

# **FINANCIAL SUMMARY**

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

## **FY2001**

(April 1, 2000 through March 31, 2001)

English translation from the original Japanese-language document

## **TOYOTA MOTOR CORPORATION**

## **Cautionary Statement with Respect to Forward-Looking Statements**

This report contains forward-looking statements that reflect our plans and expectations. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. These factors include: (i) changes in economic conditions affecting the automotive markets in Japan, North America, Europe and other markets in which we operate; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the United States dollar and the euro; (iii) our ability to realize production efficiencies and to implement capital expenditures at the levels and times planned by management; (iv) changes in the laws, regulations and government policies affecting our automotive operations, particularly laws, regulations and policies relating to the environmental protection, vehicle emissions, vehicle fuel economy and vehicle safety, as well as changes in laws, regulations and government policies affecting our other operations, including our telecommunications operations and the outcome of future litigation and other legal proceedings; (v) political instability in the markets in which we operate; (vi) our ability to timely develop and achieve market acceptance of new products; and (vii) fuel shortages or interruptions in transportation systems, labor strikes, work stoppages or other interruptions to or difficulties in the employment of labor in the major markets where we purchase materials, components and supplies for the production of our products or where our products are produced, distributed or sold. A discussion of these and other factors which may affect our actual results, performance, achievements or financial position is contained in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and elsewhere in our annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

# OVERVIEW OF ASSOCIATED COMPANIES

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

Toyota Motor Corporation (TMC) and its associated companies (445 subsidiaries and 202 affiliates as of March 31, 2001) are engaged mainly in the automotive industry and also in the financial services and other business.

The following three business segments are the same divisions as stated in the "Segment Information" according to the business category.

## Automotive:

This business involves the design, manufacturing and sale of passenger cars, recreational vehicles, sport utility vehicles, minivans, trucks and related parts. Automobiles are manufactured mainly by TMC and Daihatsu Motor Co., Ltd., but a portion of manufacturing is consigned to Toyota Auto Body Co., Ltd. and others. Automobiles are also manufactured by Toyota Motor Manufacturing, Kentucky, Inc. and other companies overseas. Automobile parts are manufactured by TMC, Denso Corporation and others. These products are sold through Tokyo Toyo-Pet Motor Sales Co., Ltd. and other dealers and some sales to certain large customers are made directly by TMC in Japan. Overseas, sales are made through Toyota Motor Sales, U.S.A., Inc. and other distributors and dealers. In addition, Volkswagen vehicles are sold through TMC and some dealers in Japan.

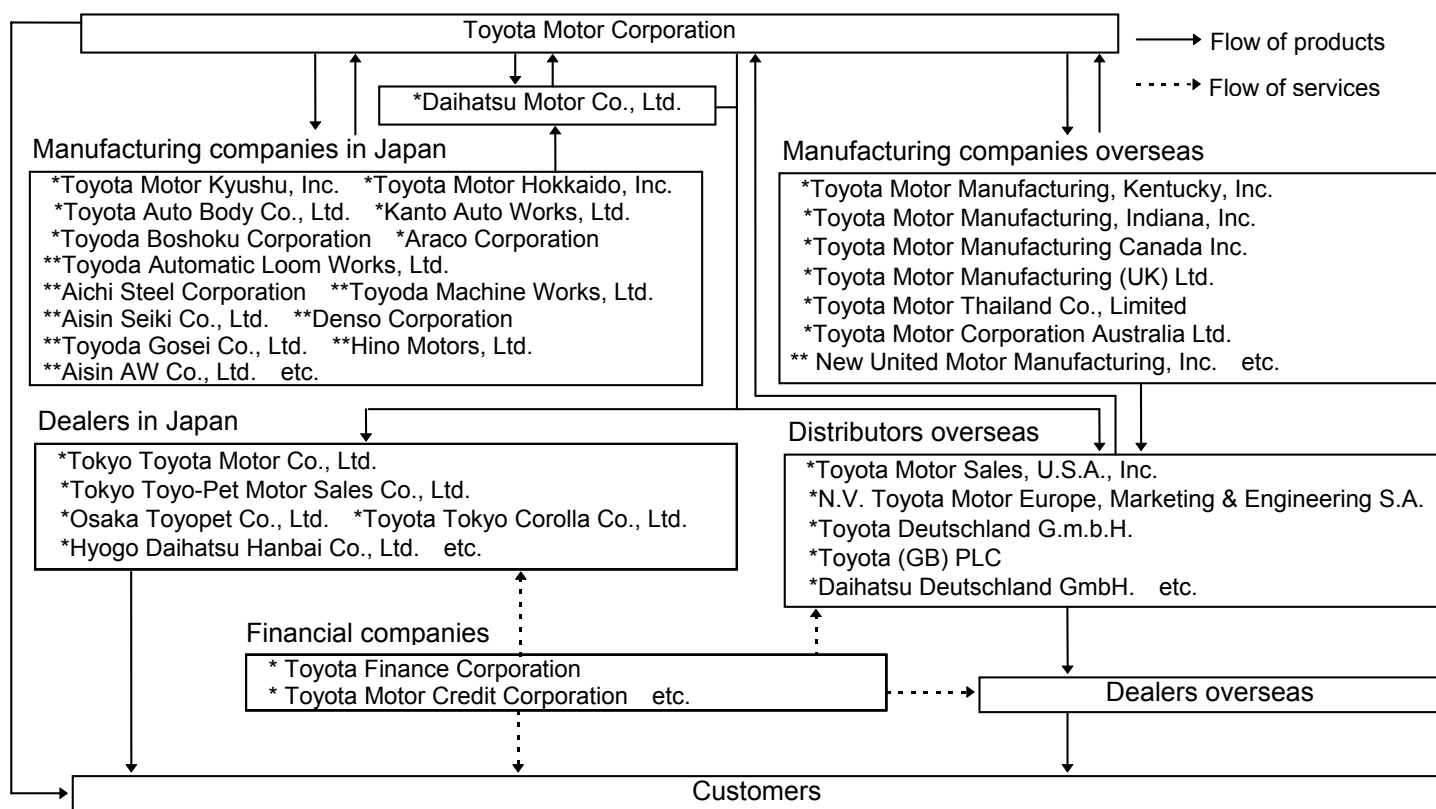
## Financial Services:

This business involves the provision of loans and leases to customers and the provision of loans to dealers. Toyota Finance Corporation in Japan and Toyota Motor Credit Corporation and others overseas provide sales financing for TMC's products and the products of its affiliates.

## All other:

Other business includes manufacturing and sale of industrial vehicles such as forklifts and logistics system, the design, manufacturing and sale of housing, telecommunications and other business. Industrial vehicles are manufactured by Toyoda Automatic Loom Works, Ltd. and sold through dealers in Japan and distributors and dealers overseas. Housing is manufactured by TMC and sold through domestic housing dealers. In addition, Toyota Tsusho Corporation engages in the purchase and sale as well as import and export of various products. Regarding telecommunications business, IDO Corporation, which provided domestic telephone services, merged with DDI Corporation and KDD Corporation on October 1, 2000 to become DDI Corporation (currently KDDI Corporation). The new company has been excluded from the scope of associated companies since October 1, 2000. The industrial vehicles and logistics system business was transferred to Toyoda Automatic Loom Works, Ltd. on April 1, 2001.

\*:Consolidated subsidiaries, \*\*:Companies accounted for under the equity method



Other major companies include Toyota Motor North America, Inc., which deals with public relations and research activities in North America, Toyota Motor Manufacturing, North America, Inc., which controls manufacturing companies in North America, Toyota Motor Europe Manufacturing, which controls manufacturing companies in Europe, and Toyota Financial Services Corporation, which oversees the management of financial companies.

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## <Overview of Changes in Major Associated Companies>

For FY2001, the changes in our major associated companies are as described below.

(Changes in major associated companies)

New companies were established as follows:

Toyota Financial Services Corporation  
Toyota Financial Services Americas Corporation

In July 2000, TMC established a subsidiary, Toyota Financial Services Corporation (TFS), to oversee the management of financial companies engaged mainly in providing sales financial services. The objectives for TFS are to streamline the decision-making process and enhance the planning and risk management functions by integrating management operations, and to strengthen competitiveness and profitability of its financial business by increasing management specialization.

Financial subsidiaries under TFS include Toyota Finance Corporation, Toyota Motor Credit Corporation and Toyota Financial Services Americas Corporation (established in August 2000).

Exclusion from consolidation: IDO Corporation

IDO Corporation merged with DDI Corporation and KDD Corporation on October 1, 2000 to become DDI Corporation (currently KDDI Corporation). The company has been excluded from the scope of associated companies since October 1, 2000.

## <Overview of Associated Companies>

Company name	Location	Capital stock or capital fund	Business segment	Percentage of voting rights owned (%)
(Consolidated subsidiaries)				
Tokyo Toyota Motor Co., Ltd.	Minato-ku, Tokyo	(Million yen) 7,537	Automotive	100.00
Tokyo Toyo-Pet Motor Sales Co., Ltd.	Minato-ku, Tokyo	(Million yen) 7,822	Automotive	100.00
Osaka Toyopet Co., Ltd.	Fukushima-ku, Osaka	(Million yen) 3,025	Automotive	100.00
Toyota Tokyo Corolla Co., Ltd.	Meguro-ku, Tokyo	(Million yen) 7,179	Automotive	100.00
Toyota Motor Kyushu, Inc.	Miyata-cho, Kurate-gun, Fukuoka	(Million yen) 45,000	Automotive	100.00
Daihatsu Motor Co., Ltd.	Ikeda, Osaka	(Million yen) 28,404	Automotive	51.22 (0.03)
Toyota Motor Hokkaido, Inc.	Tomakomai, Hokkaido	(Million yen) 27,500	Automotive	100.00
Toyota Auto Body Co., Ltd.	Kariya, Aichi	(Million yen) 8,871	Automotive	47.75 (0.65) [8.55]
Kanto Auto Works, Ltd.	Yokosuka, Kanagawa	(Million yen) 6,850	Automotive	49.83 (0.88) [1.74]
Toyoda Boshoku Corporation	Kariya, Aichi	(Million yen) 4,933	Automotive	42.89 (27.33) [16.73]
Araco Corporation	Toyota, Aichi	(Million yen) 3,188	Automotive	81.35 (6.31)
Toyota Financial Services Corporation	Naka-ku, Nagoya	(Million yen) 61,525	Financial services	100.00

