

# **FINANCIAL SUMMARY**

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

## **FY2006 Semi-Annual**

(April 1, 2005 through September 30, 2005)

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 Toyota's plans and expectations. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause Toyota's 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 and market demand affecting, and the competitive environment in, the automotive markets in Japan, North America, Europe and other markets in which Toyota operates; (ii) fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar, the Euro, the Australian dollar and the British pound; (iii) Toyota's 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 in the markets in which Toyota operates that affect Toyota's automotive operations, particularly laws, regulations and policies relating to trade, environmental protection, vehicle emissions, vehicle fuel economy and vehicle safety, as well as changes in laws, regulations and government policies that affect Toyota's other operations, including the outcome of future litigation and other legal proceedings; (v) political instability in the markets in which Toyota operates; (vi) Toyota's 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 Toyota purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold.

A discussion of these and other factors which may affect Toyota's actual results, performance, achievements or financial position is contained in Toyota's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

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

# OVERVIEW OF ASSOCIATED COMPANIES

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

Toyota Motor Corporation ("TMC") and its associated companies (529 consolidated subsidiaries and 220 affiliates as of September 30, 2005) are engaged mainly in the automotive industry and also in the financial services and other businesses.

The following three business segments are segmented on the basis as stated under the "Segment Information" according to the business category.

## Automotive:

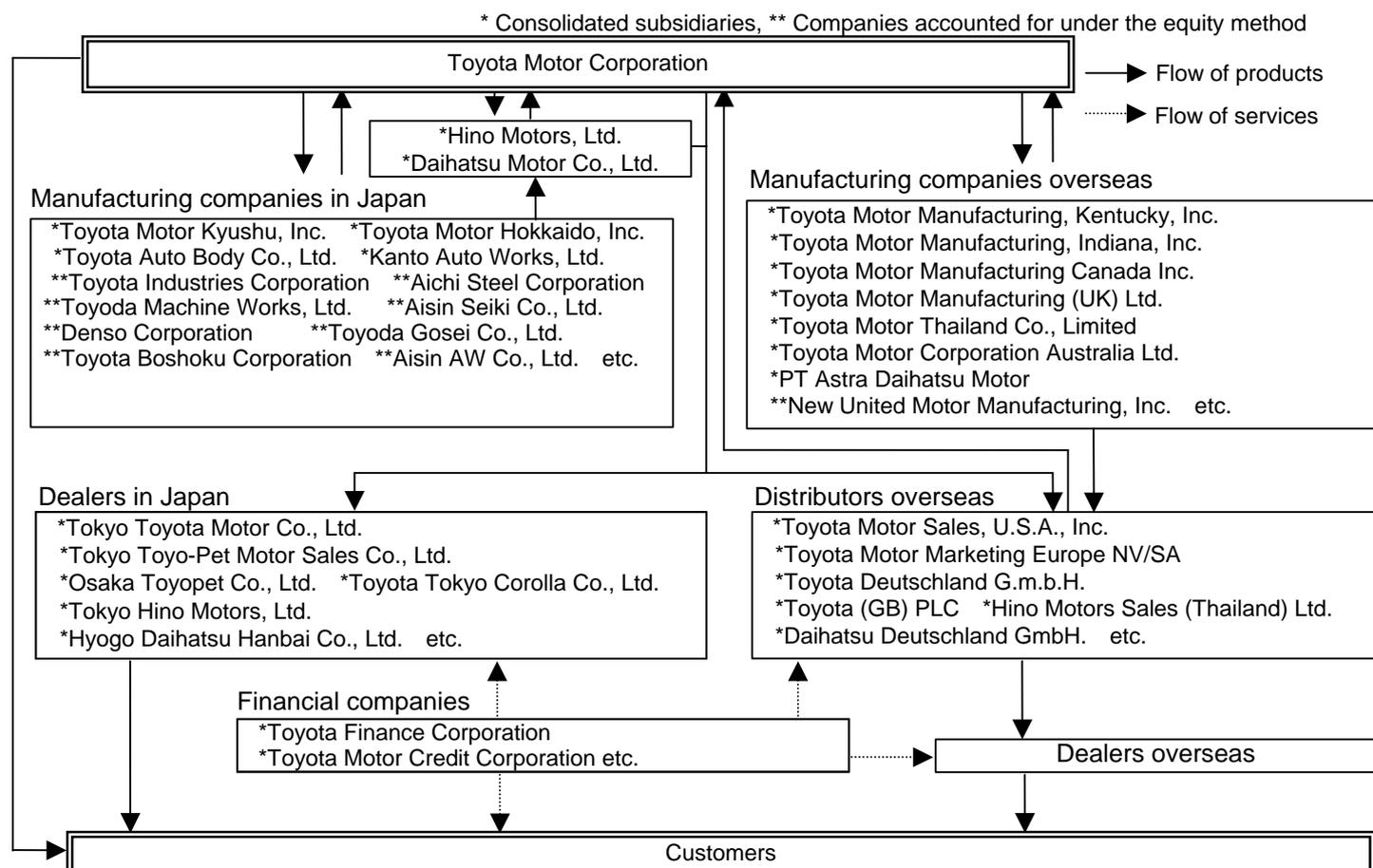
This business involves the design, manufacturing and sale of sedans, minivans, 2-BOX, sports utility vehicles, and trucks, as well as related parts and accessories. Automobiles are manufactured mainly by TMC, Hino Motors, Ltd., and Daihatsu Motor Co., Ltd., but a portion of manufacturing is consigned to Toyota Auto Body Co., Ltd. and others. Automobiles are also manufactured by Toyota Motor Manufacturing, Kentucky, Inc. and other overseas companies. 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 to certain large customers, directly by TMC. 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 financing to support the sales of automobiles and other products manufactured by TMC and its affiliates and also covers the leasing of automobiles and equipment. Toyota Finance Corporation in Japan, Toyota Motor Credit Corporation and other overseas subsidiaries and affiliates provide sales financing for TMC's products and the products of its subsidiaries and affiliates.

## All other:

Other business includes the design, manufacturing and sale of housing, telecommunications and other businesses. Housing is manufactured mainly by TMC and sold through Toyota Housing Corporation and domestic housing dealers.



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 NV/SA which deals with public relations activities in Europe, Toyota Motor Engineering & Manufacturing Europe NV/SA which controls manufacturing companies in Europe, and Toyota Financial Services Corporation, which controls the management of financial companies.

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### **<Overview of Changes in Major Associated Companies>**

For FY2006 semi-annual, there is no change in our major associated companies.

Toyota Motor Europe NV/SA and Toyota Motor Engineering & Manufacturing Europe NV/SA both of which were consolidated subsidiaries of TMC as of September 30, 2005, merged into Toyota Motor Marketing Europe NV/SA, which is also a consolidated subsidiary of TMC, as of October 1, 2005. Toyota Motor Marketing Europe NV/SA changed its trade name to Toyota Motor Europe NV/SA as of the effective day of the merger.

# MANAGEMENT POLICY

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

## 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 shareholder 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 deems the benefit of its shareholders as one of its priority management policies and strives to continuously increase per-share earnings, through promoting its business aggressively while improving and strengthening its corporate foundations.

With respect to the payment of dividends, TMC seeks to enhance the distribution of profits by striving to raise the consolidated dividend payout ratio to progressively higher levels, while giving due consideration to factors such as the business results of each term and new investment plans. Furthermore, we are acquiring treasury stock to improve capital efficiency and to be able to respond appropriately to changes in the business environment.

As we anticipate the continued growth in worldwide automotive markets, we will utilize our internal funds to invest in improvement of product performance and development of next-generation technologies to achieve future growth, to develop production and sales networks domestically and overseas for further expansion of our global business and to expand into new business areas, while securing solid management foundation.

