 18.5% from the previous fiscal year, to ¥1,565.7 billion. Operating income rose ¥6.3 billion, or 34.6%, to ¥24.4 billion.

Machinery & Electronics

In the machinery business, volume increased as we actively supplied machinery to customers as they expanded operations in Japan and overseas. As part of efforts to further enhance customer service, we strengthened engineering and maintenance services in partnership with our subsidiaries and affiliates. In the field of electronics, business volume increased in the automotive electronics business, reflecting expanding demand and the rising market penetration of hybrid cars. In the year under review, we established a software development firm in Thailand in order to expand our automotive software business and to strengthen our functions in this software field, which has strong growth potential. In assembly parts for overseas automobile production, we consolidated our logistics operations at a newly completed distribution center in Mikoshicho, in Aichi Prefecture, a move aimed at supporting efficient production by our customers. As a result, net sales increased ¥223.1 billion, or 26.3%, to ¥1,072.9 billion. Operating income increased ¥6.4 billion, or 36.6%, to ¥24.0 billion.

Automotive

Exports of both vehicles and completely knocked down parts exceeded previous-year levels, reflecting strong overseas demand, particularly in China and the Caribbean countries. The volume of vehicles sold by our overseas subsidiaries increased, as they focused on selling innovative multi-purpose vehicles (IMV). Overseas retail sales were particularly strong, rising ¥50.2 billion. Sales at our existing dealerships in Africa and Russia were robust, and we established two dealer bases (Huizhou, Chengdu) in China, six in Europe (one each in Hungary, Croatia, the Czech Republic and three in France), as part of efforts to expand our network and strengthen our sales network in priority regions. As a result, net sales rose ¥100.9 billion, or 18.7%, to ¥639.2 billion, boosted primarily by the strong performance of our overseas subsidiaries. Operating income rose ¥6.4 billion, or 47.3%, to ¥20.1 billion, mainly due to higher net sales.

Energy & Chemicals

In chemicals, the volume of synthetic resins increased as automobile production rose in Japan and overseas, and as a result of our appropriate response to IMV production by customers. In energy, the handled volume of coal from the Australian mining project increased on strong demand and efforts to expand sales while ensuring stable supplies. At the same time, rising coal and oil prices contributed significantly to profit. Elsewhere, we strengthened our marketing system by inviting an oil refiner to take an equity stake in one of our affiliates. Due partly to a ¥20.0 billion negative impact on sales from divesting our commercial rights in ocean-going vessels, segment net sales decreased ¥19.0 billion, or 6.0%, to ¥297.8 billion. Operating income rose ¥2.8 billion, or 60.5%, to ¥7.3 billion.

Consumer Products, Services & Materials

In housing, we established a real estate fund for investing in rental condominiums in the Nagoya area, thus enhancing capital efficiency and establishing a stable source of income. In textiles, imports of airbags increased mainly as production at our airbag facilities in China and Vietnam got into full swing. In foodstuffs, we focused on enhancing functions by switching from simple imports of food products to imports of processed foods, mainly by establishing a joint-venture food processing facility in China. In insurance sales, we focused on offering comprehensive group insurance, boosting sales of policies for employees and retirees of customer companies. In nursing care, we established a new base in Shizuoka as a part of efforts to expand our nursing care equipment rental and wholesaling business, a priority area. Supported by these positive developments, net sales increased ¥35.7 billion, or 12.7%, to ¥316.5 billion, despite slower sales of food products caused by a decline in the volume of pork that we handled. Consequently, operating income rose ¥0.8 billion, or 15.5%, to ¥6.2 billion.

Results of Operations by Geographic Segment

Japan

Net sales increased ¥351.0 billion, or 14.9%, to ¥2,704.2 billion. This increase mainly reflected rising sales by the Machinery & Electronics Division, stemming from higher sales volumes of machinery and assembly parts for overseas automobile production to meet rising overseas automobile production. Another factor was steady growth in the Metals Division, supported by higher worldwide automobile production. Consequently, operating income was up ¥5.1 billion, or 19.0%, to ¥31.8 billion.

Asia & Oceania

Net sales increased ¥158.9 billion, or 49.2%, to ¥482.2 billion, due to strong performances in the automotive sector of overseas subsidiaries in Thailand, Taiwan and other countries in the region. Operating income increased ¥11.4 billion, or 151.5%, to ¥18.9 billion, including a ¥4.0-billion profit increase in our Australian coal mining business attributable to rising coal prices.

North America

Net sales increased ¥40.6 billion, or 10.9%, to ¥410.5 billion, reflecting steady performances by a U.S. subsidiary mainly in the chemicals, completed vehicle export, and machinery & information businesses, centering on automotive fields. Boosted by higher sales, operating income rose by ¥2.0 billion, or 19.1%, to ¥12.6 billion.

Europe

Net sales increased ¥40.3 billion, or 19.0%, to ¥252.1 billion. This was mainly due to efforts by a European subsidiary to expand the metals and machinery & electronics businesses, centered on automotive fields. Higher unit auto sales by a Russia-based auto sales company also helped to raise net sales. Operating income rose ¥1.3 billion, or 17.1%, to ¥8.6 billion on higher sales.

Others

Net sales increased ¥38.7 billion, or 67.3%, to ¥96.3 billion at our subsidiary in South Africa, due to higher sales in the metals, machinery & electronics, and automotive businesses accompanying the rise in volume of automobile production and strong car sales in Kenya, Angola and other African countries. Operating income increased ¥4.2 billion, or 99.1%, to ¥8.3 billion.

Net Sales by Geographic Segment

(¥ billion)

	2002	2003	2004	2005	**2006**
Japan	1,768.1	2,003.3	2,118.6	2,353.2	**2,704.2**
Asia & Oceania	133.5	157.9	208.7	323.2	**482.2**
North America	257.2	256.3	253.9	370.0	**410.5**
Europe	83.6	132.8	169.1	211.9	**252.1**
Others	13.3	26.2	37.5	57.6	**96.3**

Performance of Major Consolidated Subsidiaries

Domestic

		Net income (Loss) (¥ billion)		
	Shareholding (%)	**2006**	2005	Business
Toyotsu Engineering & Manufacturing Co., Ltd.	100.0	**1.5**	1.1	Automotive engineering services
Toyotsu S.K. Co., Ltd.	100.0	**(0.1)**	0.0	Textile machinery sales

Overseas

		Net income (¥ billion)		
	Shareholding (%)	**2006**	2005	Business
Toyota Tsusho America, Inc.	100.0	**6.7**	5.1	Import and export and domestic wholesale
Toyota Tsusho (Thailand) Co., Ltd.	49.0	**3.6**	1.4	Import and export and domestic wholesale
Toyota Tsusho Mining (Australia) Pty. Ltd. Toyota Tsusho Investment (Australia) Pty. Ltd.	100.0	**2.1**	0.5	Coal mining
Chen Tai Fong Co., Ltd.	70.05	**1.8**	0.9	Import and export and domestic wholesale

Assets, Liabilities and Shareholders' Equity

Total assets at the end of fiscal 2006 rose ¥404.3 billion from the previous fiscal year-end, or 33.7%, to ¥1,602.7 billion. This rise mainly reflected a combined increase of ¥219.6 billion in trade notes and accounts receivable and inventories in line with higher sales. Other factors included the acquisition of ¥80.0 billion in Tomen preferred stock and a gain of ¥44.6 billion on revaluation of investment securities, including Toyota Group firm shares.

Total liabilities at the end of fiscal 2006 increased ¥322.5 billion from the previous fiscal year-end, or 34.0%, to ¥1,271.4 billion, largely owing to an increase of ¥125.1 billion in trade notes and trade accounts payable accompanying higher sales, and an increase in interest-bearing debt of ¥119.5 billion.

Total shareholders' equity at the end of fiscal 2006 rose ¥77.2 billion from the previous fiscal year-end, or 32.6%, to ¥314.3 billion. This was due primarily to an increase of ¥41.6 billion in retained earnings, an increase in net unrealized gain on available-for-sale securities, net of taxes of ¥26.7 billion, and an increase in foreign currency translation adjustments of ¥9.5 billion. As a result, shareholders' equity per share increased ¥275.96 to ¥1,125.12. The shareholders' equity ratio was 19.6%, a decline of 0.2 of a percentage point from the previous fiscal year-end.

Cash Flow

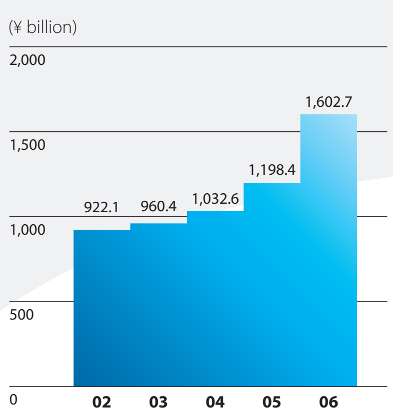
Net cash provided by operating activities was ¥33.1 billion, ¥15.3 billion higher than in the previous fiscal year, mainly due to earnings growth.

Net cash used in investing activities amounted to ¥119.4 billion, ¥90.0 billion more than in the previous fiscal year. This mainly reflected the acquisition of preferred Tomen shares and substantial capital investment in Japan and overseas.

Net cash provided by financing activities totaled ¥90.5 billion, an increase of ¥78.4 billion from the previous fiscal year. Cash was provided mainly by an increase in borrowings.

As a result, cash and cash equivalents at the end of fiscal 2006 amounted to ¥75.0 billion, an increase of ¥5.5 billion from the previous fiscal year-end.

Total Assets



Business Performance of the Former Tomen Corporation

Operating Results

Consolidated net sales of the Tomen Group in fiscal 2006 increased ¥233.5 billion, or 14.8%, to ¥1,810.8 billion. Although trading transactions were lower in the Textiles and Electronics segments, Tomen reported higher trading transactions in the Machinery & Energy, Chemicals and Produce & Foodstuffs segments. Gross trading profit rose in the Produce & Foodstuffs segment, but profitability deteriorated at a chemicals manufacturing subsidiary due to escalating raw material and energy prices. Earnings declined in the Electronics segment, reflecting intensifying price-based competition. As a result, overall consolidated gross trading profit declined ¥5.3 billion, or 6.4%, to ¥77.1 billion.

Selling, general and administrative (SG&A) expenses rose by ¥0.2 billion, or 0.4%, to ¥56.1 billion compared to the previous fiscal year. Consolidated operating income declined ¥5.5 billion, or 20.7%, to ¥21.1 billion. The operating income ratio was 1.2%, down 0.5 of a percentage point from the previous fiscal year.

Tomen posted a net loss of ¥48.3 billion in fiscal 2006. This loss was largely attributable to a combined loss of ¥55.4 billion due to merger-related and other extraordinary losses. These expenses were booked in accordance with the October 28, 2005 "Basic Agreement on Merger" with the former Toyota Tsusho Co., Ltd. Under the agreement, Tomen committed to recognizing necessary expenses arising or expected from withdrawal or disposition of businesses and assets in the current term. The details are shown in the table below.

Breakdown of Extraordinary Losses

Item	Amount (¥ billion)	Description
Loss on disposal of property, plant and equipment	1.6	
Impairment loss	5.9	Fixed assets for rental, etc.
Loss on sale of investment securities	4.3	Sale of investments in businesses, etc.
Loss on revaluation of investment securities	1.1	
Loss on provision of allowance for doubtful receivables	0.7	
Merger related losses	55.4	•Loss on cost structure reforms at a chemicals manufacturing subsidiary in Indonesia (¥14.9 billion) •Loss on discontinuation and sale of telecommunications, real estate and lumber businesses in the U.S. (¥10.7 billion)
Other extraordinary losses	1.2	
Total extraordinary losses	70.2	

Segment Information

Business Performance by Operating Segment

Chemicals

Trading transactions increased ¥47.6 billion, or 11.7%, to ¥455.2 billion, reflecting higher petrochemical prices and rising sales volumes. However, operating income decreased ¥3.8 billion, or 49.7%, to ¥3.8 billion, due the deterioration of profitability at an Indonesia-based styrene monomer manufacturing subsidiary due to high raw material and fuel prices.

Produce & Foodstuffs

Trading transactions increased ¥30.1 billion, or 13.0%, to ¥260.7 billion. The livestock feed business, which boasts one of the best networks of silos in the industry, was favorable, and recovery in the previously sluggish foodstuffs business in step with Japan's economic rebound contributed to sales growth. Operating income was ¥9.1 billion, largely unchanged from the previous fiscal year.

Textiles

From fiscal 2004, Tomen has been thoroughly reviewing its conventional textile business, withdrawing from low-margin businesses to diversify into new business areas. Nonetheless, low-priced apparel continued to impact the textile business. Consequently, trading transactions declined ¥18.5 billion, or 10.0%, to ¥166.7 billion. Operating income fell by ¥0.9 billion, or 37.4%, to ¥1.5 billion.

Electronics

The core companies in the electronics business are Tomen Electronics and Tomen Devices, both of which are listed on stock exchanges. Trading transactions in the electronics business decreased ¥12.7 billion, or 4.6%, to ¥266.6 billion, due to increasingly severe price competition in digital home electronics and mobile phones, the result of production cutbacks. Operating income fell by ¥1.3 billion, or 15.6%, to ¥7.3 billion.

Machinery & Energy

Energy-related transactions surged on rising sales volume and escalating crude oil prices. The volume of sales of automobiles to Australia and the Middle East were also favorable, lifting segment sales ¥195.6 billion, or 43.8%, to ¥642.7 billion. However, due to the withdrawal of an affiliate from the industrial machinery business, operating income fell by ¥0.3 billion, or 10.7%, to ¥2.3 billion.