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

Company name	Location	Capital stock or capital fund	Business segment	Percentage of voting rights owned (%)
Toyota Finance Corporation	Koto-ku, Tokyo	(Million yen) 3,000	Financial services	100.00 (100.00)
Towa Real Estate Co., Ltd.	Nakamura-ku, Nagoya	(Million yen) 23,750	All other	55.00 (6.00) [45.00]
Toyota Central Research and Development Laboratories, Inc.	Nagakute-cho, Aichi-gun, Aichi	(Million yen) 3,000	All other	63.00 (9.00)
Toyota Motor North America, Inc.	Torrance, California, U.S.A.	(Thousand US\$) 933,600	Automotive	100.00
Toyota Motor Sales, U.S.A., Inc.	Torrance, California, U.S.A.	(Thousand US\$) 365,000	Automotive	100.00 (100.00)
Toyota Motor Manufacturing, North America, Inc.	Erlangar, Kentucky, U.S.A.	(Thousand US\$) 1,958,949	Automotive	100.00 (100.00)
Toyota Motor Manufacturing, Kentucky, Inc.	Georgetown, Kentucky, U.S.A.	(Thousand US\$) 1,180,000	Automotive	100.00 (100.00)
Toyota Motor Manufacturing, Indiana, Inc.	Princeton, Indiana, U.S.A.	(Thousand US\$) 620,000	Automotive	100.00 (100.00)
Toyota Motor Manufacturing, West Virginia, Inc.	Charleston, West Virginia, U.S.A.	(Thousand US\$) 260,000	Automotive	100.00 (100.00)
TABC Holding, Inc.	Long Beach, California, U.S.A.	(Thousand US\$) 185,600	Automotive	100.00 (100.00)
Bodine Aluminum, Inc.	St. Louis, Missouri, U.S.A.	(Thousand US\$) 131,004	Automotive	100.00 (100.00)
Toyota Financial Services Americas Corporation	Torrance, California, U.S.A.	(Thousand US\$) 418,400	Financial services	100.00 (100.00)
Toyota Motor Credit Corporation	Torrance, California, U.S.A.	(Thousand US\$) 915,000	Financial services	100.00 (100.00)
Toyota Motor Manufacturing, Canada Inc.	Cambridge, Ontario, Canada	(Thousand Can\$) 680,000	Automotive	100.00
Toyota do Brasil LTDA	São paulo, Brazil	(Thousand real) 193,911	Automotive	99.99
N.V. Toyota Motor Europe, Marketing & Engineering S.A.	Bruxelles, Belgium	(Thousand euro) 102,382	Automotive	100.00
Toyota Motor Europe Manufacturing	Bruxelles, Belgium	(Thousand euro) 949,878	Automotive	100.00
Toyota Motor Manufacturing France S.A.S.	Onnaing, France	(Thousand euro) 259,080	Automotive	100.00 (100.00)
Toyota Deutschland G.m.b.H.	Köln, Germany	(Thousand DM) 11,200	Automotive	100.00

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

Company name	Location	Capital stock or capital fund	Business segment	Percentage of voting rights owned (%)
Toyota (GB) PLC	Redhill, Surrey, U.K.	(Thousand STG £) 2,600	Automotive	100.00
Toyota Motor Manufacturing (UK) Ltd.	Burnaston, Derbyshire, U.K.	(Thousand STG £) 650,000	Automotive	100.00 (100.00)
Toyota Motor Thailand Co., Limited	Samut Prakan, Thailand	(Thousand baht) 7,520,000	Automotive	86.43
Toyota Motor Corporation Australia Ltd.	Port Melbourne, Victoria, Australia	(Thousand A\$) 481,100	Automotive	100.00
Toyota Finance Australia Limited	Milsons Point, New South Wales, Australia	(Thousand A\$) 120,000	Financial services	100.00 (100.00)
Toyota Kirloskar Motor Ltd.	Bangalore, Karnataka, India	(Thousand rupee) 7,000,000	Automotive	88.86
Toyota Sabanci Motor Manufacturing Turkey Inc.	Adapazari, Turkey	(Million Turkish lira) 5,400,000	Automotive	65.00
Other 407 companies				
(Affiliates accounted for under the equity method)				
Denso Corporation	Kariya, Aichi	(Million yen) 173,097	Automotive	25.15 (0.20)
Toyoda Automatic Loom Works, Ltd.	Kariya, Aichi	(Million yen) 68,018	Automotive	27.40 (2.73)
Aisin Seiki Co., Ltd.	Kariya, Aichi	(Million yen) 41,140	Automotive	26.84 (2.30)
Hino Motors, Ltd.	Hino, Tokyo	(Million yen) 39,573	Automotive	36.75 (0.14)
Aisin AW Co., Ltd.	Anjo, Aichi	(Million yen) 26,480	Automotive	41.16
Toyoda Gosei Co., Ltd.	Haruhi-cho, Nishikasugai-gun, Aichi	(Million yen) 25,134	Automotive	42.40 (0.61)
Aichi Steel Corporation	Tokai, Aichi	(Million yen) 25,016	Automotive	27.51 (2.80)
Toyoda Machine Works, Ltd.	Kariya, Aichi	(Million yen) 24,805	Automotive	25.58 (0.60)
The Chiyoda Fire and Marine Insurance Company, Limited	Shibuya-ku, Tokyo	(Million yen) 42,664	Financial services	49.91 (0.03)
Toyota Tsusho Corporation	Nakamura-ku, Nagoya	(Million yen) 26,748	All other	24.41 (1.44)
New United Motor Manufacturing, Inc.	Fremont, California, U.S.A.	(Thousand US\$) 310,000	Automotive	50.00
Other 40 companies				

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

Note 1: Business segment describes the names of segments classified according to the business category .

Note 2: In the column for "Percentage of voting rights owned", figures in parentheses indicate the percentage of voting rights owned indirectly and they are part of the figure shown at the top of each row. Figures in square brackets are shown to the companies which are categorized into subsidiaries because they are effectively controlled by TMC and / or its consolidated subsidiaries. These figures indicate the percentage of voting rights owned by persons that have close relationships with TMC and / or its consolidated subsidiaries , and they are not part of the figure shown at the top of each row.

Note 3: TABC, Inc. changed its name into TABC Holding, Inc. as of June 1, 2000.

Note 4: Hino Motors, Ltd. plans to issue new shares by allocating all new shares to TMC in August 2001, subject to the completion of the administrative procedures in and outside of Japan, such as filing with and approval by the antitrust authorities. As a result, Hino Motors, Ltd. will become a subsidiary of TMC from a affiliate accounted for under the equity method.

Note 5: The Chiyoda Fire and Marine Insurance Co., Ltd. merged with The Dai-Tokyo Fire and Marine Insurance Co., Ltd. to become Aioi Insurance Co., Ltd. as of April 1, 2001.

Note 6: Consolidated subsidiaries listed on Stock Exchanges

Company name	Stock Exchanges on which the shares are listed
Daihatsu Motor Co., Ltd.	Tokyo, Nagoya, Osaka, Fukuoka and Sapporo
Toyota Auto Body Co., Ltd.	Tokyo and Nagoya
Kanto Auto Works, Ltd.	Tokyo and Nagoya
Toyoda Boshoku Corporation	Tokyo and Nagoya
Taiho Kogyo Co., Ltd.	Tokyo and Nagoya

# MANAGEMENT POLICY

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## 1. Toyota's basic management policy

Toyota Motor Corporation (TMC) holds up the “Guiding Principles at Toyota Motor Corporation” as its basic management policy and believes that efforts to achieve the goals set forth in the principles will lead to an increase in shareholders’ value. The “Guiding Principles at Toyota Motor Corporation” are as follows:

- (1) Honor the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.
- (2) Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.
- (3) Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our activities.
- (4) Create and develop advanced technologies and provide outstanding products and services that fulfill the needs of customers worldwide.
- (5) Foster a corporate culture that enhances individual creativity and teamwork value, while honoring mutual trust and respect between labor and management.
- (6) Pursue growth in harmony with the global community through innovative management.
- (7) Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

## 2. Basic Policy on the Distribution of Profits

TMC positions the benefit of its shareholders as one of its priority management policies and promotes its business aggressively while improving and strengthening its corporate foundations. The corporation’s basic approach is to continue paying stable dividends, while giving overall consideration to business results and dividends payout ratio etc., with the intent of responding to the expectations of our shareholders.

Reserves will be utilized for making our products more competitive, improving domestic and overseas production and sales structures, and developing new businesses to establish a stable, long-term management foundation, as well as repurchasing and retiring its shares in order to return profits to our shareholders.

## 3. TMC's medium and long-term management strategy

TMC will promote further growth in the automobile business by utilizing the capabilities of the entire group to the greatest extent possible. TMC will seek to become a leading company of the world of the 21<sup>st</sup> century. To that end, TMC will first implement sales strategies in Japan, North America, Europe, and Asia that match the unique characteristics of each region from a perspective of globalization and will establish the optimal production, procurement, and supply systems that organically link each of these regions. Secondly, it will promote the utilization of information technology (IT). TMC will conduct vigorous research and development of cutting-edge information technologies to realize automobile multimedia systems and will promote the further utilization of information in every area including development, procurement, production and sales. Lastly, TMC will take steps to deal with environmental issues. Environmental regulation of automobiles is becoming increasingly strict in countries around the world. Under these circumstances, TMC plans to take a leading role in developing environmental technologies indispensable for the 21<sup>st</sup> century, including development of various types of hybrid systems and research in fuel cell vehicles to reduce exhaust emissions and to improve fuel efficiency, independently or, if feasible, through global alliances with other companies.

In order to address various customer needs for automobiles expanding to automobile related areas, TMC is strategically enhancing business operations in areas such as information technology and financial services.

Through these efforts, TMC will put in place more efficient management and establish a stable management foundation for the long-term in order to improve profitability and to increase shareholder value.



#### **4. Measures for improvement of corporate management organizations**

In addition to general meetings of shareholders, meetings of the Board of Directors, meetings of the Board of Corporate Auditors and auditing of financial statements by certified public accountants and other actions required by law, TMC is taking various measures to ensure a higher level of corporate governance.

Specifically, the company established a “Committee of Ethics for Corporate Conduct”, comprised of executives of the senior managing director level and higher, to verify all corporate activities from the viewpoint of legal requirements and corporate ethics. TMC also adopted guidelines regarding the conduct of employees to codify the basic attitudinal approach expected of employees. Efforts are being made to ensure employees strictly follow these guidelines. In addition, every year TMC holds at least one meeting of the International Advisory Board, which is comprised of knowledgeable persons from foreign countries, to provide TMC with advice concerning management strategies in reference to Toyota’s globalization initiatives.

Also, TMC continues to disclose information on the fiscal condition of the company to shareholders, investors, and other stakeholders. The company will continue to ensure a high level of corporate accountability.

# BUSINESS RESULTS

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

## 1. Summary of Consolidated Financial Results of FY2001

### (1) Financial Results

Although there were signs of continuing movements towards a self-sustained recovery in the Japanese economy during the term, such as increases in capital investments in the private sector, consumer spending remained sluggish and the overall economic condition continued to be problematic. Overseas, the slowdown in the U.S. economy became evident while European economies remained stable.

Under these conditions, domestic vehicle sales increased by 145 thousand units, or 6.7%, to 2,322 thousand units in FY2001 compared with FY2000, and Toyota's market share (including minivehicles) increased by 1.4% to 38.9% in FY2001 compared with FY2000, as a result of the active introduction of new products that met customer needs and the strong sales efforts of domestic dealers. Excluding minivehicles, the market share increased by 0.9% to 43.1% in FY2001 compared with FY2000. Meanwhile, overseas, vehicle sales increased by 199 thousand units, or 6.6%, to 3,204 thousand units in FY2001 compared with FY2000. This was due to steady demand mainly in North America and Europe. As a result, total vehicle sales in Japan and overseas increased by 344 thousand units, or 6.6%, to 5,526 thousand units in FY2001 compared with FY2000.

Net sales increased by 544.9 billion yen, or 4.2%, to 13,424.4 billion yen in FY2001 compared with FY2000, and operating income increased by 94.2 billion yen, or 12.1%, to 870.1 billion yen in FY2001 compared with FY2000. Factors for the increase in operating income in the amount of 400.0 billion yen included marketing efforts in the amount of 210.0 billion yen and cost reduction efforts in the amount of 190.0 billion yen. On the other hand, factors for the decrease in operating income in the amount of 305.8 billion yen included the effects of exchange rate fluctuations in the amount of 170.0 billion yen and the increase of labor and R&D expenses and other factors in the amount of 135.8 billion yen. Ordinary income increased by 175.2 billion yen, or 22.0%, to 972.2 billion yen in FY2001 compared with FY2000. Net income increased by 64.5 billion yen, or 15.9%, to 471.2 billion yen in FY2001 compared with FY2000 despite the adverse effect of retirement benefit expenses caused by the amortization of the transition obligations at one time in FY2001 resulting from the adoption of the "Accounting Standards for Retirement Benefits".

Net sales, operating income, ordinary income, and net income all reached historic highs.

