

## **Toyota Tsusho Corporation Reports Earnings for the Three Months to June 30, 2008**

Nagoya, Japan; July 30, 2008—Toyota Tsusho Corporation (TSE: 8015) announced net sales of 1,928.1 billion yen for the first three months of the fiscal year ending March 31, 2009 (April 1 – June 30, 2008), and net income of 18.863 billion yen, or 53.74 yen per share.

### **Consolidated Results of Operations**

During the first quarter, the Japanese economy experienced a slowdown as domestic demand slumped due to the decline in corporate earnings stemming from the jump in natural resource prices as well as the dip in real income due to the rising prices of goods. Although strong economic growth in emerging countries protected the global economy from a sharp slowdown, the slowdown continued because of the subprime mortgage crisis in the U.S., surging crude oil and other natural resource prices, and climbing food prices.

Amid this environment, net sales for the Toyota Tsusho Group in the first quarter amounted to 1,928.1 billion yen. Operating income totaled 35.747 billion yen, while ordinary income amounted to 41.409 billion yen. Net income after income tax for the quarter was 18.863 billion yen.

### **Segment Information**

#### **Metals**

Net sales for the segment totaled 601.7 billion yen. In the steel sheet, bars, and tubes business, volume increased due to an increase in market activity and firm demand from the auto industry, both in Japan and overseas. In the steel raw materials business, business expanded at on-site recycling companies in the U.K. and Hokkaido Prefecture, Japan. Business also expanded in the nonferrous metals business, and an aluminum melting company was established in Hokkaido.

#### **Machinery & Electronics**

Net sales for the segment totaled 394.9 billion yen. In the machinery business and the information and electronics business, volume was generally firm, although some delays in capital investment were observed. In the supply of parts for overseas automotive production, although business was affected by the decline in automobile production in the U.S. and Europe, growth was maintained due to increased production in other regions, particularly China and Southeast Asia.

#### **Automotive**

Net sales for the segment totaled 242.1 billion yen. This was the result of firm sales in resource-rich countries and emerging countries. In addition, we expanded our dealership network in resource-rich regions including China, Central Asia, and Russia.

#### **Energy & Chemicals**

Net sales for the segment totaled 464.8 billion yen. In the chemicals and synthetic resin business, we enjoyed steady volumes in resins for automobiles and home appliances as well as in raw chemical materials. In the energy and plant business, volume grew on the back of increased sales of crude oil and petrochemical products. In the plant export business, multiple power plant orders were received from Egypt.

#### **Produce & Foodstuffs**

Net sales for the segment totaled 103.7 billion yen. In the feed grain business, volume was firm due to efforts to provide a steady supply as feed grain prices remained high. In the foodstuffs area, the Chinese bread-making business began delivering products to local Japanese supermarkets.

#### **Consumer Products, Services & Materials**

Net sales for the segment totaled 86.9 billion yen. In the senior citizen-related business, we named the 60-and-above age group the “Harvest Age,” and we made investments to bolster the nursing care equipment business. These investments included the acquisition of all of the shares of Gutt Rehabilitation, Ltd., a company that sells nursing care products.

### **Consolidated Financial Condition**

Total assets increased 107.8 billion yen from March 31, 2008, to 2.71 trillion yen. This was primarily attributable to a combined 82.0 billion yen increase in trade notes and accounts receivable and inventories as well as a 35.8 billion yen increase in property and equipment. Total net assets increased 22.6 billion yen from March 31, 2008, to 662.3 billion yen as a result of net income for the quarter and other factors.

### **Outlook for the Fiscal Year Ending March 31, 2009**

No changes have been made to the outlook for consolidated operating results for the fiscal year ending March 31, 2009, as announced on April 25, 2008. Because the Company manages operating results on an annual basis, an outlook for interim operating results for the 6-month period ending September 30, 2008, is not included.