Business Performance by Geographic Segment

Japan

Trading transactions increased ¥41.9 billion, or 3.2%, to ¥1,367.2 billion due to strong energy-related sales. However, operating income was down ¥3.3 billion, or 14.2%, to ¥20.2 billion, on lower sales of textiles, electronics and chemicals.

North America

Trading transactions rose ¥38.4 billion, or 79.3%, to ¥86.7 billion, underpinned by a strong showing in chemicals and foodstuffs at a U.S. subsidiary. The operating loss improved slightly to ¥0.1 billion.

Europe

Although trading transactions at ¥8.0 billion were on a par with the previous fiscal year, operating income was negligible.

Asia and Oceania

Rising crude oil prices and a growing sales volume resulted in a large increase in sales at a marine fuel sales subsidiary. As a result, trading transactions increased ¥153.5 billion, or 80.5%, to ¥344.0 billion. However, operating income was negligible, reflecting worsening profitability at a styrene monomer manufacturing subsidiary in Indonesia.

Other Regions

Trading transactions were ¥5.0 billion, largely unchanged from the previous fiscal year. Operating income declined ¥0.4 billion, or 30.1%, to ¥1.0 billion.

Assets, Liabilities and Stockholders' Equity

Total assets as of the end of fiscal 2006 were ¥698.3 billion, a decline of ¥35.5 billion, or 4.8% from the previous fiscal year-end. This decline reflected accelerated efforts to divest assets, withdraw or sell off businesses that are not required or ill suited for the business portfolio of the new joint company. The overriding goal is to realize merger benefits as quickly as possible.

Total liabilities as of the end of fiscal 2006 were ¥656.5 billion, a decrease of ¥7.0 billion, or 1.1%, from the previous fiscal year-end.

Stockholders' equity declined ¥27.4 billion, or 66.2% from the end of the previous fiscal year, to ¥14.0 billion. This decline was largely attributable to merger-related disposal charges.

Cash Flow

Net cash provided by operating activities was ¥20.3 billion. Net cash provided by investing activities amounted to ¥28.0 billion, due mainly to the collection of outstanding long-term loans. Net cash used in financing activities totaled ¥45.7 billion, reflecting the repayment of interest-bearing debt and other factors.

Outlook for the Newborn Toyota Tsusho Group

Looking at the outlook for Japan's economy, we expect strong private sector capital investment, particularly by major corporations, to trigger a virtuous cycle that will lift employment and income and underpin consumer spending. Exports should show strong growth, reflecting a strong global economy. As a result, we expect the current economic expansion in Japan to continue. Overseas, we expect the U.S. economy to remain firm, although a slight slowdown due to a minor correction in housing prices is likely. Economies in Asia, including China, should continue to expand, and the European economy can look forward to continued export-led expansion. However, sustained economic expansion could be derailed by concerns such as escalating international commodity prices, including crude oil and non-ferrous metals, and rising geopolitical risks in Iran, Iraq and other regions in the Middle East and Africa.

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

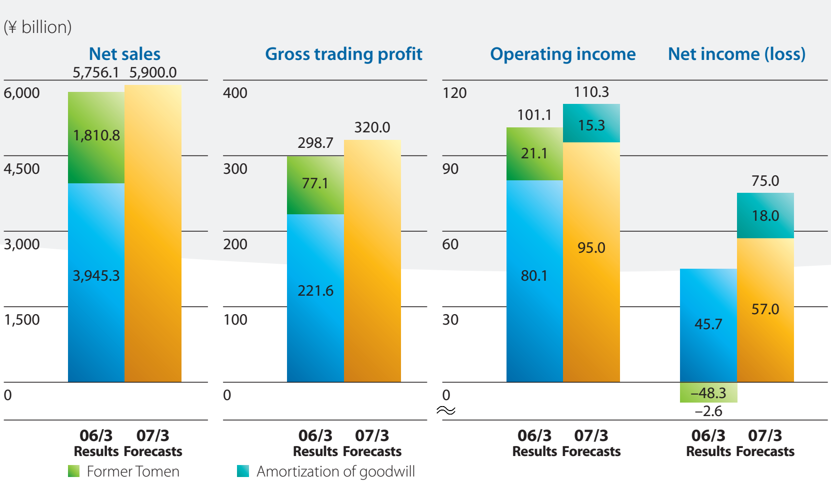
Outlook for the Current Fiscal Year

Toyota Tsusho projects consolidated net sales of ¥5,900.0 billion for fiscal 2007, the year ending March 31, 2007, on the assumption that sales of Metals, and Machinery & Electronics will be buoyed primarily by rising automobile production in Japan and overseas. The Company forecasts gross trading profit of ¥320.0 billion, operating income of ¥95.0 billion and net income of ¥57.0 billion. Operating income in real terms, adjusted by adding back amortization of goodwill for fiscal 2007, is estimated at ¥110.3 billion, and net income at ¥75.0 billion. Operating income is expected to surpass the combined operating income of the two merged firms in the previous fiscal year.

Assumptions for Fiscal 2007 Forecast

FY ending March 2007		First half (forecast)	Second half (forecast)
Exchange rate (US$ & EUR)		1US$ = JP¥110	1US$ = JP¥110
		1EUR = JP¥140	1EUR = JP¥140
Short-term interest rate			
	JP¥ (long-term)	1.4% (2.0%)	1.4% (2.2%)
	US$	4.8%	4.8%
	EUR	3.0%	3.2%
Toyota production volume (millions of units)			
	Japan	1.98	2.07
	Overseas	2.08	2.16

Fiscal 2006 Consolidated Business Results (Before Amortization of Goodwill)



Earnings forecasts and other projections in this annual report were formulated and announced as of July 2006.

Accounting for Goodwill Resulting from Merger With Tomen

The merger with Tomen Corp. resulted in goodwill estimated at a maximum of ¥180.0 billion. The goodwill will be amortized by the straight-line method over a period of ten years, from the fiscal year ending March 31, 2007 (¥18 billion/year). Of the total annual amortization, ¥15.3 billion will be included in SG&A expenses and ¥2.7 billion charged as other expense.

Breakdown of Goodwill

Item		Amount (¥ billion)	Remarks
Acquisition price	Issue of new stock	91.4	For capital increase consistent with the 1-to-0.069 stock exchange ratio
	Preferred shares and indirect shareholdings	84.7	Retired at the time of merger and reclassified as goodwill
Fair value	Tomen shareholders' equity	13.9	Balance as of March 31, 2006 (Tomen)
	Effect of the Purchase Method	0–(20.0)	Impact of continuing revaluation of assets
Goodwill (Acquisition price – Fair value)		160.0–180.0	To be amortized by the straight-line method over 10 years beginning the fiscal year ending March 2007

Financial Strategy and Capital Structure

The financial strategy of the Company and its consolidated subsidiaries is focused on the efficient use of assets and fund procurement commensurate with its asset base. The goal is to achieve stable growth throughout the Group and to maintain a sound financial position.

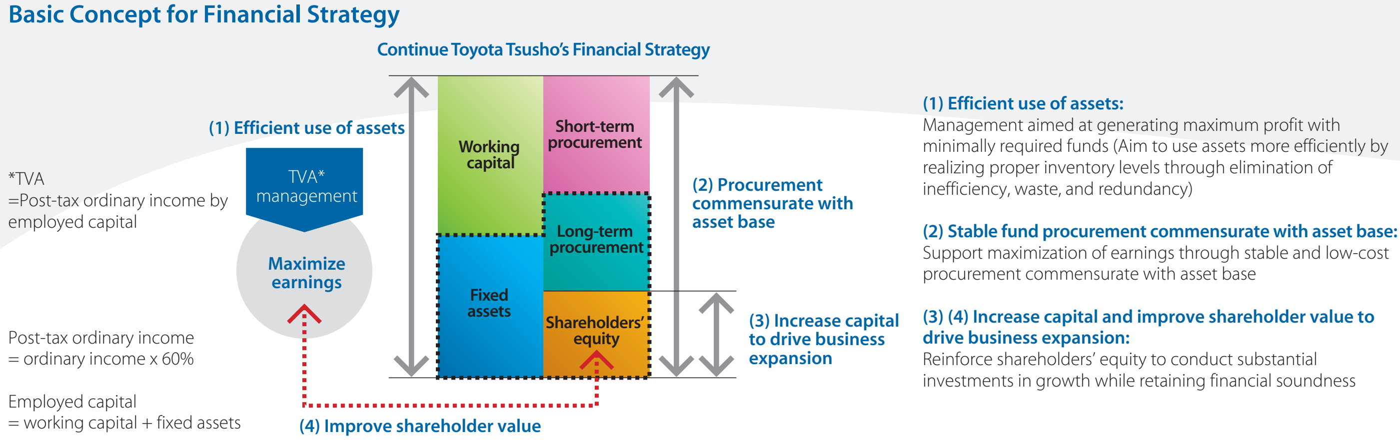
Efficient Use of Assets

In order to optimize the efficient use of assets, we endeavor to generate maximum profit with minimum funds. To this end, we strive to use funds more efficiently through the early collection of sales receivables, and the efficient use of working capital through such efforts as reducing inventories and idle, inefficient fixed assets. We intend to simultaneously enhance corporate value and improve our financial position by directing funds generated by the above measures to investments in businesses with high growth potential and the repayment of interest-bearing debt.

Fund Procurement Commensurate With Asset Base

In principle, the Group will finance fixed assets with long-term loans and shareholders' equity, while financing working capital with short-term borrowings. Given the nature of our business, we also have adopted a policy of funding the less liquid portion of working capital (minimal inventories needed to satisfy business requirements) with long-term debt. In addition, to deal with the recent volatile financial environment, we have established a multi-currency revolving credit facility that allows us to respond to unexpected events and meet the funding requirements of overseas subsidiaries.

Basic Concept for Financial Strategy



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

Business Risks and Uncertainties

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

1. Risk Associated with Operating Activities

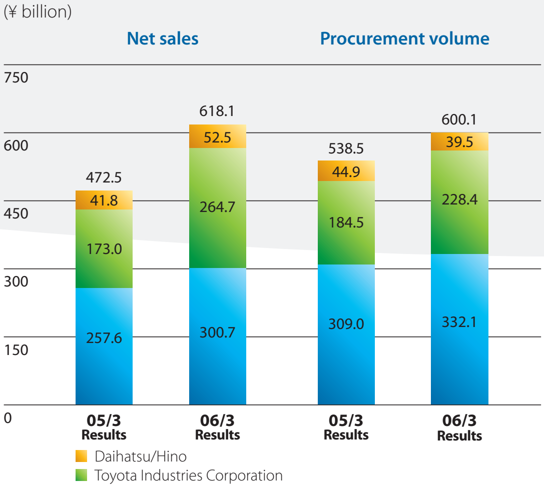
Dependence on specific customers

The Group consists of the Company, its 237 subsidiaries, and 123 affiliates. The main business line of the Group is the sales of automotive-related and other products in the domestic and overseas markets. Sales of the Company in fiscal 2006 to the Toyota Group* accounted for 20.4% of net sales, with sales to Toyota Motor Corporation representing 9.9% of net sales. Therefore, developments in the automotive production of Toyota Motor Corporation and other major automotive manufacturers both in Japan and abroad may affect operating results of the Company.

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

Transactions With the Toyota Group (Non-consolidated)

(¥ billion)



Risk Associated with Customers' Credit

The Group faces a degree of risk arising from the collection of loans and receivables associated with commercial transactions of our domestic and overseas business customers. While the Group retains an allowance for doubtful accounts based on certain assumptions and estimates concerning customers' creditability, value of pledge and general economic situation, there is no guarantee that customers will repay the debts owed to the Group or that customers will be in a sound financial condition to repay debts owed by each due date.

Risk Associated with Commodities

Commodities the Group deals with in its businesses, such as nonferrous metals, energy, chemical products and food, are vulnerable to uncertainties arising from price fluctuations. While the Group takes various measures to reduce such risks, it may not be possible to completely avoid them.

Risk Associated with Business Investment

In the expansion of business operations, the Group intends to grow existing businesses, improve operational efficiencies and take on new business through strengthening of current partnerships or establishment of new partnerships with companies within or outside the Group. Therefore, the Group has established new ventures in partnership with other companies and has also invested in existing companies, and may continue to conduct such investing activities.

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

Risk Associated with Fluctuations in Interest Rates

Certain interest-bearing debt of the Group is based on variable interest rates. For a considerable portion of such debt, we are able to absorb the effect of changes in interest rates within working capital. However, we cannot hedge a certain portion of interest-bearing debt from the risk of market fluctuations. Thus, we are susceptible to risk associated with fluctuations in interest rates. The results of the business operations of the Group may therefore be affected by changes in future interest rates.

Risk Associated with Exchange Rates

Of the product sales, investment and other business activities conducted by the Group, transactions denominated in U.S. dollars or other foreign currencies may be affected by changes in exchange rates. While the Group takes measures to constrain the impact of such risks, we may be unable to completely avoid them.

Risk Associated with Countries

The Group deals with many overseas counterparts in the trade of foreign products or investment. Therefore, the Group is exposed to risks arising from the manufacturing and purchase of foreign products, such as regulations imposed by foreign governments, political uncertainties, and fund transfer restraints, as well as loss on investment or reduced asset value.

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

Competition in Export and International Trade

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

Environment-related Risks

The Group is engaged in businesses in Japan and overseas that are exposed to a broad range of environment-related risks. To mitigate these risks, the Group conducts risk management throughout its supply chain. Specific activities include promoting traceability in the food sector, and enforcing compliance with laws and regulations concerning the handling of hazardous chemical substances in the chemical products sector.

