

# **FINANCIAL SUMMARY**

## **FY2004 First Quarter**

(April 1, 2003 through June 30, 2003)

English translation from the original Japanese-language document

**TOYOTA MOTOR CORPORATION**

# BUSINESS RESULTS

(All financial information has been prepared in accordance with accounting principles generally accepted in the United States of America)

## 1. Summary of Consolidated Financial Results of FY2004 First Quarter

### Financial Results

Domestic vehicle sales increased by 49 thousand units, or 9.9%, to 543 thousand units in FY2004 first quarter (the three-month period from April 1, 2003 to June 30, 2003) compared with FY2003 first quarter, as a result of the active introduction of new products that met customer needs and the strong sales efforts of domestic dealers. Toyota's market share excluding minivehicles and including minivehicles reached 44.9% and 41.1% respectively in FY2004 first quarter, both exceeding 40.0%. Meanwhile, overseas vehicle sales increased by 72 thousand units, or 7.3%, to 1,051 thousand units in FY2004 first quarter compared with FY2003 first quarter, mainly due to the introduction of new products that met local customer needs worldwide. As a result, total vehicle sales in Japan and overseas increased by 121 thousand units, or 8.2%, to 1,594 thousand units in FY2004 first quarter compared with FY2003 first quarter.

Net revenues increased by 215.3 billion yen, or 5.6%, to 4,092.9 billion yen in FY2004 first quarter compared with FY2003 first quarter, while operating income decreased by 51.8 billion yen, or 13.2%, to 340.7 billion yen in FY2004 first quarter compared with FY2003 first quarter. Among the factors contributing to the increase in operating income, cost reduction efforts accounted for 60.0 billion yen. The factors contributing to the decrease in operating income of 111.8 billion yen included the effect of marketing activities of 40.0 billion yen, the effect of changes in exchange rates of 30.0 billion yen and increases in other expenses of 41.8 billion yen. Income before income taxes, minority interest and equity in earnings of affiliated companies decreased by 51.0 billion yen, or 12.1%, to 371.2 billion yen in FY2004 first quarter compared with FY2003 first quarter. Net income decreased by 23.8 billion yen, or 9.7%, to 222.5 billion yen in FY2004 first quarter compared with FY2003 first quarter.

## 2. Consolidated Financial Results of FY2004 First Quarter by Segment

### (1) Segment Operating Results

#### Automotive:

Net revenues for the automotive operations increased by 200.2 billion yen, or 5.6%, to 3,798.5 billion yen in FY2004 first quarter compared with FY2003 first quarter, and operating income decreased by 60.1 billion yen, or 15.2%, to 333.9 billion yen in FY2004 first quarter compared with FY2003 first quarter. The decrease in operating income was mainly due to the effects of changes in exchange rates and the temporary effects of model shifts at the plants in North America, partially offset by increases in vehicle units sold as well as cost reduction efforts made by Toyota Motor Corporation ("TMC") and its subsidiaries.

#### Financial services:

Net revenues for the financial services operations increased by 3.2 billion yen, or 1.8%, to 184.0 billion yen in FY2004 first quarter compared with FY2003 first quarter, and operating income increased by 9.6 billion yen, or 945.3%, to 10.6 billion yen in FY2004 first quarter compared with FY2003 first quarter. The increase in operating income was mainly due to an increase in financing volumes as well as a decrease in valuation losses on interest rate swaps in accordance with the Statement of Financial Accounting Standards No.133 and No.138, compared with FY2003 first quarter, partially offset by decreases in the interest rates applied to financing to customers.

#### All other:

Net revenues for all other businesses increased by 28.3 billion yen, or 18.2%, to 183.7 billion yen in FY2004 first quarter compared with FY2003 first quarter, and operating loss decreased by 0.5 billion yen to 2.8 billion yen in FY2004 first quarter compared with FY2003 first quarter.