### (2) Cash Flows

Regarding the consolidated cash flows, cash flows from operating activities in FY2001 resulted in the increase in cash and cash equivalents in the amount of 1,108.8 billion yen mainly due to income before income taxes and minority interest in consolidated subsidiaries in the amount of 864.1 billion yen. Cash flows from operating activities increased by 561.3 billion yen in FY2001 compared with FY2000. Cash flows from investing activities in FY2001 resulted in the decrease in cash and cash equivalents in the amount of 1,047.0 billion yen mainly due to the payments for acquisition of property, plant and equipment in the amount of 818.7 billion yen. Compared with cash flows from investing activities in FY2000, which resulted in the decrease in cash and cash equivalents in the amount of 814.8 billion yen, the amount was adversely decreased by 232.2 billion yen in FY2001. Cash flows from financing activities in FY2001 resulted in the decrease in cash and cash equivalents in the amount of 148.9 billion yen mainly due to the payments for repurchase of treasury stocks in the amount of 263.5 billion yen. Compared with cash flows from financing activities in FY2000, which resulted in the increase in cash and cash equivalents in the amount of 525.4 billion yen, the amount was adversely decreased by 674.3 billion yen in FY2001. After consideration of the effect of exchange rate changes on cash and cash equivalents and others, cash and cash equivalents decreased by 52.5 billion yen, or 3.4%, to 1,507.2 billion yen at end of FY2001 compared with the end of FY2000.

Regarding the consolidated cash flows for FY2001 by segment, in non-financial services business, cash flows from operating activities resulted in the increase in cash and cash equivalents in the amount of 1,236.4 billion yen, cash flows from investing activities resulted in the decrease in cash and cash equivalents in the amount of 906.7 billion yen and cash flows from financing activities resulted in the decrease in cash and cash equivalents in the amount of 336.9 billion yen. Meanwhile, in the financial services business, cash flows from operating activities resulted in the decrease in cash and cash equivalents in the amount of 130.4 billion yen, cash flows from investing activities resulted in the decrease in cash and cash equivalents in the amount of 202.0 billion yen and cash flows from financing activities resulted in the increase in cash and cash equivalents in the amount of 252.5 billion yen.

## 2. Consolidated financial results of FY2001 by segment

### (1) Business Segment

#### Automotive:

Net sales of the automotive segment increased by 660.3 billion yen, or 5.9%, to 11,940.0 billion yen in FY2001 compared with FY2000, and operating income increased by 131.1 billion yen, or 19.2%, to 812.6 billion yen in FY2001 compared with FY2000. The increase in operating income was due to increased sales in Japan and North America as well as cost reduction efforts made by TMC and its subsidiaries, despite the appreciation of the yen against the euro and other currencies.

#### Financial services:

Net sales of the financial services segment increased by 35.8 billion yen, or 6.8%, to 564.5 billion yen in FY2001 compared with FY2000, and operating income decreased by 5.1 billion yen, or 14.1%, to 31.1 billion yen in FY2001 compared with FY2000. The decrease in operating income was mainly due to the effects of preparations for the start-up of the credit card business.

#### All other:

Net sales of all other operations decreased by 124.6 billion yen, or 9.7%, to 1,165.5 billion yen in FY2001 compared with FY2000, and operating loss was 2.0 billion yen, a decrease in operating income of 33.9 billion yen in FY2001 compared with FY2000. The decrease in operating income was mainly due to the exclusion of IDO Corporation from the scope of consolidation in the second half in FY2001 and start-up costs for intelligent transport systems (ITS) and Internet-related business.

## (2) Geographical Segment

### Japan:

Net sales in Japan increased by 447.5 billion yen, or 4.7%, to 10,056.0 billion yen in FY2001 compared with FY2000, and operating income increased by 81.9 billion yen, or 13.9%, to 670.3 billion yen in FY2001 compared with FY2000. The increase in operating income was mainly due to the cost reduction efforts made by TMC and its subsidiaries as well as increases in the number of vehicles sold in Japan and exported to other countries, despite the appreciation of the yen against the euro and other currencies.

### North America:

Net sales in North America increased by 297.0 billion yen, or 6.4%, to 4,964.8 billion yen in FY2001 compared with FY2000, and operating income increased by 41.8 billion yen, or 25.5%, to 205.8 billion yen in FY2001 compared with FY2000. The increase in operating income was due to expansion in production at the Indiana and other plants, as well as increases in the number of vehicles sold, supported by a steady American economy.

### Europe:

Net sales in Europe decreased by 57.8 billion yen, or 5.2%, to 1,047.0 billion yen in FY2001 compared with FY2000, and operating loss was 23.0 billion yen, a decrease in operating income of 14.2 billion yen in FY2001 compared with FY2000. The decrease in operating income was due to the substantial depreciation of the euro and the start-up costs of the new French plant despite increases in the number of vehicles sold.

### Other:

Net sales in other regions increased by 112.3 billion yen, or 13.5%, to 942.7 billion yen in FY2001 compared with FY2000, and operating income increased by 4.8 billion yen, or 94.8%, to 9.8 billion yen in FY2001 compared with FY2000, mainly due to increases in the number of vehicles sold.

### **3. Distribution of Profits for FY2001**

Regarding the dividends for FY2001, the interim dividend declared in November 2000 was 11 yen per share. The year-end dividend is scheduled to be increased by 1 yen to 14 yen per share, for a total of 25 yen per share, 1 yen higher than FY2000, on an annual basis. Accordingly, the dividends payout ratio for FY2001 is 27.8%.

In addition, TMC repurchased and retired 64 million shares in the amount of 263,595 million yen in order to return profits to its shareholders.

### **4. Others**

#### Litigation in the United States

On July 12, 1999, the United States Department of Justice, acting on behalf of the United States Environmental Protection Agency, filed a lawsuit against Toyota Motor Sales, U.S.A., Inc., a consolidated subsidiary of TMC (on November 22, 1999 TMC and Toyota Technical Center U.S.A., Inc., a consolidated subsidiary of TMC, were added as defendants) for alleged defects in on-board diagnostic systems to detect gas vapor leaks installed in approximately 2.2 million units of 1996-1998 model year Toyota vehicles sold in the U.S.A. in violation of the U.S. Clean Air Act.

The Environmental Protection Agency and the Department of Justice are seeking the injunction of sales of Toyota's 1996-1998 model year new Toyota vehicles that do not comply with the Clean Air Act and other applicable federal regulations, seeking TMC to take appropriate action to remedy the alleged violation of the Clean Air Act, and seeking civil penalties of up to \$27,500 for each vehicle allegedly sold in violation of that Act.

Toyota cannot predict the timetable on which this lawsuit will proceed. Toyota believes that it has valid defenses to this claim and intends to vigorously defend this lawsuit.

# CONSOLIDATED PRODUCTION AND SALES

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

## 1. Production

(Units)

		FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)	Increase (Decrease)
Vehicles (new)	Japan	4,097,704	3,863,760	233,944
	North America	807,253	781,304	25,949
	Europe	176,320	172,427	3,893
	Others	193,936	185,240	8,696
	Overseas total	1,177,509	1,138,971	38,538
	<b>Total</b>	<b>5,275,213</b>	<b>5,002,731</b>	<b>272,482</b>
Houses(Japan)		<b>3,600</b>	<b>3,290</b>	<b>310</b>

Note: The total production of vehicles (new) includes Daihatsu brand vehicles (including OEM production) of 675,390 units in FY2001 and 651,130 units in FY2000.

## 2. Sales (by destination)

(Units)

		FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)	Increase (Decrease)
Vehicles (new)	Japan	2,322,838	2,177,524	145,314
	North America	1,733,569	1,689,483	44,086
	Europe	691,135	633,879	57,256
	Others	779,321	681,888	97,433
	Overseas total	3,204,025	3,005,250	198,775
	<b>Total</b>	<b>5,526,863</b>	<b>5,182,774</b>	<b>344,089</b>
Industrial vehicles	Japan	27,808	25,621	2,187
	North America	26,880	23,267	3,613
	Europe	15,174	14,292	882
	Others	8,888	8,356	532
	Overseas total	50,942	45,915	5,027
	<b>Total</b>	<b>78,750</b>	<b>71,536</b>	<b>7,214</b>
Houses(Japan)		<b>3,666</b>	<b>3,297</b>	<b>369</b>

Note: The total sale of vehicles (new) includes Daihatsu brand vehicles of 605,444 units in FY2001 and 583,677 units in FY2000.

# BREAKDOWN OF CONSOLIDATED NET SALES

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

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

	FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)	Increase (Decrease)
Vehicles	10,210,930	9,637,576	573,354
Parts & components for overseas production	215,275	198,728	16,547
Parts	796,092	805,893	(9,801)
Others	707,854	629,074	78,780
<b>Total Automotive</b>	<b>11,930,152</b>	<b>11,271,273</b>	<b>658,879</b>
Financial services	549,137	522,879	26,258
Industrial equipment and logistics system	208,971	189,147	19,824
Housing	85,417	75,975	9,442
Telecommunications	296,445	508,327	(211,882)
Others	354,299	311,957	42,342
<b>Total</b>	<b>13,424,423</b>	<b>12,879,561</b>	<b>544,862</b>

Note: The amounts above are net sales to external customers.

# CONSOLIDATED STATEMENTS OF INCOME

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

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

	FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)	Increase (Decrease)
<b>Net sales</b>	<b>13,424,423</b>	<b>12,879,561</b>	<b>544,862</b>
Cost of sales	10,407,419	9,912,417	495,002
Selling, general and administrative expenses	2,146,872	2,191,161	(44,289)
<b>Operating income</b>	<b>870,131</b>	<b>775,982</b>	<b>94,149</b>
Non-operating income	305,333	233,480	71,853
<i>Interest income</i>	<i>59,168</i>	<i>58,340</i>	<i>828</i>
<i>Dividend income</i>	<i>11,109</i>	<i>14,902</i>	<i>(3,793)</i>
<i>Equity in earnings of affiliates</i>	<i>36,553</i>	<i>28,076</i>	<i>8,477</i>
<i>Other non-operating income</i>	<i>198,501</i>	<i>132,161</i>	<i>66,340</i>
Non-operating expenses	203,191	212,404	(9,213)
<i>Interest expenses</i>	<i>40,357</i>	<i>46,948</i>	<i>(6,591)</i>
<i>Other non-operating expenses</i>	<i>162,833</i>	<i>165,455</i>	<i>(2,622)</i>
<b>Ordinary income</b>	<b>972,273</b>	<b>797,058</b>	<b>175,215</b>
Extraordinary gains	265,023	-	265,023
<i>Gains on disposal of securities to establish retirement benefit trust</i>	<i>265,023</i>	<i>-</i>	<i>265,023</i>
Extraordinary losses	373,167	46,556	326,611
<i>Provision for allowance for retirement and severance benefits</i>	<i>-</i>	<i>46,556</i>	<i>(46,556)</i>
<i>Retirement benefit expenses resulting from the adoption of the accounting standards for retirement benefits</i>	<i>373,167</i>	<i>-</i>	<i>373,167</i>
<b>Income before income taxes and minority interest in consolidated subsidiaries</b>	<b>864,129</b>	<b>750,501</b>	<b>113,628</b>
Income taxes - current	493,483	349,146	144,337
Income taxes - deferred	(115,445)	(22,255)	(93,190)
Minority interest in consolidated subsidiaries	14,795	16,812	(2,017)
<b>Net income</b>	<b>471,295</b>	<b>406,798</b>	<b>64,497</b>

Note1: Effective for FY2001, the "Accounting Standards for Financial Instruments" has been applied and the "Other securities" is stated at fair value. As a result, "Ordinary income" and "Income before income taxes and minority interest in consolidated subsidiaries" increased by 1,396 million yen.