Furthermore, the Group' businesses in Japan and overseas are susceptible to various environmental risks associated with waste disposal and other factors. The Group could conceivably incur additional costs in these businesses, due to changes in environmental regulations, environmental pollution caused by natural disasters, or other factors. These and other factors may affect the Group's business performance.

2. Effect of Natural Disasters and Other Events

The Group conducts sufficient review and training regarding the establishment and management of disaster response agencies, in order to safely and rapidly deal with natural disasters such as fires and earthquakes. For example, as an initiative to minimize the impact of earthquakes and other events on the Group's business operations, the Group conducts inspections and surveys of the seismic structure of its facilities and takes other appropriate measures as necessary.

However, a major, large-scale earthquake in the Tokai region or similar disaster may still have an impact on the Group's business operations.

Significant Accounting Policies and Estimates

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles and practices in Japan. In producing these consolidated financial statements, the Company recognizes the following critical accounting policies can significantly affect important judgments and estimates the Company has employed to produce the consolidated financial statements of the Group.

Allowance for Doubtful Accounts

The Group records an allowance for doubtful accounts to cover estimated credit losses resulting from the inability of customers to make required payments. Additional provisions may be required in the event a customer's financial position worsens, thereby weakening repayment ability.

Inventories

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

Impairment of Tangible and Intangible Fixed Assets

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

Impairment of Marketable Securities

The Group owns the stock of specific customers and financial institutions in order to ensure continued business. Such stock includes publicly traded stock with highly volatile prices and stock of private companies for which it is difficult to determine fair market value.

For publicly traded stock, an impairment of value is recorded when the stock market price at our closing date is more than 30% lower than book value and such decline is deemed to be other than temporary. For the stock of private companies, impairment of value is recorded when net assets corresponding to our equity position are less than 50% of book value. In addition, additional write-offs may be necessary should losses or the uncollectible amount of book value beyond that reflected in present estimates arise due to market decline or poor performance by the invested company.

Deferred Tax Assets

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

Employee Retirement Benefits

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

Six-year Financial Summary
(Former TOYOTA TSUSHO CORPORATION)

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years Ended March 31, 2006, 2005, 2004, 2003, 2002 and 2001

	Millions of Yen						Thousands of U.S. Dollars
	2006	2005	2004	2003	2002	2001	**2006**
Results of Operations:							
Net Sales:							
Domestic	**¥1,550,393**	¥1,326,755	¥1,187,389	¥1,151,335	¥1,095,087	¥1,150,593	**$13,198,204**
Overseas	**2,394,926**	1,989,076	1,600,405	1,425,118	1,160,609	1,006,647	**20,387,554**
Total	**3,945,319**	3,315,831	2,787,794	2,576,453	2,255,698	2,157,240	**33,585,758**
Cost of Sales	**3,751,042**	3,161,069	2,658,589	2,462,173	2,153,454	2,059,343	**31,931,914**
Commission Income	**27,316**	20,921	17,223	17,039	15,048	12,892	**232,536**
Gross Trading Profit	**221,593**	175,683	146,428	131,319	117,292	110,789	**1,886,380**
SG&A Expenses	**141,536**	119,368	109,407	100,252	91,040	87,023	**1,204,870**
Operating Income	**80,057**	56,315	37,021	31,067	26,252	23,766	**681,510**
Net Income	**45,733**	37,522	20,663	18,829	8,781	8,169	**389,316**
Financial Position at Year-End:							
Current Assets	**¥1,106,984**	¥ 862,477	¥ 742,328	¥ 706,440	¥ 670,309	¥ 678,358	**$ 9,423,546**
Total Assets	**1,602,702**	1,198,394	1,032,602	960,399	922,054	923,863	**13,643,500**
Current Liabilities	**1,019,217**	749,252	671,155	640,222	620,171	614,162	**8,676,403**
Total Shareholders' Equity	**314,319**	237,132	188,785	159,492	150,680	147,905	**2,675,738**
Cash Flows							
Net Cash Provided by Operating Activities	**¥ 33,089**	¥ 17,836	¥ 62,660	¥ 19,092	¥ 47,461	¥ 4,013	**$ 281,681**
Net Cash Used in Investing Activities	**(119,379)**	(29,410)	(38,220)	(20,095)	(11,745)	(14,510)	**(1,016,251)**
Net Cash Provided by (Used in) Financing Activities	**90,453**	12,027	(18,111)	5,874	(21,615)	242	**770,009**
Cash and Cash Equivalents at End of Year	**75,032**	69,548	67,704	61,666	56,674	41,013	**638,733**

	Yen						U.S. Dollars
Per Share							
Net Income:							
Basic	**¥161.88**	¥132.98	¥72.75	¥66.06	¥31.31	¥28.73	**$1.38**
Diluted	**160.75**	132.11	72.35	66.01	–	–	**1.37**
Cash Dividends for the Year	**18.00**	12.00	8.00	7.75	7.50	7.50	**0.15**

	Thousands of Shares					
Common Stock:						
Number of Shares Outstanding at Year-end	**282,867**	282,867	282,867	282,867	282,867	282,867

Note: The U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of the readers, at the rate of ¥117.47=U.S.$1, the approximate exchange rate on March 31, 2006.

Six-year Financial Summary

(Former TOMEN CORPORATION) (Unaudited)

TOMEN CORPORATION and its consolidated subsidiaries
Years Ended March 31, 2006, 2005, 2004, 2003, 2002 and 2001

	Millions of Yen						Thousands of U.S. Dollars
	2006	2005	2004	2003	2002	2001	**2006**
Results of Operations:							
Net Sales	**¥1,810,844**	¥1,577,304	¥1,604,084	¥2,082,898	¥2,384,848	¥2,516,523	**$15,415,383**
Cost of Sales	**1,733,709**	1,494,888	1,508,057	1,969,775	2,267,255	2,394,804	**14,758,739**
Gross Trading Profit	**77,135**	82,415	96,027	113,122	117,593	121,718	**656,644**
SG&A Expenses	**56,069**	55,846	67,847	87,460	92,394	86,863	**477,305**
Operating Income	**21,066**	26,569	28,179	25,661	25,198	34,855	**179,339**
Net Income (Loss)	**(48,317)**	9,628	3,754	(66,970)	4,711	10,097	**(411,314)**
Financial Position at Year-End:							
Current Assets	**¥ 438,671**	¥ 441,635	¥ 443,146	¥ 548,851	¥ 826,075	¥ 913,777	**$ 3,734,332**
Total Assets	**698,322**	733,794	769,075	971,713	1,448,261	1,551,265	**5,944,692**
Current Liabilities	**485,220**	363,077	629,837	785,308	1,138,082	1,158,634	**4,130,587**
Total Shareholders' Equity	**13,986**	41,350	28,982	13,862	4,663	8,278	**119,069**
Cash Flows							
Net Cash Provided by Operating Activities	**¥ 20,286**	¥ 18,208	¥ 44,635	¥ 81,301	¥ 71,671	¥ 48,402	**$ 172,691**
Net Cash Provided by Investing Activities	**28,017**	24,438	41,194	82,240	26,389	35,963	**238,503**
Net Cash Used in Financing Activities	**45,690**	43,339	98,310	202,739	86,178	104,571	**388,950**
Cash and Cash Equivalents at End of Year	**83,145**	78,620	79,400	93,928	140,290	124,475	**707,798**

	Yen						U.S. Cent
Per Share							
Net Income (Loss)	**¥(60.03)**	¥11.92	¥5.16	¥(105.58)	¥7.39	¥16.70	**¢(51.1)**
Cash Dividends for the Year	**0.00**	0.00	0.00	0.00	0.00	0.00	**0.00**

Note: The U.S. dollar amounts have been translated from the amounts stated in yen, solely for the convenience of the readers, at the rate of ¥117.47=U.S.$1, the approximate exchange rate on March 31, 2006.

Consolidated Balance Sheets

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
March 31, 2006 and 2005

ASSETS	Millions of Yen 2006	Millions of Yen 2005	Thousands of U.S. Dollars (Note 1) 2006
Current Assets:			
Cash and cash equivalents (Note 3)	¥ 75,032	¥ 69,548	$ 638,733
Receivables:			
Trade notes and accounts (Note 3)	683,995	535,488	5,822,721
Allowance for doubtful accounts	(8,405)	(6,654)	(71,550)
Inventories (Note 3)	276,346	205,179	2,352,481
Deferred tax assets – current (Note 7)	13,840	7,645	117,817
Other current assets	66,176	51,271	563,344
Total current assets	1,106,984	862,477	9,423,546
Investments and Other Assets:			
Investment securities (Notes 3 and 11)	185,690	136,666	1,580,744
Investments in and loans to unconsolidated subsidiaries and affiliates	139,014	54,823	1,183,400
Long-term loans (Note 3)	2,159	1,452	18,379
Others	31,198	21,506	265,583
Less: allowance for doubtful accounts	(5,651)	(4,274)	(48,106)
Total investments and other assets	352,410	210,173	3,000,000
Property and Equipment, at Cost:			
Land (Note 3)	35,427	34,553	301,583
Buildings and structures (Note 3)	80,996	76,625	689,504
Machinery, equipment and vehicles (Note 3)	82,772	69,843	704,622
Construction in progress	10,007	1,663	85,188
Others	11,554	10,874	98,357
Less: accumulated depreciation	(93,999)	(84,547)	(800,196)
Net property and equipment	126,757	109,011	1,079,058
Intangibles:			
Deferred tax assets – non-current (Note 7)	1,896	1,910	16,140
Intangible assets	14,655	14,823	124,756
Total intangibles	16,551	16,733	140,896
Total Assets	¥1,602,702	¥1,198,394	$13,643,500

See accompanying notes to consolidated financial statements.

LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	Millions of Yen 2006	2005	Thousands of U.S. Dollars (Note 1) 2006
Current Liabilities:			
Short-term debt (Note 5)	¥ 183,874	¥ 127,294	$ 1,565,285
Commercial paper	96,000	65,000	817,230
Current portion of long-term debt (Note 5)	28,739	25,145	244,650
Trade notes and accounts payable	536,029	410,881	4,563,114
Income taxes payable	22,262	12,361	189,512
Deferred tax liabilities – current (Note 7)	839	290	7,142
Other current liabilities	151,474	108,281	1,289,470
Total current liabilities	1,019,217	749,252	8,676,403
Long-term Liabilities:			
Long-term debt, less current portion (Note 5)	200,284	171,894	1,704,980
Employee retirement benefits liability (Note 13)	1,839	1,671	15,655
Deferred tax liabilities – non-current (Note 7)	30,387	13,065	258,679
Provision for guarantees	283	401	2,409
Other long-term liabilities	19,396	12,621	165,114
Total long-term liabilities	252,189	199,652	2,146,837
Total Liabilities	1,271,406	948,904	10,823,240
Commitments and Contingent Liabilities (Notes 9 and 10)			
Minority Interests in Consolidated Subsidiaries	16,977	12,358	144,522
Shareholders' Equity (Notes 6, 16 and 17)**:**			
Common stock, no par value:			
Authorized: 997,525,000 shares			
Issued: 282,867,304 shares in 2006 and 2005	26,749	26,749	227,709
Capital surplus	24,705	24,705	210,309
Retained earnings	206,680	165,020	1,759,428
Net unrealized gains on available-for-sale securities, net of taxes	60,531	33,753	515,289
Foreign currency translation adjustments	(165)	(9,677)	(1,405)
Less: treasury stock, at cost –			
4,072,186 shares in 2006 and 4,234,631 shares in 2005	(4,181)	(3,418)	(35,592)
Total shareholders' equity	314,319	237,132	2,675,738
Total Liabilities, Minority Interests and Shareholders' Equity	¥1,602,702	¥1,198,394	$13,643,500

Consolidated Statements of Income

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Net Sales (Note 14)	¥3,945,319	¥3,315,831	$33,585,758
Cost of Sales (Note 14)	3,751,042	3,161,069	31,931,914
	194,277	154,762	1,653,844
Commission Income (Note 14)	27,316	20,921	232,536
Gross Trading Profit	221,593	175,683	1,886,380
Selling, General and Administrative Expenses (Note 14)	141,536	119,368	1,204,870
Operating Income (Note 14)	80,057	56,315	681,510
Other Income (Expenses)			
Interest income	1,931	1,201	16,438
Interest expenses	(7,540)	(4,751)	(64,186)
Dividend income	5,811	3,277	49,468
Other, net (Note 8)	4,407	2,574	37,516
	4,609	2,301	39,236
Income before Income Taxes and Minority Interests	84,666	58,616	720,746
Income Tax Expenses			
Current	40,848	22,519	347,731
Deferred	(6,330)	(4,449)	(53,886)
	34,518	18,070	293,845
Minority Interests in Earnings of Consolidated Subsidiaries	4,415	3,024	37,585
Net Income	¥ 45,733	¥ 37,522	$ 389,316

	Yen		U.S. Dollars (Note 1)
Amounts per Share:			
Net income:			
Basic	¥161.88	¥132.98	$1.38
Diluted	160.75	132.11	1.37
Cash dividends	18.00	12.00	0.15

