

# **FINANCIAL SUMMARY**

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

## **FY2005 Third Quarter**

(October 1, 2004 through December 31, 2004)

English translation from the original Japanese-language document

**TOYOTA MOTOR CORPORATION**

This report contains summarized and condensed financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

# 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 FY2005 Third Quarter

### Financial Results

Domestic vehicle sales increased by 19 thousand units, or 3.5%, to 573 thousand units in FY2005 third quarter (the three-month period from October 1, 2004 to December 31, 2004) compared with FY2004 third quarter. The increase is due to the launch of new vehicles that met customer needs in the midst of a slowly recovering market. As a result, the market share of Toyota brand vehicles excluding minivehicles was 46.4% in FY2005 third quarter. Including Daihatsu and Hino brand vehicles, Toyota's share including minivehicles was 42.5%. Thus, Toyota achieved increases in both figures compared to the corresponding period of the preceding year. Meanwhile, overseas vehicle sales increased by 120 thousand units, or 10.5%, to 1,266 thousand units in FY2005 third quarter compared with FY2004 third quarter, because, in addition to the sales in major markets such as North America and Europe, those in other regions also steadily increased, particularly in Asia. As a result, total vehicle sales in Japan and overseas increased by 139 thousand units, or 8.2%, to 1,839 thousand units in FY2005 third quarter compared with FY2004 third quarter.

Net revenues increased by 258.0 billion yen, or 5.9%, to 4,644.0 billion yen in FY2005 third quarter compared with FY2004 third quarter, and operating income increased by 21.3 billion yen, or 5.3%, to 422.9 billion yen in FY2005 third quarter compared with FY2004 third quarter. Among the factors contributing to the increase in operating income of 70.0 billion yen, cost reduction efforts accounted for 40.0 billion yen and marketing efforts for 30.0 billion yen. On the other hand, factors contributing to the decrease in operating income of 48.7 billion yen primarily included the effects of changes in exchange rates of 10.0 billion yen and increases in expenses of 38.7 billion yen. Income before income taxes, minority interest and equity in earnings of affiliated companies increased by 17.4 billion yen, or 4.1%, to 447.1 billion yen in FY2005 third quarter compared with FY2004 third quarter. Net income increased by 10.1 billion yen, or 3.5%, to 296.5 billion yen in FY2005 third quarter compared with FY2004 third quarter.

## 2. Consolidated Financial Results of FY2005 Third Quarter by Segment

### (1) Segment Operating Results

#### Automotive:

Net revenues for the automotive operations increased by 223.1 billion yen, or 5.5%, to 4,278.4 billion yen in FY2005 third quarter compared with FY2004 third quarter, and operating income increased by 7.7 billion yen, or 2.2%, to 355.5 billion yen in FY2005 third quarter compared with FY2004 third quarter. The increase in operating income was mainly due to increases in both production volume and vehicle units sold in all regions, cost reduction efforts made by TMC and its subsidiaries, and gains recognized on transfer of the substitutional portion of the employee pension fund to the government, partially offset by increases in expenses.

#### Financial services:

Net revenues for the financial services operations increased by 15.5 billion yen, or 8.6%, to 196.1 billion yen in FY2005 third quarter compared with FY2004 third quarter, and operating income increased by 6.4 billion yen, or 12.3%, to 58.7 billion yen in FY2005 third quarter compared with FY2004 third quarter. The increase in operating income was primarily due to solid performance as a result of an increase in financing volumes and in addition, in FY2005 third quarter, sales financing subsidiaries in the United States capitalized certain disbursements, including disbursements made in prior years, directly related to origination of loans, in accordance with Statement of Financial Accounting Standards No. 91.

#### All other:

Net revenues for all other businesses increased by 28.6 billion yen, or 13.3%, to 243.3 billion yen in FY2005 third quarter compared with FY2004 third quarter, and operating income increased by 5.5 billion yen, or 97.1%, to 11.0 billion yen in FY2005 third quarter compared with FY2004 third quarter.

### (2) Geographic Information

#### Japan:

Net revenues in Japan increased by 84.7 billion yen, or 2.9%, to 3,018.3 billion yen in FY2005 third quarter compared with FY2004 third quarter, and operating income increased by 11.2 billion yen, or 5.0%, to 237.3 billion yen in FY2005 third quarter compared with FY2004 third quarter. The increase in operating income was mainly due to increases in both production volume and vehicle units sold, cost reduction efforts made by TMC and its subsidiaries, and gains recognized on transfer of the substitutional portion of the employee pension fund to the government, partially offset by increases in expenses.