## Consolidated Balance Sheets

	As of June 30, 2008	As of March 31, 2008
Millions of yen		
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	165,086	174,915
Trade notes and accounts receivable	1,147,681	1,108,791
Inventories	487,238	444,155
Other current assets	171,673	164,950
Allowance for doubtful receivables	(6,964)	(7,317)
Total current assets	1,964,716	1,885,496
<b>Fixed assets:</b>		
Total property and equipment, net	237,981	202,101
Intangible assets		
Goodwill	114,904	118,357
Others	14,004	13,321
Total intangible assets	128,909	131,679
Investments and other assets		
Investment securities	308,548	309,942
Others	91,528	97,207
Less: allowance for doubtful receivables	(20,596)	(23,218)
Total investments and other assets	379,479	383,930
Total fixed assets	746,370	717,710
<b>Total assets</b>	<b>2,711,086</b>	<b>2,603,206</b>

	As of June 30, 2008	As of March 31, 2008
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Trade notes and accounts payable	929,853	906,981
Short-term debt	326,150	316,452
Income taxes payable	14,276	16,448
Reserve for directors' bonuses	417	803
Other current liabilities	268,650	238,807
<b>Total current liabilities</b>	<b>1,539,349</b>	<b>1,479,494</b>
<b>Long-term liabilities:</b>		
Bonds payable, less current portion	75,000	75,000
Long-term debt	366,369	366,313
Reserves	19,618	19,163
Other long-term liabilities	48,404	23,504
<b>Total long-term liabilities</b>	<b>509,392</b>	<b>483,981</b>
<b>Total liabilities</b>	<b>2,048,741</b>	<b>1,963,476</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Common stock	64,936	64,936
Capital surplus	154,367	154,367
Retained earnings	350,178	334,950
Treasury stock	(5,126)	(5,274)
<b>Total shareholders' equity</b>	<b>564,356</b>	<b>548,979</b>
<b>Valuation and translation adjustments:</b>		
Net unrealized gains on available-for-sales securities, net of taxes	42,309	40,362
Deferred gain (loss) on futures hedge	10,956	6,519
Foreign currency translation adjustments	(12,167)	(9,985)
<b>Total Valuation and translation adjustments</b>	<b>41,097</b>	<b>36,896</b>
<b>Stock warrants</b>	<b>718</b>	<b>581</b>
<b>Minority interests</b>	<b>56,172</b>	<b>53,273</b>
<b>Total net assets</b>	<b>662,345</b>	<b>639,730</b>
<b>Total liabilities and net assets</b>	<b>2,711,086</b>	<b>2,603,206</b>

## Consolidated Statements of Income

	Millions of yen
	Three months ended June 30, 2008
<b>Net sales</b>	1,928,177
Cost of sales	1,830,134
<b>Gross profit</b>	98,043
Selling, general and administrative expenses	62,295
<b>Operating income</b>	35,747
<b>Other income:</b>	
Interest income	1,287
Dividend income	4,425
Equity in the earnings of unconsolidated subsidiaries and affiliates	3,590
Other income	3,640
Total other income	12,944
<b>Other expenses:</b>	
Interest expense	4,613
Other expenses	2,668
Total other expenses	7,282
<b>Ordinary income</b>	41,409
<b>Extraordinary income:</b>	
Gain on sale of property and intangible assets	104
Gain on operating of securities	84
Gain on reversal of allowance for doubtful receivables	2,551
Total extraordinary income	2,740
<b>Extraordinary losses:</b>	
Loss on sale of property and intangible assets	171
Write-off of property and intangible assets	595
Loss on operating of securities	4
Write-down of revaluation of securities	35
Loss on disposal of affiliates	28
Provision for loss on withdrawal from businesses	471
Other losses	14
Total extraordinary losses	1,320
<b>Income before income taxes and minority interests</b>	42,829
<b>Income taxes</b>	21,066
<b>Minority interests in earnings of consolidated subsidiaries and affiliates</b>	2,899
<b>Net income</b>	18,863