See accompanying notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Common Stock:			
Beginning Balance	¥ 26,749	¥ 26,749	$ 227,709
Ending Balance	¥ 26,749	¥ 26,749	$ 227,709
Capital Surplus:			
Beginning Balance	¥ 24,705	¥ 24,761	$ 210,309
Loss on the disposition of treasury stock	–	(56)	–
Ending Balance	¥ 24,705	¥ 24,705	$ 210,309
Retained Earnings:			
Beginning Balance	¥165,020	¥129,162	$1,404,784
Net income	45,733	37,522	389,316
Increase/decrease of consolidated subsidiaries and companies accounted for by the equity method	827	1,506	7,040
Increase due to change of fiscal year-end in overseas consolidated subsidiaries (Note 2(1))	2,478	–	21,095
Decrease due to adoption of new accounting standards in overseas consolidated subsidiaries (Note 2(20))	(2,059)	–	(17,528)
Cash dividends paid	(4,455)	(2,500)	(37,925)
Bonuses to directors and fees to corporate auditors	(565)	(427)	(4,809)
Loss on the disposition of treasury stock	(299)	(243)	(2,545)
Ending Balance	¥206,680	¥165,020	$1,759,428
Net Unrealized Gains on Available-for-Sale Securities, Net of Taxes:			
Beginning Balance	¥ 33,753	¥ 21,733	$ 287,333
Change in unrealized gains	26,778	12,020	227,956
Ending Balance	¥ 60,531	¥ 33,753	$ 515,289
Foreign Currency Translation Adjustments:			
Beginning Balance	¥ (9,677)	¥ (10,769)	$ (82,378)
Change in translation adjustment	9,512	1,092	80,973
Ending Balance	¥ (165)	¥ (9,677)	$ (1,405)
Treasury Stock, at Cost:			
Beginning Balance	¥ (3,418)	¥ (2,851)	$ (29,097)
Change in purchase or disposition, net	(763)	(567)	(6,495)
Ending Balance	¥ (4,181)	¥ (3,418)	$ (35,592)
Total Shareholders' Equity	¥314,319	¥237,132	$2,675,738

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries
Years ended March 31, 2006 and 2005

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	2006
Cash Flows from Operating Activities			
Income before income taxes and minority interests	¥ 84,666	¥ 58,616	$ 720,746
Adjustments for:			
Depreciation and amortization	14,755	12,710	125,606
Net change in allowance for doubtful accounts – net	3,483	1,427	29,650
Impairment losses on fixed assets	–	408	–
Increase in receivables	(117,761)	(72,829)	(1,002,477)
Increase in inventories	(64,661)	(32,908)	(550,447)
Increase in payables	108,406	48,002	922,840
Others, net	32,723	18,394	278,565
Subtotal	61,611	33,820	524,483
Interest and dividends received	10,503	5,588	89,410
Interest paid	(7,048)	(4,684)	(59,998)
Income taxes paid	(31,977)	(16,888)	(272,214)
Net cash provided by operating activities	33,089	17,836	281,681
Cash Flows from Investing Activities			
Payments for purchase of property and equipment	(28,167)	(15,314)	(239,780)
Proceeds from sale of property and equipment	12,281	2,592	104,546
Payments for purchase of investment securities	(97,419)	(12,897)	(829,310)
Proceeds from sale of investment securities	5,909	3,323	50,302
Increase in loans	(5,571)	(29,344)	(47,425)
Collection of loans	5,385	28,972	45,842
Others, net	(11,797)	(6,742)	(100,426)
Net cash used in investing activities	(119,379)	(29,410)	(1,016,251)
Cash Flows from Financing Activities			
Change in short-term debt	66,488	(13,389)	566,000
Proceeds from long-term debt	55,453	45,728	472,061
Repayment of long-term debt	(24,872)	(16,368)	(211,731)
Dividends paid	(4,455)	(2,500)	(37,925)
Others, net	(2,161)	(1,444)	(18,396)
Net cash provided by financing activities	90,453	12,027	770,009
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,902	687	16,191
Net Increase in Cash and Cash Equivalents	6,065	1,140	51,630
Cash and Cash Equivalents at Beginning of Year	69,548	67,704	592,049
Decrease in Cash and Equivalents Due to Change of Fiscal Year-end of Overseas Consolidated Subsidiaries (Note 2(1))	(1,105)	–	(9,407)
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	524	704	4,461
Cash and Cash Equivalents at End of Year	¥ 75,032	¥ 69,548	$ 638,733

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries

1. Basis of Financial Statements

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

The accompanying consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and principally operates. The translations of Japanese yen amounts into U.S. dollar amounts with respect to the year ended March 31, 2006 are included solely for the convenience of readers outside Japan and have been made at the rate of ¥117.47 = U.S.$1, the rate prevailing on March 31, 2006. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

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

2. Summary of Significant Accounting Policies

(1) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its significant domestic and overseas subsidiaries. All significant inter-company transactions and accounts have been eliminated. Investments in principal unconsolidated subsidiaries and affiliates are accounted for by the equity method. The Company determined its unconsolidated subsidiaries and affiliates in conformity with the accounting principles and practices under the control and influence approach in addition to determination by share of ownership. The difference between the cost of investments in subsidiaries and the equity in net assets at dates of acquisition is amortized over periods of mainly 5 years using the straight-line method.

The number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates for the years ended March 31, 2006 and 2005 were as follows.

	2006	2005
Consolidated subsidiaries	151	132
Unconsolidated subsidiaries and affiliates, accounted for by the equity method	60	54
Unconsolidated subsidiaries and affiliates, stated at cost	149	125

Of the Company's consolidated overseas subsidiaries, 98 close their books on December 31, 2004 and 25 close their books on December 31, 2005. Because the difference between subsidiaries' fiscal year-end and the close of the Company's consolidated financial year is less than three months, the financial statements of these subsidiaries are used for consolidated accounting purposes. Significant transactions occurring between subsidiaries' year-end and the Company's year-end are adjusted upon consolidation. Eighty companies changed their fiscal year-ends from December 31 to March 31 during the year ended March 31, 2006.

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

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

(2) Cash equivalents

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

(3) Investments and marketable securities

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

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

(4) Derivatives

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

(5) Inventories

Raw materials, work in process, finished goods	At cost, principally determined by the periodic average method.
Merchandise (excluding exports and imports)	At cost, principally stated at the moving average method. However, the cost of certain merchandise is stated at the lower of cost or market. Previously, inventories were evaluated at cost (or the lower of cost or market method for certain products), principally determined by the first-in, first-out method. Effective from the fiscal year ended March 31, 2006, the Company changed the inventory valuation method to the cost method (or the lower of cost or market method for certain products), principally by the moving average method. The purpose is to have more accurate evaluation of inventory and calculation of profits and losses for each financial year period. This change had no material effect on the consolidated financial statements for the fiscal year ended March 31, 2006.
Exports and Imports	At cost, principally determined by the individual item method. However, the cost of certain merchandise is stated at the lower of cost or market.
Supplies	At cost, principally determined by the last purchase price method.

(6) Depreciation method for depreciable assets

Tangible fixed assets are principally depreciated by the declining balance method. The number of years over which the asset is depreciated and the treatment of undepreciated balance are principally determined according to the same standards set out in the Corporation Tax Law of Japan. Expenditures on maintenance and repairs are charged to income as incurred. Upon the disposal of property, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is recorded as income or expense. Intangible fixed assets are amortized by the straight-line method.

(7) Impairment on fixed assets

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

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

(8) Bond issue costs

Bond issue costs are charged to income as incurred.

(9) Allowance for doubtful accounts

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

(10) Employee retirement benefits

To prepare for the payment of employee retirement benefits, projected accrued amounts recognized as having occurred during the fiscal years have been included in the accompanying consolidated financial statements based on the projected amounts for retirement benefit obligations and pension assets at the end of respective fiscal years. The Company showed a debit balance in its employee retirement benefit liability and accordingly, ¥2,261 million ($19,247 thousand) and ¥2,218 million were included in others of investments and other assets on the accompanying consolidated balance sheets as of March 31, 2006 and 2005, respectively. Past service costs are charged to income as incurred.

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

(11) Directors' and corporate auditors' retirement benefits

To prepare for the payment of directors' and corporate auditors' retirement benefits, the provision is recognized on the accompanying consolidated balance sheets in accordance with the internal rules from the fiscal year ended March 31, 2005.

This measure is aimed at ensuring a more accurate accounting for profits and losses during that fiscal period as well as to ensure financial soundness. This change had the effect of reducing operating income by ¥148 million in the fiscal year ended March 31, 2005 as well as reducing consolidated income before income taxes and minority interests by ¥1,351 million compared with when using the previous method.

Accrued directors' and corporate auditors' retirement benefits of ¥1,503 million ($12,795 thousand) and ¥1,871 million at March 31, 2006 and 2005, respectively, were included in other long-term liabilities in the accompanying consolidated balance sheets.

(12) Provision for guarantees

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

(13) Translation of foreign currency assets and liabilities

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

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

(14) Leases

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

(15) Accounting methods for hedges

1. Accounting method for hedges

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

2. Hedge methods and targets

Hedge methods	a. Forward exchange contracts
	b. Interest rate swaps
	c. Commodity futures
Hedge targets	a. Foreign currency transactions
	b. Interest on deposits and loans
	c. Commodity transactions in the nonferrous metal, oil, rubber, foodstuffs, and other markets

3. Hedge policy

The implementation and management of hedge transactions are carried out to hedge risk fluctuation based on internal regulations that specify transaction limits. In addition to monthly reports on hedge transaction balances made directly to the company management, reports are also submitted to the Corporate Division.

4. Method of evaluating the effectiveness of hedges

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

5. Others

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

(16) Income taxes

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

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

(17) Appropriation of retained earnings

Cash dividends and bonuses to directors and corporate auditors are recorded in the fiscal year when proposed appropriations of retained earnings are approved by the Board of Directors and / or shareholders. Bonuses paid to directors and corporate auditors are recorded as a part of the appropriation of retained earnings, instead of being charged to income, as permitted by the Japanese accounting standard.

(18) Per share data

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

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

(19) Special purpose company transactions

The Company established a real estate fund specializing in rental housing as a special purpose company (SPC) during the fiscal year ended March 31, 2006. The Company sold five rental condominiums to the SPC (book values for the buildings, land, and other property of ¥6,318 million ($53,784 thousand), ¥4,111 million ($35,005 thousand) and ¥8 million ($68 thousand), respectively) during the year.

(20) Adoption of International Accounting Standards in Australia

Retained earnings decreased by ¥2,059 million ($17,528 thousand) due to first time adoption of Australian Equivalents to International Financial Reporting Standards by subsidiaries in Australia under the local regulation from the fiscal year ended March 31, 2006 under review.

3. Pledged Assets

Pledged assets as of March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Cash and cash equivalents	¥ 783	¥ –	$ 6,666
Trade notes and trade accounts receivable	51,787	38,579	440,853
Inventories	52,017	37,611	442,811
Buildings and structures	120	219	1,022
Machinery, equipment and vehicles	6,260	5,069	53,290
Land	367	991	3,124
Investment securities	5,897	4,566	50,200
Long-term loans	118	–	1,004
Others	5,282	2,864	44,965
Total	¥122,631	¥89,899	$1,043,935

4. Multi-currency Revolving Facilities

As of the end of fiscal 2006 and 2005, the Company and its consolidated subsidiaries, such as Toyota Tsusho America Inc., Toyota Tsusho U. K. Ltd., Toyota Tsusho Europe S.A. Neuss Branch, and Toyota Tsusho (Singapore) Pte. Ltd., maintain a line of credit amounting to ¥30 billion in the form of multi-currency revolving facilities provided by 11 financial institutions in order to obtain required funds should unexpected events arise.

As at March 31, 2006 and 2005, the unused line of credit of the multi-currency revolving facilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Maximum line of credit of the multi-currency revolving facilities	¥30,000	¥30,000	$255,384
Less, outstanding drawdown on revolving facilities	–	–	–
Balance	¥30,000	¥30,000	$255,384

5. Short-term and Long-term Debt

Short-term debt

Short-term debt, principally to banks, as of March 31, 2006 and 2005 was generally repayable with maturities of 90 days, bearing interest at annual rates ranging from 1.55% to 22.13% at March 31, 2006.

Summary of long-term debt

Long-term debt as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
1.54% straight bonds due 2005	**¥ –**	¥ 15,000	**$ –**
0.6% straight bonds due 2006	**5,000**	5,000	**42,564**
2.0% straight bonds due 2007	**15,000**	15,000	**127,693**
0.5% straight bonds due 2008	**5,000**	5,000	**42,564**
0.64% straight bonds due 2009	**5,000**	5,000	**42,564**
1.55% straight bonds due 2012	**10,000**	10,000	**85,128**
1.09% straight bonds due 2015	**10,000**	10,000	**85,128**
Floating rate straight bonds due 2016	**10,000**	10,000	**85,128**
Long-term loans, principally from commercial and trust banks and insurance companies, maturing serially through 2017 at interest rates of 1.50% to 7.75% at March 31, 2006	**169,023**	122,039	**1,438,861**
Total	**229,023**	197,039	**1,949,630**
Less, current portion	**(28,739)**	(25,145)	**(244,650)**
	¥200,284	¥171,894	**$1,704,980**

The aggregate annual maturities of long-term debt at March 31, 2006 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year ending March 31	**2006**	**2006**
2007	**¥ 28,739**	**$ 244,650**
2008	**32,867**	**279,791**
2009	**20,212**	**172,061**
2010	**7,713**	**65,659**
2011	**11,154**	**94,952**
2012 and thereafter	**128,338**	**1,092,517**
Total	**¥229,023**	**$1,949,630**

6. Shareholders' Equity

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

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

Dividends are approved by the shareholders at a meeting held subsequent to the fiscal year to which the dividend is applicable.