## 3. Policy for the Granting of Stock Options and Other Incentive Plans

Currently, TMC maintains an incentive plan for granting stock options to our directors, managing officers and senior managers, etc. Together with this plan, TMC also maintains an incentive plan for the executives of its overseas subsidiaries and affiliated companies.

TMC believes that these incentive plans will heighten their willingness and motivation to improve business performance in the medium- and long-term, enhance international competitiveness and profitability and contribute to increased shareholder value.

#### **4. Basic Policy on Corporate Governance and Status of Policy Implementation**

TMC has positioned the stable long-term growth of shareholder value as a top-priority management issue. We believe that in carrying this out, it is essential that we achieve long-term and stable growth by building positive relationships with all stakeholders, including shareholders and customers as well as business partners, local communities and employees, and by supplying products that will satisfy our customers. This position is reflected in the “Guiding Principles at Toyota Motor Corporation”, which is a statement of Toyota’s fundamental business policies. To explain the Guiding Principles in greater detail, in January 2005, Toyota adopted and presented its statement, “Contribution towards Sustainable Development of the Society and The Earth” as the guideline to the “Guiding Principles at Toyota Motor Corporation”. We are working to enhance corporate governance through a variety of measures designed to further increase our competitiveness as a global company.

Specifically, TMC has introduced a new management system in June 2003, which features a streamlined board of directors with fewer members and the new position of managing officers who are responsible for specific operations. Under the new system, senior managing directors not only participate in the company’s overall management, but also serve as a link between management and operations by acting as the top managers of specific operations. TMC believes that the adoption of this system reflecting ideas of front-line operations, which has been one of the company’s strengths, will lead to a quick implementation of management decisions into operations, facilitate the incorporation of ideas from front-line operations within the company’s overall business strategies, and promote decision making that is close to front-line operations.

As a structure to ensure appropriate management, TMC holds a meeting of the International Advisory Board annually, which is comprised of experts outside Japan in order to receive advice concerning management issues from a global standpoint. Furthermore, councils and committees such as the “Labor-Management Council, Joint Labor-Management Round Table Conference”, “Corporate Philanthropy Committee” and “Stock Option Committee”, monitor and deliberate on management and corporate behavior from the viewpoint of various stakeholders.

In order to develop corporate ethics and to achieve thorough legal compliance, TMC has established “Corporate Ethics Committee” consisting of directors at the executive vice president level and above as well as representatives of corporate auditors, to review important issues relating to corporate ethics, legal compliance and risk management, and also to develop action plans concerning these issues. TMC has created a number of facilities for employees to make inquiries concerning compliance matters, including the Compliance Hotline, which enables them to consult with an outside attorney, and takes measures to ensure that TMC is aware of significant information concerning legal compliance as quickly as possible. TMC will continue to promote the “Code of Conduct for Toyota Employees” which is a guideline for employees’ behavior and conduct. TMC will work to advance corporate ethics through training and education at all levels and in all departments.

TMC has adopted a corporate auditor system, and four of the seven corporate auditors are outside auditors, to enhance the transparency of corporate conduct. Each auditor conducts audits in accordance with the audit policies and plans determined by the Board of Auditors, and plays an important role in corporate governance. With respect to internal audits, a specialized independent organization is working to enhance appropriate systems and verifies the effectiveness of internal controls over financial reporting. In order to enhance the reliability of the financial reporting of TMC, the three organizations performing these functions, namely, independent accountants, corporate auditors and internal auditors, have meetings periodically and as necessary to share information through discussion on audit plans and results that aids conducting an effective and efficient audits. The certified public accountants that conducted financial statement audits are Kazunori Tajima, Masaki Horie, Akihiko Nakamura, and Hitoshi Kiuchi of ChuoAoyama PricewaterhouseCoopers. Messrs. Tajima and Horie have each been auditing TMC’s financial statements for ten years, Mr. Nakamura for two years, and Mr. Kiuchi for one year. These periods of time include the period before the revisions to the Certified Public Accountant Law effective in June 2003. The number of assistants who worked in the financial statement audit for the current semi-annual period was 21 certified public accountants, 12 junior accountants, and one other.

To enhance accountability, Toyota established a Disclosure Committee in light of the U.S. Sarbanes-Oxley Act, and is working to further ensure the complete and fair disclosure of material information in the annual report on Form 20-F and securities reports.

TMC remains committed to the stable enhancement in shareholder value over the long-term by proposing and implementing its management strategies based on long-term perspectives.

## **5. TMC's Medium- and Long-term Management Strategy**

To continue its growth over the long-term, the Toyota Group will make combined efforts to address the following agenda.

TMC introduced the Lexus brand in Japan in August 2005, which is currently marketed in more than 60 countries around the world. As an immediate agenda, we are currently working to establish Lexus as a global premium brand for the twenty-first century. Toyota has also started on a number of priority projects including the construction of new plants in the United States of America (Texas), Russia, and Thailand. In the rapidly growing Chinese market, where various auto manufactures are quickly expanding their operations, Toyota is developing integrated structures in conjunction with procurement, production, and sales.

Medium- to long-term strategies include, first of all, anticipating customer needs to continue providing appealing products that are highly advanced and innovative, and feature superior styling. Toyota also continues to focus on the development of vehicle safety technologies and their incorporation into products. Second, under the Fourth Toyota Environmental Action Plan, adopted as a medium- to long-term plan covering the period through 2010, Toyota is reinforcing and expanding on a global scale, its responses to issues including global warming, hazardous material management and recycling. Third, in addition to maintaining the world's highest levels of quality and reinforcing cost competitiveness, Toyota is working to increase overall group capabilities, develop optimal global business structures and pursue compatibility between growth and efficiency. Finally, based on the idea that the source of corporate competitiveness is the development of talents of individuals, Toyota is promoting the development of highly creative personnel who can pass on Toyota's technologies and skills to the next generation.

By addressing these agenda, Toyota will seek to increase shareholder value and work to become a company that can successfully compete on a global scale and continue to grow in the 21st century.

In addition we reaffirm our commitment to corporate ethics, including strict compliance with laws and regulations and seek to become a global corporation, that contributes to the development of a prosperous society with sincerity and humility, and which is trusted throughout the world.

# BUSINESS RESULTS AND FINANCIAL POSITION

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

## 1. Summary of Consolidated Financial Results of FY2006 Semi-Annual

### (1) Financial Results

During this semi-annual period, the Japanese economy made a moderate recovery as a result of improvements in corporate profits, and increase in capital expenditures and in consumer spending. Overseas, personal consumption in United States of America continues to grow steadily, despite concerns, including the effects of hurricanes and the rising price of crude oil. The economies in Europe and Asian countries also showed steady growth overall.

Under these conditions, total vehicle sales in Japan and overseas increased by 266 thousand units, or 7.5%, to 3,833 thousand units in FY2006 semi-annual results compared with FY2005 semi-annual results, marking a record high in semi-annual results. Vehicle sales in Japan decreased by 20 thousand units, or 1.8%, in FY2006 semi-annual results compared with FY2005 semi-annual results, but continued to maintain a high level of 1,086 thousand units due to the strong sales efforts of domestic dealers. Meanwhile, overseas vehicle sales increased substantially in all regions by 286 thousand units, or 11.6%, to 2,747 thousand units in FY2006 semi-annual results compared with FY2005 semi-annual results.

As for the results of operations for the FY2006 semi-annual period, net revenues increased by 927.5 billion yen, or 10.3%, to 9,953.1 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results, and operating income decreased by 56.8 billion yen, or 6.6%, to 809.4 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results. Among the factors contributing to the increase in operating income of 150.0 billion yen, marketing efforts accounted for 70.0 billion yen, cost reduction efforts for 60.0 billion yen, and the effects of changes in exchange rates for 20.0 billion yen. On the other hand, the factors resulting in the decrease in operating income mainly included a decrease in the gains recognized on transfer of the substitutional portion of the employee pension fund to the government of 9.1 billion yen and increases in expenses due to expansion of operations of 197.7 billion yen. Income before income taxes, minority interest and equity in earnings of affiliated companies was 855.9 billion yen and net income was 570.5 billion yen in FY2006 semi-annual results.