### (2) Geographic Information

#### Japan:

Net revenues in Japan increased by 145.8 billion yen, or 5.7%, to 2,714.2 billion yen in FY2004 first quarter compared with FY2003 first quarter, and operating income decreased by 17.9 billion yen, or 6.6%, to 252.1 billion yen in FY2004 first quarter compared with FY2003 first quarter. The decrease in operating income was mainly due to the effects of changes in exchange rates and a decrease in export units, partially offset by cost reduction efforts made by TMC and its subsidiaries as well as an increase in vehicle units sold in Japan.

#### North America:

Net revenues in North America decreased by 153.9 billion yen, or 9.1%, to 1,530.8 billion yen in FY2004 first quarter compared with FY2003 first quarter, and operating income decreased by 37.4 billion yen, or 36.6%, to 64.6 billion yen in FY2004 first quarter compared with FY2003 first quarter. The decrease in operating income was mainly due to an increase in selling expenses by subsidiaries in North America and the temporary effects of model shifts at the plants in North America.

#### Europe:

Net revenues in Europe increased by 122.2 billion yen, or 30.0%, to 529.9 billion yen in FY2004 first quarter compared with FY2003 first quarter, and operating income increased by 1.1 billion yen, or 23.1%, to 6.1 billion yen in FY2004 first quarter compared with FY2003 first quarter. The increase in operating income was mainly due to increases in local production volumes in France and Turkey as well as increases in vehicle units sold.

#### Other Foreign Countries:

Net revenues in other markets increased by 169.5 billion yen, or 44.7%, to 548.7 billion yen in FY2004 first quarter compared with FY2003 first quarter, and operating income increased by 6.2 billion yen, or 43.4%, to 20.5 billion yen in FY2004 first quarter compared with FY2003 first quarter. The increase in operating income was primarily due to increases in vehicle units sold mainly in Asia.

# CONSOLIDATED PRODUCTION AND SALES

(All financial information has been prepared in accordance with accounting principles generally accepted in the United States of America)

## 1. Production

(Units)

		FY2004 first quarter (April 2003 through June 2003)	FY2003 first quarter (April 2002 through June 2002)	Increase (Decrease)
Vehicles (new)	Japan	1,006,434	966,133	40,301
	North America	249,051	242,457	6,594
	Europe	125,565	97,193	28,372
	Others	154,243	88,036	66,207
	Overseas total	528,859	427,686	101,173
	<b>Total</b>	<b>1,535,293</b>	<b>1,393,819</b>	<b>141,474</b>
Houses (Japan)		870	627	243

Note: The total production of vehicles (new) includes Daihatsu brand vehicles (including OEM production) of 144,966 units in FY2004 first quarter, and 130,615 units in FY2003 first quarter, and Hino brand vehicles (including OEM production) of 18,422 units in FY2004 first quarter, and 13,196 units in FY2003 first quarter.

## 2. Sales (by destination)

(Units)

		FY2004 first quarter (April 2003 through June 2003)	FY2003 first quarter (April 2002 through June 2002)	Increase (Decrease)
Vehicles (new)	Japan	543,357	494,335	49,022
	North America	508,679	511,323	(2,644)
	Europe	234,326	209,787	24,539
	Others	307,821	257,942	49,879
	Overseas total	1,050,826	979,052	71,774
	<b>Total</b>	<b>1,594,183</b>	<b>1,473,387</b>	<b>120,796</b>
Houses (Japan)		761	600	161

Note: The total sales of vehicles (new) includes Daihatsu brand vehicles of 142,282 units in FY2004 first quarter, and 126,631 units in FY2003 first quarter, and Hino brand vehicles of 16,861 units in FY2004 first quarter, and 12,411 units in FY2003 first quarter.