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

7. Income Taxes

As of March 31, 2006 and 2005, tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Deferred tax assets:			
Unrealized profit	**¥ 929**	¥ 1,886	**$ 7,908**
Allowance for doubtful accounts	**2,749**	1,939	**23,402**
Employees' retirement benefits	**2,229**	2,155	**18,975**
Write-down of securities	**2,756**	4,178	**23,461**
Others	**19,973**	11,626	**170,026**
Subtotal	**28,636**	21,784	**243,772**
Valuation allowance	**(143)**	(438)	**(1,217)**
Total deferred tax assets	**28,493**	21,346	**242,555**
Deferred tax liabilities:			
Unrealized gains on available-for-sale securities	**40,549**	22,593	**345,186**
Valuation of debt and equity securities of consolidated subsidiaries	**357**	357	**3,039**
Others	**3,077**	2,196	**26,194**
Total deferred tax liabilities	**43,983**	25,146	**374,419**
Net deferred tax liabilities	**¥(15,490)**	¥ (3,800)	**$(131,864)**

Reconciliation items of differences between the Japanese statutory effective tax rate and the actual effective income tax rate on the pretax income tax rate on pretax income for the year ended March 31, 2005 were as follows:

	Percentage of pretax income
	2005
Japanese statutory effective tax rate	40.3%
Increase (decrease) due to:	
Tax benefits not recognized on losses of consolidated subsidiaries	(1.0)
Permanently nondeductible expenses	1.3
Differences of tax rates for overseas consolidated subsidiaries	(4.7)
Sale of consolidated subsidiary	(5.0)
Other	(0.1)
Actual effective income tax rate	30.8%

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

8. Other Income (Expenses)

Details of Others, net, included in Other Income (Expenses) for the years ended March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Share in net earnings in equity method	¥ 1,180	¥ 2,603	$ 10,045
Gain on sales of property and equipment	1,986	302	16,906
Impairment losses on fixed assets*	–	(408)	–
Gain of securities sales	879	2,313	7,483
Write-down of securities	(3,435)	(2,131)	(29,241)
Transitional provision for prior years' director's and corporate auditors' retirement benefits	–	(1,203)	–
Others, net	3,797	1,098	32,323
Total	¥ 4,407	¥ 2,574	$ 37,516

*Note: During the fiscal year ended March 31, 2005, given the continued decline in land prices and in rental levels on rental properties, the Company and certain consolidated subsidiaries reduced the carrying amounts of the following two idle properties and one rental property in 2005 to recoverable amounts.
Impairement loss included in Other Income (Expenses) were summarized as follows:

Year ended March 31, 2005			Amounts for impairment losses
Region	Items	Details of Fixed assets	Millions of Yen
Kansai	Two idle properties	Land and buildings	
	One rental property		¥408
Total			¥408

9. Contingent Liabilities

Contingent liabilities as of March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Discounted exports bills	¥20,697	¥15,894	$176,190
For guarantees of indebtedness to:			
Unconsolidated subsidiaries and affiliates	¥15,396	¥12,312	$131,063
Others	1,474	1,887	12,548
Subtotal	16,870	14,199	143,611
Provision for guarantees	(168)	(401)	(1,430)
Total	¥16,702	¥13,798	$142,181

10. Lease Transactions

Year ended March 31, 2006

Finance Leases

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

Lessee

	Millions of Yen			Thousands of U.S. Dollars		
	Acquisition cost	Accumulated depreciation	Net book value	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥3,015	¥2,541	¥ 474	$25,666	$21,631	$ 4,035
Others	5,597	2,711	2,886	47,646	23,078	24,568
Total	¥8,612	¥5,252	¥3,360	$73,312	$44,709	$28,603

Future minimum lease payments	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥1,286	$10,947
More than one year	2,074	17,656
Total	¥3,360	$28,603

	Millions of Yen	Thousands of U.S. Dollars
Annual lease payments	¥1,435	$12,216
Depreciation	1,435	12,216

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

Noncancelable Operating Leases

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

Lessee

	Millions of Yen	Thousands of U.S. Dollars
Within one year	¥ 74	$ 630
More than one year	110	936
Total	¥184	$1,566

Year ended March 31, 2005

Finance Leases

Finance lease transactions without transfer of ownership for the year ended March 31, 2005 were as follows:

Lessee

	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥3,241	¥2,425	¥ 816
Others	5,289	2,480	2,809
Total	¥8,530	¥4,905	¥3,625

Future minimum lease payments	Millions of Yen
Within one year	¥1,305
More than one year	2,320
Total	¥3,625

	Millions of Yen
Annual lease payments	¥1,420
Depreciation	1,420

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

Lessor

	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Others	¥20	¥20	¥–
Total	¥20	¥20	¥–

	Millions of Yen
Annual lease commitments to be received	¥5
Depreciation	5

Noncancelable Operating Leases

Lease payments for noncancelable operating lease transactions as of March 31, 2005 were as follows:

Lessee

	Millions of Yen
Within one year	¥ 76
More than one year	95
Total	¥171

11. Market Value of Available-for-Sale Securities

	Millions of Yen						Thousands of U.S. Dollars		
	2006			2005			2006		
	Original cost	Carrying amount	Unrealized gain (loss)	Original cost	Carrying amount	Unrealized gain (loss)	Original cost	Carrying amount	Unrealized gain (loss)
Market value in excess of original cost amount:									
Equity securities	¥63,250	¥165,959	¥102,709	¥53,373	¥112,336	¥58,963	$538,436	$1,412,778	$874,342
Market value less than original cost amount:									
Equity securities	8,645	6,482	(2,163)	12,383	9,494	(2,889)	73,593	55,180	(18,413)
Total	¥71,895	¥172,441	¥100,546	¥65,756	¥121,830	¥56,074	$612,029	$1,467,958	$855,929

12. Derivative Transactions

			Millions of Yen			Thousands of U.S. Dollars		
Year ended March 31, 2006	Type of product	Type of trading	Contract or notional	Estimated fair value	Valuation gain (loss)	Contract or notional	Estimated fair value	Valuation gain (loss)
Categories:								
Exchange-traded	Commodity	Futures						
	Nonferrous metal	(Sell)	¥68,501	¥72,747	¥(4,246)	$583,136	$619,281	$(36,145)
		(Buy)	62,806	66,976	4,170	534,656	570,154	35,498
Total					¥ (76)			$ (647)

			Millions of Yen		
Year ended March 31, 2005	Type of product	Type of trading	Contract or notional	Estimated fair value	Valuation gain (loss)
Categories:					
Exchange-traded	Commodity	Futures			
	Nonferrous metal	(Sell)	¥15,655	¥16,183	¥(528)
		(Buy)	15,055	15,682	627
Over-the-counter	Commodity	Futures			
	Nonferrous metal	(Sell)	170	157	13
		(Buy)	704	698	(6)
Total					¥ 106

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

13. Employee Retirement Benefits

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

	Millions of Yen		Thousands of U.S. Dollars
Employee Retirement Benefits Liability	2006	2005	2006
Employee retirement benefits obligation	¥(39,384)	¥(37,007)	$(335,269)
Fair value of pension plan assets	40,202	29,772	342,232
Unfunded benefits obligation	818	(7,235)	6,963
Unrecognized actuarial difference	(396)	7,782	(3,371)
Net amount recognized	422	547	3,592
Prepaid pension	(2,261)	(2,218)	(19,247)
Employee retirement benefits liability	¥ (1,839)	¥ (1,671)	$ (15,655)

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

	Millions of Yen		Thousands of U.S. Dollars
Retirement Benefit Expenses	2006	2005	2006
Service expenses	¥1,793	¥1,894	$15,263
Interest expenses	665	665	5,661
Expected return on pension plan assets	(538)	(480)	(4,579)
Amortization of actuarial difference	1,000	1,099	8,513
Retirement benefit expenses	2,920	3,178	24,858
Others	145	136	1,234
Total	¥3,065	¥3,314	$26,092

Basis of Calculation of Benefit Obligations	2006	2005
Allocation of payments of expected retirement benefits	Straight-line method	Straight-line method
Discount rate	mainly 2.0%	mainly 2.0%
Expected rate of return on pension plan assets	mainly 3.0%	mainly 3.0%
Amortization of actuarial difference	mainly 12 years	mainly 12 years
Amortization of past service costs	1 year	1 year

14. Segment Information

Industry Segments

Millions of Yen

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

Thousands of U.S. Dollars

Year ended March 31, 2006	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Consumer Products, Services & Materials	Others	Total	Elimination	Consolidation
Net Sales:									
External customers	$13,328,135	$9,133,677	$5,441,423	$2,535,209	$2,694,552	$ 452,762	$33,585,758	$ –	$33,585,758
Inter-segment	2,060	47,433	162	23,598	13,663	52,694	139,610	(139,610)	–
Total	13,330,195	9,181,110	5,441,585	2,558,807	2,708,215	505,456	33,725,368	(139,610)	33,585,758
Commissions	13,646	67,490	37,312	17,409	68,409	29,607	233,873	(1,337)	232,536
Cost of sales and selling, general and administrative expenses	13,135,984	9,044,113	5,308,155	2,514,055	2,723,470	552,064	33,277,841	(141,057)	33,136,784
Operating income (loss)	$ 207,857	$ 204,487	$ 170,742	$ 62,161	$ 53,154	$ (17,001)	$ 681,400	$ 110	$ 681,510
Total assets	$ 4,470,707	$2,980,872	$1,056,882	$ 959,275	$ 966,698	$3,579,416	$14,013,850	$(370,350)	$13,643,500
Depreciation	26,509	13,433	13,255	18,830	9,798	44,514	126,339	–	126,339
Capital expenditure for long-lived assets	82,166	24,100	40,019	16,217	12,343	102,426	277,271	–	277,271

Millions of Yen

Year ended March 31, 2005	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Consumer Products, Services & Materials	Others	Total	Elimination	Consolidation
Net Sales:									
External customers	¥1,320,967	¥849,826	¥538,348	¥316,845	¥280,868	¥ 8,977	¥3,315,831	¥ –	¥3,315,831
Inter-segment	201	5,265	12	2,648	1,523	4,972	14,621	(14,621)	–
Total	1,321,168	855,091	538,360	319,493	282,391	13,949	3,330,452	(14,621)	3,315,831
Commissions	1,742	7,470	2,053	1,632	6,608	1,643	21,148	(227)	20,921
Cost of sales and selling, general and administrative expenses	1,304,772	844,978	526,791	316,575	283,592	18,573	3,295,281	(14,844)	3,280,437
Operating income (loss)	¥ 18,138	¥ 17,583	¥ 13,622	¥ 4,550	¥ 5,407	¥ (2,981)	¥ 56,319	¥ (4)	¥ 56,315
Total assets	¥ 396,121	¥262,626	¥104,675	¥ 95,139	¥111,536	¥263,378	¥1,233,475	¥(35,081)	¥1,198,394
Depreciation	2,878	1,537	1,234	2,287	1,082	3,532	12,550	–	12,550
Impairment losses on fixed assets	–	–	–	73	–	335	408	–	408
Capital expenditure for long-lived assets	2,234	2,818	2,671	3,988	2,261	9,034	23,006	–	23,006

Note: Starting in fiscal 2005, the company changed the name of the "Energy & Materials" division to "Energy & Chemicals," and also changed "Consumer Products & Services" to "Consumer Products, Services & Materials."

Geographic Segments

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

Year ended March 31, 2006	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
								Thousands of U.S. Dollars
Net Sales:								
External customers	$23,020,260	$4,104,512	$3,494,901	$2,146,412	$819,673	$33,585,758	$ –	$33,585,758
Inter-segment	3,200,826	445,892	35,694	65,651	7,934	3,755,997	(3,755,997)	–
Total	26,221,086	4,550,404	3,530,595	2,212,063	827,607	37,341,755	(3,755,997)	33,585,758
Commissions	141,083	50,464	25,589	9,049	16,915	243,100	(10,564)	232,536
Cost of sales and selling, general and administrative expenses	26,091,726	4,440,121	3,449,034	2,147,867	773,474	36,902,222	(3,765,438)	33,136,784
Operating income	$ 270,443	$ 160,747	$ 107,150	$ 73,245	$ 71,048	$ 682,633	$ (1,123)	$ 681,510
Total assets	$10,668,869	$1,559,436	$1,483,408	$ 800,928	$420,550	$14,933,191	$(1,289,691)	$13,643,500

Year ended March 31, 2005	Japan	Asia & Oceania	North America	Europe	Others	Total	Elimination	Consolidation
								Millions of Yen
Net Sales:								
External customers	¥2,353,228	¥323,221	¥369,972	¥211,855	¥57,555	¥3,315,831	¥ –	¥3,315,831
Inter-segment	326,513	60,477	16,245	11,509	453	415,197	(415,197)	–
Total	2,679,741	383,698	386,217	223,364	58,008	3,731,028	(415,197)	3,315,831
Commissions	13,712	4,988	2,013	782	917	22,412	(1,491)	20,921
Cost of sales and selling, general and administrative expenses	2,666,760	381,177	377,660	216,799	54,732	3,697,128	(416,691)	3,280,437
Operating income	¥ 26,693	¥ 7,509	¥ 10,570	¥ 7,347	¥ 4,193	¥ 56,312	¥3	¥ 56,315
Total assets	¥ 962,192	¥124,934	¥120,639	¥ 86,409	¥24,135	¥1,318,309	¥(119,915)	¥1,198,394

Overseas Trading Transactions

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

Year ended March 31, 2006	Asia & Oceania	North America	Europe	Others	Total
					Thousands of U.S. Dollars
Overseas trading transactions	$9,359,139	$3,749,876	$2,253,418	$2,191,717	$17,554,150
Consolidation					33,585,758

Year ended March 31, 2005	Asia & Oceania	North America	Europe	Others	Total
					Millions of Yen
Overseas trading transactions	¥906,776	¥362,390	¥228,761	¥165,152	¥1,663,079
Consolidation					3,315,831
Share of consolidated net sales	27.4%	10.9%	6.9%	5.0%	50.2%

15. Related Party Transactions

During the years ended March 31, 2006 and 2005, the Company had operational transactions with Toyota Motor Corporation ("TMC"), a 23.9% shareholder of the Company as of March 31, 2006. A summary of the significant transactions with TMC for the years ended or as at March 31, 2006 and 2005, is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
For the year:			
Sales of raw materials	**¥300,759**	¥257,625	**$2,560,305**
Purchase of automobiles	**332,102**	309,091	**2,827,122**
At year-end:			
Trade accounts receivable	**¥ 43,636**	¥ 37,674	**$ 371,465**
Trade accounts payable	**20,596**	22,673	**175,330**

16. Stock-based Compensation

In June 2006, an annual general meeting of shareholders of the Company approved a resolution to issue "share acquisition rights" whereby up to 1,000,000 shares of common stock will be granted to directors of the Company, its subsidiaries and affiliates, and to executive employees to raise their motivation and focus their minds on group management, and strengthen group management further. Share acquisition rights may be exercised at a certain exercise price during the period from August 1, 2008 to July 31, 2010.