## (2) Cash Flows

Cash flows from operating activities resulted in an increase in cash by 1,339.4 billion yen in FY2006 semi-annual period, mainly due to net income of 570.5 billion yen. Net cash provided by operating activities decreased by 61.7 billion yen compared with an increase in cash by 1,401.1 billion yen in FY2005 semi-annual results. Cash flows from investing activities resulted in a decrease in cash by 1,650.7 billion yen in FY2006 semi-annual results, mainly due to the additions to finance receivables of 3,148.3 billion yen. Net cash used in investing activities in the FY2006 semi-annual results decreased by 142.7 billion yen compared with 1,793.4 billion yen of net cash used in investing activities in the FY 2005 semi-annual results. Cash flows from financing activities resulted in an increase in cash by 489.9 billion yen in FY2006 semi-annual results, mainly due to the proceeds from issuance of long-term debt of 875.7 billion yen. Net cash provided by financing activities increased by 338.4 billion yen compared with FY2005 semi-annual results. After consideration of the effect of exchange rate changes, cash and cash equivalents increased by 212.1 billion yen, or 14.3%, to 1,695.8 billion yen at the end of FY2006 semi-annual period compared with the end of FY2005.

Regarding the consolidated cash flows by segment for FY2006 semi-annual period, in non-financial services business, net cash provided by operating activities was 1,029.4 billion yen, net cash used in investing activities was 704.6 billion yen and net cash used in financing activities was 164.6 billion yen. Meanwhile, in the financial services business, net cash provided by operating activities was 253.2 billion yen, net cash used in investing activities was 898.6 billion yen and net cash provided by financing activities was 663.9 billion yen.

Cash flows from origination and collection activities of finance receivables relating to inventory-sales have been reclassified from investing activities to operating activities in our consolidated statements of cash flows from FY2005 annual period as well as our consolidated statements of cash flows of FY2006 semi-annual period, based on the concerns raised by the staff of the United States Securities and Exchange Commission. FY2005 semi-annual period amounts have been also reclassified to conform to the FY2005 annual and FY2006 semi-annual presentations. As a result of the reclassification made for FY2005 semi-annual, cash flows from operating activities in consolidated statements of cash flows increased by 33.2 billion yen and cash flows from investing activities decreased by the same amount compared with presentation before reclassification.

In consolidated statements of cash flows as classified into non-financial services business and financial services business, cash flows from origination and collection activities of finance receivables relating to inventory-sales continue to be reported in investing activities.

## 2. Consolidated Financial Results of FY2006 Semi-Annual by Segment

### (1) Segment Operating Results

#### Automotive:

Net revenues for the automotive operations increased by 804.9 billion yen, or 9.7%, to 9,144.5 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results, and operating income decreased by 35.5 billion yen, or 4.7%, to 721.3 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results. The decrease in operating income was mainly a result of an increase in expenses due to expansion of operations, partially offset by increases in vehicle units sold in each region, including North America and Asia and cost reduction efforts.

Financial services:

Net revenues for the financial services operations increased by 77.6 billion yen, or 20.2%, to 462.0 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results, while operating income decreased by 19.2 billion yen, or 18.6%, to 83.5 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results. The decrease in operating income was primarily because of the gain in FY2005 semi-annual to record prior-year adjustments relating to accounting for loan origination costs in accordance with the Statement of Financial Accounting Standards ("FAS") No.91 by a sales finance subsidiary in the United States of America, as well as the decrease in valuation profits from marking interest rate swaps to market for FY2006 semi-annual in accordance with FAS No. 133 as amended by several guidance including FAS No.138, despite a steady increase in financing volumes.

All other:

Net revenues for all other businesses increased by 69.1 billion yen, or 14.8%, to 535.9 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results, while operating income decreased by 2.9 billion yen, or 22.9%, to 9.8 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results.

(2) Geographic Information

Japan:

Net revenues in Japan increased by 252.3 billion yen, or 4.4%, to 6,032.9 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results, while operating income decreased by 104.7 billion yen, or 21.3%, to 385.9 billion yen in FY2006 semi-annual-results compared with FY2005 semi-annual results. The decrease in operating income was mainly a result of an increase in expenses due to expansion of operations, partially offset by cost reduction efforts.

North America:

Net revenues in North America increased by 437.6 billion yen, or 13.7%, to 3,627.3 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results, and operating income increased by 23.8 billion yen, or 9.7%, to 268.5 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results. The increase in operating income was due to a solid performance resulting from increases in both local production volume and vehicle units sold, as well as cost reduction efforts.

Europe:

Net revenues in Europe increased by 99.5 billion yen, or 8.3%, to 1,300.8 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results, while operating income decreased by 26.2 billion yen, or 39.5%, to 40.1 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results. The decrease in operating income was mainly due to an increase in expenses, partially offset by increases in both local production volume and vehicle units sold.

Asia:

Net revenues in Asia increased by 247.2 billion yen, or 33.0%, to 997.0 billion yen in the FY2006 semi-annual results, compared with FY2005 semi-annual results, and operating income increased by 31.9 billion yen, or 73.4%, to 75.4 billion yen in the FY2006 semi-annual results, compared with FY2005 semi-annual results. The increase in operating income was mainly due to the favorable sales of IMV series vehicles which resulted in increases in both local production volume and vehicle units sold.

Others:

Net revenues in other markets increased by 177.6 billion yen, or 30.5 %, to 760.1 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results, and operating income increased by 8.8 billion yen, or 32.1%, to 36.2 billion yen in FY2006 semi-annual results compared with FY2005 semi-annual results. The increase in operating income was primarily due to increases in local production volumes as well as vehicle units sold, mainly IMV series vehicles.

### **3. Distribution of Profits for FY2006 Semi-Annual**

As for the dividends, TMC increased in interim dividends declared in November 2004 by 10 yen per share to 35 yen per share. Accordingly, the dividend payout ratio for FY2006 semi-annual period would be 40.2%, and the consolidated dividend payout ratio would be 20.0%. On the other hand, during FY2006 semi-annual period, TMC repurchased 16 million of its own shares in using, the aggregate of 61.7 billion yen from retained earnings.

### **4. Other**

TMC receives common shares of the Mitsubishi UFJ Financial Group, Inc. because of the merger between Mitsubishi Tokyo Financial Group, Inc., and UFJ Holdings, Inc. on October 1, 2005 in exchange for shares of UFJ Holdings Inc., which TMC had held. As a result of this transaction, in accordance with accounting principles generally accepted in the United States of America, TMC will record a gain of approximately 140.0 billion yen in income before taxes, minority interest, and equity in earnings of affiliated companies in the third quarter of the FY2006 as a difference between acquisition costs of prior-merger shares and the fair market value of post-merger shares.

# CONSOLIDATED PRODUCTION AND SALES

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

## 1. Production

					(Units)
		FY2006 semi-annual (April 2005 through September 2005)	FY2005 semi-annual (April 2004 through September 2004)	Increase (Decrease)	FY2005 (April 2004 through March 2005)
Vehicles (new)	Japan	2,191,618	2,177,133	14,485	4,534,838
	North America	609,387	575,418	33,969	1,156,166
	Europe	298,923	282,782	16,141	595,874
	Asia	416,461	280,862	135,599	647,559
	Others	185,586	152,858	32,728	297,539
	Overseas total	1,510,357	1,291,920	218,437	2,697,138
	<b>Total</b>	<b>3,701,975</b>	<b>3,469,053</b>	<b>232,922</b>	<b>7,231,976</b>
Houses (Japan)		2,352	2,384	(32)	5,115

Note: The total production of vehicles (new) includes 369,054 units of Daihatsu brand vehicles (including OEM production) in FY2006 semi-annual results, 353,004 units in FY2005 semi-annual results and 745,745 units in FY2005 results, and 49,650 units of Hino brand vehicles (including OEM production) in FY2006 semi-annual results, 47,631 units in FY2005 semi-annual results and 93,470 units in FY2005 results.

