

# **FINANCIAL SUMMARY**

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

## **FY2004 Third Quarter**

(October 1, 2003 through December 31, 2003)

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.

Effective from FY2004, Toyota prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements for FY2003 third quarter and FY2003 stated herein have also been 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 FY2004 Third Quarter

### Financial Results

Domestic vehicle sales increased by 9 thousand units, or 1.7%, to 554 thousand units in FY2004 third quarter (the three-month period from October 1, 2003 to December 31, 2003) compared with FY2003 third quarter, primarily 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 reached 44.4% in FY2004 third quarter, exceeding 40% as in the previous fiscal year. The market share including minivehicles was 40.0% in FY2004 third quarter. Meanwhile, overseas vehicle sales increased by 147 thousand units, or 14.7%, to 1,146 thousand units in FY2004 third quarter compared with FY2003 third 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 156 thousand units, or 10.1%, to 1,700 thousand units in FY2004 third quarter compared with FY2003 third quarter.

Net revenues increased by 333.4 billion yen, or 8.2%, to 4,386.0 billion yen in FY2004 third quarter compared with FY2003 third quarter, and operating income increased by 40.4 billion yen, or 11.2%, to 401.6 billion yen in FY2004 third quarter compared with FY2003 third quarter. Among the factors contributing to the increase in operating income of 160.0 billion yen, marketing efforts accounted for 100.0 billion yen and cost reduction efforts for 60.0 billion yen. On the other hand, the factors contributing to the decrease in operating income of 119.6 billion yen mainly included the effects of changes in exchange rates of 80.0 billion yen and increases in labor costs and other expenses of 39.6 billion yen. Income before income taxes, minority interest and equity in earnings of affiliated companies increased by 129.6 billion yen, or 43.2%, to 429.7 billion yen in FY2004 third quarter compared with FY2003 third quarter. Net income increased by 107.1 billion yen, or 59.7%, to 286.4 billion yen in FY2004 third quarter compared with FY2003 third quarter.

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

### (1) Segment Operating Results

#### Automotive:

Net revenues for the automotive operations increased by 304.4 billion yen, or 8.1%, to 4,055.3 billion yen in FY2004 third quarter compared with FY2003 third quarter, and operating income increased by 10.5 billion yen, or 3.1%, to 347.8 billion yen in FY2004 third quarter compared with FY2003 third quarter. The increase in operating income was mainly due to cost reduction efforts made by TMC and its subsidiaries as well as increases in vehicle units sold in regions including Europe, North America and Asia, partially offset by increases in labor costs and other expenses.

#### Financial services:

Net revenues for the financial services operations decreased by 5.4 billion yen, or 2.9%, to 180.6 billion yen in FY2004 third quarter compared with FY2003 third quarter, while operating income increased by 31.9 billion yen, or 155.9%, to 52.3 billion yen in FY2004 third quarter compared with FY2003 third quarter. The increase in operating income was mainly due to solid performance as a result of an increase in financing volumes as well as the impact of interest rate swaps stated at fair value with changes recognized in income held by sales financing subsidiaries in the United States of America in accordance with the Statement of Financial Accounting Standards (FAS) No.133 as amended by several related pronouncements including FAS No.138. The valuation gains on interest rate swaps increased by 7.0 billion yen, to 9.1 billion yen in FY2004 third quarter compared with FY2003 third quarter.

#### All other:

Net revenues for all other businesses increased by 33.6 billion yen, or 18.6%, to 214.7 billion yen in FY2004 third quarter compared with FY2003 third quarter, and operating income increased by 1.7 billion yen, or 46.5%, to 5.5 billion yen in FY2004 third quarter compared with FY2003 third quarter.

### (2) Geographic Information

#### Japan:

Net revenues in Japan increased by 98.4 billion yen, or 3.5%, to 2,933.6 billion yen in FY2004 third quarter compared with FY2003 third quarter, while operating income decreased by 43.8 billion yen, or 16.2%, to 226.1 billion in FY2004 third quarter compared with FY2003 third quarter. The decrease in operating income was mainly due to the effects of changes in exchange rates and increases in labor costs and other expenses, partially offset by an increase in vehicle units sold and steady achievements in cost reduction.

#### North America:

Net revenues in North America decreased by 20.7 billion yen, or 1.3%, to 1,603.7 billion yen in FY2004 third quarter compared with FY2003 third quarter, while operating income increased by 46.6 billion yen, or 57.2%, to 128.2 billion yen in FY2004 third quarter compared with FY2003 third quarter. The increase in operating income was due to solid performance primarily attributable to cost reduction efforts and increases in both local production volume and vehicle units sold, as well as an increase in valuation gains on interest rate swaps, recorded by sales financing subsidiaries in the United States of America.