Note2: Effective for FY2001, the revised "Accounting Standards for Foreign Currency Transactions, etc." has been applied. As a result, "Ordinary income" and "Income before income taxes and minority interest in consolidated subsidiaries" decreased by 263 million yen.

Note3: Effective for FY2001, the "Accounting Standards for Retirement Benefits" has been applied. As a result, "Ordinary income" and "Income before income taxes and minority interest in consolidated subsidiaries" decreased by 19,638 million yen and 127,783 million yen, respectively. Out of the transition obligation which was resulted from the adoption of new standards, 319,290 million yen which is the amount of holding stocks that TMC and certain subsidiaries contributed to retirement benefit trust is reported as "Extraordinary losses". 53,876 million yen was amortized as "Extraordinary losses" in FY2001. Gains on disposal of securities to establish retirement benefit trust in the amount of 265,023 million yen are reported as "Extraordinary gains".



# CONSOLIDATED BALANCE SHEETS

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

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

	FY2001 (As of March 31, 2001)	FY2000 (As of March 31, 2000)	Increase (Decrease)
<b>Assets</b>			
<b>Current assets</b>	<b>8,679,097</b>	<b>7,801,037</b>	<b>878,060</b>
Cash and deposits	1,019,217	1,016,260	2,957
Trade notes and accounts receivable	1,363,370	1,310,958	52,412
Marketable securities	1,033,782	1,136,052	(102,270)
Inventories	918,806	823,756	95,050
Installment credit from dealers	2,498,748	2,052,035	446,713
Short-term loans	1,100,560	789,343	311,217
Deferred income taxes	317,145	309,753	7,392
Other current assets	494,402	436,458	57,944
Less: allowance for doubtful accounts	(66,936)	(73,582)	6,646
<b>Fixed assets</b>	<b>8,840,329</b>	<b>8,440,637</b>	<b>399,692</b>
<b>Property, Plant and Equipment</b>	<b>4,745,558</b>	<b>4,867,824</b>	<b>(122,266)</b>
Buildings and structures	1,092,742	1,128,614	(35,872)
Machinery and equipment	1,037,785	1,250,887	(213,102)
Vehicles and delivery equipment	1,173,595	1,078,068	95,527
Land	884,570	875,178	9,392
Construction in progress	176,651	212,511	(35,860)
Other property, plant and equipment	380,212	322,564	57,648
<b>Intangible fixed assets</b>	<b>9,705</b>	<b>42,657</b>	<b>(32,952)</b>
<b>Investments and other assets</b>	<b>4,085,066</b>	<b>3,530,155</b>	<b>554,911</b>
Investments in securities	3,089,614	2,420,229	669,385
Long-term loans	669,018	567,003	102,015
Deferred income taxes	257,788	437,295	(179,507)
Other investments and other assets	81,439	123,754	(42,315)
Less: allowance for doubtful accounts	(12,794)	(18,127)	5,333
<b>Translation adjustments</b>	<b>-</b>	<b>227,379</b>	<b>(227,379)</b>
<b>Total assets</b>	<b>17,519,427</b>	<b>16,469,054</b>	<b>1,050,373</b>

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

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

	FY2001 (As of March 31, 2001)	FY2000 (As of March 31, 2000)	Increase (Decrease)
<b>Liabilities</b>			
<b>Current liabilities</b>	<b>5,968,677</b>	<b>5,498,762</b>	<b>469,915</b>
Trade notes and accounts payable	1,315,967	1,307,094	8,873
Current portion of bonds	613,514	577,872	35,642
Short-term borrowings	800,651	933,488	(132,837)
Accrued expenses and other accounts payable	1,367,116	1,253,309	113,807
Income taxes payable	264,247	117,115	147,132
Deferred income taxes	4,458	2,095	2,363
Other current liabilities	1,602,721	1,307,786	294,935
<b>Long-term liabilities</b>	<b>4,093,042</b>	<b>3,841,634</b>	<b>251,408</b>
Bonds	2,582,837	2,254,664	328,173
Convertible debentures	13,308	13,314	(6)
Long-term borrowings	450,787	588,395	(137,608)
Deferred income taxes	274,542	394,132	(119,590)
Allowance for retirement and severance benefits	-	589,196	(589,196)
Allowance for retirement benefits	687,438	-	687,438
Other long-term liabilities	84,128	1,931	82,197
<b>Total liabilities</b>	<b>10,061,719</b>	<b>9,340,397</b>	<b>721,322</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>343,140</b>	<b>331,991</b>	<b>11,149</b>
<b>Shareholders' equity</b>			
<b>Common stock</b>	<b>397,049</b>	<b>397,020</b>	<b>29</b>
<b>Capital surplus</b>	<b>415,150</b>	<b>414,025</b>	<b>1,125</b>
<b>Retained earnings</b>	<b>6,162,656</b>	<b>6,014,125</b>	<b>148,531</b>
<b>Net unrealized gains on other securities</b>	<b>286,540</b>	<b>-</b>	<b>286,540</b>
<b>Translation adjustments</b>	<b>(115,196)</b>	<b>-</b>	<b>(115,196)</b>
<b>Less: treasury common stock</b>	<b>(4,875)</b>	<b>(3,460)</b>	<b>(1,415)</b>
<b>Less: common stock of the Parent held by consolidated subsidiaries</b>	<b>(26,757)</b>	<b>(25,044)</b>	<b>(1,713)</b>
<b>Total shareholders' equity</b>	<b>7,114,567</b>	<b>6,796,666</b>	<b>317,901</b>
<b>Total liabilities and shareholders' equity</b>	<b>17,519,427</b>	<b>16,469,054</b>	<b>1,050,373</b>

Note 1: Effective for FY2001, the "Accounting Standards for Financial Instruments" has been applied and the "Other securities" is stated at fair value. As a result, "Total assets" and "Total shareholders' equity" increased by 533,395 million yen and 286,846 million yen, respectively.

Note 2: Effective for FY2001, the "Accounting Standards for Retirement Benefits" has been applied. As a result, both the amount reported as "Allowance for retirement and severance benefits" and the amount relating to the corporate pension plan reported as a part of "Accrued expenses and other accounts payable" in FY2000 are reported as "Allowance for retirement benefits" in FY2001.

Note 3: Effective for FY2001, the revised "Accounting Standards for Foreign Currency Transactions, etc." has been applied. As a result, "Translation adjustments" reported as a part of assets in FY2000 is reported as a part of both "Shareholders' equity" and "Minority interest in consolidated subsidiaries" in FY2001.

# CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

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

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

	FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)	Increase (Decrease)
<b>Retained earnings at beginning of year</b>	<b>6,014,125</b>	<b>5,753,360</b>	<b>260,765</b>
Retained earnings at beginning of year as reported in previous year	6,014,125	5,367,879	646,246
Cumulative effect of an adoption of tax effect accounting	-	385,481	(385,481)
<b>Increases in retained earnings</b>	<b>31,423</b>	<b>8,815</b>	<b>22,608</b>
Increase resulting from increase in consolidated subsidiaries	1,507	-	1,507
Increase resulting from decrease in consolidated subsidiaries	28,359	-	28,359
Increase resulting from increase in affiliates accounted for under the equity method	317	5,288	(4,971)
Increase resulting from the re-evaluation of fixed assets of consolidated subsidiaries	-	3,526	(3,526)
Increase resulting from state government subsidies to consolidated subsidiaries	1,239	-	1,239
<b>Decreases in retained earnings</b>	<b>354,187</b>	<b>154,848</b>	<b>199,339</b>
Dividends	88,625	87,958	667
Bonuses to directors and corporate auditors	1,966	1,791	175
Decrease resulting from increase in consolidated subsidiaries	-	19,642	(19,642)
Decrease resulting from share repurchase and retirement by the parent company	263,595	45,456	218,139
<b>Net income</b>	<b>471,295</b>	<b>406,798</b>	<b>64,497</b>
<b>Retained earnings at end of year</b>	<b>6,162,656</b>	<b>6,014,125</b>	<b>148,531</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

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

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

	FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interest in consolidated subsidiaries	864,129	750,501
Depreciation expenses	749,752	754,934
Losses on disposal of fixed assets	30,015	49,723
Increase in allowance for retirement and severance benefits	-	92,432
Increase in allowance for retirement benefits	195,679	-
Interest and dividend income	(70,278)	(73,243)
Interest expenses	40,357	46,948
Equity in earnings of affiliates	(36,553)	(28,076)
Increase in trade notes and accounts receivable	(243,129)	(572,383)
Increase in loans receivable of consolidated financial subsidiaries	(245,068)	(139,138)
Increase in inventories	(58,894)	(70,111)
Increase in trade notes and accounts payable	7,020	111,771
Others	180,045	(32,375)
Subtotal	1,413,074	890,983
Interest and dividends received	83,105	84,473
Interest paid	(41,021)	(46,455)
Income taxes paid	(346,326)	(381,469)
Cash flows from operating activities	1,108,831	547,533
<b>Cash flows from investing activities</b>		
Net decrease in time deposits	47,990	319,420
Payments for purchase of marketable securities and investments in securities	(1,019,352)	(1,199,525)
Proceeds from sales of marketable securities and investments in securities	248,052	448,756
Proceeds from redemption of marketable securities and investments in securities	597,725	527,870
Payments for acquisition of property, plant and equipment (excluding vehicles for lease)	(818,795)	(865,865)
Payments for acquisition of vehicles for lease	(398,486)	(434,416)
Proceeds from sales of property, plant and equipment (excluding vehicles for lease)	64,338	79,444
Proceeds from sales of vehicles for lease	338,069	382,983
Others	(106,616)	(73,546)
Cash flows from investing activities	(1,047,074)	(814,877)
<b>Cash flows from financing activities</b>		
Net decrease in short-term borrowings	(14,137)	(95,146)
Net increase in commercial papers	38,707	379,986
Proceeds from origination of long-term borrowings	393,135	236,428
Payments for repayment of long-term borrowings	(296,452)	(224,927)
Proceeds from issuance of bonds	676,959	851,764
Payments for redemption of bonds	(628,416)	(516,655)
Payments for repurchase of treasury stocks	(263,595)	(45,456)
Dividends paid	(88,625)	(87,958)
Others	33,495	27,405
Cash flows from financing activities	(148,930)	525,441
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>38,963</b>	<b>(65,373)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(48,209)</b>	<b>192,724</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,559,732</b>	<b>1,334,073</b>
<b>Increase (decrease) in cash and cash equivalents due to change in scope of consolidated subsidiaries</b>	<b>(4,242)</b>	<b>32,934</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,507,280</b>	<b>1,559,732</b>

Note: In the Consolidated Statements of Cash Flows, cash and cash equivalents include cash on hand, bank deposits that can be withdrawn at any time and short-term investments that can be converted into cash at any time, carry minimal risk of change in value and have a redemption period of three months or less.