## 2. Sales (by destination)

					(Units)
		FY2006 semi-annual (April 2005 through September 2005)	FY2005 semi-annual (April 2004 through September 2004)	Increase (Decrease)	FY2005 (April 2004 through March 2005)
Vehicles (new)	Japan	1,086,773	1,106,718	(19,945)	2,381,325
	North America	1,244,673	1,125,537	119,136	2,271,139
	Europe	498,072	476,471	21,601	978,963
	Asia	448,090	385,812	62,278	833,507
	Others	555,511	472,543	82,968	943,444
	Overseas total	2,746,346	2,460,363	285,983	5,027,053
	<b>Total</b>	<b>3,833,119</b>	<b>3,567,081</b>	<b>266,038</b>	<b>7,408,378</b>
Houses (Japan)		2,274	2,194	80	5,283

Note: The total sales of vehicles (new) includes 344,656 units of Daihatsu brand vehicles in FY2006 semi-annual results, 330,161 units in FY2005 semi-annual results and 703,497 units in FY2005 results, and 49,249 units of Hino brand vehicles in FY2006 semi-annual results, 47,171 units in FY2005 semi-annual results and 95,318 units in FY2005 results.

# BREAKDOWN OF CONSOLIDATED NET REVENUES

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

(Amounts are rounded to the nearest million yen)

	FY2006 semi-annual (April 2005 through September 2005)	FY2005 semi-annual (April 2004 through September 2004)	Increase (Decrease)
Vehicles	7,772,225	7,133,743	638,482
Parts & components for overseas production	131,174	117,493	13,681
Parts	631,506	563,921	67,585
Others	603,257	517,004	86,253
<b>Total Automotive</b>	<b>9,138,162</b>	<b>8,332,161</b>	<b>806,001</b>
Financial services	452,994	374,408	78,586
Housing	58,248	55,200	3,048
Telecommunications	25,735	21,286	4,449
Others	278,021	242,610	35,411
<b>Total</b>	<b>9,953,160</b>	<b>9,025,665</b>	<b>927,495</b>

Note: The amounts represent net revenues to external customers.

# CONSOLIDATED STATEMENTS OF INCOME

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

(Amounts are rounded to the nearest million yen)

	FY2006 semi-annual (April 2005 through September 2005)	FY2005 semi-annual (April 2004 through September 2004)	Increase (Decrease)	FY2005 (April 2004 through March 2005)
<b>Net revenues :</b>	<b>9,953,160</b>	<b>9,025,665</b>	<b>927,495</b>	<b>18,551,526</b>
Sales of products	9,500,166	8,651,257	848,909	17,790,862
Financing operations	452,994	374,408	78,586	760,664
<b>Costs and expenses :</b>	<b>9,143,669</b>	<b>8,159,416</b>	<b>984,253</b>	<b>16,879,339</b>
Cost of products sold	7,710,268	6,961,521	748,747	14,500,282
Cost of financing operations	270,944	177,728	93,216	369,844
Selling, general and administrative	1,162,457	1,020,167	142,290	2,009,213
<b>Operating income</b>	<b>809,491</b>	<b>866,249</b>	<b>(56,758)</b>	<b>1,672,187</b>
<b>Other income (expense):</b>	<b>46,506</b>	<b>46,966</b>	<b>(460)</b>	<b>82,450</b>
Interest and dividend income	46,955	33,128	13,827	67,519
Interest expense	(11,048)	(7,944)	(3,104)	(18,956)
Foreign exchange gain, net	5,584	6,196	(612)	21,419
Other income, net	5,015	15,586	(10,571)	12,468
<b>Income before income taxes, minority interest and equity in earnings of affiliated companies</b>	<b>855,997</b>	<b>913,215</b>	<b>(57,218)</b>	<b>1,754,637</b>
<b>Provision for income taxes</b>	<b>325,116</b>	<b>361,338</b>	<b>(36,222)</b>	<b>657,910</b>
<b>Income before minority interest and equity in earnings of affiliated companies</b>	<b>530,881</b>	<b>551,877</b>	<b>(20,996)</b>	<b>1,096,727</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>(31,003)</b>	<b>(26,652)</b>	<b>(4,351)</b>	<b>(64,938)</b>
<b>Equity in earnings of affiliated companies</b>	<b>70,642</b>	<b>58,813</b>	<b>11,829</b>	<b>139,471</b>
<b>Net income</b>	<b>570,520</b>	<b>584,038</b>	<b>(13,518)</b>	<b>1,171,260</b>

(Yen)

Net income per share – basic	175.13	176.32	(1.19)	355.35
Net income per share – diluted	175.10	176.28	(1.18)	355.28

# CONSOLIDATED BALANCE SHEETS

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

(Amounts are rounded to the nearest million yen)

	FY2006 semi-annual (As of September 30, 2005)	FY2005 (As of March 31, 2005)	Increase (Decrease)	FY2005 semi-annual (As of September 30, 2004)
<b>Assets</b>				
<b>Current assets :</b>	<b>9,786,178</b>	<b>9,440,105</b>	<b>346,073</b>	<b>9,137,709</b>
Cash and cash equivalents	1,695,897	1,483,753	212,144	1,528,243
Time deposits	59,988	63,609	(3,621)	68,375
Marketable securities	517,784	543,124	(25,340)	679,172
Trade accounts and notes receivable, less allowance for doubtful accounts	1,414,966	1,616,341	(201,375)	1,401,820
Finance receivables, net	3,157,323	3,010,135	147,188	2,835,006
Other receivables	459,202	438,676	20,526	455,747
Inventories	1,443,333	1,306,709	136,624	1,191,041
Deferred income taxes	498,101	475,764	22,337	464,369
Prepaid expenses and other current assets	539,584	501,994	37,590	513,936
<b>Noncurrent finance receivables, net</b>	<b>4,547,430</b>	<b>3,976,941</b>	<b>570,489</b>	<b>3,830,554</b>
<b>Investments and other assets :</b>	<b>5,486,546</b>	<b>5,122,371</b>	<b>364,175</b>	<b>4,746,120</b>
Marketable securities and other securities investments	2,951,968	2,704,142	247,826	2,424,590
Affiliated companies	1,663,859	1,570,185	93,674	1,430,730
Employees receivables	73,518	49,538	23,980	43,698
Other	797,201	798,506	(1,305)	847,102
<b>Property, plant and equipment :</b>	<b>6,437,438</b>	<b>5,795,594</b>	<b>641,844</b>	<b>5,595,811</b>
Land	1,204,454	1,182,768	21,686	1,170,975
Buildings	3,051,281	2,935,274	116,007	2,863,953
Machinery and equipment	8,052,513	7,897,509	155,004	7,866,194
Vehicles and equipment on operating leases	2,240,308	1,828,697	411,611	1,664,343
Construction in progress	339,242	214,781	124,461	260,804
Less – Accumulated depreciation	(8,450,360)	(8,263,435)	(186,925)	(8,230,458)
<b>Total assets</b>	<b>26,257,592</b>	<b>24,335,011</b>	<b>1,922,581</b>	<b>23,310,194</b>

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

(Amounts are rounded to the nearest million yen)