#### North America:

Net revenues in North America decreased by 8.0 billion yen, or 0.5%, to 1,595.7 billion yen in FY2005 third quarter compared with FY2004 third quarter, and operating income decreased by 0.4 billion yen, or 0.3%, to 127.8 billion yen in FY2005 third quarter compared with FY2004 third quarter. The decrease in operating income was mainly due to increase in expenses and the effects of changes in exchange rates although steady increases in both local production volume and vehicle units sold.

#### Europe:

Net revenues in Europe increased by 117.5 billion yen, or 22.8%, to 631.8 billion yen in FY2005 third quarter compared with FY2004 third quarter, and operating income increased by 1.8 billion yen, or 7.7%, to 26.5 billion yen in FY2005 third quarter compared with FY2004 third quarter. The increase in operating income was mainly due to increases in both local production volume and vehicle units sold, as well as cost reduction efforts.

#### Other Countries:

Net revenues in other markets increased by 103.4 billion yen, or 17.5%, to 695.9 billion yen in FY2005 third quarter compared with FY2004 third quarter, and operating income increased by 9.2 billion yen, or 37.5%, to 33.5 billion yen in FY2005 third quarter compared with FY2004 third quarter. The increase in operating income was primarily due to substantial increases in both local production volume and vehicle units sold mainly in Asia, resulting from the introduction of new models.

# 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)

		FY2005 third quarter (October 2004 through December 2004)	FY2004 third quarter (October 2003 through December 2003)	Increase (Decrease)
Vehicles (new)	Japan	1,115,453	1,099,603	15,850
	North America	271,223	259,719	11,504
	Europe	155,625	136,960	18,665
	Others	263,559	175,856	87,703
	Overseas total	690,407	572,535	117,872
	<b>Total</b>	<b>1,805,860</b>	<b>1,672,138</b>	<b>133,722</b>
Houses (Japan)		1,414	1,256	158

Note: The total production of vehicles (new) includes 185,727 units of Daihatsu brand vehicles (including OEM production) in FY2005 third quarter, and 168,805 units in FY2004 third quarter, and 23,560 units of Hino brand vehicles (including OEM production) in FY2005 third quarter, and 20,957 units in FY2004 third quarter.

## 2. Sales (by destination)

(Units)

		FY2005 third quarter (October 2004 through December 2004)	FY2004 third quarter (October 2003 through December 2003)	Increase (Decrease)
Vehicles (new)	Japan	573,115	553,867	19,248
	North America	576,113	561,628	14,485
	Europe	249,275	218,029	31,246
	Others	440,992	366,846	74,146
	Overseas total	1,266,380	1,146,503	119,877
	<b>Total</b>	<b>1,839,495</b>	<b>1,700,370</b>	<b>139,125</b>
Houses (Japan)		1,443	1,442	1

Note: The total sales of vehicles (new) includes 168,067 units of Daihatsu brand vehicles in FY2005 third quarter, and 145,181 units in FY2004 third quarter, and 22,821 units of Hino brand vehicles in FY2005 third quarter, and 19,897 units in FY2004 third quarter.

# CONSOLIDATED STATEMENTS OF INCOME

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

(Amounts are rounded to the nearest million yen.)

	FY2005 third quarter (October 2004 through December 2004)	FY2004 third quarter (October 2003 through December 2003)	Increase (Decrease)
<b>Net revenues :</b>	<b>4,644,062</b>	<b>4,386,059</b>	<b>258,003</b>
Sales of products	4,452,224	4,210,510	241,714
Financing operations	191,838	175,549	16,289
<b>Costs and expenses :</b>	<b>4,221,162</b>	<b>3,984,366</b>	<b>236,796</b>
Cost of products sold	3,687,929	3,387,726	300,203
Cost of financing operations	86,994	74,590	12,404
Selling, general and administrative	446,239	522,050	(75,811)
<b>Operating income</b>	<b>422,900</b>	<b>401,693</b>	<b>21,207</b>
<b>Other income (expense) :</b>	<b>24,288</b>	<b>28,012</b>	<b>(3,724)</b>
Interest and dividend income	18,324	13,020	5,304
Interest expense	(4,540)	(4,209)	(331)
Other income, net	10,504	19,201	(8,697)
<b>Income before income taxes, minority interest and equity in earnings of affiliated companies</b>	<b>447,188</b>	<b>429,705</b>	<b>17,483</b>
<b>Provision for income taxes</b>	<b>173,004</b>	<b>166,777</b>	<b>6,227</b>
<b>Income before minority interest and equity in earnings of affiliated companies</b>	<b>274,184</b>	<b>262,928</b>	<b>11,256</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>(16,912)</b>	<b>(14,635)</b>	<b>(2,277)</b>
<b>Equity in earnings of affiliated companies</b>	<b>39,261</b>	<b>38,177</b>	<b>1,084</b>
<b>Net income</b>	<b>296,533</b>	<b>286,470</b>	<b>10,063</b>

(Yen)

Net income per share – basic	90.35	84.83	5.52
Net income per share – diluted	90.33	84.82	5.51

# CONSOLIDATED BALANCE SHEETS

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

(Amounts are rounded to the nearest million yen.)