# CONSOLIDATED STATEMENTS OF INCOME

(All financial information has been prepared in accordance with accounting principles generally accepted in the United States of America)

(Million yen)

	FY2004 first quarter (April 2003 through June 2003)	FY2003 first quarter (April 2002 through June 2002)	Increase (Decrease)
<b>Net revenues :</b>	<b>4,092,939</b>	<b>3,877,673</b>	<b>215,266</b>
Sales of products	3,913,746	3,697,090	216,656
Financing operations	179,193	180,583	(1,390)
<b>Costs and expenses :</b>	<b>3,752,167</b>	<b>3,485,100</b>	<b>267,067</b>
Cost of products sold	3,139,303	2,926,131	213,172
Cost of financing operations	109,669	117,767	(8,098)
Selling, general and administrative	503,195	441,202	61,993
<b>Operating income</b>	<b>340,772</b>	<b>392,573</b>	<b>(51,801)</b>
<b>Other income (expense) :</b>	<b>30,507</b>	<b>29,708</b>	<b>799</b>
Interest and dividend income	13,558	14,879	(1,321)
Interest expense	(5,300)	(5,735)	435
Other income (loss), net	22,249	20,564	1,685
<b>Income before income taxes, minority interest and equity in earnings of affiliated companies</b>	<b>371,279</b>	<b>422,281</b>	<b>(51,002)</b>
<b>Provision for income taxes</b>	<b>156,673</b>	<b>180,362</b>	<b>(23,689)</b>
<b>Income before minority interest and equity in earnings of affiliated companies</b>	<b>214,606</b>	<b>241,919</b>	<b>(27,313)</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>(13,189)</b>	<b>(3,700)</b>	<b>(9,489)</b>
<b>Equity in earnings of affiliated companies</b>	<b>21,168</b>	<b>8,146</b>	<b>13,022</b>
<b>Net income</b>	<b>222,585</b>	<b>246,365</b>	<b>(23,780)</b>

(Yen)

Net income per share – basic	64.83	68.38	(3.55)
Net income per share – diluted	–	–	–

Note: No diluted net income per share is reported because no potential shares with dilutive effects existed in FY2004 first quarter and FY2003 first quarter.

# CONSOLIDATED BALANCE SHEETS

(All financial information has been prepared in accordance with accounting principles generally accepted in the United States of America)

(Million yen)

	FY2004 first quarter (As of June 30, 2003)	FY2003 (As of March 31, 2003)	Increase (Decrease)
<b>Assets</b>			
<b>Current assets :</b>	<b>8,322,812</b>	<b>8,622,233</b>	<b>(299,421)</b>
Cash and cash equivalents	1,285,207	1,592,028	(306,821)
Time deposits	55,881	55,406	475
Marketable securities	766,924	605,483	161,441
Trade accounts and notes receivable, less allowance for doubtful accounts	1,335,846	1,475,797	(139,951)
Finance receivables, net	2,455,662	2,505,140	(49,478)
Other receivables	442,209	513,952	(71,743)
Inventories	1,054,208	1,025,838	28,370
Deferred income taxes	401,521	385,148	16,373
Prepaid expenses and other current assets	525,354	463,441	61,913
<b>Noncurrent finance receivables, net</b>	<b>3,054,185</b>	<b>2,569,808</b>	<b>484,377</b>
<b>Investments and other assets</b>	<b>4,013,501</b>	<b>3,757,054</b>	<b>256,447</b>
<b>Property, plant and equipment :</b>	<b>5,511,006</b>	<b>5,203,879</b>	<b>307,127</b>
Land	1,125,202	1,064,125	61,077
Buildings	2,755,275	2,521,208	234,067
Machinery and equipment	7,698,652	7,089,592	609,060
Vehicles and equipment on operating leases	1,625,570	1,601,060	24,510
Construction in progress	210,086	211,584	(1,498)
Less – Accumulated depreciation	(7,903,779)	(7,283,690)	(620,089)
<b>Total assets</b>	<b>20,901,504</b>	<b>20,152,974</b>	<b>748,530</b>

(All financial information has been prepared in accordance with accounting principles generally accepted in the United States of America)

(Million yen)