	FY2006 semi-annual (As of September 30, 2005)	FY2005 (As of March 31, 2005)	Increase (Decrease)	FY2005 semi-annual (As of September 30, 2004)
<b>Liabilities</b>				
<b>Current liabilities :</b>	<b>9,074,606</b>	<b>8,227,206</b>	<b>847,400</b>	<b>7,841,687</b>
Short-term borrowings	2,769,166	2,381,827	387,339	2,285,994
Current portion of long-term debt	1,484,076	1,150,920	333,156	1,157,635
Accounts payable	1,823,606	1,856,799	(33,193)	1,648,873
Other payables	705,410	693,041	12,369	697,566
Accrued expenses	1,409,570	1,289,373	120,197	1,208,947
Income taxes payable	260,320	292,835	(32,515)	271,250
Other current liabilities	622,458	562,411	60,047	571,422
<b>Long-term liabilities :</b>	<b>6,963,433</b>	<b>6,557,926</b>	<b>405,507</b>	<b>6,454,099</b>
Long-term debt	5,307,694	5,014,925	292,769	4,807,512
Accrued pension and severance costs	644,518	646,989	(2,471)	714,795
Deferred income taxes	910,586	811,670	98,916	822,567
Other long-term liabilities	100,635	84,342	16,293	109,225
<b>Total liabilities</b>	<b>16,038,039</b>	<b>14,785,132</b>	<b>1,252,907</b>	<b>14,295,786</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>526,788</b>	<b>504,929</b>	<b>21,859</b>	<b>472,332</b>
<b>Shareholders' equity :</b>				
Common stock	397,050	397,050	–	397,050
Additional paid-in capital	495,580	495,707	(127)	494,431
Retained earnings	9,771,972	9,332,176	439,796	8,827,003
Accumulated other comprehensive income(loss)	187,280	(80,660)	267,940	(134,377)
Treasury stock, at cost	(1,159,117)	(1,099,323)	(59,794)	(1,042,031)
<b>Total shareholders' equity</b>	<b>9,692,765</b>	<b>9,044,950</b>	<b>647,815</b>	<b>8,542,076</b>
<b>Total liabilities and shareholders' equity</b>	<b>26,257,592</b>	<b>24,335,011</b>	<b>1,922,581</b>	<b>23,310,194</b>

# CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

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

(1) FY2006 semi-annual results (April 2005 through September 2005)

(Amounts are rounded to the nearest million yen)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total shareholders' equity
Balances at March 31, 2005	397,050	495,707	9,332,176	(80,660)	(1,099,323)	9,044,950
Issuance during the period		(127)				(127)
<b>Comprehensive income:</b>						
Net income			570,520			570,520
Other comprehensive income (loss)						
Foreign currency translation adjustments				138,270		138,270
Unrealized gains on securities, net of reclassification adjustments				129,991		129,991
Minimum pension liability adjustments				(321)		(321)
<b>Total comprehensive income</b>						<b>838,460</b>
Dividends paid			(130,724)			(130,724)
Purchase and reissuance of common stock					(59,794)	(59,794)
Balances at September 30, 2005	397,050	495,580	9,771,972	187,280	(1,159,117)	9,692,765

(2) FY2005 semi-annual results (April 2004 through September 2004)

(Amounts are rounded to the nearest million yen)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost	Total shareholders' equity
Balances at March 31, 2004	397,050	495,179	8,326,215	(204,592)	(835,285)	8,178,567
Issuance during the period		(748)				(748)
<b>Comprehensive income:</b>						
Net income			584,038			584,038
Other comprehensive income (loss)						
Foreign currency translation adjustments				119,499		119,499
Unrealized losses on securities, net of reclassification adjustments				(55,051)		(55,051)
Minimum pension liability adjustments				5,767		5,767
<b>Total comprehensive income</b>						<b>654,253</b>
Dividends paid			(83,250)			(83,250)
Purchase and reissuance of common stock					(206,746)	(206,746)
Balances at September 30, 2004	397,050	494,431	8,827,003	(134,377)	(1,042,031)	8,542,076

# CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(Amounts are rounded to the nearest million yen)

	FY2006 semi-annual (April 2005 through September 2005)	FY2005 semi-annual (April 2004 through September 2004)	FY2005 (April 2004 through March 2005)
<b>Cash flows from operating activities :</b>			
Net income	570,520	584,038	1,171,260
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	547,036	485,311	997,713
Provision for doubtful accounts and credit losses	28,923	31,966	63,154
Pension and severance costs, less payments	13,514	3,085	(52,933)
Loss on disposal of fixed assets	26,993	18,914	49,159
Unrealized losses on available-for-sale securities, net	4,460	1,997	2,324
Deferred income taxes	(15,862)	49,858	84,711
Minority interest in consolidated subsidiaries	31,003	26,652	64,938
Equity in earnings of affiliated companies	(70,642)	(58,813)	(139,471)
Changes in operating assets and liabilities and other	203,513	258,126	130,085
<b>Net cash provided by operating activities</b>	<b>1,339,458</b>	<b>1,401,134</b>	<b>2,370,940</b>
<b>Cash flows from investing activities :</b>			
Additions to finance receivables	(3,148,381)	(2,381,567)	(4,296,966)
Collection of and proceeds from sales of finance receivables	2,638,589	1,827,105	3,377,510
Additions to fixed assets excluding equipment leased to others	(716,530)	(538,886)	(1,068,287)
Additions to equipment leased to others	(624,732)	(361,708)	(854,953)
Proceeds from sales of fixed assets excluding equipment leased to others	39,122	29,152	69,396
Proceeds from sales of equipment leased to others	195,222	152,433	316,456
Purchases of marketable securities and security investments	(401,268)	(747,373)	(1,165,791)
Proceeds from sales of and maturity of marketable securities and security investments	430,054	226,907	573,943
Payment for additional investments in affiliated companies, net of cash acquired	(129)	(683)	(901)
Changes in investments and other assets and other	(62,730)	1,168	(11,603)
<b>Net cash used in investing activities</b>	<b>(1,650,783)</b>	<b>(1,793,452)</b>	<b>(3,061,196)</b>
<b>Cash flows from financing activities :</b>			
Purchase of common stock	(59,734)	(206,917)	(264,106)
Proceeds from issuance of long-term debt	875,706	921,299	1,863,710
Payments of long-term debt	(508,550)	(538,467)	(1,155,223)
Increase in short-term borrowings	313,266	58,904	140,302
Dividends paid	(130,724)	(83,250)	(165,299)
<b>Net cash provided by financing activities</b>	<b>489,964</b>	<b>151,569</b>	<b>419,384</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>33,505</b>	<b>39,216</b>	<b>24,849</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>212,144</b>	<b>(201,533)</b>	<b>(246,023)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,483,753</b>	<b>1,729,776</b>	<b>1,729,776</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,695,897</b>	<b>1,528,243</b>	<b>1,483,753</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 and carry minimal risk of change in value.