## Segment Information

Three months ended June 30, 2008 (April 1, 2008 to June 30, 2008)

### 1. Industry segments

Millions of yen

	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Produce & Foodstuffs	Consumer Products, Services & Materials	Others	Total	Elimination	Consolidation
<b>Net sales</b>										
Outside customers	601,764	394,913	242,184	464,817	103,733	86,992	33,771	1,928,177	-	1,928,177
Inner-segment	128	2,396	2	596	34	597	1,176	4,931	(4,931)	-
Total	601,893	397,309	242,186	465,414	103,767	87,589	34,948	1,933,109	(4,931)	1,928,177
<b>Operating income</b>	11,759	7,320	10,712	1,997	2,010	1,586	361	35,747	-	35,747

Notes: 1. Method of categorizing lines of business:

As a rule, business operations are divided accounting to similarities of manufacturing processes, usage, and selling methods.

2. The Company adopted ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," from the consolidated quarter under review. Due to this change, compared to what it would have been under the previous accounting method, operating income in the Metals Division was 196 million yen lower; in the Machinery & Electronics Division 406 million yen lower; in the Energy & Chemicals Division 7 million yen lower; in the Produce & Foodstuffs Division 141 million yen; and in the Consumer Products, Service & Materials Division 7 million yen lower.

### 2. Geographic segments

Millions of yen

	Japan	Asia & Oceania	North America	Europe & the CIS	Others	Total	Elimination	Consolidation
<b>Net sales</b>								
Outside customers	1,280,823	323,955	154,940	119,548	48,910	1,928,177	-	1,928,177
Inner-segment	166,402	34,564	37,468	4,251	1,075	243,762	(243,762)	-
Total	1,447,225	358,519	192,408	123,799	49,986	2,171,939	(243,762)	1,928,177
<b>Operating income</b>	12,318	9,127	5,290	3,803	5,207	35,747	-	35,747

Notes: 1. Geographic segmentation is based on geographic proximity.

2. Major countries or regions except Japan in each category are as follows:

- (1) Asia & Oceania: China, Taiwan, Singapore and Thailand
- (2) North America: U.S.A.
- (3) Europe & the CIS: U.K., Belgium and Russia
- (4) Others: Africa and Central & South America

3. The Company adopted ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," from the consolidated quarter under review. Due to this change, operating income for the Japan segment was 760 million yen lower than what it would have been under the previous accounting method.

## Reference

### 1. Condensed Consolidated Statements of Income for Three Months Ended June 30, 2007

(April 1, 2007 to June 30, 2007)

	Millions of yen
	Three months ended June 30, 2007
<b>Net sales</b>	1,724,103
Cost of sales	1,629,313
<b>Gross profit</b>	94,790
Selling, general and administrative expenses	59,871
<b>Operating income</b>	34,918
<b>Other income:</b>	
Interest income	1,630
Dividend income	4,594
Equity in the earnings of unconsolidated subsidiaries and affiliates	3,254
Other income	2,294
Total other income	11,774
<b>Other expenses:</b>	
Interest expense	5,369
Other expenses	931
Total other expenses	6,301
<b>Ordinary income</b>	40,391
<b>Extraordinary income</b>	3,613
<b>Extraordinary losses</b>	688
<b>Income before income taxes and minority interests</b>	43,316
<b>Income taxes</b>	17,672
<b>Minority interests in earnings of consolidated subsidiaries and affiliates</b>	2,423
<b>Net income</b>	23,220

## 2. Segment Information

Three months ended June 30, 2007 (April 1, 2007 to June 30, 2007)