## SIGNIFICANT ACCOUNTING POLICIES

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

1. Valuation of securities:  
Securities are principally evaluated on the following basis  
Other securities with fair value:  
Stated at fair value based on market prices, etc. at end of year.  
(Both unrealized gains and losses are included in "Net unrealized gains on other securities", a component of shareholders' equity; cost of sales is determined using the moving average method.)  
Other securities not practicable to fair value:  
Stated at cost determined using the moving average method
2. Valuation of derivatives:  
Principally stated at fair value
3. Valuation of money trusts for trading purposes:  
Stated at fair value
4. Valuation of inventories:  
TMC and domestic consolidated subsidiaries:  
Inventories are principally stated at cost, as determined using the periodic average method or the specific identification method.  
Overseas consolidated subsidiaries:  
Principally stated at the lower of cost or market value based on the following: the specific identification method, first-in-first-out method or last-in-first-out method
5. Depreciation of property, plant and equipment:  
TMC and domestic consolidated subsidiaries:  
Principally computed using the declining balance method  
Overseas consolidated subsidiaries:  
Principally computed using the straight-line method
6. Amortization of intangible fixed assets:  
Computed using the straight-line method
7. Significant reserves:  
Allowance for doubtful accounts:  
TMC: To prepare for losses from bad debt, allowance for doubtful accounts is provided in an amount equivalent to the maximum limit deductible for tax purposes which is determined by the Corporation Tax Laws or an amount determined by considering the collectibility of receivable.  
Consolidated subsidiaries:  
Principally computed based on the maximum limit deductible for tax purposes which is determined by the Corporation Tax Laws or the historical loss experience  
Allowance for employee bonus:  
To provide for employee bonuses, some of the consolidated subsidiaries accrue part of the estimated bonus payments for the next year which are attributed to the current year.  
Allowance for retirement benefits:  
Principally to provide for the retirement benefits for employees, including those already retired, allowance for retirement benefits is stated based on estimated retirement benefit obligations and estimated pension assets at the end of year.
8. Consumption taxes:  
Computed based on the net-of-tax method

## NOTES TO CONSOLIDATED BALANCE SHEETS

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

1. Accumulated depreciation of property, plant and equipment		6,798,692 million yen
2. Leased assets (as a lessor) of 1,085,548 million yen are included in "Vehicles and delivery equipment"		
3. Assets related to affiliated companies		
Investments in securities (stocks)		1,153,377 million yen
(bonds and convertible debentures)		79,752 million yen
4. Assets pledged as collateral and secured liability		
Assets pledged as collateral	Notes receivable	1,559 million yen
	Buildings and structures	40,522 million yen
	Machinery and equipment	15,505 million yen
	Land	39,714 million yen
	Others	10,359 million yen
Secured liability	Short-term borrowings	40,757 million yen
	Long-term borrowings	27,799 million yen
5. Liabilities for guarantees		721,388 million yen
6. Trade notes receivable discounted		3,841 million yen
Trade notes receivable endorsed		10 million yen

## NOTES TO CONSOLIDATED STATEMENTS OF INCOME

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

R&D expenses included in general and administrative expenses and manufacturing costs  
479,953 million yen

## NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

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

Reconciliation of cash and cash equivalents and accounts on the consolidated balance sheet at end of FY2001.

Cash and deposits	1,019,217	million yen
Marketable securities	1,033,782	million yen
Total	2,052,999	million yen
Time deposits, bonds and others with original maturity exceeding a three-month period	( 545,719 )	million yen
Cash and cash equivalents	1,507,280	million yen

# SEGMENT INFORMATION

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

## 1. Business Segment Information

(1)FY2001 (April 2000 through March 2001)

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

	Automotive	Financial services	All other	Total	Elimination and/or unallocated assets	Consolidated
Net sales						
(1) Sales to external customers	11,930,152	549,137	945,133	13,424,423	-	13,424,423
(2) Inter-segment sales and transfers	9,851	15,386	220,375	245,613	(245,613)	-
Total	11,940,004	564,524	1,165,509	13,670,037	(245,613)	13,424,423
Operating expenses	11,127,394	533,426	1,167,475	12,828,296	(274,004)	12,554,292
Operating income	812,609	31,098	(1,966)	841,741	28,390	870,131
Assets	8,305,599	5,666,584	836,573	14,808,757	2,710,670	17,519,427
Depreciation expenses	630,986	74,334	44,431	749,752	-	749,752
Capital expenditure	842,138	305,170	115,172	1,262,481	-	1,262,481

(2)FY2000 (April 1999 through March 2000)

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

	Automotive	Financial services	All other	Total	Elimination and/or unallocated assets	Consolidated
Net sales						
(1) Sales to external customers	11,271,273	522,879	1,085,407	12,879,561	-	12,879,561
(2) Inter-segment sales and transfers	8,399	5,834	204,770	219,003	(219,003)	-
Total	11,279,672	528,713	1,290,178	13,098,564	(219,003)	12,879,561
Operating expenses	10,598,188	492,517	1,258,192	12,348,898	(245,319)	12,103,578
Operating income	681,484	36,196	31,985	749,666	26,316	775,982
Assets	7,812,480	4,736,866	1,068,910	13,618,257	2,850,797	16,469,054
Depreciation expenses	630,405	57,820	66,709	754,934	-	754,934
Capital expenditure	785,681	362,442	157,621	1,305,745	-	1,305,745

Note 1: Unallocated corporate assets included under "Elimination and/or unallocated assets" for FY2001 and FY2000 are 3,063,498 million yen and 2,810,525 million yen, respectively, and consist primarily of funds such as cash and deposits, marketable securities and portion of investments in securities of TMC.

Note 2: Effective for FY2001, the "Accounting Standards for Retirement Benefits" has been applied. As a result, operating expenses in "Automotive", "Financial services" and "All other" increased by 19,603 million yen, 11 million yen and 24 million yen, respectively, and operating income decreased by the same amount in each segment.

Note 3: Effective for FY2001, the "Accounting Standards for Financial Instruments" has been applied and the "Other securities" is stated at fair value. As a result, assets in "Automotive", "Financial services", "All other" and "Elimination and / or unallocated assets" increased by 203,269 million yen, 64,738 million yen, 19,726 million yen and 245,660 million yen, respectively.

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

From FY2001, in relation to Business Segment Information, we prepared the consolidated financial statements as classified into “Non-financial services business”, in which “Automotive” and “All other” are regarded as one business, and “Financial services business”.

## 2. Consolidated Financial Statements as Classified into Non-Financial Services Business and Financial Services Business

### (1) Consolidated Statements of Income as Classified into Non-Financial Services Business and Financial Services Business

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

	FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)	Increase (Decrease)
(Non-financial services)			
<b>Net sales</b>	<b>12,876,371</b>	<b>12,358,127</b>	<b>518,244</b>
Cost of sales	10,022,605	9,546,397	476,208
Selling, general and administrative expenses	2,032,764	2,092,930	(60,166)
<b>Operating income</b>	<b>821,000</b>	<b>718,798</b>	<b>102,202</b>
Non-operating income	305,387	233,059	72,328
Non-operating expenses	212,390	216,032	(3,642)
<b>Ordinary income</b>	<b>913,997</b>	<b>735,825</b>	<b>178,172</b>
Extraordinary gains	265,023	-	265,023
<i>Gains on disposal of securities to establish retirement benefit trust</i>	265,023	-	265,023
Extraordinary losses	373,135	46,556	326,579
<i>Provision for allowance for retirement and severance benefits</i>	-	46,556	(46,556)
<i>Retirement benefit expenses resulting from the adoption of the accounting standards for retirement benefits</i>	373,135	-	373,135
<b>Income before income taxes and minority interest in consolidated subsidiaries</b>	<b>805,884</b>	<b>689,269</b>	<b>116,615</b>
Income taxes	352,772	300,379	52,393
Minority interest in consolidated subsidiaries	14,539	16,537	(1,998)
<b>Net income</b>	<b>438,573</b>	<b>372,351</b>	<b>66,222</b>
(Financial services)			
<b>Net sales</b>	<b>564,524</b>	<b>528,713</b>	<b>35,811</b>
Cost of sales	414,672	392,809	21,863
Selling, general and administrative expenses	118,753	99,708	19,045
<b>Operating income</b>	<b>31,098</b>	<b>36,196</b>	<b>(5,098)</b>
Non-operating income	5,203	8,313	(3,110)
Non-operating expenses	7,669	4,005	3,664
<b>Ordinary income</b>	<b>28,631</b>	<b>40,504</b>	<b>(11,873)</b>
Extraordinary gains	-	-	-
<i>Gains on disposal of securities to establish retirement benefit trust</i>	-	-	-
Extraordinary losses	31	-	31
<i>Provision for allowance for retirement and severance benefits</i>	-	-	-
<i>Retirement benefit expenses resulting from the adoption of the accounting standards for retirement benefits</i>	31	-	31
<b>Income before income taxes and minority interest in consolidated subsidiaries</b>	<b>28,599</b>	<b>40,504</b>	<b>(11,905)</b>
Income taxes	13,284	17,753	(4,469)
Minority interest in consolidated subsidiaries	347	173	174
<b>Net income</b>	<b>14,967</b>	<b>22,577</b>	<b>(7,610)</b>
(Elimination)			
<b>Elimination of net income</b>	<b>17,754</b>	<b>11,868</b>	<b>5,886</b>
(Consolidated)			
<b>Net income</b>	<b>471,295</b>	<b>406,798</b>	<b>64,497</b>



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

(2) Consolidated Balance Sheets as Classified into Non-Financial Services Business and Financial Services Business

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

	FY2001 (As of March 31,2001)	FY2000 (As of March 31,2000)	Increase (Decrease)
<b>Assets</b>			
(Non-financial services)			
<b>Current assets</b>	<b>5,210,086</b>	<b>4,843,340</b>	<b>366,746</b>
Cash and deposits	969,063	887,448	81,615
Trade notes and accounts receivable	1,346,126	1,291,228	54,898
Marketable securities	1,017,143	1,118,332	(101,189)
Inventories	916,009	820,500	95,509
Other current assets, etc.	961,743	725,830	235,913
<b>Fixed assets</b>	<b>7,174,213</b>	<b>7,035,550</b>	<b>138,663</b>
<b>Property, plant and equipment</b>	<b>3,767,998</b>	<b>3,954,111</b>	<b>(186,113)</b>
<b>Intangible fixed assets</b>	<b>5,437</b>	<b>39,581</b>	<b>(34,144)</b>
<b>Investments and other assets</b>	<b>3,400,777</b>	<b>3,041,856</b>	<b>358,921</b>
Investments in securities	2,801,715	2,299,543	502,172
Long-term loans	278,022	290,866	(12,844)
Other investments and other assets, etc.	321,039	451,445	(130,406)
<b>Translation adjustments</b>	<b>-</b>	<b>227,379</b>	<b>(227,379)</b>
<b>Total</b>	<b>12,384,300</b>	<b>12,106,269</b>	<b>278,031</b>
(Financial services)			
<b>Current assets</b>	<b>3,849,899</b>	<b>3,194,145</b>	<b>655,754</b>
Cash and deposits	50,154	128,812	(78,658)
Trade notes and accounts receivable	26,657	25,922	735
Marketable securities	16,638	17,720	(1,082)
Inventories	2,796	3,255	(459)
Installment credit from dealers	2,405,090	1,958,869	446,221
Other current assets, etc.	1,348,561	1,059,566	288,995
<b>Fixed assets</b>	<b>1,816,684</b>	<b>1,542,720</b>	<b>273,964</b>
<b>Property, plant and equipment</b>	<b>977,562</b>	<b>913,712</b>	<b>63,850</b>
<b>Intangible fixed assets</b>	<b>4,267</b>	<b>3,075</b>	<b>1,192</b>
<b>Investments and other assets</b>	<b>834,854</b>	<b>625,932</b>	<b>208,922</b>
Investments in securities	287,899	158,068	129,831
Long-term loans	541,257	463,142	78,115
Other investments and other assets, etc.	5,697	4,721	976
<b>Total</b>	<b>5,666,584</b>	<b>4,736,866</b>	<b>929,718</b>
(Elimination)			
<b>Elimination of assets</b>	<b>(531,456)</b>	<b>(374,081)</b>	<b>(157,375)</b>
(Consolidated)			
<b>Total assets</b>	<b>17,519,427</b>	<b>16,469,054</b>	<b>1,050,373</b>

Note: Assets in the non-financial services include unallocated corporate assets.