	FY2005 third quarter (As of December 31, 2004)	FY2004 (As of March 31, 2004)	Increase (Decrease)
<b>Assets</b>			
<b>Current assets :</b>	<b>8,796,320</b>	<b>8,848,453</b>	<b>(52,133)</b>
Cash and cash equivalents	1,384,938	1,729,776	(344,838)
Time deposits	73,273	68,473	4,800
Marketable securities	519,261	448,457	70,804
Trade accounts and notes receivable, less allowance for doubtful accounts	1,381,343	1,531,651	(150,308)
Finance receivables, net	2,889,796	2,622,939	266,857
Other receivables	368,840	396,788	(27,948)
Inventories	1,181,228	1,083,326	97,902
Deferred income taxes	455,896	457,161	(1,265)
Prepaid expenses and other current assets	541,745	509,882	31,863
<b>Noncurrent finance receivables, net</b>	<b>3,789,392</b>	<b>3,228,973</b>	<b>560,419</b>
<b>Investments and other assets</b>	<b>5,033,367</b>	<b>4,608,155</b>	<b>425,212</b>
<b>Property, plant and equipment :</b>	<b>5,500,055</b>	<b>5,354,647</b>	<b>145,408</b>
Land	1,167,185	1,135,665	31,520
Buildings	2,829,046	2,801,993	27,053
Machinery and equipment	7,753,897	7,693,616	60,281
Vehicles and equipment on operating leases	1,652,747	1,493,780	158,967
Construction in progress	252,825	237,195	15,630
Less – Accumulated depreciation	(8,155,645)	(8,007,602)	(148,043)
<b>Total assets</b>	<b>23,119,134</b>	<b>22,040,228</b>	<b>1,078,906</b>

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

(Amounts are rounded to the nearest million yen.)

	FY2005 third quarter (As of December 31, 2004)	FY2004 (As of March 31, 2004)	Increase (Decrease)
<b>Liabilities</b>			
<b>Current liabilities :</b>	<b>7,631,911</b>	<b>7,597,991</b>	<b>33,920</b>
Short-term borrowings	2,529,585	2,189,024	340,561
Current portion of long-term debt	1,026,877	1,125,195	(98,318)
Accounts payable	1,485,943	1,709,344	(223,401)
Other payables	594,524	665,624	(71,100)
Accrued expenses	1,172,372	1,133,281	39,091
Income taxes payable	220,089	252,555	(32,466)
Other current liabilities	602,521	522,968	79,553
<b>Long-term liabilities :</b>	<b>6,277,324</b>	<b>5,817,377</b>	<b>459,947</b>
Long-term debt	4,727,550	4,247,266	480,284
Accrued pension and severance costs	632,900	725,569	(92,669)
Deferred income taxes	838,619	778,561	60,058
Other long-term liabilities	78,255	65,981	12,274
<b>Total liabilities</b>	<b>13,909,235</b>	<b>13,415,368</b>	<b>493,867</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>491,183</b>	<b>446,293</b>	<b>44,890</b>
<b>Shareholders' equity</b>			
Common stock	397,050	397,050	–
Additional paid-in capital	494,403	495,179	(776)
Retained earnings	9,041,487	8,326,215	715,272
Accumulated other comprehensive loss	(172,456)	(204,592)	32,136
Treasury stock, at cost	(1,041,768)	(835,285)	(206,483)
<b>Total shareholders' equity</b>	<b>8,718,716</b>	<b>8,178,567</b>	<b>540,149</b>
<b>Total liabilities and shareholders' equity</b>	<b>23,119,134</b>	<b>22,040,228</b>	<b>1,078,906</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) FY2005 third quarter (October 2004 through December 2004)

(Amounts are rounded to the nearest million yen.)

	Automotive	Financial Services	All Other	Intersegment Elimination	Consolidated
Net revenues :					
(1) Sales to external customers	4,274,698	191,838	177,526	–	4,644,062
(2) Intersegment sales and transfers	3,777	4,308	65,775	(73,860)	–
Total	4,278,475	196,146	243,301	(73,860)	4,644,062
Operating expenses	3,922,922	137,435	232,285	(71,480)	4,221,162
Operating income	355,553	58,711	11,016	(2,380)	422,900

(2) FY2004 third quarter (October 2003 through December 2003)

(Amounts are rounded to the nearest million yen.)