# SEGMENT INFORMATION

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

## 1. Segment Operating Results

(1) FY2006 semi-annual results (April 2005 through September 2005)

(Amounts are rounded to the nearest million yen)

	Automotive	Financial Services	All Other	Intersegment Elimination and/or Unallocated Amount	Consolidated
Net revenues :					
(1) Sales to external customers	9,138,162	452,994	362,004	–	9,953,160
(2) Intersegment sales and transfers	6,323	9,023	173,960	(189,306)	–
Total	9,144,485	462,017	535,964	(189,306)	9,953,160
Operating expenses	8,423,112	378,444	526,134	(184,021)	9,143,669
Operating income	721,373	83,573	9,830	(5,285)	809,491
Depreciation expenses	396,984	137,153	12,899	–	547,036
Capital expenditure	747,597	552,965	17,960	22,740	1,341,262

(2) FY2005 semi-annual results (April 2004 through September 2004)

(Amounts are rounded to the nearest million yen)

	Automotive	Financial Services	All Other	Intersegment Elimination and/or Unallocated Amount	Consolidated
Net revenues :					
(1) Sales to external customers	8,332,161	374,408	319,096	–	9,025,665
(2) Intersegment sales and transfers	7,477	9,958	147,795	(165,230)	–
Total	8,339,638	384,366	466,891	(165,230)	9,025,665
Operating expenses	7,582,799	281,699	454,143	(159,225)	8,159,416
Operating income	756,839	102,667	12,748	(6,005)	866,249
Depreciation expenses	378,416	96,252	10,643	–	485,311
Capital expenditure	543,568	295,427	21,357	40,242	900,594

## 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

(Amounts are rounded to the nearest million yen)

	FY2006 semi-annual (April 2005 through September 2005)	FY2005 semi-annual (April 2004 through September 2004)	Increase (Decrease)
(Non-financial services)			
<b>Net revenues</b>	<b>9,504,502</b>	<b>8,655,852</b>	<b>848,650</b>
<b>Costs and expenses :</b>	<b>8,770,729</b>	<b>7,883,784</b>	<b>886,945</b>
Cost of revenues	7,710,281	6,958,489	751,792
Selling, general and administrative	1,060,448	925,295	135,153
<b>Operating income</b>	<b>733,773</b>	<b>772,068</b>	<b>(38,295)</b>
<b>Other income, net</b>	<b>43,119</b>	<b>40,854</b>	<b>2,265</b>
<b>Income before income taxes, minority interest and equity in earnings of affiliated companies</b>	<b>776,892</b>	<b>812,922</b>	<b>(36,030)</b>
<b>Provision for income taxes</b>	<b>290,583</b>	<b>319,354</b>	<b>(28,771)</b>
<b>Income before minority interest and equity in earnings of affiliated companies</b>	<b>486,309</b>	<b>493,568</b>	<b>(7,259)</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>(30,043)</b>	<b>(26,413)</b>	<b>(3,630)</b>
<b>Equity in earnings of affiliated companies</b>	<b>57,274</b>	<b>50,762</b>	<b>6,512</b>
<b>Net income</b>	<b>513,540</b>	<b>517,917</b>	<b>(4,377)</b>
(Financial services)			
<b>Net revenues</b>	<b>462,017</b>	<b>384,366</b>	<b>77,651</b>
<b>Costs and expenses :</b>	<b>378,444</b>	<b>281,699</b>	<b>96,745</b>
Cost of revenues	272,732	182,535	90,197
Selling, general and administrative	105,712	99,164	6,548
<b>Operating income</b>	<b>83,573</b>	<b>102,667</b>	<b>(19,094)</b>
<b>Other expense, net</b>	<b>(4,451)</b>	<b>(2,395)</b>	<b>(2,056)</b>
<b>Income before income taxes, minority interest and equity in earnings of affiliated companies</b>	<b>79,122</b>	<b>100,272</b>	<b>(21,150)</b>
<b>Provision for income taxes</b>	<b>34,539</b>	<b>41,976</b>	<b>(7,437)</b>
<b>Income before minority interest and equity in earnings of affiliated companies</b>	<b>44,583</b>	<b>58,296</b>	<b>(13,713)</b>
<b>Minority interest in consolidated subsidiaries</b>	<b>(960)</b>	<b>(239)</b>	<b>(721)</b>
<b>Equity in earnings of affiliated companies</b>	<b>13,368</b>	<b>8,051</b>	<b>5,317</b>
<b>Net income</b>	<b>56,991</b>	<b>66,108</b>	<b>(9,117)</b>
(Elimination)			
<b>Elimination of net income</b>	<b>(11)</b>	<b>13</b>	<b>(24)</b>
(Consolidated)			
<b>Net income</b>	<b>570,520</b>	<b>584,038</b>	<b>(13,518)</b>

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

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

(Amounts are rounded to the nearest million yen)

	FY2006 semi-annual (As of September 30, 2005)	FY2005 (As of March 31, 2005)	Increase (Decrease)
<b>Assets</b>			
(Non-financial services)			
<b>Current assets :</b>	<b>6,594,009</b>	<b>6,401,152</b>	<b>192,857</b>
Cash and cash equivalents	1,512,054	1,324,126	187,928
Time deposits	19,115	8,006	11,109
Marketable securities	516,847	541,785	(24,938)
Trade accounts and notes receivable, less allowance for doubtful accounts	1,438,329	1,640,155	(201,826)
Inventories	1,443,333	1,306,709	136,624
Prepaid expenses and other current assets	1,664,331	1,580,371	83,960
<b>Investments and other assets</b>	<b>5,097,316</b>	<b>4,804,843</b>	<b>292,473</b>
<b>Property, plant and equipment</b>	<b>4,877,330</b>	<b>4,579,052</b>	<b>298,278</b>
<b>Total</b>	<b>16,568,655</b>	<b>15,785,047</b>	<b>783,608</b>
(Financial services)			
<b>Current assets :</b>	<b>3,990,679</b>	<b>3,836,650</b>	<b>154,029</b>
Cash and cash equivalents	183,843	159,627	24,216
Time deposits	40,873	55,603	(14,730)
Marketable securities	937	1,339	(402)
Finance receivables, net	3,157,323	3,010,135	147,188
Prepaid expenses and other current assets	607,703	609,946	(2,243)
<b>Noncurrent finance receivables, net</b>	<b>4,547,430</b>	<b>3,976,941</b>	<b>570,489</b>
<b>Investments and other assets</b>	<b>543,028</b>	<b>457,115</b>	<b>85,913</b>
<b>Property, plant and equipment</b>	<b>1,560,108</b>	<b>1,216,542</b>	<b>343,566</b>
<b>Total</b>	<b>10,641,245</b>	<b>9,487,248</b>	<b>1,153,997</b>
(Elimination)			
<b>Elimination of assets</b>	<b>(952,308)</b>	<b>(937,284)</b>	<b>(15,024)</b>
(Consolidated)			
<b>Total assets</b>	<b>26,257,592</b>	<b>24,335,011</b>	<b>1,922,581</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 the United States of America)

(Amounts are rounded to the nearest million yen)

	FY2006 semi-annual (As of September 30, 2005)	FY2005 (As of March 31, 2005)	Increase (Decrease)
<b>Liabilities</b> (Non-financial services)			
<b>Current liabilities :</b>	<b>5,273,753</b>	<b>5,139,351</b>	<b>134,402</b>
Short-term borrowings	755,204	713,474	41,730
Current portion of long-term debt	56,890	60,092	(3,202)
Accounts payable	1,814,732	1,847,036	(32,304)
Accrued expenses	1,302,438	1,200,122	102,316
Income taxes payable	237,302	263,291	(25,989)
Other current liabilities	1,107,187	1,055,336	51,851
<b>Long-term liabilities :</b>	<b>2,053,110</b>	<b>1,957,404</b>	<b>95,706</b>
Long-term debt	738,723	747,911	(9,188)
Accrued pension and severance costs	642,297	645,308	(3,011)
Other long-term liabilities	672,090	564,185	107,905
<b>Total</b>	<b>7,326,863</b>	<b>7,096,755</b>	<b>230,108</b>
(Financial services)			
<b>Current liabilities :</b>	<b>4,594,472</b>	<b>3,789,503</b>	<b>804,969</b>
Short-term borrowings	2,646,087	2,269,197	376,890
Current portion of long-term debt	1,486,186	1,092,328	393,858
Accounts payable	19,292	15,542	3,750
Accrued expenses	110,817	93,042	17,775
Income taxes payable	23,018	29,544	(6,526)
Other current liabilities	309,072	289,850	19,222
<b>Long-term liabilities :</b>	<b>5,069,562</b>	<b>4,836,755</b>	<b>232,807</b>
Long-term debt	4,728,210	4,503,247	224,963
Accrued pension and severance costs	2,221	1,681	540
Other long-term liabilities	339,131	331,827	7,304
<b>Total</b>	<b>9,664,034</b>	<b>8,626,258</b>	<b>1,037,776</b>
(Elimination)			
<b>Elimination of liabilities</b> (Consolidated)	<b>(952,858)</b>	<b>(937,881)</b>	<b>(14,977)</b>
<b>Total liabilities</b>	<b>16,038,039</b>	<b>14,785,132</b>	<b>1,252,907</b>
(Consolidated)			
<b>Minority interest in consolidated subsidiaries</b>	<b>526,788</b>	<b>504,929</b>	<b>21,859</b>
<b>Shareholders' equity</b> (Consolidated)			
Common stock	397,050	397,050	—
Additional paid-in capital	495,580	495,707	(127)
Retained earnings	9,771,972	9,332,176	439,796
Accumulated other comprehensive income (loss)	187,280	(80,660)	267,940
Treasury stock, at cost	(1,159,117)	(1,099,323)	(59,794)
<b>Total shareholders' equity</b>	<b>9,692,765</b>	<b>9,044,950</b>	<b>647,815</b>
(Consolidated)			
<b>Total liabilities and shareholders' equity</b>	<b>26,257,592</b>	<b>24,335,011</b>	<b>1,922,581</b>