As of March 31, 2006, the status of share acquisition rights already issued was as follows:

Date of Issuance decision	June 27, 2002	June 27, 2003	June 24, 2004	June 24, 2005
Number of share acquisition rights	104	737	1,750	970
Number of shares available for share acquisition rights	Common stock	Common stock	Common stock	Common stock
Classes of stocks available for share acquisition rights	104,000	737,000	1,750,000	970,000
Exercise price for share acquisition rights	¥527/per share	¥780/per share	¥1,170/per share	¥1,915/per share
Exercise period for share acquisition rights	August 1, 2004 July 31, 2006	August 1, 2005 July 31, 2007	August 1, 2006 July 31, 2008	August 1, 2007 July 31, 2009

17. Subsequent Events

1. On June 27, 2006, the following appropriations of retained earnings were approved at an annual general meeting of shareholders of the Company:

	Millions of Yen	Thousands of U.S. Dollars
Cash dividends	**¥2,509**	**$21,359**
Bonuses to directors and fees to corporate auditors	**430**	**3,661**

2. Merger with TOMEN CORPORATION

On April 1, 2006, the Company merged with TOMEN CORPORATION following a resolution approving the merger agreement at an extraordinary meeting of shareholders convened on February 21, 2006. The Company was the surviving company, which inherited TOMEN CORPORATION's assets, liabilities, business rights and obligations in their entirety. Major issues pertaining to the merger are as follows:

a. Purpose of the merger

The Company had been engaged in capital tie-ups and a business partnership with TOMEN CORPORATION since March 2000. In light of these circumstances, both parties determined that a merger would be the best option for further expanding their respective business domains and creating new business opportunities, as well as for enhancing corporate value.

b. Allotment of shares from the merger

The Company issued 44,695,912 new shares on the merger. These shares were allotted to shareholders listed in TOMEN CORPORATION's final roster of shareholders (including the roster of beneficial shareholders) or registered shareholders as of the day prior to the merger date (i.e. March 31, 2006), at the rate of 0.069 shares of the Company's common stock for each share of TOMEN common stock held.

However, no exchange of shares was made regarding the 2,559,792 shares of treasury stock held by TOMEN CORPORATION, or the 159,735,000 shares of TOMEN common stock and 144,000,000 shares of preferred stock held by the Company. Furthermore, with respect to fractional shares of less than one share occurring as a result of the allotment, the Company intended to combine these fractional shares for lump-sum sale on the open market as stock-transaction shares pursuant to the Commercial Code of Japan, and planned to make payments to shareholders upon the sale of fractional shares commensurate with the number of such shares held.

c. Merger payments

No payments made.

d. Increases in common stock, capital surplus, retained earnings, legal reserves, voluntary reserves and other reserves due to the merger

The Company's capital surplus increased by ¥91,492 million ($778,863 thousand) due to the merger. There were no increases in common stock, legal reserves, voluntary reserves or other reserves.

e. Value of inherited assets and liabilities

The value of assets and liabilities inherited from the merger is under assessment at this time.

f. Overview of TOMEN CORPORATION

1) Business lines: Import, export and sales in Japan of various products

2) Consolidated business results for the fiscal year ended March 31, 2006

Total trading transactions	¥1,810,844 million ($15,415,383 thousand)
Net loss	¥48,317 million ($411,314 thousand)

3) Consolidated financial position (As of March 31, 2006)

Total assets	¥698,322 million ($5,944,692 thousand)
Total liabilities	¥656,488 million ($5,588,559 thousand)
Shareholders' equity	¥13,986 million ($119,060 thousand)

4) No. of employees (As of March 31, 2006)

Non-consolidated	607
Consolidated	4,769

3. Issue of Bonds

The Company issued unsecured domestic straight bonds as described below, based on a resolution ("Resolution regarding the issue of domestic straight bonds") of its Board of Directors held on April 27, 2006.

a. 13th Unsecured Domestic Straight Bond Issue (with financial covenants that entitle bondholders to equal claims to collateral)

1)	Issue date:	June 8, 2006
2)	Issue amount:	¥30,000 million ($255,384 thousand)
3)	Issue price:	¥100 ($0.85) (face value)
4)	Interest rate:	1.65% annually
5)	Redemption deadline:	June 8, 2011
6)	Redemption method:	Lump-sum redemption upon maturity
7)	Collateral:	Unsecured
8)	Fund use:	Debt repayment

b. 14th Unsecured Domestic Straight Bond Issue (with financial covenants that entitle bondholders to equal claims to collateral)

1)	Issue date:	June 8, 2006
2)	Issue amount:	¥15,000 million ($127,692 thousand)
3)	Issue price:	¥100 ($0.85) (face value)
4)	Interest rate:	2.26% annually
5)	Redemption deadline:	June 8, 2016
6)	Redemption method:	Lump-sum redemption upon maturity
7)	Collateral:	Unsecured
8)	Fund use:	Debt repayment

Report of Independent Auditors

TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries

ChuoAoyama PricewaterhouseCoopers

PricewaterhouseCoopers

Dai Nagoya Building
3-28-12, Meieki, Nakamura-ku
Nagoya, 450-8565 Japan
Telephone 81-52-551-3001
Facsimile 81-52-551-3005

Report of Independent Auditors

To the Board of Directors and Shareholders of
TOYOTA TSUSHO CORPORATION

We have audited the accompanying consolidated balance sheets of TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of TOYOTA TSUSHO CORPORATION and its consolidated subsidiaries as of March 31, 2006 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 2(11), effective from the year ended March 31, 2005, TOYOTA TSUSHO CORPORATION changed the accounting policy to provide for accrued directors' and corporate auditors' retirement benefits, and as described in Note 2(5), effective from the year ended March 31, 2006, TOYOTA TSUSHO CORPORATION changed the accounting method for inventory valuation.

As described in Note 17, TOYOTA TSUSHO CORPORATION merged with TOMEN CORPORATION on April 1, 2006 and issued unsecured straight bonds on June 8, 2006.

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

ChuoAoyama PricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Nagoya, Japan
June 27, 2006

Corporate Data

Contents

Corporate Information

(As of September 30, 2006)

General Information

Name: TOYOTA TSUSHO CORPORATION

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

Establishment: July 1, 1948

Number of Employees: Parent company 2,692
Consolidated 22,227

Paid-in Capital: ¥26,748,717,188

Common Stock: Authorized 1,000,000,000
Issued 327,563,216

Number of Shareholders: 66,956

Major Shareholders:

	Number of shares (thousands)	Voting rights (%)
Toyota Motor Corporation	70,978,939	22.05
Toyota Industries Corporation	36,760,134	11.42
Japan Trustee Services Bank, Ltd.	20,820,000	6.47
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	14,128,635	4.39
The Master Trust Bank of Japan, Ltd.	12,730,100	3.95
Mitsui Sumitomo Insurance Co., Ltd.	10,903,077	3.39
The Sumitomo Trust & Banking Co., Ltd.	7,545,534	2.34
Aioi Insurance Co., Ltd.	7,463,068	2.32
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6,746,574	2.10
Trust & Custody Services Bank, Ltd.	5,920,400	1.84

Stock Listings: Tokyo, Nagoya (Ticker code 8015)

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

Transfer Agent for Shares: Mitsubishi UFJ Trust and Banking Corporation

Address of Office: Stock Transfer Agency Department
Mitsubishi UFJ Trust and Banking Corporation
1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Phone: 0120-232-711 (free dial within Japan)

Mailing Address: Stock Transfer Agency Department
Mitsubishi UFJ Trust and Banking Corporation
7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081

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

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

URL: http://www.tr.mufg.jp/daikou

Contact: Corporate Communications Office,
Toyota Tsusho Corporation
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100-8320, Japan
Phone: +81-3-5288-2081
Facsimile: +81-3-5288-9063

(Nagoya Office)
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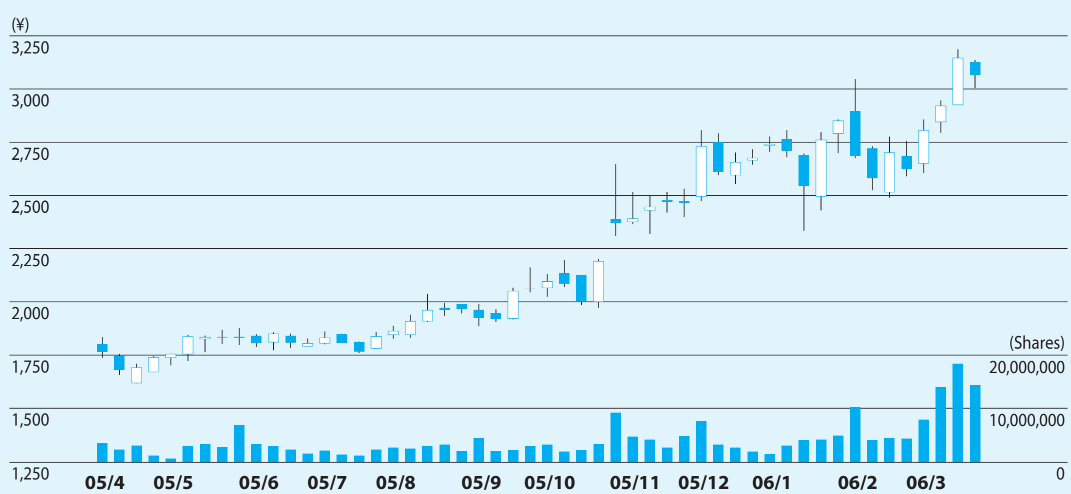
450-8575, Japan
Phone: +81-52-584-5011
Facsimile: +81-52-584-5659
URL: http://www.toyota-tsusho.com/

Stock Price Range:



History

Major Developments in History

Toyota Tsusho Corporation

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

Tomen Corporation

1920	Toyo Menka Kaisha, Ltd. established; cotton business taken over from Mitsui & Co., Ltd.
1947	Machinery, metals, and foodstuffs businesses started
1949	Sanyo Oil & Fat Industrial Co., Ltd. (currently Sanyo Chemical Industries, Ltd.) established through joint investment with Toyo Rayon Co., Ltd. (currently Toray Industries, Inc.)
1950	Listed on the Osaka and Tokyo Stock Exchanges
1951	Toyomenka, Inc. (currently Tomen America Inc.) established
1955	Merger with Kanegafuchi Trading Co., Ltd.; textile business expanded Listed on the Nagoya Stock Exchanges
1961	Merger with Taiyo Bussan Kaisha Ltd.; foodstuffs business expanded
1963	Merger with Nankai Kogyo Co., Ltd.; metals business expanded
1965	Sunpot Co., Ltd. established
1968	Grain silo business launched; operation of grain-processing complex in Higashinada started
1970	Japanese name changed to Kabushiki Kaisha Tomen; dual head office system (Tokyo, Osaka) adopted
1983	Teijin Advanced Products Corporation (currently Tomen Electronics Corporation) acquired
1987	Power supply business launched; wind power generation project started in the U.S.A.
1989	London branch closed and Toyomenka (U.K.) Ltd. established
1990	Spin-off of cotton business; Toyo Cotton (Japan) Co. established P.T. Styrindo Mono Indonesia established English name changed to Tomen Corporation
1992	Tomen Devices Corporation established
1999	Tomen Electronics Corporation listed on the Second Section of the Tokyo Stock Exchange
2000	Capital and business alliance initiated with Toyota Tsusho Corporation (private placement of shares worth ¥7.5 billion)
2001	Stock listing of Tomen Electronics Corporation upgraded to the First Section of the Tokyo Stock Exchange Life science business integrated with Arysta LifeScience Corporation Spin-off of part of power supply business into Tomen Power Holdings Corporation (currently Eurus Energy Holdings Corporation) conducted
2003	Sunpot Co., Ltd. listed on the Second Section of the Tokyo Stock Exchange Private placement of shares worth ¥10 billion to Toyota Tsusho Corporation and Toyota Motor Corporation undertaken
2004	Tomen Devices Corporation listed on the Second Section of the Tokyo Stock Exchange
2005	Stock listing of Tomen Devices Corporation upgraded to the First Section of the Tokyo Stock Exchange
2006	Merger with Toyota Tsusho Corporation

Network

(As of September 30, 2006)

Organization Chart

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  - Executive Board Members' Meeting
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  - Other Councils
  - Business Management Committee
  - Business Operating Committee
  - Internal Audit Dept.
  - Environment & Safety Management Dept.

Corporate Division
- Secretarial Dept.
- Corporate Planning Dept.
- Human Resources & General Affairs Dept.
- Corporate Accounting Planning Dept.
- Financial Planning Dept.
- Risk Management Dept.
- Affiliate Planning & Administration Dept.
- Business Promotion & Portfolio Management Dept.
- Internal Control Dept.