#### Europe:

Net revenues in Europe increased by 109.3 billion yen, or 27.0%, to 514.3 billion yen in FY2004 third quarter compared with FY2003 third quarter, and operating income increased by 24.4 billion yen, or 8,767.5%, to 24.7 billion yen in FY2004 third quarter compared with FY2003 third quarter. The increase in operating income was mainly due to increases in local production volumes in the United Kingdom and France as well as increases in vehicle units sold.

#### Other Foreign Countries:

Net revenues in other markets increased by 147.1 billion yen, or 33.0%, to 592.5 billion yen in FY2004 third quarter compared with FY2003 third quarter, and operating income increased by 10.0 billion yen, or 69.4%, to 24.3 billion yen in FY2004 third quarter compared with FY2003 third quarter. The increase in operating income was primarily due to increases in vehicle units sold mainly in Asia.

### **3. Others**

#### Accounting Treatment regarding Transfer of the Substitutional Portion of the Employee Pension Fund to the Government

TMC and some of its affiliated companies in Japan applied for exemption from the payment of benefits related to future employee services with respect to the substitutional portion of the Employee Pension Fund and obtained approval from the Minister of Health, Labour, and Welfare from FY2003 onwards. In FY2004 and thereafter, it is expected that these companies will apply for approval for the separation of the remaining benefit obligation of the substitutional portion which relates to past employee services. Once approval has been obtained, the plan assets required to be transferred to the government pursuant to the government formula will be then transferred. TMC completed the transfer of the plan assets relating to the substitutional portion in January 2004.

Under the accounting principles generally accepted in the United States of America, the gains or losses on the transfer of the plan assets relating to the substitutional portion will be recognized in entirety in the consolidated results upon completion of the transfer.

# 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 third quarter (October 2003 through December 2003)	FY2003 third quarter (October 2002 through December 2002)	Increase (Decrease)
Vehicles (new)	Japan	1,099,603	1,074,902	24,701
	North America	259,719	215,180	44,539
	Europe	136,960	105,974	30,986
	Others	175,856	119,077	56,779
	Overseas total	572,535	440,231	132,304
	<b>Total</b>	<b>1,672,138</b>	<b>1,515,133</b>	<b>157,005</b>
Houses (Japan)		1,256	945	311

Note: The total production of vehicles (new) includes 168,805 units of Daihatsu brand vehicles (including OEM production) in FY2004 third quarter, and 152,310 units in FY2003 third quarter, and 20,957 units of Hino brand vehicles (including OEM production) in FY2004 third quarter, and 12,349 units in FY2003 third quarter.

## 2. Sales (by destination)

(Units)

		FY2004 third quarter (October 2003 through December 2003)	FY2003 third quarter (October 2002 through December 2002)	Increase (Decrease)
Vehicles (new)	Japan	553,867	544,807	9,060
	North America	561,628	533,378	28,250
	Europe	218,029	169,799	48,230
	Others	366,846	296,312	70,534
	Overseas total	1,146,503	999,489	147,014
	<b>Total</b>	<b>1,700,370</b>	<b>1,544,296</b>	<b>156,074</b>
Houses (Japan)		1,442	845	597

Note: The total sales of vehicles (new) includes 145,181 units of Daihatsu brand vehicles in FY2004 third quarter, and 121,532 units in FY2003 third quarter, and 19,897 units of Hino brand vehicles in FY2004 third quarter, and 13,376 units in FY2003 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.)

	FY2004 third quarter (October 2003 through December 2003)	FY2003 third quarter (October 2002 through December 2002)	Increase (Decrease)
<b>Net revenues :</b>	<b>4,386,059</b>	<b>4,052,610</b>	<b>333,449</b>
Sales of products	4,210,510	3,869,360	341,150
Financing operations	175,549	183,250	(7,701)
<b>Costs and expenses :</b>	<b>3,984,366</b>	<b>3,691,378</b>	<b>292,988</b>
Cost of products sold	3,387,726	3,113,532	274,194
Cost of financing operations	74,590	99,925	(25,335)
Selling, general and administrative	522,050	477,921	44,129
<b>Operating income</b>	<b>401,693</b>	<b>361,232</b>	<b>40,461</b>
<b>Other income (expense) :</b>	<b>28,012</b>	<b>(61,103)</b>	<b>89,115</b>
Interest and dividend income	13,020	10,647	2,373
Interest expense	(4,209)	(6,528)	2,319
Other income (loss), net	19,201	(65,222)	84,423
<b>Income before income taxes, minority interest and equity in earnings of affiliated companies</b>	<b>429,705</b>	<b>300,129</b>	<b>129,576</b>
<b>Provision for income taxes</b>	<b>166,777</b>	<b>142,159</b>	<b>24,618</b>
<b>Income before minority interest and equity in earnings of affiliated companies</b>	<b>262,928</b>	<b>157,970</b>	<b>104,958</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>(14,635)</b>	<b>2,744</b>	<b>(17,379)</b>
<b>Equity in earnings of affiliated companies</b>	<b>38,177</b>	<b>18,650</b>	<b>19,527</b>
<b>Net income</b>	<b>286,470</b>	<b>179,364</b>	<b>107,106</b>