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

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

	FY2006 semi-annual (April 2005 through September 2005)	FY2005 semi-annual (April 2004 through September 2004)
(Non-financial services)		
<b>Cash flows from operating activities :</b>		
Net income	513,540	517,917
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	409,883	389,059
Pension and severance costs, less payments	12,982	2,857
Loss on disposal of fixed assets	26,774	18,540
Unrealized losses on available-for-sale securities, net	4,460	1,997
Deferred income taxes	(35,348)	19,492
Minority interest in consolidated subsidiaries	30,043	26,413
Equity in earnings of affiliated companies	(57,274)	(50,762)
Changes in operating assets and liabilities and other	124,373	22,187
Net cash provided by operating activities	1,029,433	947,700
<b>Cash flows from investing activities :</b>		
Additions to fixed assets excluding equipment leased to others	(713,143)	(531,073)
Additions to equipment leased to others	(75,154)	(74,094)
Proceeds from sales of fixed assets excluding equipment leased to others	35,193	26,037
Proceeds from sales of equipment leased to others	42,397	38,576
Purchases of marketable securities and security investments	(297,235)	(686,319)
Proceeds from sales of and maturity of marketable securities and security investments	358,417	166,815
Payment for additional investments in affiliated companies, net of cash acquired	(129)	(683)
Changes in investments and other assets and other	(55,041)	42,691
Net cash used in investing activities	(704,695)	(1,018,050)
<b>Cash flows from financing activities :</b>		
Purchase of common stock	(59,734)	(206,917)
Proceeds from issuance of long-term debt	20,766	13,463
Payments of long-term debt	(34,976)	(28,653)
Increase in short-term borrowings	40,055	45,804
Dividends paid	(130,724)	(83,250)
Other	-	(7,000)
Net cash used in financing activities	(164,613)	(266,553)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>27,803</b>	<b>32,063</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>187,928</b>	<b>(304,840)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,324,126</b>	<b>1,618,876</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,512,054</b>	<b>1,314,036</b>

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

(Amounts are rounded to the nearest million yen)

	FY2006 semi-annual (April 2005 through September 2005)	FY2005 semi-annual (April 2004 through September 2004)
(Financial services)		
<b>Cash flows from operating activities :</b>		
Net income	56,991	66,108
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	137,153	96,252
Deferred income taxes	19,493	30,358
Minority interest in consolidated subsidiaries	960	239
Equity in earnings of affiliated companies	(13,368)	(8,051)
Changes in operating assets and liabilities and other	52,051	163,504
Net cash provided by operating activities	253,280	348,410
<b>Cash flows from investing activities :</b>		
Additions to finance receivables	(5,393,541)	(4,358,871)
Collection of and proceeds from sales of finance receivables	4,945,309	3,837,570
Additions to fixed assets excluding equipment leased to others	(3,387)	(7,813)
Additions to equipment leased to others	(549,578)	(287,614)
Proceeds from sales of fixed assets excluding equipment leased to others	3,929	3,115
Proceeds from sales of equipment leased to others	152,825	113,857
Purchases of marketable securities and security investments	(104,033)	(61,054)
Proceeds from sales of and maturity of marketable securities and security investments	71,637	60,092
Changes in investments and other assets and other	(21,860)	(20,247)
Net cash used in investing activities	(898,699)	(720,965)
<b>Cash flows from financing activities :</b>		
Proceeds from issuance of long-term debt	884,941	928,861
Payments of long-term debt	(523,151)	(543,592)
Increase in short-term borrowings	302,143	76,440
Other	-	7,000
Net cash provided by financing activities	663,933	468,709
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>5,702</b>	<b>7,153</b>
<b>Net increase in cash and cash equivalents</b>	<b>24,216</b>	<b>103,307</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>159,627</b>	<b>110,900</b>
<b>Cash and cash equivalents at end of period</b>	<b>183,843</b>	<b>214,207</b>

(Consolidated)		
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>33,505</b>	<b>39,216</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>212,144</b>	<b>(201,533)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,483,753</b>	<b>1,729,776</b>
<b>Cash and cash equivalents at end of period</b>	<b>1,695,897</b>	<b>1,528,243</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 and carry minimal risk of change in value.

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

### 3. Geographic Information

(1) FY2006 semi-annual results (April 2005 through September 2005)

(Amounts are rounded to the nearest million yen)

	Japan	North America	Europe	Asia	Others	Intersegment Elimination	Consolidated
Net revenues :							
(1) Sales to external customers	3,575,909	3,545,517	1,241,163	891,755	698,816	–	9,953,160
(2) Intersegment sales and transfers	2,457,008	81,835	59,691	105,234	61,242	(2,765,010)	–
Total	6,032,917	3,627,352	1,300,854	996,989	760,058	(2,765,010)	9,953,160
Operating expenses	5,646,964	3,358,811	1,260,781	921,567	723,863	(2,768,317)	9,143,669
Operating income	385,953	268,541	40,073	75,422	36,195	3,307	809,491

(2) FY2005 semi-annual results (April 2004 through September 2004)

(Amounts are rounded to the nearest million yen)

	Japan	North America	Europe	Asia	Others	Intersegment Elimination	Consolidated
Net revenues :							
(1) Sales to external customers	3,540,760	3,102,246	1,129,304	725,329	528,026	–	9,025,665
(2) Intersegment sales and transfers	2,239,791	87,520	71,993	24,475	54,476	(2,478,255)	–
Total	5,780,551	3,189,766	1,201,297	749,804	582,502	(2,478,255)	9,025,665
Operating expenses	5,289,985	2,944,990	1,135,027	706,307	555,105	(2,471,998)	8,159,416
Operating income	490,566	244,776	66,270	43,497	27,397	(6,257)	866,249

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

#### 4. Overseas Sales

(1) FY2006 semi-annual results (April 2005 through September 2005)

(Amounts are rounded to the nearest million yen)

	North America	Europe	Asia	Others	Total
Overseas sales	3,624,137	1,257,310	926,376	1,335,742	7,143,565
Consolidated sales	–	–	–	–	9,953,160
Ratio of overseas sales to consolidated sales	% 36.4	% 12.6	% 9.3	% 13.5	% 71.8

(2) FY2005 semi-annual results (April 2004 through September 2004)

(Amounts are rounded to the nearest million yen)

	North America	Europe	Asia	Others	Total
Overseas sales	3,194,425	1,139,092	793,241	1,072,461	6,199,219
Consolidated sales	–	–	–	–	9,025,665
Ratio of overseas sales to consolidated sales	% 35.4	% 12.6	% 8.8	% 11.9	% 68.7