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

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

	FY2001 (As of March 31,2001)	FY2000 (As of March 31,2000)	Increase (Decrease)
<b>Liabilities</b>			
(Non-financial services)			
<b>Current liabilities</b>	<b>3,904,656</b>	<b>3,675,694</b>	<b>228,962</b>
Trade notes and accounts payable	1,274,619	1,271,550	3,069
Short-term borrowings	676,180	842,270	(166,090)
Accrued expenses and other accounts payable	1,252,411	1,069,437	182,974
Income taxes payable	259,625	106,059	153,566
Other current liabilities, etc.	441,819	386,377	55,442
<b>Long-term liabilities</b>	<b>1,507,659</b>	<b>1,530,980</b>	<b>(23,321)</b>
Bonds and convertible debentures	527,858	527,964	(106)
Long-term borrowings	216,689	426,658	(209,969)
Other long-term liabilities, etc.	763,111	576,358	186,753
<b>Total</b>	<b>5,412,316</b>	<b>5,206,674</b>	<b>205,642</b>
(Financial services)			
<b>Current liabilities</b>	<b>2,442,022</b>	<b>2,080,864</b>	<b>361,158</b>
Trade notes and accounts payable	43,294	37,740	5,554
Current portion of bonds	613,514	577,868	35,646
Short-term borrowings	481,361	339,205	142,156
Accrued expenses and other accounts payable	122,554	196,738	(74,184)
Income taxes payable	4,622	11,056	(6,434)
Other current liabilities, etc.	1,176,676	918,254	258,422
<b>Long-term liabilities</b>	<b>2,740,013</b>	<b>2,436,622</b>	<b>303,391</b>
Bonds	2,068,287	1,740,014	328,273
Long-term borrowings	388,728	359,001	29,727
Other long-term liabilities, etc.	282,997	337,606	(54,609)
<b>Total</b>	<b>5,182,036</b>	<b>4,517,487</b>	<b>664,549</b>
(Elimination)			
<b>Elimination of liabilities</b>	<b>(532,632)</b>	<b>(383,765)</b>	<b>(148,867)</b>
(Consolidated)			
<b>Total liabilities</b>	<b>10,061,719</b>	<b>9,340,397</b>	<b>721,322</b>
(Consolidated)			
<b>Minority interest in consolidated subsidiaries</b>	<b>343,140</b>	<b>331,991</b>	<b>11,149</b>
<b>Shareholders' equity</b>			
(Consolidated)			
<b>Common stock</b>	<b>397,049</b>	<b>397,020</b>	<b>29</b>
<b>Capital surplus</b>	<b>415,150</b>	<b>414,025</b>	<b>1,125</b>
<b>Retained earnings</b>	<b>6,162,656</b>	<b>6,014,125</b>	<b>148,531</b>
<b>Net unrealized gains on other securities</b>	<b>286,540</b>	<b>-</b>	<b>286,540</b>
<b>Translation adjustments</b>	<b>(115,196)</b>	<b>-</b>	<b>(115,196)</b>
<b>Less: treasury common stock</b>	<b>(4,875)</b>	<b>(3,460)</b>	<b>(1,415)</b>
<b>Less: common stock of the Parent held by consolidated subsidiaries</b>	<b>(26,757)</b>	<b>(25,044)</b>	<b>(1,713)</b>
<b>Total shareholders' equity</b>	<b>7,114,567</b>	<b>6,796,666</b>	<b>317,901</b>
(Consolidated)			
<b>Total liabilities and shareholders' equity</b>	<b>17,519,427</b>	<b>16,469,054</b>	<b>1,050,373</b>

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

(3) Consolidated Statement of Cash Flows as Classified into Non-Financial Services Business and Financial Services Business

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

	FY2001 (April 2000 through March 2001)
(Non-financial services)	
<b>Cash flows from operating activities</b>	
Income before income taxes and minority interest in consolidated subsidiaries	805,884
Depreciation expenses	675,417
Losses on disposal of fixed assets	29,147
Increase in allowance for retirement benefits	195,207
Interest and dividend income	(74,694)
Interest expenses	53,260
Equity in earnings of affiliates	(34,762)
Increase in trade notes and accounts receivable	(108,006)
Increase in inventories	(59,186)
Increase in trade notes and accounts payable	5,472
Others	47,523
Subtotal	1,535,264
Interest and dividends received	86,297
Interest paid	(53,923)
Income taxes paid	(331,160)
Cash flows from operating activities	1,236,477
<b>Cash flows from investing activities</b>	
Net decrease in time deposits	44,772
Payments for purchase of marketable securities and investments in securities	(681,978)
Proceeds from sales of marketable securities and investments in securities	104,625
Proceeds from redemption of marketable securities and investments in securities	532,398
Payments for acquisition of property, plant and equipment (excluding vehicles for lease)	(769,313)
Payments for acquisition of vehicles for lease	(145,115)
Proceeds from sales of property, plant and equipment (excluding vehicles for lease)	55,312
Proceeds from sales of vehicles for lease	68,274
Others	(115,700)
Cash flows from investing activities	(906,724)
<b>Cash flows from financing activities</b>	
Net decrease in short-term borrowings	(47,456)
Net decrease in commercial papers	(4,370)
Proceeds from origination of long-term borrowings	229,774
Payments for repayment of long-term borrowings	(196,169)
Payments for repurchase of treasury stocks	(263,595)
Dividends paid	(88,625)
Others	33,495
Cash flows from financing activities	(336,947)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>35,573</b>
<b>Net increase in cash and cash equivalents</b>	<b>28,378</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,429,012</b>
<b>Decrease in cash and cash equivalents due to change in scope of consolidated subsidiaries</b>	<b>(4,242)</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,453,148</b>

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

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

	FY2001 (April 2000 through March 2001)
(Financial services)	
<b>Cash flows from operating activities</b>	
Income before income taxes and minority interest in consolidated subsidiaries	28,599
Depreciation expenses	74,334
Equity in earnings of affiliates	(1,791)
Increase in trade notes and accounts receivable	(138,313)
Increase in loans receivable of consolidated financial subsidiaries	(245,068)
Others	165,653
Subtotal	(116,585)
Interest and dividends received	1,267
Income taxes paid	(15,166)
Cash flows from operating activities	(130,484)
<b>Cash flows from investing activities</b>	
Net decrease in time deposits	3,218
Payments for purchase of marketable securities and investments in securities	(337,374)
Proceeds from sales of marketable securities and investments in securities	143,426
Proceeds from redemption of marketable securities and investments in securities	65,326
Payments for acquisition of property, plant and equipment (excluding vehicles for lease)	(49,481)
Payments for acquisition of vehicles for lease	(253,371)
Proceeds from sales of property, plant and equipment (excluding vehicles for lease)	9,025
Proceeds from sales of vehicles for lease	269,794
Others	(52,602)
Cash flows from investing activities	(202,036)
<b>Cash flows from financing activities</b>	
Net increase in short-term borrowings	94,763
Net increase in commercial papers	43,078
Proceeds from origination of long-term borrowings	220,371
Payments for repayment of long-term borrowings	(156,776)
Proceeds from issuance of bonds	676,959
Payments for redemption of bonds	(628,416)
Others	2,564
Cash flows from financing activities	252,543
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>3,390</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(76,587)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>130,720</b>
<b>Cash and cash equivalents at end of year</b>	<b>54,132</b>

(Consolidated)	
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>38,963</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(48,209)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>1,559,732</b>
<b>Decrease in cash and cash equivalents due to change in scope of consolidated subsidiaries</b>	<b>(4,242)</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,507,280</b>

Note: In the Consolidated Statement of Cash Flows, cash and cash equivalents include cash on hand, bank deposits that can be withdrawn at any time and short-term investments that can be converted into cash at any time, carry minimal risk of change in value and have a redemption period of three months or less.

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

### 3. Geographical Segment Information

(1) FY2001 (April 2000 through March 2001)

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

	Japan	North America	Europe	Other	Total	Elimination and/or unallocated assets	Consolidated
Net sales							
(1) Sales to external customers	6,747,016	4,800,592	1,015,766	861,047	13,424,423	-	13,424,423
(2) Inter-segment sales and transfers	3,308,987	164,279	31,294	81,728	3,586,291	(3,586,291)	-
Total	10,056,003	4,964,872	1,047,061	942,776	17,010,714	(3,586,291)	13,424,423
Operating expenses	9,385,712	4,759,075	1,070,079	932,960	16,147,829	(3,593,536)	12,554,292
Operating income	670,290	205,797	(23,018)	9,815	862,885	7,245	870,131
Assets	8,418,688	5,344,414	890,483	666,923	15,320,510	2,198,917	17,519,427

(2) FY2000 (April 1999 through March 2000)

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

	Japan	North America	Europe	Other	Total	Elimination and/or unallocated assets	Consolidated
Net sales							
(1) Sales to external customers	6,495,414	4,526,653	1,090,312	767,181	12,879,561	-	12,879,561
(2) Inter-segment sales and transfers	3,113,031	141,168	14,564	63,254	3,332,018	(3,332,018)	-
Total	9,608,445	4,667,821	1,104,877	830,435	16,211,579	(3,332,018)	12,879,561
Operating expenses	9,020,094	4,503,777	1,113,657	825,397	15,462,926	(3,359,347)	12,103,578
Operating income	588,350	164,043	(8,779)	5,037	748,652	27,329	775,982
Assets	8,329,144	4,272,890	849,366	618,700	14,070,101	2,398,953	16,469,054

Note 1: Unallocated corporate assets included under "Elimination and/or unallocated assets" for FY2001 and FY2000 are 3,063,498 million yen and 2,810,525 million yen, respectively, and consist primarily of funds such as cash and deposits, marketable securities and portion of investments in securities of TMC.

Note 2: Effective for FY2001, the "Accounting Standards for Retirement Benefits" has been applied. As a result, operating expenses of "Japan" increased by 19,638 million yen and operating income decreased by the same amount.

Note 3: Effective for FY2001, the "Accounting Standards for Financial Instruments" has been applied and the "Other securities" is stated at fair value. As a result, assets of "Japan" and "Elimination and / or unallocated assets" increased by 287,734 million yen and 245,660 million yen, respectively.

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

#### 4. Overseas Sales

(1) FY2001 (April 2000 through March 2001)

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

	North America	Europe	Other	Total
Overseas sales	4,975,221	1,064,408	1,629,601	7,669,231
Consolidated sales	-	-	-	13,424,423
Ratio of overseas sales to consolidated sales	% 37.1	% 7.9	% 12.1	% 57.1

(2) FY2000 (April 1999 through March 2000)

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

	North America	Europe	Other	Total
Overseas sales	4,776,868	1,166,638	1,432,006	7,375,512
Consolidated sales	-	-	-	12,879,561
Ratio of overseas sales to consolidated sales	% 37.1	% 9.1	% 11.1	% 57.3

# LEASE TRANSACTIONS

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

## 1. Finance leases in which the ownership of leased assets is not transferred to lessees (as a lessee):

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

	FY2001 (As of March 31,2001)	FY2000 (As of March 31,2000)	Increase (Decrease)
Amount equivalent to acquisition costs	44,077	151,098	(107,021)
Amount equivalent to accumulated depreciation	26,471	53,947	(27,476)
Amount equivalent to net balance at end of year	17,606	97,150	(79,544)
Amount equivalent to finance lease obligations at end of year	19,984	100,754	(80,770)
<Within one year>	<7,394>	<24,127>	<(16,733)>

	FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)	Increase (Decrease)
Lease payments	16,890	23,214	(6,324)
Amount equivalent to depreciation expenses	15,357	21,011	(5,654)
Amount equivalent to interest expenses	1,865	2,755	(890)

Note 1: The amount equivalent to depreciation expenses is computed based on the straight-line method.

Note 2: The amount equivalent to interest expenses, which is calculated by subtracting acquisition costs from total lease payments, is allocated over fiscal years based on the interest method.