Global Strategic Integration Division
- Global Strategic Integration Planning Dept.
- Global Logistics Operation Dept.
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Metals Division
- Metal Planning Dept.
- Steel Sheet & Plate Sales Dept.
- Steel Bar, Wire Rod, Pipe & Construction Material Dept.
- Non Ferrous Metals Dept.
- Iron & Steel Raw Material Dept.
- Steel Export Dept.
- Tokyo Metals Dept.
- Osaka Metals Dept.
- Hamamatsu Metals Dept.

Machinery & Electronics Division
- Machinery & Electronics Planning Dept.
- Machinery Dept.
- Toyota Machinery Dept.
- Tokyo Machinery Dept.
- Osaka Machinery Dept.
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- Kyushu Machinery Dept.
- Textile Machinery & Solution Dept.
- Electronics Dept. 1
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Automotive Division
- Automotive Planning Dept.
- Automotive Business Management Dept.
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- Automotive Sales & Marketing Dept. 1
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- Automotive Sales & Marketing Dept. 3
- Automotive Sales & Marketing Dept. 4
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- Parts & Aftersales Marketing Dept.
- Affiliated Dealer Management Dept.
- Automobile Service Dept.

Energy & Chemicals Division
- Energy & Chemicals Planning Dept.
- Organic Chemicals Dept.
- Industrial Chemicals Dept.
- Fine Chemicals Dept.
- Plastics Dept.
- Automotive Materials Dept.
- Electronics & Performance Materials Dept.
- Osaka Chemicals Dept.
- Energy Dept.
- Energy Projects Development Dept.

Produce & Foodstuffs Division
- Produce & Foodstuff Planning Dept.
- Feed & Oilseeds Dept.
- Sugar & Produce Dept.
- Foodstuff Dept. 1
- Foodstuff Dept. 2
- Osaka Produce & Foodstuff Dept.
- Nagoya Produce & Foodstuff Dept.

Consumer Products, Services & Materials Division
- Consumer Products, Services & Materials Planning Dept.
- Estate Development Dept.
- Living Materials & Products Dept.
- Industrial Textile Dept.
- Textile Products Dept. 1
- Textile Products Dept. 2
- Automotive Parts & Materials Dept.
- Insurance Dept. 1
- Insurance Dept. 2

Network

Japan

TOYOTA TSUSHO CORPORATION

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

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

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

North America

TOYOTA TSUSHO CANADA, INC.

1080 Fountain St., Cambridge, Ontario, Canada N3E 1A3

TOYOTA TSUSHO AMERICA, INC.

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

Arkansas, Atlanta, Battle Creek, Boston, Chicago, Columbus, Detroit, Fremont, Georgetown, Hollywood, Houston, Huntsville, Los Angeles, Miami, Missouri, New York, Oregon, Orlando, Princeton, San Antonio, San Diego, San Francisco, San Jose, Tennessee, West Virginia

TOMEN AMERICA, INC.

Head Office: 1285 Avenue of the Americas, New York, N.Y. 10019, U.S.A.

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Central & South America

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Head Office: Belgicastraat 13, 1930 Zaventem, Belgium

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

TOYOTA TSUSHO U.K. LTD.

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

Derby

TOMEN NETHERLANDS B.V.

Westblaak 150, 3012 KM Rotterdam, Netherlands

Russia & the CIS

TOYOTA TSUSHO CORPORATION

Moscow, Saint Petersburg, Tashkent

Africa

TOYOTA TSUSHO CORPORATION

Cairo, Alexandria, Tunis, Alger

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Durban, Nairobi

Middle East

TOYOTA TSUSHO CORPORATION

Dubai, Sharjah, Jeddah, Amman

TOYOTA TSUSHO EUROPE S.A.

Gebze Kocaeli

TOMEN IRAN LIMITED LIABILITY COMPANY

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Asia

TOYOTA TSUSHO CORPORATION

Manila, Changchun, Beijing, Wulumuqi, Guangzhou, Hanoi, Hai Phong, Ho Chi Minh, Vientiane, Jakarta, Yangon, Dhaka, New Delhi, Mumbai, Bangalore, Colombo, Islamabad, Lahore, Karachi

TOYOTA TSUSHO KOREA CORPORATION

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Harbin, Shengyang

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Beijin

TOYOTA TSUSHO (SHANGHAI) CO., LTD.

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

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

TOYOTA TSUSHO (GUANGZHOU) CO., LTD.

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TOYOTA TSUSHO (H.K.) CORPORATION LTD.

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Xiamen

CHEN TAI FONG CO., LTD.

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

TOMEN TAIWAN CO., LTD.

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

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KASHO INTERNATIONAL (THAILAND) CO., LTD.

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

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Oceania

TOYOTA TSUSHO (AUSTRALASIA) PTY. LTD.

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TOYOTA TSUSHO SYDNEY PTY. LTD.

Level 19, 44 Market St., Sydney, New South Wales 2000, Australia

TOYOTA TSUSHO (N.Z.) LTD.

Level 16, Westpac Tower, 120 Albert St., Auckland 1140, New Zealand

Principal Subsidiaries and Affiliates

(As of April 1, 2006)

Main Regional Subsidiaries

Company Name	Country	Shareholding	Main Business
Toyota Tsusho (China) Co., Ltd.	China	100.00	Trading and investment
Toyota Tsusho (Dairen) Co., Ltd.	China	100.00	Trading
Toyota Tsusho (Tianjin) Co., Ltd.	China	100.00	Trading
Toyota Tsusho (Shanghai) Co., Ltd.	China	100.00	Trading
Toyota Tsusho (Guangzhou) Co., Ltd.	China	100.00	Trading
Toyota Tsusho (H.K.) Corporation Limited	China	100.00	Trading and investment
Toyota Tsusho Korea Corporation	Korea	100.00	Trading
Chen Tai Fong Co., Ltd.	Taiwan	63.80	Trading and investment
Tomen Taiwan Co., Ltd.	Taiwan	100.00	Trading
Toyota Tsusho Philippines Corporation	Philippines	100.00	Trading
Toyota Tsusho (Thailand) Co., Ltd.	Thailand	49.00	Trading and investment
Tomen Enterprise (Bangkok) Ltd.	Thailand	30.00	Trading and investment
Tomen (Thailand) Ltd.	Thailand	99.99	Trading
Kasho International (Thailand) Co., Ltd.	Thailand	49.00	Trading
Myanmar Toyota Tsusho Co., Ltd.	Myanmar	100.00	Trading
Toyota Tsusho (Malaysia) Sdn. Bhd.	Malaysia	51.00	Trading and investment
Toyota Tsusho (Singapore) Pte. Ltd.	Singapore	100.00	Trading
P.T. Toyota Tsusho Indonesia	Indonesia	100.00	Trading and investment
Toyota Tsusho (Australasia) Pty. Ltd.	Australia	100.00	Trading and investment
Toyota Tsusho (NZ) Ltd.	New Zealand	100.00	Trading
Tomen Iran Ltd.	Iran	100.00	Trading and investment
Toyota Tsusho Europe S.A.	Belgium	100.00	Trading and investment
Tomen Netherlands B.V.	Netherland	100.00	Trading
Tomen France SAS	France	100.00	Trading
Tomen Italia S.p.A.	Italy	100.00	Trading
Toyota Tsusho U.K. Ltd.	U.K.	100.00	Trading and investment
Toyota Tsusho Africa Pty. Ltd.	South Africa	100.00	Trading and investment
Toyota Tsusho America, Inc.	U.S.A.	100.00	Trading and investment
Toyota Tsusho de Venezuela C.A.	Venezuela	100.00	Trading
S.C. Toyota Tsusho do Brasil Ltda.	Brazil	100.00	Trading and investment
Toyota Tsusho Argentina S.A.	Argentina	99.00	Trading and investment

Metals Division

Company Name	Country	Shareholding	Main Business
Toyota Steel Center Co., Ltd.	Japan	58.00	Processing and warehousing of steel sheets
Toyotsu Tekkou Hambai Co., Ltd.	Japan	95.75	Sales and processing of steel sheets
Aichi Kokan Kogyo Co., Ltd.	Japan	100.00	Processing and sales of steel pipes
Kanto Coil Center Co., Ltd.	Japan	100.00	Processing and sales of steel sheets
Oriental Steel Co., Ltd.	Japan	100.00	Processing and sales of steel sheets
Pro Steel Co., Ltd.	Japan	47.00	Processing and sales of special steel sheets
Toyotsu Hitetsu Center Corporation	Japan	65.00	Processing and sales of aluminum and sheets
Toyotsu Material Corporation	Japan	100.00	Sales of metal products
Toyotsu Recycle Corporation	Japan	97.01	Collection and sales of non-ferrous metals and used automotive parts
Toyota Metal Co., Ltd.	Japan	50.00	Collection, processing and sales of metal scrap; Disposal and recycling of industrial waste
Ecoline Corporation	Japan	100.00	Development and sales of software and hardware and communication services

Company Name	Country	Shareholding	Main Business
Hanshin Kogyo. Co., Ltd.	Japan	25.00	Manufacture and sales of steel pipes
Tianjin Fengtian Steel Process Co., Ltd.	China	70.00	Processing and sales of steel sheets
Toyota Tsusho Metals Ltd.	U.K.	100.00	Metal dealer and broker
Toyota Tsusho India Private Ltd.	India	95.40	Processing of steel sheets, warehousing and logistics services
Toyota Tsusho Technopark (M) Sdn. Bhd.	Malaysia	90.00	Management of industrial park
Poland Smelting Technologies 'Polst' Sp.zo.o.	Poland	69.97	Supplying of molten aluminum
Siam Hi-Tech Steel Center Co., Ltd.	Thailand	45.76	Processing and sales of steel sheets
P.T. Steel Center Indonesia	Indonesia	50.00	Processing and sales of steel sheets
Nanjing Yunhai Magnesium	China	20.00	Manufacture and sales of magnesium alloy
Tovecan Corporation Ltd.	Vietnam	26.36	Manufacture and sales of tin-cans, marketing of printed tinplate sheets

Machinery & Electronics Division

Company Name	Country	Shareholding	Main Business
Toyotsu Engineering & Manufacturing Co., Ltd.	Japan	100.00	Manufacture, sales, mediation and maintenance of machinery and equipment
Toyotsu S.K. Co., Ltd.	Japan	100.00	Sales of textile, food processing and precision machinery and equipment
Tomen Techno Solutions Inc.	Japan	100.00	Export, import and wholesale of machinery and equipment
Vestech Japan Co., Ltd.	Japan	51.00	Import and engineering support of wind power generator
Wind Tech Corporation	Japan	100.00	Wind power generating
Wind Tech Minami-Towada Corporation	Japan	90.00	Wind power generating
Wind Tech Yokohama Corporation	Japan	95.00	Wind power generating
Wind Tech Bounotsu Corporation	Japan	100.00	Wind power generating
Vestech Service Corporation	Japan	41.01	Operation monitoring and maintainance inspection for wind power generators, and monitoring and guidance for wind power generators installation
Ene Vision Corporation	Japan	60.00	Design, construction and maintainance for co-generation facilities
Toyotsu Syscom Corporation	Japan	100.00	Mobile communications services and handsets, other communication services and equipment
Toyotsu Electronics Corporation	Japan	100.00	Development and sales of semiconductors and electronic components
Tomen Electronics Corporation	Japan	40.02	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Devices Corporation	Japan	36.03	Sales of semiconductor memories and other electronic components
Tomuki Corporation	Japan	100.00	Marketing and sales of such electronic components as passive components and electronic components for semiconductor
PPL Corporation	Japan	40.02	Agency of central procurement for semiconductors and electronic components
Toyota Tsusho Corporation de Mexico S.A. de C.V.	Mexico	100.00	Dealer of Toyota industrial equipment and genuine parts
Toyota Tsusho Material Handling UK	U.K.	85.00	Dealer of Toyota industrial equipment and genuine parts
Toyota Tsusho (Austria) G.m.b.H.	Austria	97.00	Dealer of Toyota industrial equipment and genuine parts
Industrial Tech Services, Inc.	U.S.A.	51.00	Engineering services
Tomen (Singapore) Electronics Pte. Ltd.	Singapore	40.02	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Electronics (Hong Kong) Limited	China	46.02	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Electronics America, Inc.	U.S.A.	40.02	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Electronics Taiwan Corp.	Taiwan	40.02	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Electronics (Shanghai) Co., Ltd.	China	40.02	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment

Company Name	Country	Shareholding	Main Business
Tomen Electronics (Thailand) Co., Ltd.	Thailand	40.02	Marketing and sales of semiconductors, integrated circuits, electronic components and computer-related equipment
Tomen Devices (Shanghai)., Ltd.	China	36.03	Sales of semiconductor memories and other electronic components
P.T. Toyota Tsusho Mechanical & Engineering Service Indonesia	Indonesia	100.00	Engineering services
TT Network Integration Asia Pte. Ltd.	Singapore	51.00	Telecommunications network connection construction, monitoring and support of communications network systems and system integration
TD Scan (U.S.A.) Inc.	U.S.A.	69.23	Import, sales and services for Denso Wave-made automatic data capture equipment
Tomuki (Hong Kong) Limited	China	100.00	Marketing and sales of such electronic components as passive components and electronic components for semiconductors
Shanghai Hong Ri International Electronics Co., Ltd.	China	39.00	Marketing and sales of semiconductors, integrated circuits and electronic components