	Automotive	Financial Services	All Other	Intersegment Elimination	Consolidated
Net revenues :					
(1) Sales to external customers	4,053,213	175,549	157,297	–	4,386,059
(2) Intersegment sales and transfers	2,137	5,016	57,404	(64,557)	–
Total	4,055,350	180,565	214,701	(64,557)	4,386,059
Operating expenses	3,707,551	128,270	209,111	(60,566)	3,984,366
Operating income	347,799	52,295	5,590	(3,991)	401,693

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

## 2. Geographic Information

(1) FY2005 third quarter (October 2004 through December 2004)

(Amounts are rounded to the nearest million yen.)

	Japan	North America	Europe	Other Foreign Countries	Intersegment Elimination	Consolidated
Net revenues :						
(1) Sales to external customers	1,846,872	1,557,782	588,804	650,604	–	4,644,062
(2) Intersegment sales and transfers	1,171,448	37,971	43,038	45,321	(1,297,778)	–
Total	3,018,320	1,595,753	631,842	695,925	(1,297,778)	4,644,062
Operating expenses	2,780,960	1,467,980	605,282	662,422	(1,295,482)	4,221,162
Operating income	237,360	127,773	26,560	33,503	(2,296)	422,900

(2) FY2004 third quarter (October 2003 through December 2003)

(Amounts are rounded to the nearest million yen.)

	Japan	North America	Europe	Other Foreign Countries	Intersegment Elimination	Consolidated
Net revenues :						
(1) Sales to external customers	1,797,144	1,569,593	468,063	551,259	–	4,386,059
(2) Intersegment sales and transfers	1,136,497	34,064	46,262	41,266	(1,258,089)	–
Total	2,933,641	1,603,657	514,325	592,525	(1,258,089)	4,386,059
Operating expenses	2,707,513	1,475,445	489,673	568,153	(1,256,418)	3,984,366
Operating income	226,128	128,212	24,652	24,372	(1,671)	401,693

# <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.)

	FY2005 third quarter (October 2004 through December 2004)	FY2004 third quarter (October 2003 through December 2003)	Increase (Decrease)
<b>Net sales</b>	<b>2,333,378</b>	<b>2,292,065</b>	<b>41,313</b>
<b>Operating income</b>	<b>145,299</b>	<b>176,812</b>	<b>(31,513)</b>
<b>Ordinary income</b>	<b>252,694</b>	<b>212,558</b>	<b>40,136</b>
<b>Income before income taxes</b>	<b>252,694</b>	<b>212,558</b>	<b>40,136</b>
Income taxes – current	83,200	87,600	(4,400)
Income taxes – deferred	13,734	(11,200)	24,934
<b>Net income</b>	<b>155,760</b>	<b>136,158</b>	<b>19,602</b>

## UNCONSOLIDATED BALANCE SHEETS

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

	FY2005 third quarter (As of December 31,2004)	FY2004 (As of March 31,2004)	Increase (Decrease)
<b>Assets</b>			
<b>Current assets</b>	<b>3,028,873</b>	<b>3,358,189</b>	<b>(329,316)</b>
Cash, deposits and trade accounts receivable	947,810	1,124,770	(176,960)
Marketable securities	785,155	995,893	(210,738)
Others	1,295,907	1,237,524	58,383
<b>Fixed assets</b>	<b>5,553,946</b>	<b>5,458,975</b>	<b>94,971</b>
<b>Property, plant and equipment</b>	<b>1,209,320</b>	<b>1,260,728</b>	<b>(51,408)</b>
Buildings, machinery and equipment	656,726	683,993	(27,267)
Others	552,593	576,734	(24,141)
<b>Investments and other assets</b>	<b>4,344,626</b>	<b>4,198,247</b>	<b>146,379</b>
Investments in securities	1,796,605	1,601,002	195,603
Others	2,548,021	2,597,245	(49,224)
<b>Total assets</b>	<b>8,582,819</b>	<b>8,817,164</b>	<b>(234,345)</b>

	FY2005 third quarter (As of December 31,2004)	FY2004 (As of March 31,2004)	Increase (Decrease)
<b>Liabilities</b>			
<b>Current liabilities</b>	<b>1,727,198</b>	<b>1,970,407</b>	<b>(243,209)</b>
<b>Long-term liabilities</b>	<b>845,525</b>	<b>862,081</b>	<b>(16,556)</b>
<b>Total liabilities</b>	<b>2,572,724</b>	<b>2,832,489</b>	<b>(259,765)</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>5,984,728</b>	<b>5,731,342</b>	<b>253,386</b>
<b>Net unrealized gains on other securities</b>	<b>284,285</b>	<b>305,725</b>	<b>(21,440)</b>
<b>Less: treasury stock</b>	<b>(1,072,939)</b>	<b>(866,413)</b>	<b>(206,526)</b>
<b>Total shareholders' equity</b>	<b>6,010,095</b>	<b>5,984,675</b>	<b>25,420</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,582,819</b>	<b>8,817,164</b>	<b>(234,345)</b>