## 2. Finance leases in which the ownership of leased assets is not transferred to lessees (as a lessor):

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

	FY2001 (As of March 31,2001)	FY2000 (As of March 31,2000)	Increase (Decrease)
Acquisition costs	98,078	85,971	12,107
Accumulated depreciation	47,343	39,423	7,920
Net balance at end of year	50,735	46,547	4,188
Finance lease obligations at end of year	60,782	50,510	10,272
<Within one year>	<19,410>	<16,745>	<2,665>

	FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)	Increase (Decrease)
Lease payments	24,582	21,002	3,580
Depreciation expenses	14,906	13,871	1,035
Amount equivalent to interest income	2,806	2,176	630

Note : The amount equivalent to interest income, which is calculated by subtracting acquisition costs from total lease payments and estimated residual value, is allocated over fiscal years based on the interest method.

## 3. Operating lease transactions:

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

	FY2001 (As of March 31,2001)	FY2000 (As of March 31,2000)	Increase (Decrease)
(As a lessee)			
Future lease payments	35,430	30,313	5,117
<Within one year>	<8,096>	<6,445>	<1,651>
(As a lessor)			
Future rentals	498,799	498,921	(122)
<Within one year>	<231,885>	<242,494>	<(10,609)>

# MARKETABLE SECURITIES (FY2001)

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

## 1. Securities for trading purposes

Carrying amount on the consolidated balance sheet : - million yen  
 Unrealized gain or (loss) included in the consolidated statement of income : - million yen

## 2. Held-to-maturity debt securities with fair value

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

	FY2001 (As of March 31, 2001)		
	Carrying amount	Fair value	Difference
<b>Securities with fair value exceeding the carrying amount</b>			
Government and municipal bonds, etc.	-	-	-
Corporate bonds	-	-	-
Other bonds	-	-	-
Subtotal	-	-	-
<b>Securities with fair value not exceeding the carrying amount</b>			
Government and municipal bonds, etc.	-	-	-
Corporate bonds	-	-	-
Other bonds	-	-	-
Subtotal	-	-	-
Total	-	-	-

## 3. Other securities with fair value

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

	FY2001 (As of March 31, 2001)		
	Cost	Carrying amount	Difference
<b>Securities with the carrying amount exceeding the cost</b>			
Stocks	406,648	748,171	341,523
Bonds			
Government and municipal bonds, etc.	553,418	591,649	38,231
Corporate bonds	645,680	681,763	36,083
Other bonds	-	-	-
Other	106,261	107,257	996
Subtotal	1,712,008	2,128,841	416,833
<b>Securities with the carrying amount not exceeding the cost</b>			
Stocks	18,449	16,971	(1,478)
Bonds			
Government and municipal bonds, etc.	3,409	3,409	(0)
Corporate bonds	233,336	226,522	(6,814)
Other bonds	-	-	-
Other	180,649	180,245	(404)
Subtotal	435,845	427,149	(8,696)
Total	2,147,853	2,555,991	408,138



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

#### 4. Other securities sold during FY2001

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

Sales amount	Total amount of gains on sale	Total amount of losses on sale
517,395	272,388	108

#### 5. Major contents and carrying amount of securities not practicable to fair value

(1) Held-to-maturity debt securities	Million yen
Government and municipal bonds, etc.	-
Corporate bonds	-
Other bonds	-
(2) Other securities	Million yen
Unlisted stocks (excluding stocks traded over the counter)	28,936
Unlisted bonds	
Government and municipal bonds, etc.	3,078
Corporate bonds	22,523
Other bonds	-
Other unlisted securities	304,221

#### 6. Amount of future redemption of other securities having expiration and held-to-maturity debt securities

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

	Within one year	Later than 1 year and not later than 5 years	Later than 5 years and not later than 10 years	Later than 10 years
Bonds				
Government and municipal bonds, etc.	142,318	453,565	1,811	90
Corporate bonds	324,140	520,680	85,981	-
Other bonds	-	-	-	-
Other	569,034	16,507	76	-
Total	1,035,493	990,753	87,869	90

# FAIR VALUE AND OTHER INFORMATION OF SECURITIES (FY2000)

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

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

	FY2000 (As of March 31, 2000)		
	Carrying amount	Fair value	Unrealized gain or (loss)
<b>1) Items in current assets</b>			
Stocks	3,930	105,631	101,701
Bonds	62,423	62,550	127
Others	-	-	-
Subtotal	66,353	168,181	101,828
<b>2) Items in fixed assets</b>			
Stocks	1,123,532	2,413,647	1,290,115
Bonds	759,238	810,285	51,047
Others	6,303	7,924	1,621
Subtotal	1,889,074	3,231,857	1,342,783
<b>Total</b>	<b>1,955,427</b>	<b>3,400,039</b>	<b>1,444,612</b>

Note 1: Fair values are based on the following prices.

- (1) Listed securities: mainly closing prices on the Tokyo Stock Exchange
- (2) Securities traded over the counter: mainly final prices published by the Japan Securities Dealers Association.
- (3) Securities with quotation prices (excluding securities falling into category (1) and (2)): mainly standard quotation prices of over-the-counter trading of standard bonds announced by the Japan Securities Dealers Association
- (4) Beneficiary certificates of unlisted securities investment trust: standard prices
- (5) Bonds other than the above (excluding those that are difficult to determine fair value): mainly prices after adjustment (interest rate or differences in the remaining period of redemption) made on the standard quotation price of over-the-counter trading of standard bonds announced by the Japan Securities Dealers Association

Note 2: Carrying amount of securities excluded from above disclosure

Current assets	Unlisted securities (excluding securities traded over the counter)	6,232 million yen
	Bonds	798,715 million yen
	Commercial papers	219,036 million yen
	Beneficiary certificates of securities investment trust	45,714 million yen
Fixed assets	Unlisted securities (excluding securities traded over the counter)	231,163 million yen
	Bonds	293,081 million yen
	Commercial papers	199 million yen
	Beneficiary certificates of securities investment trust	6,710 million yen

# CONTRACT AND OTHER AMOUNTS, FAIR VALUE AND UNREALIZED GAIN OR LOSS ON DERIVATIVE TRANSACTIONS

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

## 1. Currency Related

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

	Nature of transaction	FY2001 (As of March 31, 2001)			FY2000 (As of March 31, 2000)		
		Contract and other amounts	Fair value	Unrealized gain or (loss)	Contract and other amounts	Fair value	Unrealized gain or (loss)
Non-market transactions	<b>Forward exchange contracts</b>						
	Sales contracts						
	U.S. dollars	-	-	-	311,715	-	4,629
	Euro	-	-	-	58,426	-	6,018
	Other currencies	-	-	-	27,849	-	180
	<b>Option transactions</b>						
	Put option held						
	U.S. dollars	-	-	-	165,300	-	(253)
	<->	<->	<->	<->	<4,205>		
	Euro	-	-	-	39,767	-	417
	<->	<->	<->	<->	<1,083>		
	Other currencies	-	-	-	12,538	-	38
	<->	<->	<->	<->	<359>		
	Other option transactions						
	U.S. dollars	-	-	-	3,184	-	3
<->	<->	<->	<->	<0>			
Euro	-	-	-	31,663	-	568	
<->	<->	<->	<->	<0>			
Other currencies	-	-	-	11,378	-	198	
<->	<->	<->	<->	<0>			
<b>Swap transactions</b>							
U.S. dollars receiver, Deutsche mark payer	7,546	3,913	2,507	-	-	-	
Other currencies	35,387	14,412	4,731	-	-	-	
<b>Total</b>							
		-	-	-	-	-	11,801

Note 1: From FY2001, those derivative transactions to which hedge accounting is applicable are excluded from above disclosure.

Note 2: Certain derivative transactions such as those assigned to foreign assets and liabilities in accordance with "Accounting Standards for Foreign Currency Transactions, etc." are excluded from above disclosure.

Note 3: Fair value of forward exchange contract is calculated based on the forward exchange rate at the balance sheet date.

Note 4: Fair value for option transactions is calculated based on prices quoted by financial institutions.

Note 5: Among the option transactions, other option transactions are the range - forward transactions which will be exercised at the maximum or the minimum rate in the range at a specified future date, and no option premium related to those transactions was incurred.

Note 6: < > indicates the option contract premiums carried on the consolidated balance sheet.

## 2. Interest Related

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

	Nature of transaction	FY2001 (As of March 31, 2001)			FY2000 (As of March 31, 2000)		
		Contract and other amounts	Fair value	Unrealized gain or (loss)	Contract and other amounts	Fair value	Unrealized gain or (loss)
Non-market transactions	<b>Option transactions</b>						
	Cap option held	-	-	-	899,387	595,705	4,942
	<->	<->	<->	<->	<4,526>		
	Cap option written	-	-	-	84,920	-	42
	<->	<->	<->	<->	<350>		
	Floor option held	-	-	-	2,000	-	(1)
	<->	<->	<->	<->	<1>		
	Floor option written	-	-	-	13,272	-	(19)
	<->	<->	<->	<->	<5>		
	<b>Swap transactions</b>						
Fixed rate receiver, floating rate payer	239,000	141,000	3,127	1,824,932	1,500,413	1,009	
Floating rate receiver, fixed rate payer	147,798	19,398	(1,272)	1,655,597	520,393	(968)	
Floating rate receiver, floating rate payer	-	-	-	2,000	2,000	(34)	
<b>Total</b>							
		-	-	-	-	-	4,969

Note 1: From FY2001, those derivative transactions to which hedge accounting is applicable are excluded from above disclosure.

Note 2: Fair value of option transactions and swap transactions is calculated based on prices quoted by financial institutions.

Note 3: < > indicates the option contract premiums carried on the consolidated balance sheet.

# RETIREMENT BENEFITS

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

## 1. Overview of the retirement benefit plan

TMC and its domestic subsidiaries have defined benefit pension plans, such as contributory funded defined benefit pension plans pursuant to the Japanese Welfare Pension Insurance Law, tax qualified pension plans and severance indemnity plans. Some foreign subsidiaries have defined benefit pension plans. TMC and some subsidiaries have established employee retirement benefit trust. At end of FY2001, among TMC and its subsidiaries, a total of 219 companies have severance indemnity plans.

## 2. Items related to retirement benefit expenses (April 1, 2000 through March 31, 2001)

Service cost	79,166 million yen
Interest cost	60,668 million yen
Expected return on plan assets	(33,231)million yen
Amortization of transition obligation	373,167 million yen
Recognized net actuarial gains or losses	- million yen
Amortization of unrecognized prior service cost	(602)million yen
Retirement benefit expenses	479,169 million yen

## 3. Items related to assumptions used for calculation of retirement benefit obligation (April 1, 2000 through March 31, 2001)

Method of attribution of estimated retirement benefit to periods of employee service:	Mainly by benefit / compensation approach with consideration of coefficient factor stipulated in the retirement regulations
Discount rate:	2.5%-8.75% (TMC 3.0%, domestic subsidiaries 2.5%-3.5%)
Expected return on plan assets:	1.5%-9.0% (TMC 3.0%, domestic subsidiaries 1.5%-5.5%)
Amortization period of unrecognized prior service cost:	12 years (Straight-line method over the average remaining service period of employees)
Amortization period of unrecognized actuarial gains or losses:	- (Straight-line method over certain years less than the average remaining service period of employees starting from following year)
Amortization period of net transition obligation:	1 year