(Yen)

Net income per share – basic	84.83	50.74	34.09
Net income per share – diluted	84.82	50.74	34.08

# 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.)

	FY2004 third quarter (As of December 31, 2003)	FY2003 (As of March 31, 2003)	Increase (Decrease)
<b>Assets</b>			
<b>Current assets :</b>	<b>8,291,815</b>	<b>8,622,233</b>	<b>(330,418)</b>
Cash and cash equivalents	1,231,869	1,592,028	(360,159)
Time deposits	74,767	55,406	19,361
Marketable securities	567,007	605,483	(38,476)
Trade accounts and notes receivable, less allowance for doubtful accounts	1,313,066	1,475,797	(162,731)
Finance receivables, net	2,546,291	2,505,140	41,151
Other receivables	489,486	513,952	(24,466)
Inventories	1,070,562	1,025,838	44,724
Deferred income taxes	411,572	385,148	26,424
Prepaid expenses and other current assets	587,195	463,441	123,754
<b>Noncurrent finance receivables, net</b>	<b>3,074,883</b>	<b>2,569,808</b>	<b>505,075</b>
<b>Investments and other assets</b>	<b>4,417,277</b>	<b>3,757,054</b>	<b>660,223</b>
<b>Property, plant and equipment :</b>	<b>5,302,239</b>	<b>5,203,879</b>	<b>98,360</b>
Land	1,131,092	1,064,125	66,967
Buildings	2,780,941	2,521,208	259,733
Machinery and equipment	7,602,630	7,089,592	513,038
Vehicles and equipment on operating leases	1,503,792	1,601,060	(97,268)
Construction in progress	212,702	211,584	1,118
Less – Accumulated depreciation	(7,928,918)	(7,283,690)	(645,228)
<b>Total assets</b>	<b>21,086,214</b>	<b>20,152,974</b>	<b>933,240</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.)

	FY2004 third quarter (As of December 31, 2003)	FY2003 (As of March 31, 2003)	Increase (Decrease)
<b>Liabilities</b>			
<b>Current liabilities :</b>	<b>7,275,225</b>	<b>7,053,936</b>	<b>221,289</b>
Short-term borrowings	2,267,995	1,855,648	412,347
Current portion of long-term debt	1,147,370	1,263,017	(115,647)
Accounts payable	1,465,097	1,531,552	(66,455)
Other payables	692,196	618,748	73,448
Accrued expenses	1,018,096	1,063,496	(45,400)
Income taxes payable	202,290	300,718	(98,428)
Other current liabilities	482,181	420,757	61,424
<b>Long-term liabilities :</b>	<b>5,726,796</b>	<b>5,662,572</b>	<b>64,224</b>
Long-term debt	4,148,923	4,137,528	11,395
Accrued pension and severance costs	1,074,375	1,052,687	21,688
Deferred income taxes	436,462	371,004	65,458
Other long-term liabilities	67,036	101,353	(34,317)
<b>Total liabilities</b>	<b>13,002,021</b>	<b>12,716,508</b>	<b>285,513</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>445,957</b>	<b>315,466</b>	<b>130,491</b>
<b>Shareholders' equity</b>			
Common stock	397,050	397,050	—
Additional paid-in capital	495,138	493,790	1,348
Retained earnings	7,975,046	7,301,795	673,251
Accumulated other comprehensive loss	(498,672)	(604,272)	105,600
Treasury stock, at cost	(730,326)	(467,363)	(262,963)
<b>Total shareholders' equity</b>	<b>7,638,236</b>	<b>7,121,000</b>	<b>517,236</b>
<b>Total liabilities and shareholders' equity</b>	<b>21,086,214</b>	<b>20,152,974</b>	<b>933,240</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 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

(2) FY2003 third quarter (October 2002 through December 2002)

(Amounts are rounded to the nearest million yen.)