### (1) Industry segments

Millions of yen

	Metals	Machinery & Electronics	Automotive	Energy & Chemicals	Produce & Foodstuffs	Consumer Products, Services & Materials	Others	Total	Elimination	Consolidation
<b>Net sales</b>										
Outside customers	528,005	398,277	241,037	356,454	86,678	89,990	23,658	1,724,103	-	1,724,103
Inner-segment	60	1,639	23	752	16	394	1,899	4,785	(4,785)	-
Total	528,066	399,917	241,061	357,206	86,694	90,384	25,558	1,728,889	(4,785)	1,724,103
<b>Operating income</b>	10,145	8,995	12,790	1,394	1,307	722	(436)	34,918	0	34,918

Note: Method of categorizing lines of business:

As a rule, business operations are divided accounting to similarities of manufacturing processes, usage and selling method.

### (2) Geographic segments

Millions of yen

	Japan	Asia & Oceania	North America	Europe & the CIS	Others	Total	Elimination	Consolidation
<b>Net sales</b>								
Outside customers	1,132,018	276,332	146,193	128,467	41,090	1,724,103	-	1,724,103
Inner-segment	128,159	25,621	22,049	3,241	900	179,974	(179,974)	-
Total	1,267,178	301,954	168,242	131,709	41,991	1,904,077	(179,974)	1,724,103
<b>Operating income</b>	11,468	6,804	4,789	6,565	5,265	34,894	23	34,918

- Notes:
1. Geographic segmentation is based on geographic proximity.
  2. Major countries or regions except Japan in each category are as follows:
    - (1) Asia & Oceania: China, Taiwan, Singapore and Thailand
    - (2) North America: U.S.A.
    - (3) Europe & the CIS: U.K., Belgium and Russia
    - (4) Others: Africa and Central & South America



## Outline of Consolidated Results for Three Months ended June 30, 2008 (April 1, 2008 to June 30, 2008)

### 1. Operating Results

Billions of yen

	Three months ended June 30, 2008	Three months ended June 30, 2007	Year-on-year change		Vs. full-year figures (%)
			Amount	%	
Net sales	1,928.1	1,724.1	204.0	12	25
Operating income	35.7	34.9	0.8	2	24
Ordinary income	41.4	40.3	1.1	3	28
Net income	18.8	23.2	(4.4)	(19)	25

Note: Figures for the first quarter under review have been prepared in accordance with the Accounting Standard for Quarterly Financial Reporting (the same applies to the rest of this document).

Consolidated Statements of Income: Major year-on-year changes for the first quarter (April–June)

- Net sales (increase of 204.0 billion yen):
  - Increase in sales of the Metal, Energy & Chemicals Division
- Ordinary income (increase of 1.1 billion yen):
  - Increase in operating income, increase in equity in the earnings of unconsolidated subsidiaries and affiliates, and improved interest income
- Net income (decrease of 4.4 billion yen):
  - Decrease in extraordinary income (losses) and increase in income taxes paid

### 2. Financial Position

Billions of yen

	Three months ended June 30, 2008	Three months ended June 30, 2007	Year-on-year change	
			Amount	%
Total assets	2,711.0	2,603.2	107.8	4
Net assets	662.3	639.7	22.6	4
Net interest-bearing debt* <sup>1</sup>	652.5	600.2	52.3	9
Debt-equity ratio (times)* <sup>2</sup>	1.1	1.0	0.1	
Consolidated subsidiaries	27.5	25.5	2.0	
Companies subject to the equity method	14.1	12.3	1.8	

\*1 Net interest-bearing debt for the first quarter under review includes lease obligations.