Automotive Division

Company Name	Country	Shareholding	Main Business
Toyotsu Auto Service, Inc.	Japan	100.00	Sales and repair of automotive parts and machinery
Toyota TC Hanoi Car Service Corporation	Vietnam	67.00	Retail and services of Toyota vehicles and genuine parts
Toyota Tsuhso Saigon Motor Service Corporation	Vietnam	62.36	Retail and services of Toyota vehicles and genuine parts
T.T.H.K. Co., Ltd.	Cambodia	51.00	Retail and services of Toyota vehicles and genuine parts
T.T.A.S. Co., Ltd.	Myanmar	75.00	Retail and services of Toyota vehicles and genuine parts
Toyota Lanka (PVT) Ltd.	Sri Lanka	100.00	Import, retail and services of Toyota vehicles and genuine parts
Toyota Lakozy Auto Private Ltd.	India	93.17	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho South Pacific Holdings Pty. Ltd.	Australia	100.00	Holding company
TTAF Management Ltd.	U.K.	95.00	Management services
Establishment Florden S.A.	British West Indies	100.00	Holding company
Toyota Tsusho Auto Valenciennes S.A.R.L.	France	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho Auto Bordeaux	France	100.00	Retail and services of Toyota vehicles and genuine parts
LMI Holdings B.V.	Netherlands	100.00	Holding company
Toyota Tsusho Praha spol.s.r.o.	Czech	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota Tsusho Euroleasing Hungary KFT	Hungary	51.00	Retail and services of Toyota vehicles and genuine parts
Toyota Adria, podjetje za izvoz in promet z vozili, d.o.o.	Slovenia	100.00	Wholesale of Toyota vehicles and genuine parts
JV Business Car	Russia	92.00	Wholesale, retail and services of Toyota vehicles, folklifts, and genuine parts
Toyota Tsusho Vostok Auto Co., Ltd.	Russia	100.00	Retail and services of Toyota vehicles and genuine parts
Too Toyota Tsusho Kazakhstan Auto	Kazakhstan	51.00	Retail and services of Toyota vehicles, folklifts and genuine parts
Toyota de Angola, S.A.R.L.	Angola	100.00	Import and distribution of Toyota vehicles and genuine parts
Toyota Zambia Ltd.	Zambia	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota East Africa Ltd.	Kenya	100.00	Import and distribution of Toyota vehicles and genuine parts
Toyota Malawi Ltd.	Malawi	100.00	Import and distribution of Toyota vehicles and genuine parts
Toyota Zimbabwe (Private) Ltd.	Zimbabwe	100.00	Retail and services of Toyota vehicles and genuine parts
LMI Ltd.	Zimbabwe	100.00	Holding company
Comercio de Veiculos Toyota Tsusho Ltda.	Brazil	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota Trindad & Tobago Ltd.	Trindad & Tobago	100.00	Retail and services of Toyota vehicles and genuine parts
TTC Auto Argentina S.A.	Argentina	100.00	Retail and services of Toyota vehicles and genuine parts
Toyota Jamaica Ltd.	Jamaica	80.00	Retail and services of Toyota vehicles and genuine parts
D&T Motors Corporation	Korea	49.00	Retail and services of Toyota vehicles and genuine parts

Company Name	Country	Shareholding	Main Business
Jiangmen Huatong Toyota Motor Sales & Service Co., Ltd.	China	50.00	After sales-services of Toyota vehicles
Harbin Huatong Toyota Motor Service Co., Ltd.	China	50.00	Retail and services of Toyota vehicles and genuine parts
Shenyang Huatong Toyota Motor Sales & Service Co., Ltd.	China	50.00	Retail and services of Toyota vehicles and genuine parts
Xian Huatong Toyota Motor Sales & Service Co., Ltd.	China	50.00	Retail and services of Toyota vehicles and genuine parts
Wulumuqi Huatong Toyota Motor Sales & Service Co., Ltd.	China	50.00	Retail and services of Toyota vehicles and genuine parts
Guangzhou Huatong Toyota Motor Sales & Service Co., Ltd.	China	50.00	Retail and services of Toyota vehicles and genuine parts
Hinopak Motors Ltd.	Pakistan	29.67	Manufacture and sales of trucks, buses and automotive parts
Toyota Motor Hungary KFT	Hungary	50.00	Distribution of Toyota products
Toyotoshi S.A.	Paraguay	23.00	Retail and services of Toyota vehicles and genuine parts

Energy & Chemicals Division

Company Name	Country	Shareholding	Main Business
Toyotsu Plachem Co., Ltd.	Japan	100.00	Sales of resin and chemical products
Daiichi Sekken Co., Ltd.	Japan	100.00	Manufacture and sales of synthetic detergents and soaps
Daitoh Kasei Co., Ltd.	Japan	99.84	Plastic molding
Tomen Chemical Co., Ltd.	Japan	100.00	Export, import and wholesale of various chemicals
Tomen Plastics Corporation	Japan	100.00	Export, import and wholesale of synthetic resins and synthetic rubber, and products
Arysta Life Science Corporation	Japan	51.74	Life science business such as agrochemicals, pharmaceuticals, veternity medicines and biotechnology businesses
Sanyo Chemical Industries, Ltd.	Japan	19.55	Manufacture and sales of chemicals, primarily surface active agents for textile and industrial use
Togo Jyushi Co., Ltd.	Japan	39.71	Processing of synthetic resin
Nihon Mistron Co., Ltd.	Japan	34.00	Processing of talc and sales of talcum products
Toyota Chemical Engineering Co., Ltd.	Japan	100.00	Disposal of industrial waste; manufacture and sales of recycled dust fuel
Toyotsu Sekiyu Hambai Co., Ltd.	Japan	65.30	Sales of petroleum products
Toyotsu Energy Corporation	Japan	100.00	Sales and warehousing of LPG and petroleum products
Eurus Energy Holdings Corporation	Japan	40.00	Operation and management of wind power generation projects worldwide
Tomen Power Samukawa Corporation	Japan	70.00	Electricity wholesale trade
Nihon Tennen Gas Co., Ltd.	Japan	40.98	Production and sales of natural gas, iodine, industrial chemicals and pharmaceuticals
Deepwater Chemicals, Inc.	U.S.A.	100.00	Manufacture and sales of iodides
Dewey Chemical Inc.	U.S.A.	100.00	Manufacture and sales of iodine
Eastern Chemical Co., Ltd.	Thailand	87.20	Manufacture of ethyle alcohol by fermentation of molasses
P.T. Styrindo Mono Indonesia	Indonesia	68.42	Manufacture and sales of dyestuffs
Korea Fine Chemical Co., Ltd.	Korea	20.89	Manufacture and sales of isocyanate and amino acids
Korea Polyol Co., Ltd.	Korea	20.79	Manufacture and sales of polypropylene products
P.T. Kaltim Pasifik Amoniak	Indonesia	25.00	Manufacture and sales of ammonia
Wuxi Advanced Kayaku Chemical Co., Ltd.	China	20.00	Manufacture and sales of dyes
Dyechem Industries Pty. Ltd.	Australia	100.00	Processing and sales of dyestuffs and auxiliary agents for textile use
Philippine Prosperity Chemicals Inc.	Philippines	40.00	Distribution of solvents
Thai Chemical Terminal Co., Ltd.	Thailand	83.64	Distribution of solvents
Toyota Tsusho Mining (Australia) Pty. Ltd.	Australia	100.00	Investment and management for Camberwell coal project
Toyota Tsusho Investment (Australia) Pty. Ltd.	Australia	100.00	Financing for Camberwell coal project
Tomen Toyota Tsusho Petroleum (s) Pte. Ltd.	Singapore	100.00	Export and offshore trading of crude oil, petroleum products and bunker oil

Company Name	Country	Shareholding	Main Business
Tomen Power (Singapore) Pte. Ltd.	Singapore	100.00	Operation and management of wind power generation projects
Centragas-Transportadora de Gas de la Region Central de Enron Development CIA., S.C.A.	Columbia	25.00	Transport of natural gas
Tomen Telecom (Thailand) Limited	Thailand	84.36	Sales of IT communications equipment, etc.
Kwarta Ocean S.A.	Panama	100.00	Marine shipping business
Kwarta Maritime S.A.	Panama	100.00	Marine shipping business
Kwarta Shipping S.A.	Panama	100.00	Marine shipping business

Produce & Foodstuffs Division

Company Name	Country	Shareholding	Main Business
Sunfeed Co., Ltd.	Japan	100.00	Import and sales of feed products
Chubu Syokuryo Kaisha, Ltd.	Japan	100.00	Sales of rice and special rice grain, wholesale marketing of frozen foods and other food products
Tomen Foods Co., Ltd.	Japan	100.00	Import and distribution of foodstuffs, marine products and liquors
Kanto Grain Terminals Co., Ltd.	Japan	59.82	Management of storage silos for feed grain, harbor transport, customs clearance functions
Tohoku Grain Terminals Co., Ltd.	Japan	88.78	Management of storage silos for feed grain, harbor transport, customs clearance functions
Toyo Grain Terminals Co., Ltd.	Japan	99.00	Management of storage silos for feed grain, harbor transport, customs clearance functions
Higashi-Nada Tomen Silo Co., Ltd.	Japan	97.51	Management of storage silos for feed grain, harbor transport, customs clearance functions
Tohoku Godo Warehouse Co., Ltd.	Japan	63.75	Warehousing and transport of animal feed
Grand Place Corporation	Japan	82.50	Production and sales of chocolate
Yamakichi Co., Ltd.	Japan	95.00	Wholesale of commercial foodstuffs
Tomita Shoji Co., Ltd.	Japan	30.00	Sales of seeds for green farm
Cradle Foods Co., Ltd.	Japan	45.23	Production and sales of canned products of processed farm produce
Banshuu Choumiryou Co., Ltd.	Japan	50.00	Production and sales of amino acid seasoning
Oleos "MENU" Industria e Comercio Ltda.	Brazil	100.00	Manufacture and sales of cottonseed oil products
Tianjin Commercial River Cereals, Oils & Foodstuffs Co., Ltd.	China	100.00	Sorting and processing of green mung beans
Quingdao Jiaodong Foodstuffs Development Co., Ltd.	China	40.00	Sales of frozen vegetables
Quingdao Jingxi Food Co., Ltd.	China	30.00	Processing and sales of frozen vegetables
Fujian New Oolong Drink Co., Ltd.	China	24.50	Manufacture and sales of concentrated liquid of oolong tea water
Langfang Itokin Food Co., Ltd.	China	44.50	Rice milling and production of rice flour mix
K&T Foods Co., Ltd.	China	50.00	Manufacture and sales of frozen foods and operation of take-out lunch outlets

Consumer Products, Services & Materials Division

Company Name	Country	Shareholding	Main Business
Toyomac, Ltd.	Japan	100.00	Sales of office and home equipment and home nursing care goods
Towa Sewing Co., Ltd.	Japan	80.00	Manufacture of textile goods
Tomen Hotline Co., Ltd.	Japan	100.00	Design, manufacture and sales of apparel
Toyo Tateami Kaisha, Ltd.	Japan	100.00	Manufacture and sales of knit fabrics
Toyo Cotton (Japan) Co.	Japan	100.00	Import, export and sales of raw cotton
Renown Uniforms Corporation	Japan	80.00	Planning and marketing of uniforms and related products
O'Neill Far East Corporation	Japan	100.00	Planning sales and licensing of O'Neill brand products

Company Name	Country	Shareholding	Main Business
Shinatomo Co., Ltd.	Japan	20.00	Domestic sales, import and export of various textile materials and products
Toyotsu Family Life Corporation	Japan	100.00	Insurance agency
Toyotsu Insurance Management Corporation	Japan	100.00	Insurance broker
Care Port Japan Corporation	Japan	60.00	Purchase of nursing care benefit claims
Toyotsu New Pack Co., Ltd.	Japan	75.00	Manufacture and sales of packing supplies
Tatsumura Textile AI Co., Ltd.	Japan	70.02	Development, manufacture, processing and sales of fabric for automotive industries
Ogawatec Corporation	Japan	100.00	Planning and construction of membrane structures such as domes for stadiums
Toyotsu Lumber Corporation	Japan	100.00	Import, processing and sales of wood products for trucks and houses
P.T. Tomenbo Indonesia	Indonesia	100.00	Manufacture of synthetic yarn spinning
Toyo Cotton Co.	U.S.A.	100.00	Import, export and sales of raw cotton
Shanghai Ever Green Textile Co., Ltd.	China	22.30	Sizing, weaving, dyeing, finishing and sales of acetate lining fabrics
Yuen Long Textile Co., Ltd.	China	35.00	Dyeing and sales of acetate, polyester and rayon lining fabrics
Fujian Daguan Stone Co., Ltd.	China	20.00	Manufacture and sales of stone products
Toyota Tsusho Corretora de Seguros Ltda.	Brazil	100.00	Insurance broker

Corporate Staff Divisions

Company Name	Country	Shareholding	Main Business
Toyotsu Logistics Service Co., Ltd.	Japan	100.00	Warehousing and logistics services
TM Logistics Corporation	Japan	100.00	Trade services and promotion of logistics business
Sanko Corporation	Japan	53.90	Port and freight transport
Hot-Line International Transport Ltd.	Japan	100.00	Non-vessel operating common carrier and returnable container business
Toyotsu Business Service Corporation	Japan	100.00	Accounting services and factoring
Toyotsu Office Services Corporation	Japan	100.00	Shared service provider
Toyotsu Human Resources Corporation	Japan	100.00	General temporary staffing, special outsourcing, fee-based recruiting and consulting services
P.T. Toyota Tsusho Logistic Center	Indonesia	92.20	Warehousing and logistics services
Hot-Line International Transport (H.K.) Limited	China	100.00	Non-vessel operating common carrier and returnable container business
Hot-Line International Transport (China) Limited	China	100.00	Non-vessel operating common carrier and returnable container business
Tianjin Fengtian International Logistics Co., Ltd.	China	38.00	Warehousing and logistics services
Fong Yu Investment Co., Ltd.	Taiwan	90.00	Investment

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

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