	Automotive	Financial Services	All Other	Intersegment Elimination	Consolidated
Net revenues :					
(1) Sales to external customers	3,747,809	183,250	121,551	–	4,052,610
(2) Intersegment sales and transfers	3,105	2,753	59,507	(65,365)	–
Total	3,750,914	186,003	181,058	(65,365)	4,052,610
Operating expenses	3,413,592	165,567	177,241	(65,022)	3,691,378
Operating income	337,322	20,436	3,817	(343)	361,232

Note: Operating incomes by operating segment in FY2003 third quarter under the Japanese accounting standards are 352,022 million yen for automotive, 24,327 million yen for financial services and 4,807 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 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

(2) FY2003 third quarter (October 2002 through December 2002)

(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	1,706,872	1,548,344	385,951	411,443	–	4,052,610
(2) Intersegment sales and transfers	1,128,350	76,073	19,054	33,993	(1,257,470)	–
Total	2,835,222	1,624,417	405,005	445,436	(1,257,470)	4,052,610
Operating expenses	2,565,340	1,542,847	404,727	431,050	(1,252,586)	3,691,378
Operating income	269,882	81,570	278	14,386	(4,884)	361,232

Note: Operating incomes by geographic region in FY2003 third quarter under the Japanese accounting standards are 277,485 million yen for Japan, 89,173 million yen for North America, 246 million yen for Europe and 16,333 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 third quarter (October 2003 through December 2003)	FY2003 third quarter (October 2002 through December 2002)	Increase (Decrease)
<b>Net sales</b>	<b>2,292,065</b>	<b>2,302,043</b>	<b>(9,978)</b>
<b>Operating income</b>	<b>176,812</b>	<b>236,609</b>	<b>(59,797)</b>
<b>Ordinary income</b>	<b>212,558</b>	<b>261,805</b>	<b>(49,247)</b>
<b>Income before income taxes</b>	<b>212,558</b>	<b>261,805</b>	<b>(49,247)</b>
Income taxes – current	87,600	112,500	(24,900)
Income taxes – deferred	(11,200)	(4,400)	(6,800)
<b>Net income</b>	<b>136,158</b>	<b>153,705</b>	<b>(17,547)</b>

## UNCONSOLIDATED BALANCE SHEETS

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

	FY2004 third quarter (As of December 31,2003)	FY2003 (As of March 31,2003)	Increase (Decrease)
<b>Assets</b>			
<b>Current assets</b>	<b>2,892,098</b>	<b>3,620,881</b>	<b>(728,783)</b>
Cash, deposits and trade accounts receivable	971,004	1,033,270	(62,266)
Marketable securities	745,993	1,373,742	(627,749)
Others	1,175,099	1,213,869	(38,770)
<b>Fixed assets</b>	<b>5,548,090</b>	<b>4,971,941</b>	<b>576,149</b>
<b>Property, plant and equipment</b>	<b>1,248,587</b>	<b>1,269,042</b>	<b>(20,455)</b>
Buildings, machinery and equipment	680,791	677,800	2,991
Others	567,796	591,241	(23,445)
<b>Investments and other assets</b>	<b>4,299,503</b>	<b>3,702,899</b>	<b>596,604</b>
Investments in securities	2,183,705	1,720,649	463,056
Others	2,115,797	1,982,249	133,548
<b>Total assets</b>	<b>8,440,188</b>	<b>8,592,823</b>	<b>(152,635)</b>

	FY2004 third quarter (As of December 31,2003)	FY2003 (As of March 31,2003)	Increase (Decrease)
<b>Liabilities</b>			
<b>Current liabilities</b>	<b>1,650,541</b>	<b>2,040,821</b>	<b>(390,280)</b>
<b>Long-term liabilities</b>	<b>843,284</b>	<b>848,679</b>	<b>(5,395)</b>
<b>Total liabilities</b>	<b>2,493,825</b>	<b>2,889,501</b>	<b>(395,676)</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>5,624,083</b>	<b>5,287,601</b>	<b>336,482</b>
<b>Net unrealized gains on other securities</b>	<b>269,712</b>	<b>69,019</b>	<b>200,693</b>
<b>Less: treasury stock</b>	<b>(761,453)</b>	<b>(467,320)</b>	<b>(294,133)</b>
<b>Total shareholders' equity</b>	<b>5,946,362</b>	<b>5,703,321</b>	<b>243,041</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,440,188</b>	<b>8,592,823</b>	<b>(152,635)</b>