	FY2004 first quarter (As of June 30, 2003)	FY2003 (As of March 31, 2003)	Increase (Decrease)
<b>Liabilities</b>			
<b>Current liabilities :</b>	<b>7,211,712</b>	<b>7,053,936</b>	<b>157,776</b>
Short-term debt	2,130,706	1,855,648	275,058
Current portion of long-term debt	1,214,601	1,263,017	(48,416)
Accounts payable	1,468,297	1,531,552	(63,255)
Other payables	596,984	618,748	(21,764)
Accrued expenses	1,151,910	1,063,496	88,414
Income taxes payable	175,637	300,718	(125,081)
Other current liabilities	473,577	420,757	52,820
<b>Long-term liabilities :</b>	<b>5,904,700</b>	<b>5,662,572</b>	<b>242,128</b>
Long-term debt	4,297,061	4,137,528	159,533
Accrued pension and severance costs	1,126,814	1,052,687	74,127
Deferred income taxes	377,996	371,004	6,992
Other long-term liabilities	102,829	101,353	1,476
<b>Total liabilities</b>	<b>13,116,412</b>	<b>12,716,508</b>	<b>399,904</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>422,063</b>	<b>315,466</b>	<b>106,597</b>
<b>Shareholders' equity :</b>			
Common stock	397,050	397,050	—
Additional paid-in capital	493,790	493,790	—
Retained earnings	7,454,598	7,301,795	152,803
Accumulated other comprehensive loss	(458,716)	(604,272)	145,556
Treasury stock, at cost	(523,693)	(467,363)	(56,330)
<b>Total shareholders' equity</b>	<b>7,363,029</b>	<b>7,121,000</b>	<b>242,029</b>
<b>Total liabilities and shareholders' equity</b>	<b>20,901,504</b>	<b>20,152,974</b>	<b>748,530</b>

# SEGMENT INFORMATION

(All financial information has been prepared in accordance with accounting principles generally accepted in the United States of America)

## 1. Segment Operating Results

(1) FY2004 first quarter (April 2003 through June 2003)

(Million yen)

	Automotive	Financial services	All other	Intersegment Elimination	Total
Net revenues :					
(1) Sales to external customers	3,795,958	179,193	117,788	–	4,092,939
(2) Intersegment sales and transfers	2,638	4,876	65,963	(73,477)	–
Total	3,798,596	184,069	183,751	(73,477)	4,092,939
Operating expenses	3,464,597	173,407	186,559	(72,396)	3,752,167
Operating income	333,999	10,662	(2,808)	(1,081)	340,772

(2) FY2003 first quarter (April 2002 through June 2002)

(Million yen)

	Automotive	Financial services	All other	Intersegment Elimination	Total
Net revenues :					
(1) Sales to external customers	3,595,393	180,583	101,697	–	3,877,673
(2) Intersegment sales and transfers	2,980	278	53,732	(56,990)	–
Total	3,598,373	180,861	155,429	(56,990)	3,877,673
Operating expenses	3,204,321	179,841	158,770	(57,832)	3,485,100
Operating income	394,052	1,020	(3,341)	842	392,573

Note: Operating incomes by operating segment in FY2003 first quarter under the Japanese accounting standards are 394,607 million yen for automotive, 3,538 million yen for financial services and 228 million yen for all other.



(All financial information has been prepared in accordance with accounting principles generally accepted in the United States of America)

## 2. Geographic Information

(1) FY2004 first quarter (April 2003 through June 2003)

(Million yen)

	Japan	North America	Europe	Other Foreign Countries	Intersegment Elimination	Total
Net revenues :						
(1) Sales to external customers	1,611,508	1,465,356	503,885	512,190	–	4,092,939
(2) Intersegment sales and transfers	1,102,790	65,475	26,100	36,601	(1,230,966)	–
Total	2,714,298	1,530,831	529,985	548,791	(1,230,966)	4,092,939
Operating expenses	2,462,188	1,466,179	523,787	528,309	(1,228,296)	3,752,167
Operating income	252,110	64,652	6,198	20,482	(2,670)	340,772

(2) FY2003 first quarter (April 2002 through June 2002)

(Million yen)

	Japan	North America	Europe	Other Foreign Countries	Intersegment Elimination	Total
Net revenues :						
(1) Sales to external customers	1,503,416	1,625,357	389,591	359,309	–	3,877,673
(2) Intersegment sales and transfers	1,065,074	59,347	18,135	19,958	(1,162,514)	–
Total	2,568,490	1,684,704	407,726	379,267	(1,162,514)	3,877,673
Operating expenses	2,298,466	1,582,697	402,691	364,982	(1,163,736)	3,485,100
Operating income	270,024	102,007	5,035	14,285	1,222	392,573

Note: Operating incomes by geography in FY2003 first quarter under the Japanese accounting standards are 276,184 million yen for Japan, 106,962 million yen for North America, 3,243 million yen for Europe and 10,372 million yen for other foreign countries.