\*2 Debt-equity ratio: Net interest-bearing debt / (Net assets - Minority interests - Stock warrants)

Consolidated Balance Sheets: Major year-on-year changes

- Total assets (increase of 107.8 billion yen):
  - Trade accounts receivable and inventories: increase of 82.0 billion yen due to net sales growth
  - Property and equipment: increase of 35.8 billion yen (accounting for lease assets and increases from new consolidated subsidiaries)
- Net assets (increase of 22.6 billion yen):
  - Retained earnings: increase of 15.2 billion yen (net income for the first quarter up 18.8 billion yen, dividends paid down 5.6 billion yen, etc.)
  - Deferred gain (loss) on futures hedge: increase of 4.4 billion yen
  - Minority interests: increase of 2.9 billion yen

### 3. Consolidated Net Sales and Operating Income by Business Segment

#### (1) Net sales

Billions of yen

	Three months ended June 30, 2008	Three months ended June 30, 2007	Year-on-year change		Vs. full-year figures (%)
			Amount	%	
Materials	601.7	528.0	73.7	14	26
Machinery & Electronics	394.9	398.2	(3.3)	(1)	21
Automotive	242.1	241.0	1.1	0	24
Energy & Chemicals	464.8	356.4	108.4	30	28
Produce & Foodstuffs	103.7	86.6	17.1	20	26
Consumer Products, Services & Materials	86.9	89.9	(3.0)	(3)	20
Others	33.7	23.6	10.1	43	25
Total	1,928.1	1,724.1	204.0	12	25

Breakdown by segment (year-on-year comparison) \*The year-on-year comparisons given below exclude the effects of foreign exchange.

#### • Net sales

• Materials (+92.4 million yen, +18%)	Growth in volume handled due to increased market activity and demand
• Machinery & Electronics (+17.4 billion yen, +5%)	Growth in volume handled due to increased demand
• Automotive (+17.1 billion yen, +8%)	Growth in volume handled by Toyota Tsusho Corporation (non-consolidated) and overseas automotive sales companies
• Energy & Chemicals (+123.8 billion yen, +36%)	Increase in market activity for crude oil etc. and growth in volume handled
• Produce & Foodstuffs (+20.9 billion yen, +25%)	Increase in market activity and growth in volume handled
• Consumer Products, Services & Materials (+0 billion yen, +0%)	Comparable with the same period last year

#### (2) Operating income

Billions of yen

	Three months ended June 30, 2008	Three months ended June 30, 2007	Year-on-year change		Vs. full-year figures (%)
			Amount	%	
Materials	11.7	10.1	1.6	16	29
Machinery & Electronics	7.3	8.9	(1.6)	(19)	20
Automotive	10.7	12.7	(2.0)	(16)	23
Energy & Chemicals	1.9	1.3	0.6	43	32
Produce & Foodstuffs	2.0	1.3	0.7	54	30
Consumer Products, Services & Materials	1.5	0.7	0.8	120	14
Others	0.3	(0.4)	0.7	-	18

Total	35.7	34.9	0.8	2	24
-------	------	------	-----	---	----

Breakdown by segment (year-on-year comparison) \*The year-on-year comparisons given below exclude the effects of foreign exchange.

• Operating income

• Materials (+2.4 billion yen, +26%)	Due to growth in net sales
• Machinery & Electronics (-1.0 billion yen, -13%)	Due to mutual offset with currency gains of Toyota Tsusho Corporation (non-consolidated)
• Automotive (-0.9 billion yen, -8%)	Impact of favorable performance during the first quarter last year at European automotive sales companies
• Energy & Chemicals (+0.8 billion yen, +67%)	Due to growth in net sales
• Produce & Foodstuffs (+0.7 billion yen, +54%)	Due to growth in net sales
• Consumer Products, Services & Materials (+0.8 billion yen, +120%)	Due to allowance for doubtful receivables recorded in the first quarter last year

**4. Consolidated Financial Results Forecasts for Year Ending March 31, 2009 (April 1, 2008 to March 31, 2009)**

Billions of yen

	Year ending March 31, 2009 (Forecast)	Year ended March 31, 2008 (Results)	Year-on-year change	
			Amount	%
Net sales	7,800.0	7,000.3	799.7	11
Operating income	150.0	131.6	18.4	14
Ordinary income	150.0	142.9	7.1	5
Net income	74.0	67.5	6.5	10