# 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)

	FY2006 semi-annual (April 2005 through September 2005)	FY2005 semi-annual (April 2004 through September 2004)	Increase (Decrease)	FY2005 (April 2004 through March 2005)
<b>Net sales</b>	<b>4,664,015</b>	<b>4,459,736</b>	<b>204,279</b>	<b>9,218,386</b>
<b>Cost of sales</b>	<b>3,795,039</b>	<b>3,570,278</b>	<b>224,761</b>	<b>7,506,044</b>
<b>Selling, general and administrative expenses</b>	<b>571,319</b>	<b>497,062</b>	<b>74,257</b>	<b>1,010,951</b>
<b>Operating income</b>	<b>297,657</b>	<b>392,395</b>	<b>(94,738)</b>	<b>701,390</b>
<b>Non-operating income</b>	<b>175,173</b>	<b>132,913</b>	<b>42,260</b>	<b>273,440</b>
Interest income	8,524	7,677	847	15,765
Dividend income	108,999	67,633	41,366	152,083
Others	57,648	57,602	46	105,591
<b>Non-operating expenses</b>	<b>56,219</b>	<b>82,927</b>	<b>(26,708)</b>	<b>118,598</b>
Interest expenses	5,347	5,345	2	10,729
Others	50,872	77,582	(26,710)	107,869
<b>Ordinary income</b>	<b>416,610</b>	<b>442,382</b>	<b>(25,772)</b>	<b>856,231</b>
<b>Extraordinary losses</b>	<b>–</b>	<b>24,996</b>	<b>(24,996)</b>	<b>24,996</b>
Impairment losses	–	24,996	(24,996)	24,996
<b>Income before income taxes</b>	<b>416,610</b>	<b>417,385</b>	<b>(775)</b>	<b>831,235</b>
Income taxes – current	146,000	159,100	(13,100)	281,700
Income taxes – deferred	(13,065)	(5,454)	(7,611)	20,205
<b>Net income</b>	<b>283,675</b>	<b>263,740</b>	<b>19,935</b>	<b>529,329</b>
Unappropriated retained earnings brought forward	512,778	497,867	14,911	497,867
Loss on sales of treasury stock	184	114	70	184
Interim cash dividends	–	–	–	82,049
<b>Unappropriated retained earnings at end of period</b>	<b>796,269</b>	<b>761,493</b>	<b>34,776</b>	<b>944,962</b>

# 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)

	FY2006 semi-annual (As of September 30, 2005)	FY2005 (As of March 31, 2005)	Increase (Decrease)	FY2005 semi-annual (As of September 30, 2004)
<b>Assets</b>				
<b>Current assets</b>	<b>3,346,221</b>	<b>3,453,441</b>	<b>(107,220)</b>	<b>3,237,132</b>
Cash and deposits	131,405	60,275	71,130	119,776
Trade accounts receivable	939,377	1,088,735	(149,358)	892,524
Marketable securities	872,744	870,735	2,009	898,441
Finished goods	138,833	116,864	21,969	141,986
Raw materials	22,670	14,747	7,923	13,833
Work in process	89,011	82,069	6,942	68,052
Supplies	8,336	8,091	245	8,223
Short-term loans	438,740	511,757	(73,017)	463,079
Deferred income taxes	263,159	248,110	15,049	245,783
Others	447,041	459,153	(12,112)	388,331
Less: allowance for doubtful accounts	(5,100)	(7,100)	2,000	(2,900)
<b>Fixed assets</b>	<b>5,838,232</b>	<b>5,617,550</b>	<b>220,682</b>	<b>5,433,623</b>
<b>Property, plant and equipment</b>	<b>1,268,255</b>	<b>1,258,835</b>	<b>9,420</b>	<b>1,216,696</b>
Buildings	377,119	371,515	5,604	356,694
Structures	40,225	41,537	(1,312)	39,907
Machinery and equipment	326,542	314,168	12,374	310,931
Vehicle and delivery equipment	10,731	16,109	(5,378)	10,124
Tools, furniture and fixtures	82,062	83,012	(950)	73,963
Land	384,177	388,658	(4,481)	389,753
Construction in progress	47,396	43,834	3,562	35,320
<b>Investments and other assets</b>	<b>4,569,977</b>	<b>4,358,714</b>	<b>211,263</b>	<b>4,216,927</b>
Investments in securities	2,054,009	1,817,556	236,453	1,621,856
Investments in subsidiaries and affiliates	1,929,715	1,931,634	(1,919)	1,907,560
Long-term loans	438,756	362,951	75,805	399,060
Deferred income taxes	48,527	129,571	(81,044)	167,390
Others	128,269	140,600	(12,331)	155,059
Less: allowance for doubtful accounts	(29,300)	(23,600)	(5,700)	(34,000)
<b>Total assets</b>	<b>9,184,453</b>	<b>9,070,991</b>	<b>113,462</b>	<b>8,670,755</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)

	FY2006 semi-annual (As of September 30, 2005)	FY2005 (As of March 31, 2005)	Increase (Decrease)	FY2005 semi-annual (As of September 30, 2004)
<b>Liabilities</b>				
<b>Current liabilities</b>	<b>2,086,381</b>	<b>2,180,374</b>	<b>(93,993)</b>	<b>1,903,035</b>
Trade notes payable	1,080	1,375	(295)	973
Trade accounts payable	886,614	909,108	(22,494)	800,183
Current portion of bonds	–	600	(600)	600
Other payables	311,618	401,464	(89,846)	340,002
Income taxes payable	142,122	144,730	(2,608)	161,035
Accrued expenses	507,740	443,165	64,575	413,675
Deposits received	203,025	250,648	(47,623)	157,856
Allowance for EXPO 2005 Aichi	472	67	405	3,816
Others	33,705	29,214	4,491	24,891
<b>Long-term liabilities</b>	<b>828,905</b>	<b>832,806</b>	<b>(3,901)</b>	<b>850,871</b>
Bonds	500,000	500,000	–	500,000
Allowance for retirement benefits	289,113	289,694	(581)	290,706
Others	39,792	43,111	(3,319)	60,165
<b>Total liabilities</b>	<b>2,915,286</b>	<b>3,013,181</b>	<b>(97,895)</b>	<b>2,753,906</b>
<b>Shareholders' equity</b>				
<b>Common stock</b>	<b>397,049</b>	<b>397,049</b>	<b>–</b>	<b>397,049</b>
<b>Capital surplus</b>	<b>416,970</b>	<b>416,970</b>	<b>–</b>	<b>416,970</b>
Capital reserve	416,970	416,970	–	416,970
<b>Retained earnings</b>	<b>6,246,631</b>	<b>6,094,528</b>	<b>152,103</b>	<b>5,911,059</b>
Legal reserve	99,454	99,454	–	99,454
Reserve for losses on overseas investments	197	252	(55)	252
Reserve for special depreciation	3,196	2,457	739	2,457
Reserve for reduction of acquisition cost of fixed assets	6,586	6,475	111	6,475
General reserve	5,340,926	5,040,926	300,000	5,040,926
Unappropriated retained earnings at end of period	796,269	944,962	(148,693)	761,493
<b>Net unrealized gains on other securities</b>	<b>398,767</b>	<b>279,780</b>	<b>118,987</b>	<b>264,984</b>
<b>Less: treasury stock</b>	<b>(1,190,253)</b>	<b>(1,130,519)</b>	<b>(59,734)</b>	<b>(1,073,216)</b>
<b>Total shareholders' equity</b>	<b>6,269,166</b>	<b>6,057,810</b>	<b>211,356</b>	<b>5,916,848</b>
<b>Total liabilities and shareholders' equity</b>	<b>9,184,453</b>	<b>9,070,991</b>	<b>113,462</b>	<b>8,670,755</b>