# <REFERENCE>

(All financial information has been prepared in accordance with accounting principles generally accepted in Japan)

## UNCONSOLIDATED STATEMENTS OF INCOME

(Million yen; amounts less than one million yen are omitted.)

	FY2004 first quarter (April 2003 through June 2003)	FY2003 first quarter (April 2002 through June 2002)	Increase (Decrease)
<b>Net sales</b>	<b>2,151,390</b>	<b>2,081,548</b>	<b>69,842</b>
<b>Operating income</b>	<b>215,555</b>	<b>244,288</b>	<b>(28,733)</b>
<b>Ordinary income</b>	<b>264,501</b>	<b>285,536</b>	<b>(21,035)</b>
<b>Extraordinary gains</b>	<b>–</b>	<b>162,457</b>	<b>(162,457)</b>
<b>Income before income taxes</b>	<b>264,501</b>	<b>447,994</b>	<b>(183,493)</b>
Income taxes – current	95,200	126,100	(30,900)
Income taxes – deferred	(1,800)	58,800	(60,600)
<b>Net income</b>	<b>171,101</b>	<b>263,094</b>	<b>(91,993)</b>

## UNCONSOLIDATED BALANCE SHEETS

(Million yen; amounts less than one million yen are omitted.)

	FY2004 first quarter (As of June 30,2003)	FY2003 (As of March 31,2003)	Increase (Decrease)
<b>Assets</b>			
<b>Current assets</b>	<b>3,356,604</b>	<b>3,620,881</b>	<b>(264,277)</b>
Cash, deposits and trade accounts receivable	1,022,857	1,033,270	(10,413)
Marketable securities	1,065,893	1,373,742	(307,849)
Others	1,267,852	1,213,869	53,983
<b>Fixed assets</b>	<b>5,133,200</b>	<b>4,971,941</b>	<b>161,259</b>
<b>Property, plant and equipment</b>	<b>1,253,229</b>	<b>1,269,042</b>	<b>(15,813)</b>
Buildings, machinery and equipment	674,692	677,800	(3,108)
Others	578,537	591,241	(12,704)
<b>Investments and other assets</b>	<b>3,879,970</b>	<b>3,702,899</b>	<b>177,071</b>
Investments in securities	1,896,264	1,720,649	175,615
Others	1,983,706	1,982,249	1,457
<b>Total assets</b>	<b>8,489,804</b>	<b>8,592,823</b>	<b>(103,019)</b>

	FY2004 first quarter (As of June 30,2003)	FY2003 (As of March 31,2003)	Increase (Decrease)
<b>Liabilities</b>			
<b>Current liabilities</b>	<b>1,819,538</b>	<b>2,040,821</b>	<b>(221,283)</b>
<b>Long-term liabilities</b>	<b>839,309</b>	<b>848,679</b>	<b>(9,370)</b>
<b>Total liabilities</b>	<b>2,658,848</b>	<b>2,889,501</b>	<b>(230,653)</b>
<b>Shareholders' equity</b>			
<b>Common stock</b>	<b>397,049</b>	<b>397,049</b>	<b>–</b>
<b>Capital surplus</b>	<b>416,970</b>	<b>416,970</b>	<b>–</b>
<b>Retained earnings</b>	<b>5,388,959</b>	<b>5,287,601</b>	<b>101,358</b>
<b>Net unrealized gains on other securities</b>	<b>141,133</b>	<b>69,019</b>	<b>72,114</b>
<b>Less: treasury stock</b>	<b>(513,158)</b>	<b>(467,320)</b>	<b>(45,838)</b>
<b>Total shareholders' equity</b>	<b>5,830,956</b>	<b>5,703,321</b>	<b>127,635</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,489,804</b>	<b>8,592,823</b>	<b>(103,019)</b>