# UNCONSOLIDATED STATEMENTS OF INCOME

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

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

	FY2001 (April 2000 through March 2001)	FY2000 (April 1999 through March 2000)	Increase (Decrease)
<b>Ordinary profits and losses</b>			
<b>Operating revenue and expenses</b>			
<b>Operating revenue</b>	<b>7,903,580</b>	<b>7,408,010</b>	<b>495,570</b>
Net sales	7,903,580	7,408,010	495,570
<b>Operating expenses</b>	<b>7,396,773</b>	<b>6,916,066</b>	<b>480,707</b>
Cost of sales	6,579,815	6,130,423	449,392
Selling, general and administrative expenses	816,957	785,642	31,315
<b>Operating income</b>	<b>506,806</b>	<b>491,943</b>	<b>14,863</b>
<b>Non-operating income and expenses</b>			
<b>Non-operating income</b>	<b>207,987</b>	<b>152,333</b>	<b>55,654</b>
Interest and discounts earned	28,758	33,930	(5,172)
Dividends received	49,507	43,487	6,020
Other non-operating income	129,721	74,915	54,806
<b>Non-operating expenses</b>	<b>93,033</b>	<b>102,452</b>	<b>(9,419)</b>
Interest and discounts expenses	10,676	10,816	(140)
Other non-operating expenses	82,356	91,636	(9,280)
<b>Ordinary income</b>	<b>621,760</b>	<b>541,824</b>	<b>79,936</b>
<b>Extraordinary gains and losses</b>			
<b>Extraordinary gains</b>	<b>195,420</b>	-	<b>195,420</b>
Gains on disposal of securities to establish retirement benefit trust	195,420	-	195,420
<b>Extraordinary losses</b>	<b>255,075</b>	-	<b>255,075</b>
Retirement benefit expenses resulting from the adoption of the accounting standards for retirement benefits	255,075	-	255,075
<b>Income before income taxes</b>	<b>562,105</b>	<b>541,824</b>	<b>20,281</b>
Income taxes – current	313,600	209,200	104,400
Income taxes – deferred	(85,010)	3,356	(88,366)
<b>Net income</b>	<b>333,516</b>	<b>329,268</b>	<b>4,248</b>
Unappropriated retained earnings brought forward	91,210	72,426	18,784
Adjustment for prior years by adopting tax effect accounting	-	381,815	(381,815)
Reversal of reserve for losses on overseas investments because of an adoption of tax effect accounting	-	189	(189)
Reversal of reserve for special depreciation because of an adoption of tax effect accounting	-	115	(115)
Reversal of reserve for reduction of acquisition cost of fixed assets because of an adoption of tax effect accounting	-	3,816	(3,816)
Retirement of shares	263,595	45,456	218,139
Interim cash dividends	41,167	41,358	(191)
<b>Unappropriated retained earnings at end of year</b>	<b>119,963</b>	<b>700,817</b>	<b>(580,854)</b>

Note 1: Effective for FY2001, the "Accounting Standards for Financial Instruments" has been applied and the "Other securities" is stated at fair value. As a result, "Ordinary income" and "Income before income taxes" increased by 618 million yen.

Note 2: Effective for FY2001, the revised "Accounting Standards for Foreign Currency Transactions, etc." has been applied. As a result, "Ordinary income" and "Income before income taxes" decreased by 520 million yen.

Note 3: Effective for FY2001, the "Accounting Standards for Retirement Benefits" has been applied. As a result, "Ordinary income" and "Income before income taxes" decreased by 14,538 million yen and 74,193 million yen, respectively. Transition obligation of 255,075 million yen was resulted from the adoption of new standards. Out of this amount, 246,134 million yen which is the amount of holding stocks that TMC contributed to retirement benefit trust is reported as "Extraordinary losses". 8,941 million yen was amortized as "Extraordinary losses" in FY2001. Gains on disposal of securities to establish retirement benefit trust in the amount of 195,420 million yen are reported as "Extraordinary gains".

# PROPOSED APPROPRIATION OF UNCONSOLIDATED RETAINED EARNINGS

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

(Million yen except 'Per share' amounts; amounts less than one million yen are omitted.)

	FY2001	FY2000
Unappropriated retained earnings at end of year	119,963	700,817
Reversal of reserve for losses on overseas investments	-	79
Reversal of reserve for reduction of acquisition cost of fixed assets	40	1
Total	120,004	700,898
The proposed appropriation is as follows:		
Cash dividends	51,571	48,729
	< ¥14 per share >	< ¥13 per share >
Bonuses to directors	486	463
Bonuses to corporate auditors	43	41
Reserve for losses on overseas investments	206	-
Reserve for special depreciation	777	454
General reserves	-	560,000
Unappropriated retained earnings to be carried forward	66,919	91,210

Note: An interim dividend of ¥11 per share was paid on November 27, 2000, to shareholders (including the beneficial shareholders notified by Japanese Securities Depository Center) or registered pledgee of record as of September 30, 2000. Total interim dividends were paid in amount of 41,167 million yen.

# UNCONSOLIDATED BALANCE SHEETS

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

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

	FY2001 (As of March 31,2001)	FY2000 (As of March 31,2000)	Increase (Decrease)
<b>Assets</b>			
<b>Current assets</b>	<b>3,195,451</b>	<b>3,000,196</b>	<b>195,255</b>
Cash and deposits	664,553	585,030	79,523
Trade notes receivable	1,421	1,467	(46)
Trade accounts receivable	1,012,387	905,196	107,191
Marketable securities	711,756	850,987	(139,231)
Finished goods	124,504	137,213	(12,709)
Raw materials	13,750	7,935	5,815
Work in process	96,417	74,411	22,006
Supplies	5,920	5,666	254
Short-term loans	120,078	71,531	48,547
Deferred income taxes	154,358	132,418	21,940
Other current assets	301,102	244,236	56,866
Less : allowance for doubtful accounts	(10,800)	(15,900)	5,100
<b>Fixed assets</b>	<b>5,097,999</b>	<b>4,775,079</b>	<b>322,920</b>
<b>Property, plant and equipment</b>	<b>1,291,110</b>	<b>1,349,395</b>	<b>(58,285)</b>
Buildings	359,126	373,775	(14,649)
Structures	43,500	45,677	(2,177)
Machinery and equipment	355,728	377,991	(22,263)
Vehicle and delivery equipment	9,045	8,170	875
Tools, furniture and fixtures	80,896	78,459	2,437
Land	396,441	409,002	(12,561)
Construction in progress	46,371	56,317	(9,946)
<b>Investments and other assets</b>	<b>3,806,889</b>	<b>3,425,684</b>	<b>381,205</b>
Investments in securities	2,279,662	1,854,895	424,767
Investments in subsidiaries	1,041,661	994,645	47,016
Long-term loans	278,003	313,624	(35,621)
Deferred income taxes	177,323	246,040	(68,717)
Other investments	33,739	19,877	13,862
Less : allowance for doubtful accounts	(3,500)	(3,400)	(100)
<b>Total assets</b>	<b>8,293,450</b>	<b>7,775,276</b>	<b>518,174</b>

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

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

	FY2001 (As of March 31,2001)	FY2000 (As of March 31,2000)	Increase (Decrease)
<b>Liabilities</b>			
<b>Current liabilities</b>	<b>1,730,751</b>	<b>1,435,886</b>	<b>294,865</b>
Trade notes payable	1,732	1,278	454
Trade accounts payable	747,075	756,431	(9,356)
Accrued liabilities	412,219	261,343	150,876
Income taxes payable	187,269	59,020	128,249
Accrued expenses	307,862	315,390	(7,528)
Deposits received	35,261	34,285	976
Other current liabilities	39,329	8,136	31,193
<b>Long-term liabilities</b>	<b>896,451</b>	<b>841,281</b>	<b>55,170</b>
Bonds	514,150	514,150	-
Allowance for retirement and severance benefits	-	325,199	(325,199)
Allowance for retirement benefits	368,518	-	368,518
Other long-term liabilities	13,783	1,931	11,852
<b>Total liabilities</b>	<b>2,627,203</b>	<b>2,277,168</b>	<b>350,035</b>
<b>Shareholders' equity</b>			
<b>Common stock</b>	<b>397,049</b>	<b>397,020</b>	<b>29</b>
<b>Statutory reserve</b>	<b>514,604</b>	<b>513,479</b>	<b>1,125</b>
Capital surplus	415,150	414,025	1,125
Legal reserve	99,454	99,454	-
<b>Retained earnings</b>	<b>4,567,127</b>	<b>4,587,607</b>	<b>(20,480)</b>
Reserve for losses on overseas investments	190	270	(80)
Reserve for special depreciation	619	164	455
Reserve for reduction of acquisition cost of fixed assets	5,427	5,429	(2)
General reserve	4,440,926	3,880,926	560,000
Unappropriated retained earnings at end of year	119,963	700,817	(580,854)
<Included net income for current year>	< 333,516 >	< 329,268 >	< 4,248 >
<b>Net unrealized gains on other securities</b>	<b>187,465</b>	<b>-</b>	<b>187,465</b>
<b>Total shareholders' equity</b>	<b>5,666,247</b>	<b>5,498,108</b>	<b>168,139</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,293,450</b>	<b>7,775,276</b>	<b>518,174</b>

Note 1: "Marketable securities" includes treasury stock, which was acquired based on the shareholders' demand for purchase of shares less than one unit. The amount is less than 1 million yen.

Note 2: In accordance with the provisions of the Japan's Commercial Code, subsidiaries refer to companies with an equity ownership of more than 50%.

Note 3: "Other investments" includes treasury stock of 4,875 million yen based on the stock option plan.

Note 4: Changes in number of issued shares

Issuance of new shares in conjunction with the stock-for-stock exchange performed to make Tokyo Toyo - Pet Motor Sales Co., Ltd. a wholly owned subsidiary	588 thousand shares
Decrease due to the retirement of shares	64,996 thousand shares

Note 5: Effective for FY2001, the "Accounting Standards for Financial Instruments" has been applied and the "Other securities" is stated at fair value. As a result, "Total assets" and "Total shareholders' equity" increased by 361,306 million yen and 187,843 million yen, respectively.

Note 6: Effective for FY2001, the revised "Accounting Standards for Foreign Currency Transactions, etc." has been applied. As a result, "Total assets" and "Total shareholders' equity" decreased by 545 million yen and 320 million yen, respectively.

Note 7: Effective for FY2001, the "Accounting Standards for Retirement Benefits" has been applied. As a result, both the amount reported as "Allowance for retirement and severance benefits" and the amount relating to the corporate pension plan reported as a part of "Accrued expenses" in FY2000 are reported as "Allowance for retirement benefits" in FY2001.



## Prospects for FY2002 unconsolidated business results

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

Prospects for FY2002 unconsolidated business results are as follows:

### 1. Prospects for FY2002 (April 2001 through March 2002)

	The figures in parentheses indicate FY2001 results.	
	Thousand units	Thousand units
Sales target		
Vehicles	3,470 (	3,520 )
Domestic	1,890 (	1,816 )
Exports	1,580 (	1,704 )
	Units	Units
Houses	3,700 (	3,596 )
Production target of vehicles	Thousand units	Thousand units
Domestic	3,390 (	3,422 )
Overseas	1,890 (	1,751 )
The goal for net sales, ordinary income and net income	Billion yen	Billion yen
Net sales	8,000.0 (	7,903.5 )
Ordinary income	630.0 (	621.7 )
Net income	370.0 (	333.5 )
Exchange rates as premise	Yen/U.S. dollar	Yen/U.S. dollar
	115 (	110 )
	Yen/Euro	Yen/Euro
	105 (	100 )

### 2. Prospects for FY2002 interim(April 2001 through September 2001)

	The figures in parentheses indicate FY2001 interim results.	
	Thousand units	Thousand units
Sales target		
Vehicles	1,700 (	1,701 )
Domestic	890 (	835 )
Exports	810 (	866 )
	Units	Units
Houses	1,600 (	1,647 )
Production target of vehicles	Thousand units	Thousand units
Domestic	1,660 (	1,637 )
Overseas	920 (	874 )
The goal for net sales, ordinary income and net income	Billion yen	Billion yen
Net sales	3,900.0 (	3,708.7 )
Ordinary income	310.0 (	226.7 )
Net income	180.0 (	104.3 )
Exchange rates as premise	Yen/U.S. dollar	Yen/U.S. dollar
	115 (	107 )
	Yen/Euro	Yen/Euro
	105 (	99 )